

Child Care in State Economies

2024 Update

A THREE-PART REPORT SERIES

Part 1: Recent Trends in Paid Child Care Usage

JANUARY 2024





This report was produced by RegionTrack, Inc., an economic research firm, and commissioned by Committee for Economic Development, the public policy center of The Conference Board (CED) with funding from the W.K. Kellogg Foundation. It provides a broad overview of the child care industry from the perspective of allowing parents to participate in the labor force (or to further education and training), and as an industry that employs workers and is an integral part of state economies.

Child Care in State Economies 2024



Overview: A Three-Part Report Series

Child Care in State Economies (2024) is a three-part series examining the current status of the paid child care industry in the U.S. The reports provide policymakers and other stakeholders with a detailed update on the status of the paid child care industry following unprecedented disruption during the recent COVID-19 public health pandemic. Both parents and child care providers made significant adjustments in the way paid child care is used and delivered since the onset of the pandemic in early 2020.

The objectives of the reports are to analyze changes in the use of paid care, assess the residual effects on the child care industry, and evaluate changes in the economic role played by paid child care in the national and state economies. Most of the data in the report extends through at least 2022, which captures a significant portion of the economic recovery to date.

The three reports focus on paid child care because it is the measure of care believed to be most closely identified with the core economic role of child care as a means for parents to work. The use of paid care is also highly correlated with economic activity at the national and state levels.

The report series will continue to highlight how the paid child care market differs among the states. During the pandemic, state-level labor markets experienced widely varying outcomes, which in turn generated significant differences in the outcome for paid child care markets across the states. This analysis provides valuable insight to state policymakers who face unique characteristics for both the labor force and paid child care markets in their respective states. Detailed data appendices are provided along with the report allowing the study of changes in child care activity at the state level.

The first report focuses on the demand side of the market for paid child care services. This view of child care examines the usage of paid child care by families to enable a parent to work. The child care market experienced a steep drop in the use of paid care amid massive layoffs in the early stages of the pandemic. The sector has since experienced steady recovery, but the rebound in paid care usage remains well below pre-COVID levels and lags the overall economic recovery. There are also widely differing outcomes in the share of paid child care usage across the states.

The second report concentrates primarily on the supply of child care from the perspective of paid child care providers. This analysis is performed within the context of identifying structural changes to child care delivery since the onset of the recent pandemic. This includes the number of child care providers, changes in the child care workforce and wages, and spillover effects from the child care industry to the broader economy. The

pandemic prompted significant changes in the structure of the industry, both nationally and across the states.

The focus of the third report is the role of paid child care usage in regional economic growth and associated changes in labor force participation, income, and poverty. Child care remains a key factor in economic growth via its role as a means for parents with children to participate in the labor force. Special focus is placed on the labor force participation of mothers by age of the child in care. The discussion also evaluates how shifts in paid child care usage and delivery are related to economic growth at the national and state levels.

Great effort is made within each report to examine the most recently available data on the usage of paid child care. Data remains a long-standing concern when engaging in any effort to study the U.S. child care sector. Comprehensive surveys remain sparse, with heavy reliance on annual data and a near absence of data available at a monthly or quarterly interval. Even available annual surveys of child care activity remain limited in breadth and are customarily released with a substantial time lag.

Much of the data on paid child care activity in the report is sourced from the Annual Social and Economic Supplement (ASEC) administered annually as part of the widely used Current Population Survey (CPS). The CPS-ASEC is the most comprehensive source for data on current and historical paid child care use and expenditures. The survey is especially useful for evaluating child care from an economic perspective because it asks specifically about paid child care used to allow a parent to work. Data is available on an annual basis in consistent form from 2000 to 2022 for paid care usage and from 2009 to 2022 for family expenditures on paid care.

The reports closely examine the most recent four years of paid child care activity, which generally comprises annual data for 2019 through 2022. Although annual data do not fully capture the extreme volatility in the U.S. economy during the pandemic period, they nevertheless provide a clear view of the general timing and magnitude of changes in child care usage in the period. Annual surveys ask about activity in a specific reference period which is typically the prior year. Hence, surveys administered in 2023 inquire about activity in 2022, which is the most recently available annual data for most series used in the report. While recognizing the limitations of annual data, 2019 is viewed as a pre-pandemic benchmark year, 2020 is the initial pandemic year in which most data series bottom out, and both 2021 and 2022 are years of restructuring and recovery in the economy.

Throughout the reports, children are examined in three basic cohorts. Younger children ages 0 to 4 who are not yet in elementary school; older children ages 5 to 14 who are of school age; and a combined group of all children ages 0 to 14. These groups are consistent with both the age groupings used in federal surveys and official Census population estimates.

The reports also serve to update the series of research reports produced by CED in 2022 ([Economic Role of Paid Child Care in the U.S.](#)) and in 2019 and 2015 ([Child Care in State Economies](#)). These reports examine the economic role of paid child care and its impact nationally and at the state level on the industry and working families. Research findings within these prior reports are discussed throughout each report in the three-part series.



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Child Care in State Economies 2023–2024

Introduction: Recent Trends in Paid Child Care Usage

The first report within CED’s three-part series on paid child care examines the residual effects of the COVID-19 pandemic on the demand for paid child care services. U.S. families pulled back significantly in their use of paid care at the onset of the pandemic in early 2020, with a loss of nearly one in five children in paid care. Record layoffs quickly translated into a sharply reduced need for paid child care as uncertainty over public health surged and many workers stayed home under sheltering restrictions. Families have since increased their use of paid care, but the number of children in paid care remained nearly 10% below pre-pandemic levels through 2022. Most important, the rebound in paid child care usage remained far weaker than the overall recovery in both the labor force and the broader economy. The concern for policymakers is that the key economic and demographic factors that traditionally underlie paid child care usage do not adequately explain the weak recovery in usage. This comprehensive analysis aims to provide insights into these trends and offer guidance toward policy efforts to sustain the paid child care sector in the post-pandemic era.

Trusted Insights for What's Ahead™

Child Care Usage

- The number and share of children in paid child care dropped sharply during the early stages of the pandemic. Record declines in employment and labor force participation coupled with distancing mandates produced sharply reduced usage of paid child care services by working families.
- Between 2019 and 2020, Census survey data suggest a 19% (2.35 million) decline in the number of children ages 0 to 14 in paid child care while a parent worked.
- The subsequent rebound in paid care usage was sluggish through 2022 and trailed well behind the rebound in overall economic conditions. After two years of recovery, the total number of children in paid care in 2022 remained 9.5% (1.18 million) below the 2019 pre-pandemic level.

Several states moved well above their pre-pandemic share of children in paid child care by 2022 while other states remained far behind.

- The rebound in the use of paid child care was also highly uneven across the states. Several states moved well above their pre-pandemic share of children in paid child care by 2022 while other states remained far behind.

Explaining Changes in Child Care Usage

- A key factor in explaining the drop in paid child care usage is a decline in the number of children of child care age. Multiple surveys indicate a substantial drop in the number of children ages 0 to 14 but differ on the magnitude of the decline and the age groups most affected. A decline in the birth rate during the pandemic explains some of the reduction in the number of infants in paid care.
- Surprisingly, many other traditional economic, demographic, and child care market factors known to influence paid child care usage were relatively strong across the pandemic cycle and moved counter to the slow rebound in paid child care usage.

- Traditional factors boosting paid child care usage across most of the pandemic cycle include a strong rebound in female labor force participation, relatively strong growth in family income, expanded public child care assistance, and falling relative prices for child care. These factors all run counter to the weak rebound in paid child care and instead provided much needed support to the paid child care market.
- Although many traditional factors do not explain the extent of the decline in paid child care usage, other factors such as work-from-home, shifts in parental preferences, and a reduced supply of paid child care are plausible contributors to the weak rebound.
- An additional possible factor explaining the weakness in paid care usage is a decline in the supply of paid child care services across the pandemic period.

Prior CED research on paid care usage examines three groups of factors – economic, demographic, and market characteristics – that are closely related to the use of paid child care. These factors include the number of children of child care age, female labor force participation, public child care assistance, and the income of families with children. Changes in the relative price of child care services are also expected to influence the amount of care used. The remainder of the report first evaluates changes in paid care usage since the onset of the pandemic and then evaluates the potential role played by each of these factors in the subdued recovery in paid care.

The findings suggest that many of the traditional economic factors underlying the use of paid care are unlikely to explain the weak rebound reported in the use of paid care. A decline in the population of children in paid care, particularly older children ages 5 to 14, explains a portion of the reported decline. However, the traditional factors of female labor force participation, family income, and public child care assistance instead provided much-needed stimulus to paid care use during the pandemic cycle and suggest a far stronger recovery in paid care. Other factors such as work-from-home and a shift in parental preferences are also plausible contributors to the weak rebound.

Number of Children in Paid Care

Between 2019 and 2020, estimates from the CPS-ASEC survey indicate that 2.35 million fewer children ages 0 to 14 were reported in paid child care while a parent worked (Figure 1). The roughly 19% reduction in the number of children in paid care on a year-over-year basis was the steepest single year decline in the past two decades. For comparison, only 1.3 million children (11.2% decline) dropped out of paid care in 2009 during the Great Recession. About 1.4 million children (12.7% decline) moved out of paid care over three years in a sluggish job recovery following the 2001 national recession.

By headcount, far more older children ages 5 to 14 (-1.4 million) than younger children ages 0 to 4 (-960,000) dropped out of paid care during the pandemic year of 2020. The percentage decline was also larger for older children (-20.6%) than for younger children (-16.8%).

The number of children in paid care bottomed out in 2020 and has since expanded through 2022. The initial rebound year of 2021 produced only a slow rebound, with a reported 217,000 children returning to paid care. Conditions improved further in 2022 as an additional 956,000 children returned to paid care. Despite two years of gains, the total number of children in paid care in 2022 remains 1.18 million (9.5%) below the 2019 pre-pandemic high.

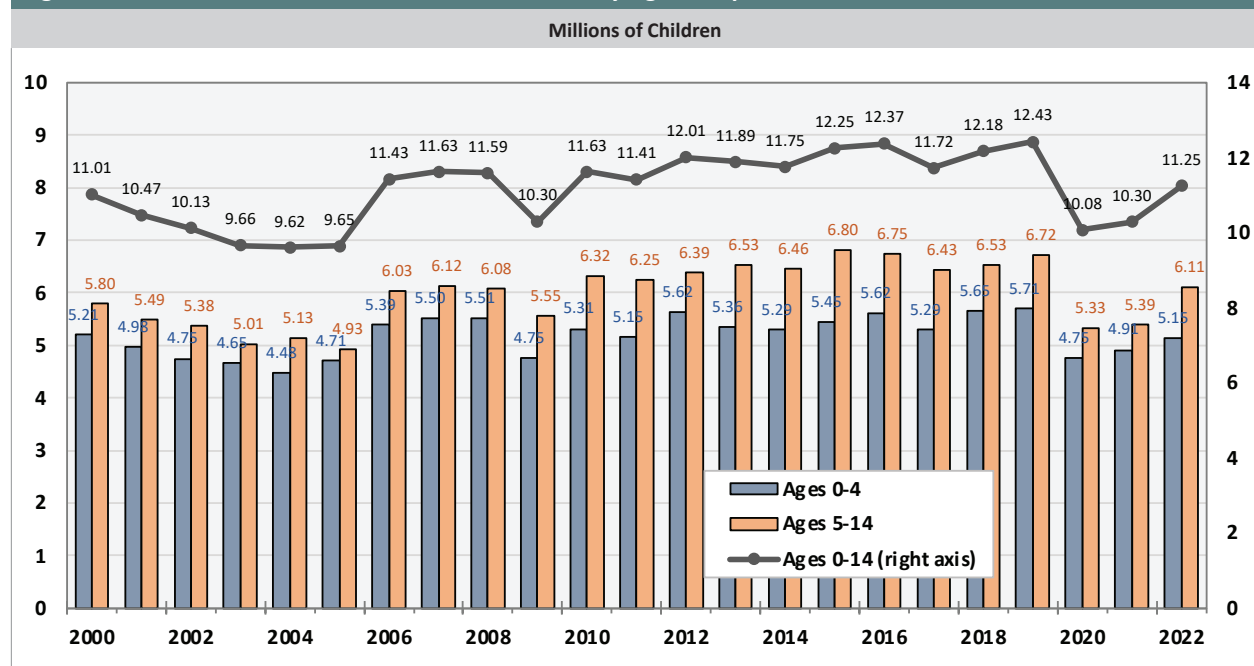
By headcount, the gap remaining in paid care use through 2022 is slightly greater for the group of older children ages 5 to 14 with 611,000 (9.1%) fewer children in care in 2022 relative to 2019. Younger children under the age of 5 remain 565,000 (9.9%) below the pre-pandemic count in 2019. By percentage difference, the gap remains slightly larger for the smaller group of young children ages 0 to 4.

Share of Children in Paid Care

The share of children in paid care provides an alternative view of usage that accounts for shifts in the population of children over time. The decline in the number of children in paid care during the pandemic cycle may simply reflect fewer children or other factors and may not indicate a change in the propensity of parents to use paid care. Using the share rather than headcount also enables cross-state comparisons that reflect differences in population at the state level.

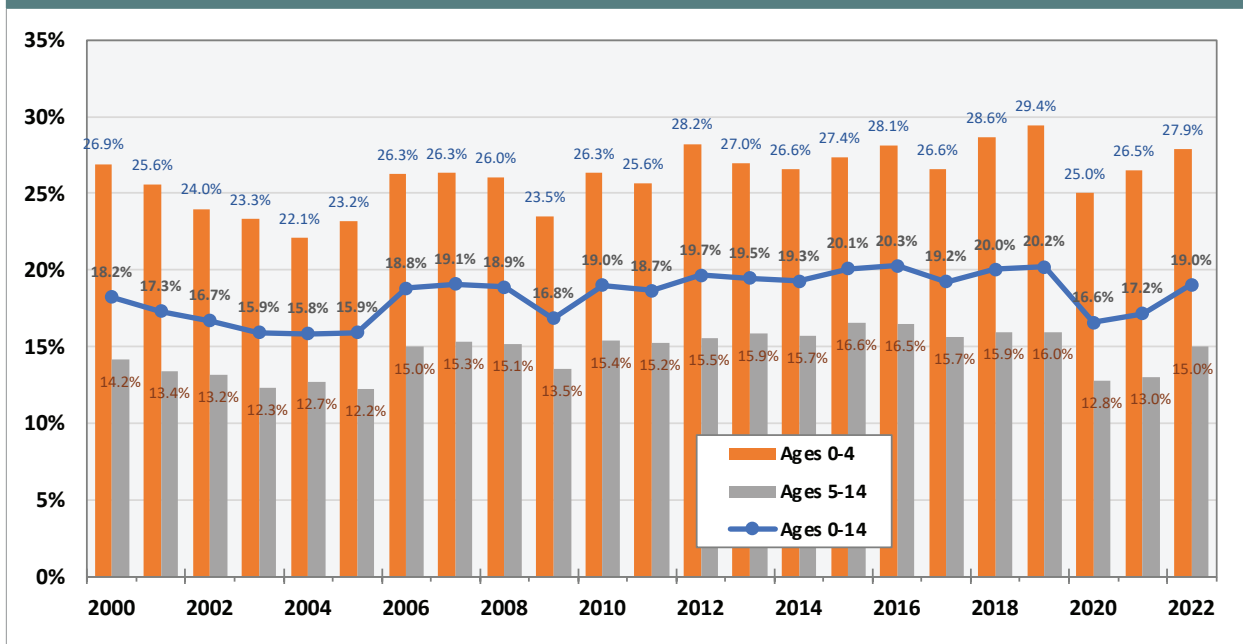
Figure 2 details annual CPS-ASEC estimates of the share of children in paid care in the U.S. by age group since 2000. In 2019 prior to the onset of the pandemic, the 20.2% share of children in paid care was already near the highest share reported in the data since 2000. In the pandemic year of 2020, the overall share of children ages 0 to 14 in paid care dropped precipitously from 20.2%

Figure 1: Number of U.S. Children in Paid Child Care by Age Group



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

Figure 2: Share of U.S. Children in Paid Child Care by Age Group



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

in 2019 to only 16.6%. Again, the 3.6 percentage point decline in 2020 reflects 2.35 million fewer children in paid care. The reported 16.6% share in 2020 is the lowest reported share of children in paid care since 2005 and the largest single year decline in the dataset.

For comparison during recent recessions, the Great Recession produced a steep single-year decline of 2.1 percentage points in 2009 but was followed by a full recovery the following year. The 2001 recession is characterized by an extended 3-year decline of 2.3 percentage points in the share of children in paid care before entering a slow recovery.

The overall share of paid care usage made a significant rebound in the recovery years of 2021 and 2022 but remained 1.2 percentage points below the 2019 share in the most recent data for 2022. The slow recovery is far more consistent with the slow rebound in paid care usage following the 2001 recession than the more severe Great Recession.

The remaining gap in the share of children in paid care is

The strength of the recovery in paid care use in 2021 and 2022 differed between younger and older children ... Nevertheless, both groups of children remain below their pre-pandemic share in paid care.

not quite as significant when viewed from a longer-term perspective. The average share of children ages 0 to 14 in paid care in the 10-year period prior to 2019 is 19.3%, only 0.3 percentage points higher than the 2022 level. The smaller long-term gap largely reflects the elevated share of children already in paid care at the onset of the pandemic in 2019.

Much like the drop in the share of children in paid care in 2020 differed by age of the child, the strength of the recovery in paid care use in 2021 and 2022 differed between younger and older children. The share of younger children in paid care recovered more rapidly across 2021 and 2022, with the share rising 2.9 percentage points for younger children versus 2.2 percentage

points for older children.

Nevertheless, both groups of children remain below their pre-pandemic share in paid care. In percentage points, the gap in 2022 relative to 2019 remains larger for younger children ages 0 to 4 (-1.5 percentage points) than older children ages 5 to 14 (-1 percentage points).

SIPP Survey of Paid Child Care Usage

Additional survey data on paid child care usage during the pandemic is available from the Census Bureau’s ongoing Survey of Income and Program Participation (SIPP). The SIPP survey first asks parents whether any type of child care arrangement was used for children ages 0 to 14.¹ The follow-up question asks if the care was paid but differs from the CPS-ASEC survey by not asking whether paid care arrangements are related to work or not. The SIPP sample is also not designed for state-level analysis which restricts state-level use to only the largest states.

The SIPP survey asked consistent questions concerning paid child care usage each year in the 2020 to 2022 period. The reference period for each survey is the prior Fall, which can be up to 11 months earlier. Hence, responses to the 2020 SIPP survey generally refer to 2019 (pre-pandemic base year). Similarly, responses from the 2021 survey generally refer to activity in 2020 (initial pandemic year) while the 2022 survey refers to 2021 usage (first post-economic recovery year). Results from the 2023 SIPP survey (for 2022 activity) will be released in 2024.

Because of the broader question about paid child care usage asked of families, the SIPP survey captures a far larger group of children and is more likely to capture discretionary uses of paid care for purposes beyond work. In the 2022 survey (activity in 2021), the SIPP finds 15.2 million children ages 0 to 14 in paid care versus 10.3 million in the CPS-ASEC.

This suggests that a substantial share (possibly one-third) of paid child care captured in the SIPP survey includes care used for reasons other than work.

Results from the three years of SIPP surveys are shown in Figure 3 and show a pattern in paid child care use similar to the CPS-ASEC during the pandemic but with larger swings in usage. SIPP survey results suggest that approximately 5 million fewer children (-27.8% decline) ages 0 to 14 were in paid care in 2020 relative to 2019. This is roughly double the 2.35 million children (-19% decline) reported leaving paid care in the CPS-ASEC survey. The percentage decline is roughly 1.5 times larger. The overall greater responsiveness of paid care in the SIPP survey is consistent with the broader inclusion of paid care usage for reasons beyond work given increased work-from-home activity early in the pandemic.

About 40% (2.1 million) of the initial reduction in children in paid care in the SIPP survey in 2020 is attributed to young children ages 0 to 4. This nearly matches the reported 41% (960,000) of the total loss attributed to young children in the CPS-ASEC in 2020. The remaining 60% (2.96 million) of children leaving paid care in the SIPP survey were older children ages 5 to 14. Like the headcount measure, the percentage decline in the SIPP survey was slightly larger for older children (-30.1%) than for younger children (-25%). This is also consistent with the CPS-ASEC survey where the percentage decline in older children (-20.6%) similarly exceeded the percentage decline for younger children (-16.8%) in the period.

Figure 3: SIPP Child Care Survey - Children in a Child Care Arrangement

	Ages 0-14			Ages 0-4			Ages 5-14		
Number of Children in a Child Care Arrangement									
Year	Paid Care	Unpaid Care	Total	Paid Care	Unpaid Care	Total	Paid Care	Unpaid Care	Total
2019	18,133,728	29,993,327	48,127,055	8,298,673	8,283,128	16,581,801	9,835,054	21,710,199	31,545,254
2020	13,099,570	30,338,188	43,437,758	6,221,128	8,506,715	14,727,843	6,878,441	21,831,473	28,709,914
2021	15,240,550	29,178,517	44,419,067	7,254,363	7,921,333	15,175,696	7,986,187	21,257,184	29,243,371
Annual Change									
2020	-5,034,158	344,861	-4,689,297	-2,077,545	223,587	-1,853,958	-2,956,613	121,273	-2,835,340
2021	2,140,980	-1,159,671	981,309	1,033,235	-585,382	447,852	1,107,746	-574,289	533,457
Annual Percent Change									
2020	-27.8%	1.1%	-9.7%	-25%	2.7%	-11.2%	-30.1%	0.6%	-9%
2021	16.3%	-3.8%	2.3%	16.6%	-6.9%	3%	16.1%	-2.6%	1.9%

Source: U.S. Census Bureau Survey of Income and Program Participation and RegionTrack calculations
 Notes: Reported child care activity is generally referencing the year prior to the survey year. The survey covers all children ages 0-14 who are reported in any type of child care arrangement, whether paid or unpaid. The years refer to individual reference years, or the year of reported activity.

By share in paid care, the SIPP survey indicates that the share of all children ages 0 to 14 in paid care dropped more than 8 percentage points from 2019 to 2020, from 29.9% to 21.7%. The decline reached 10 percentage points for young children ages 0 to 4, falling from 42.1% to 32.1% in the period. For older children, the decline in share was only 7.2 percentage points, falling from 24% to 16.8% in the period. The share declines reported in the SIPP survey are more than double the 3.6% share decline for all children ages 0 to 14 and the 4.4% decline for young children ages 0 to 4 reported in the CPS-ASEC for 2020.

The rebound in the use of paid care from 2020 to 2021 reported in the SIPP survey suggests 2.1 million children ages 0-14 returned to paid care in the recovery year of 2021. The recovery in 2021 represents only 40% of the total decline in 2021, however this is double the 20% recovery reported in the CPS-ASEC.

By headcount, approximately 1 million of the children who returned to paid care in 2021 in the SIPP were ages 0 to 4 and 1.1 million ages 5 to 14. This produced a relatively stronger recovery in percentage terms for younger children in 2021, again consistent with the findings from the CPS-ASEC survey. Measured by share in paid care in the SIPP, the group of all children under 15 added nearly 4 percentage points to the share in paid care in 2021, while young children added 6 percentage points.

Unpaid Care. The SIPP survey also provides a count of children ages 0 to 14 who are in unpaid child care

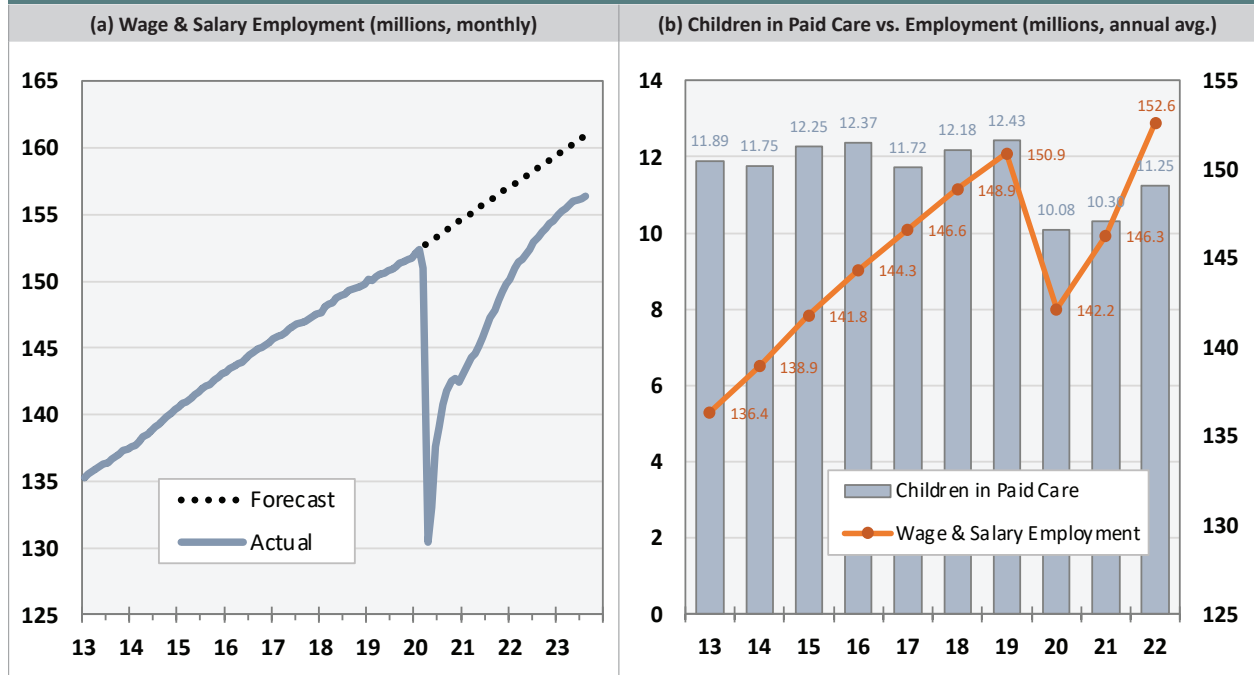
arrangements. The group includes all forms of unpaid care whether by parent, grandparent, older sibling, another relative, non-relative (sitter, nanny, etc.), before- or after-school program, or other unpaid care providers.

In the initial COVID year of 2020, the total number of children in unpaid care increased 1.1%. Older children ages 5 to 14 in unpaid care increased 0.6% while those ages 0 to 4 increased 2.7%. These changes reflect the expected substitution of unpaid care for paid care during economic slowdowns. However, the rise in the number of children in unpaid care was modest relative to the sizeable decline in paid care in 2020. Of the reported 5 million fewer children in paid care in 2020, only 345,000 children moved into unpaid care. Most were young children ages 0 to 4, accounting for roughly two out of every three of the children added to unpaid care in 2020. Some of these children were presumably cared for by parents who were either out of the labor force or working from home.

A reversal of this behavior occurred in the first recovery year of 2021. More than 2.1 million children returned to paid care while 1.16 million dropped out of unpaid care. Again, this reflects the partial substitutability of paid and unpaid forms of care. Approximately the same number of children leaving unpaid care and entering paid care were reported for both younger and older children in 2021. However, the percentage of children shifting out of unpaid care was far higher for younger children (-6.9%) than for older children (-2.6%), with paid care relatively more preferred for younger children.



Figure 4: U.S. Wage & Salary Employment vs. Children in Paid Care



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; Bureau of Labor Statistics; and RegionTrack forecast
 Note: The forecast uses an exponential smoothing algorithm with an additive error, additive trend, and additive seasonality using 10 years of data. Monthly data extends through August 2023

Paid Care and Labor Market Conditions

Changes in paid child care usage reported in the CPS-ASEC and SIPP surveys broadly reflect the cyclical changes in the U.S. labor market during the pandemic and recovery periods. However, a concern for child care policymakers is that the reported rebound in paid care usage in both surveys trails well behind the strong and steady rebound underway in employment and the broader economy since mid-year 2020.

U.S. wage and salary employment collapsed by a total of 15% (21.9 million jobs) in March and April 2020 during a historically short two-month recession² before quickly reversing course (Figure 4a). U.S. hiring entered a steep and sustained rebound in May 2020 that now exceeds three years. While total U.S. wage and salary employment is

In short, the relatively strong economic recovery and rebound in hiring have not induced a full rebound in paid child care usage through 2022.

more than 4 million above the pre-pandemic level, hiring remains about 4.5 million workers (2.8%) below the forecasted trend in place at the onset of the pandemic. Comparatively, the number of children in paid care in 2022 remains 9.5% (1.18 million) below the pre-pandemic level (Figure 4b).

In short, the relatively strong economic recovery and rebound in hiring have not induced a full rebound in paid child care usage through 2022. In contrast to the reported 9.5% gap remaining in the number of children in paid care (1.2 percentage point gap in the share), the average level of employment in 2022 was 1.1% above the average in the pre-pandemic year of 2019 (Figure 4b). The anemic rebound in paid care in this cycle is also far weaker than the Great Recession period when paid care usage made a full recovery in a single year (2010) following a steep one-year drop in 2009.

State Differences in the Use of Paid Care

While the analysis up to this point has focused on national changes, the behavior of the national market often obscures substantial variation in paid care usage at the state level. The unique economic, demographic, and child care market characteristics of each state contribute to surprisingly unique markets for paid child care. As a result, changes in paid care usage since the onset of the pandemic vary widely across the states, with some states already beyond full recovery while others languish well behind pre-pandemic levels.

To highlight post-pandemic state-level differences in usage rates, Figure 5 provides updated statewide shares of young children ages 0 to 4 in paid care averaged across the recovery years of 2021 and 2022. Figure A1 in the appendix provides estimates at the state level in 2021 and 2022. The two recovery years are used to smooth any excessive volatility that may be present in the survey results.

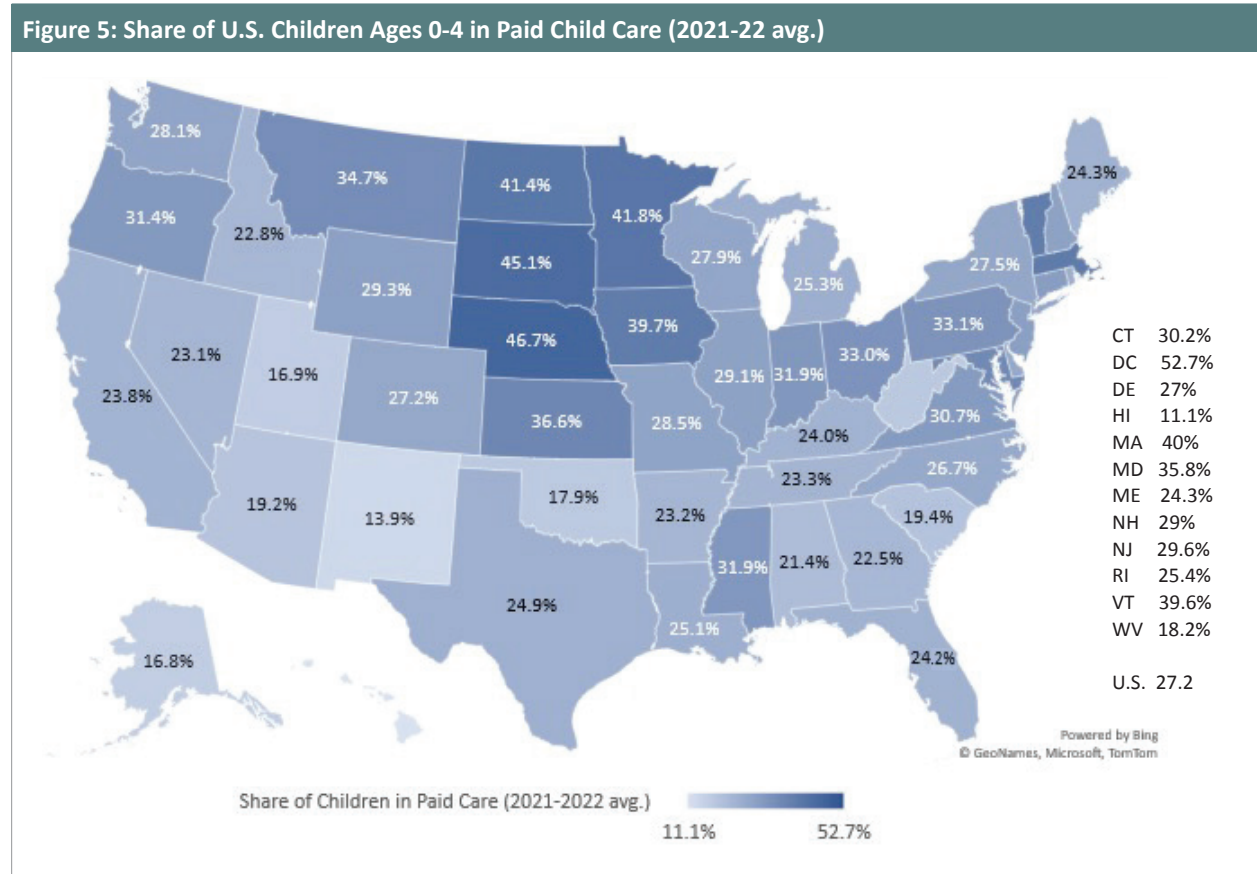
Across the states, the reported share of young children in paid care ranged from a low of 11.1% in Hawaii to a high of 46.7% in Nebraska. The District of Columbia reported

the highest overall share at 52.7% in the period. Paid child care is used in sharply differing intensities across the states as a means to support employment.

States with the highest shares of young children in paid care are concentrated in the upper Plains and Midwest, particularly Nebraska (46.7%), South Dakota (45.1%), Minnesota (41.8%), North Dakota (41.4%), and Iowa (39.7%) plus Vermont (39.6%) in New England.

Paid child care services are a fundamental component of the workforce infrastructure in these high-usage states. Each has a share of young children ages 0 to 4 in paid care of approximately 40% or higher. These states also historically have a high share of children in paid care. Along with the District of Columbia, these states have an average share of 39% of young children in paid care since 2000.

The highest share states also tend to rank among those with the highest female labor force participation rates. All six states and the District of Columbia rank among the top ten states with the highest female labor force participation rates in 2022.



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations
Notes: The share of young children in paid care is averaged across the recovery years of 2021 and 2022.

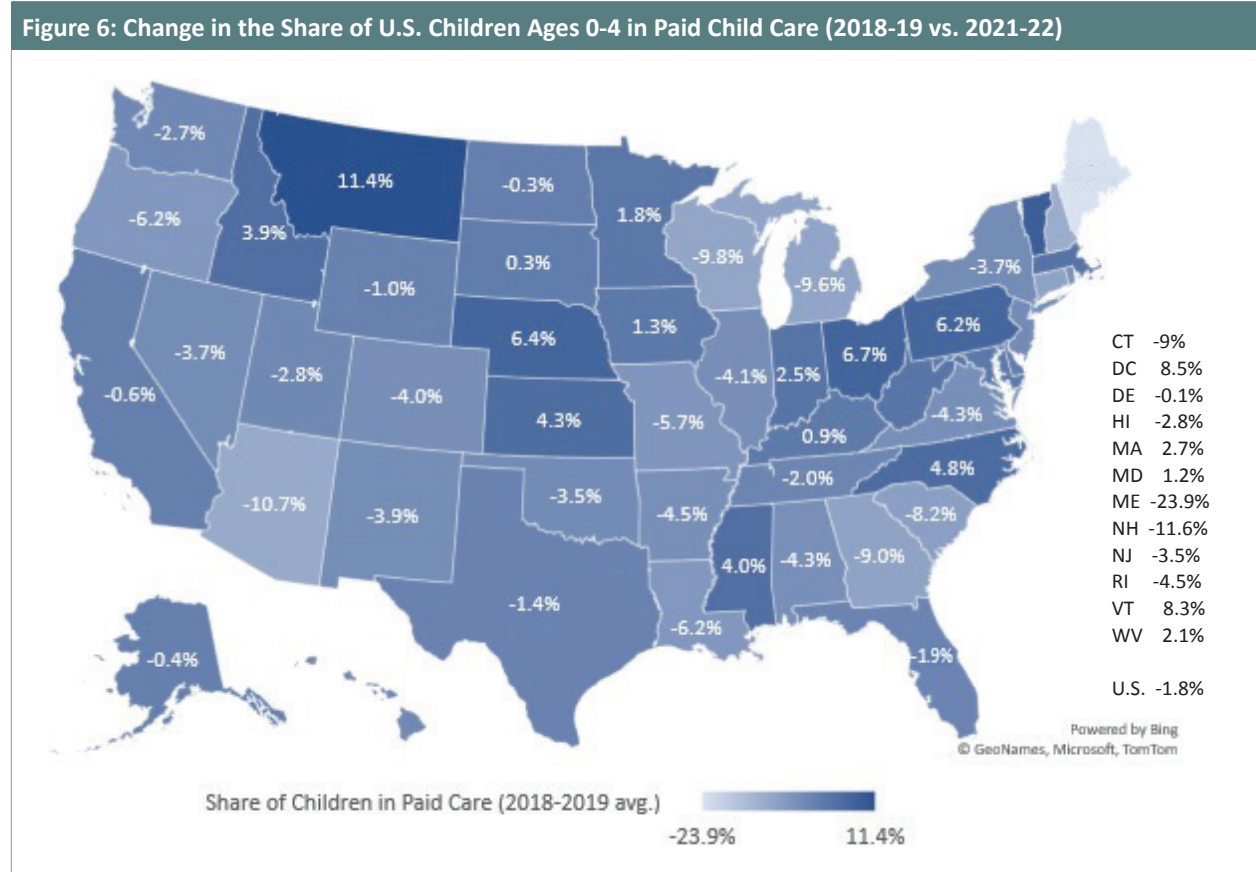
States with especially low shares (under 20%) of young children in paid care in 2021 and 2022 include Hawaii (11.1%), New Mexico (13.9%), Alaska (16.8%), Utah (16.9%), Oklahoma (17.9%), West Virginia (18.2%), Arizona (19.2%), and South Carolina (19.4%). This group of states utilizes paid child care at less than half the rate found in the highest usage states. The lowest usage state of Hawaii utilizes paid care for only one in nine young children, versus one in two in the District of Columbia.

Low-usage states span the full geography of the U.S. and represent a diverse group both economically and demographically. Most of these states also historically have a low share of children in paid care. An exception is South Carolina, which experienced a substantial drop in share after the pandemic but has a historical share of young children in paid care that more closely tracks the national average.

In contrast to the highest-share states, these states tend to have very low female labor force participation rates. All eight states have a female labor force participation rate below the national average, with only Utah, Hawaii, and Arizona not ranked among the 15 lowest rate states.

Changes in State Shares Since the Pandemic. State child care markets were not affected equally across the pandemic cycle, with the net change in paid care usage differing widely across the states. To illustrate the net change in the use of paid care for young children during the pandemic, we compare a pre- and post-pandemic measure of paid care usage. The pre-pandemic share is the two-year average of the share of young children ages 0 to 4 in paid care in the 2018 to 2019 period. This is a relatively stable period of child care usage believed to provide a good benchmark for evaluating post-pandemic changes. The post-pandemic share is the average share in the recovery years of 2021 and 2022. The two-year recovery period smooths the natural year-to-year variability in the data and minimizes the potential effects of survey errors traced to the pandemic.

The net change in the share of young children ages 0 to 4 in paid care between the pre- and post-pandemic periods is shown in Figure 6 for the states and District of Columbia. Figure A2 in the appendix details the changes in share by state.



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations
 Notes: The pre-pandemic share of young children in paid care is the average of the share in the 2018 to 2019 period. The post-pandemic share is the average share in the recovery years of 2021 and 2022.

Nationally, the share of young children in paid care is down 1.8 percentage points over the period, falling from 29% in 2018-19 to 27.2% in the 2021-22 period. However, despite the weak rebound in the U.S. share of children in paid care since the pandemic, 17 states and the District of Columbia are already at or above the pre-pandemic share of children in paid care based on the average share in 2021 and 2022. These states are an average of 4.3 percentage points above their pre-pandemic share of young children in paid care.

Eight states and the District of Columbia are more than 4 percentage points above their pre-pandemic shares of young children in paid care relative to the 2018 to 2019 period – Montana (+11.4 points), District of Columbia (+8.5 points), Vermont (+8.3 percentage points), Ohio (+6.7 points), Nebraska (+6.4 points), Pennsylvania (+6.2 points), North Carolina (+4.8 points), Kansas (+4.3 points), and Mississippi (+4 points). These states and the District of Columbia are an average of 6.7 percentage points above their pre-pandemic share of young children in paid care. These state-level share changes represent significant shifts toward the added use of paid care following the pandemic.

In contrast, the remaining 33 states all trail their pre-pandemic shares of young children in paid care and report shares that are an average of 5.1 percentage points below the pre-pandemic level. Eleven states have gaps that remain five percentage points or more below the pre-pandemic level in the 2018 to 2019 period. These states include Maine (-23.9 points), New Hampshire (-11.6 points), Arizona (-10.7 points), Wisconsin (-9.8 points), Michigan (-9.6 points), Georgia (-9 points), Connecticut (-9 points), South Carolina (-8.2 points), Louisiana (-6.2 points), Oregon (-6.2 points), and Missouri (-5.7 points). The sizeable declines in usage in these states following the pandemic are far greater than the 1.8 percentage point aggregate decline in share at the national level.

The recovery in the share of young children in paid care in the post-pandemic period is generally stronger in states with higher shares of children in paid care. Among the 17 states and District of Columbia that are already above their pre-pandemic shares, only four states – Kentucky, West Virginia, Idaho, and North Carolina – have shares that are lower than the 27.2% national share in 2021 and 2022. These 17 states plus the District of Columbia have a combined average share of 34.8% of young children in paid care, more than 7 percentage points above the national share.

In contrast, only four of the remaining 33 states with lower post-pandemic shares – Connecticut, Maine, North Dakota, and New Hampshire – rank among the top 10 in the share of young children in paid care. These 33 states have a combined average of 24.8% of young children in paid care, 2.4 percentage points below the national share.

Factors Affecting Paid Child Care Usage

Many factors influence the usage of paid care, both nationally and at the state level. Among the more important economic and demographic factors influencing the usage of paid care are the population of children of child care age, female labor force participation, income of families with children, and public child care assistance. These factors fluctuated widely during the pandemic cycle and potentially explain much of the changes in paid child care usage in the period. Another potential economic factor affecting paid care usage is a change in the price of paid care relative to other goods and services, particularly in the recent inflationary environment. The remainder of the report examines each factor and its relationship to paid child care usage in the post-pandemic period.

Among the more important economic and demographic factors influencing the usage of paid care are the population of children of child care age, female labor force participation, income of families with children, and public child care assistance.

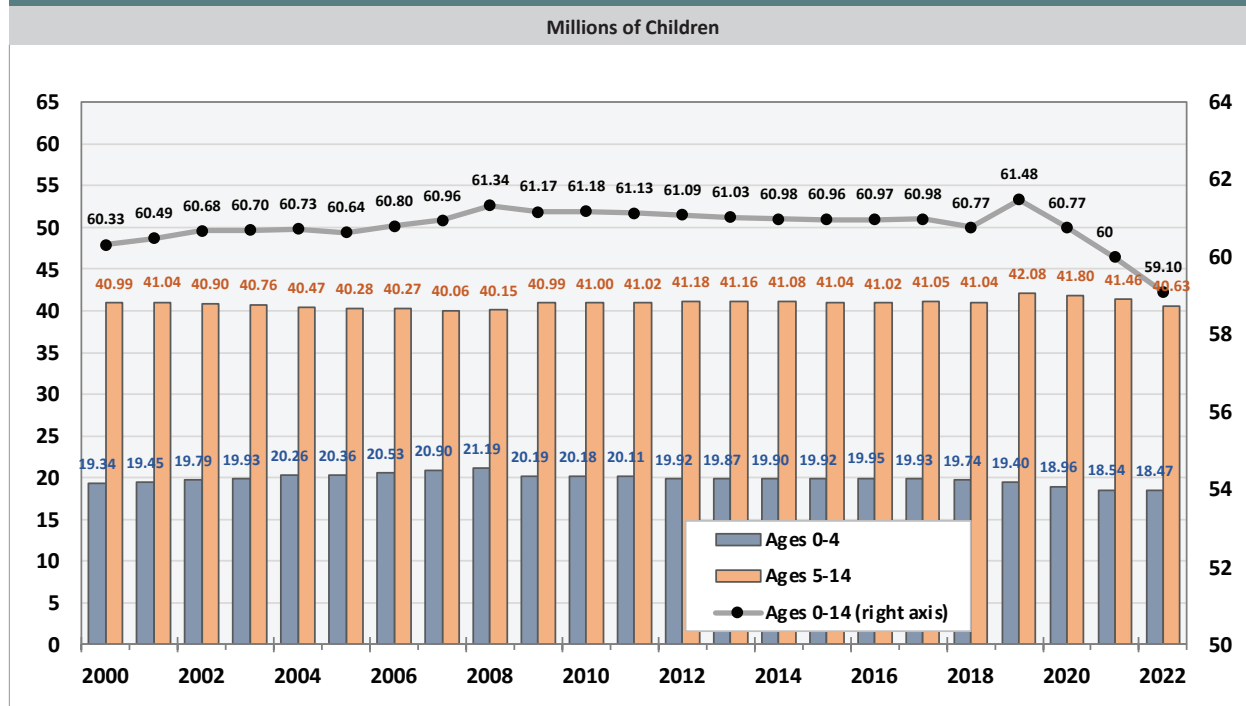
Population of Children of Child Care Age

The number of children eligible for paid care is the most fundamental determinant of the number of children in paid care. Prior to the pandemic, a reported surge of 700,000 in the population of children in 2019 reversed a slow, steady downtrend already in place during the prior decade (Figure 7). The number of children in paid child care similarly surged to 12.43 million in 2019, the highest number recorded in the prior two decades (Figure 1).

Since the onset of the pandemic, data underlying the CPS-ASEC survey suggest sizeable declines in the population of children of child care age. Survey results indicate that the population of children ages 0 to 14 declined by a reported 2.38 million (-3.9%) between 2019 and 2022. The decline accelerated each year, with losses of 712,000 (-1.2%) in 2020, 768,000 (-1.3%) in 2021, and 898,000 (-1.5%) in 2022. The reported decline in the population of children extends beyond the initial pandemic year of 2020 into both 2021 and 2022, well beyond the initial stages of recovery in the labor force in mid-year 2020.

The SIPP survey extends only through 2021 but also suggests a steep decline in the population of children of child care age. The total population of children ages 0 to 14 reportedly declined by 409,000 (-0.7%) in 2020 and 494,000 (-0.8%) in 2021. However, the total decline

Figure 7: Population of U.S. Children by Age Group (CPS-ASEC)



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

of 903,000 children (-1.5%) across 2020 and 2021 in the SIPP is only about 60% of the 1.48 million decline reported in the CPS-ASEC in the same period.

The population contraction reported in both surveys suggests an important demographic constraint on the use of paid care since the onset of the pandemic and represents the steepest decline in the population of children in recent history. The estimated total of 59.1 million children ages 0 to 14 reported in the CPS-ASEC in 2022 suggests the smallest population of children of child care age since the data were first collected in the CPS-ASEC in 2000. In 2021, the most recent year of SIPP data, the SIPP estimate of 59.8 million children ages 0 to 14 is slightly lower than the corresponding CPS-ASEC estimate of 60 million.

Change in Population of Children by Age. On a headcount basis, the reported decline in the population of children in the CPS-ASEC is greater for the larger group of older children ages 5 to 14. Older children posted relatively small losses in the first two years of the cycle (270,000 in 2020 and 346,000 in 2021) before posting a far larger loss (832,000) in 2022. Across the three years, the estimated number of older children declined by a cumulative 1.45 million, with more than half of the loss occurring in 2022. The number of younger children declined by 442,000 in 2020, 422,000 in 2021, and 66,000 in 2022, a cumulative decline of 931,000 in the period.

The cumulative decline in the number of older children is more than 50% larger than for younger children.

Conversely, when measured on a percentage change basis, the reported decline in the population of children in the CPS-ASEC is greater for the smaller group of young children ages 0 to 4. The population of young children declined by -2.3% in 2020, -2.2% in 2021, and -0.4% in 2022, producing a cumulative loss of -4.8% (-931,000) in the period. The decline is more than a full percentage point greater than the -3.4% cumulative loss for older children.

The relative size of the decline by headcount is reversed for the two age groups in the SIPP data available for 2020 and 2021. Younger children declined by 322,000 in 2020 and 351,000 in 2021 while older children posted far smaller declines of only 86,000 in 2020 and 143,000 in 2021. The cumulative decline of 674,000 for younger children in the SIPP data is roughly three times larger than the 229,000-decline reported for older children. Younger children represent more than half of the total decline in both 2020 and 2021. Younger children (-3.4%) also posted a far larger cumulative percentage decline across 2020 and 2021 relative to older children (-0.6%).

The combined results from both surveys suggest a steep drop in the population of children in both 2020 and 2021 and some evidence in the CPS-ASEC of a steep decline in 2022. However, most of the total decline of 898,000

in the population of children reported in 2022 is almost fully attributed to a loss of 832,000 older children.

Both surveys also agree that losses were sizeable in 2020 and 2021 for both younger and older children. There is some disagreement on the severity of the decline when measured by headcount, but both surveys find that the percentage decline in the number of children in paid care is larger for younger children in both 2020 and 2021. For 2022, the CPS-ASEC survey finds a large decline in the number of older children and a modest decline in the number of young children. No data for 2022 are available in the SIPP.

Role of Population in Declining Paid Care Usage.

The reported population loss of 2.38 million children in the CPS-ASEC in the post-pandemic period can be converted into an estimate of the expected effect on paid care usage. Assuming all other factors are held constant and using historical average shares of 26% of children ages 0 to 4, and 15% of children ages 5 to 14 in paid care, the total decline in the population of children suggests an expected decline of approximately 459,000 children in paid care between 2019 and 2022. The estimated total decline comprises a reduction of 242,000 young children ages 0 to 4 and 217,000 older children ages 5 to 14 in paid care.

If the weak population estimates underlying the CPS-ASEC remain unchanged in future revisions, the reported decline in the population of children of child care age would explain a significant portion of the reported reduction in paid care usage since the onset of the pandemic. The estimated loss is equal to about 40% of the total decline of 1.18 million children in paid care reported through 2022. If SIPP population estimates for 2020 and 2021 are closer to the actual population counts, the number of children in paid care in 2022 is likely far higher and a decline in the population of children will explain a far smaller share of the decline in paid care.

Paid Care and the Decline in the Birth Rate.

A key source of uncertainty affecting estimates of the population of younger children ages 0 to 4 is a reported decline in the birth rate in the early pandemic period. Recent research by Brookings³ suggests that about 100,000 fewer births than anticipated took place in a 7-month ‘baby bust window’ in 2020 following the onset of the pandemic. Twenty thousand of the fewer births are attributed to a reduction in pregnant foreign-born women. The findings indicate a greater decline in births in states reporting higher numbers of initial COVID-19 cases and higher unemployment rates. In short, the initial steep decline in birth rates is attributed to both a response to heightened public health concerns and increased economic uncertainty.

In a subsequent reversal, an additional 30,000 births above those expected prior to the pandemic were recorded during a mini-boom period in the first half of 2021. Despite the offsetting rebound, the birth rate remains well below the historical downtrend already in place prior to the pandemic. The size of the rebound at the state level is reportedly most closely tied to the strength of the economic rebound in a state, with little link to the pandemic caseload.

On net, the U.S. birth rate has returned roughly to the path expected prior to the pandemic but with net losses in births well below expected levels across the 2020 to 2021 period. These losses directly reduce the size of the current cohort of children ages 0 to 4 and underlie a portion of the reported population losses for young children.

Census Population Estimates and Future Revisions

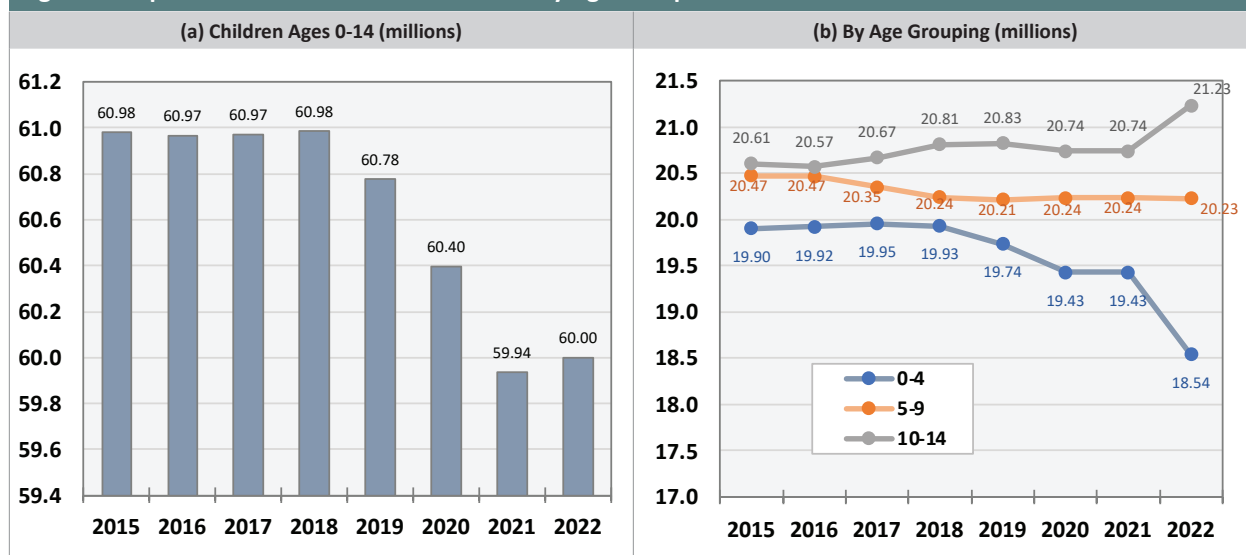
The CPS-ASEC and SIPP surveys undergo population control revisions over time as more recent Census population estimates are produced. New population controls typically result in adjustments to the reported number of children in paid care. The adjustments are sizeable at times.

The most recent vintage of Census population estimates by age-group⁴ (Figure 8) suggest that meaningful upward revisions to the CPS-ASEC and SIPP estimates of the population of children of child care age (Figure 7) are likely in the future. Recent estimates for children of child care age (under the age of 15) in the 2020 to 2022 period are far more optimistic than the estimates currently underlying the CPS-ASEC.

The more recent Census estimates suggest that the number of children of child care age declined by 377,000 (-0.6%) in 2020 and by another 460,000 (-0.8%) in 2021.

The more recent Census estimates suggest that the number of children of child care age declined by 377,000 (-0.6%) in 2020 and by another 460,000 (-0.8%) in 2021 before rebounding slightly by 60,000 (0.1%) in 2022 (Figure 8a). In total, the population of children of child care age declined by a reported 777,000 (-1.3%) between 2019 and 2022. Notably, this is only about one-third the reported decline of 2.38 million (-3.9%) in the CPS-ASEC. If these revisions are passed through to the CPS-ASEC survey, it is reasonable to expect comparable upward revisions to the number of children in paid child care.

Figure 8: Population Estimates of U.S. Children by Age Group



Source: U.S. Census Bureau - Population Estimates by Age and Sex (multiple years)

When viewed relative to the SIPP data available in 2020 and 2021, the recent Census estimate of a decline of 837,000 children is only 7% below the 903,000 loss in child population reported in the SIPP. However, it accounts for only about half the 1.48 million loss in the CPS-ASEC. In short, the more recent Census population estimates are highly consistent with the SIPP results for 2020 and 2021 but far more optimistic than the CPS-ASEC. This makes larger revisions to the number of children in paid child care in the CPS-ASEC survey more likely.

Additionally, the reported decline in the population of children in the more recent Census data is entirely confined to the group of young children ages 0 to 4 (Figure 8b). After a decline of nearly 200,000 in the pre-pandemic year of 2019, progressively larger annual losses reached 310,000 in 2020, 333,000 in 2021, and 554,000 in 2022. In total, the cohort of young children ages 0 to 4 declined by a reported 1.2 million (6.1%) from 2019 to 2022 in the most recent Census data. More importantly, the revised cumulative decline is nearly 30% greater than the 931,000 decline in children ages 0 to 4 reported in the CPS-ASEC. While the overall CPS-ASEC estimates are overstating the decline in the total number of children of child care age, they are understating the decline in the number of young children. The expected downward revisions to the estimates for younger children are consistent with both a drop in the birth rate and the ongoing decline in the size of the ages 0 to 4 cohort already in place prior to the pandemic.

In sharp contrast, the two sub-groups of older children showed little signs of decline across the pandemic period in the more recent Census data (Figure 8b). This is in stark contrast to the cumulative decline of 1.45 million older children reported in the CPS-ASEC. The number of children ages 5 to 9 remained mostly flat across the full period in the revised data, while the number of children ages 10 to 14 eased only slightly in 2020 and 2021 before rising by 494,000 in 2022. Across the combined group of children ages 5 to 14, the recent population estimates indicate an increase of 420,000 (1%) in the 2019 to 2022 period. This suggests that declines in the number of older children may be grossly overstated in the CPS-ASEC survey, making older children an unlikely source of declining paid child care usage.

As the revised population estimates are integrated into the CPS-ASEC, both the total number of children of child care age and the total number of children in paid care should rise substantially. Again, revisions to the population of older children should be upward and rather large and eliminate any expected loss in the number of older children. Expected revisions to the number of younger children are downward but smaller. As a result, nearly all the population losses are attributed to younger children, making them a likely factor weighing on the reduced number of children in paid care since the onset of the pandemic.

It is important to note that while headcount estimates are expected to change, little change is expected in the share of paid child care usage. While some revisions in

share could occur, the share estimates are not believed to be highly sensitive to changes in the population control totals. Our expectation is that the -1.2% decline in the share of children in paid care from 2019 to 2022 is likely to remain intact after revisions.

The key implication of the revised population data is that the large reduction reported in the overall number and share of children in paid care in the post-pandemic period may be illusory in part due to potential overly weak child population estimates underlying the CPS-ASEC. The more recent Census estimates suggest that the population of children ages 0 to 14 is 775,000 below the 2019 level, or only about 30% of the 2.38 million loss reported in the CPS-ASEC.

Most importantly, the more recent Census population estimates suggest that the gap between paid care usage and overall economic conditions may not be as wide as suggested by the CPS-ASEC estimates. However, even after accounting for potential revisions in the population of children, a gap relative to the pre-pandemic level will still remain in paid child care usage. The data still indicate that the share of children in paid child care usage likely remained well below the pre-pandemic level in 2022.

Labor Force Participation of Women and Paid Care Usage

An early concern in the pandemic was the steep drop in the labor force participation rate for women. Women initially posted far higher unemployment rates and a steeper drop in the labor force participation rate relative to men. The relatively weak labor market outcomes for women early in the pandemic also raised concerns over spillover effects to the paid child care market. In response, Congress moved quickly in 2020 to provide significant financial assistance to stabilize the child care market.

The primary question addressed in this section is whether labor market outcomes for women, measured by the labor force participation rate, contributed to the extended weakness in the use of paid child care through 2022. The share of women in the labor force, particularly mothers, is a critical determinant of the share of children in paid care nationally and at the state level.

Female Labor Force Participation

Figure 9 details historical monthly labor force participation rates through June 2023 for various groupings of women ages 18 to 54 (childbearing age). Most notable is the 4.2 percentage point drop in the labor force participation rate for all women ages 18 to 54 in March and April of 2020 during the brief national recession in the early stages of the pandemic. The decline in the labor force participation rate closely mirrors the

pattern in overall U.S. employment in the period (Figure 4a). For comparison, the decline in the participation rate for men ages 18 to 54 was only 3.9 percentage points across the same months.

The decline in female labor force participation at the peak of the layoffs in March and April of 2020 equates to 3.54 million fewer women ages 18 to 54 participating in the labor force, or a 6.1% decline. These women left the labor force entirely and were no longer pursuing employment. The labor force instead captures persons who are either employed or unemployed and seeking work but does not include those who exit the workforce. The decline in employment of women ages 18 to 54 was far larger than the labor force decline, reaching 10 million women (-18% decline) in the two-month period.

For men ages 18 to 54, the number leaving the labor force totaled only 2.85 million, a far smaller 4.4% decline. Employment losses of 8.5 million (13.7% decline) in March and April of 2020 were also smaller for men.

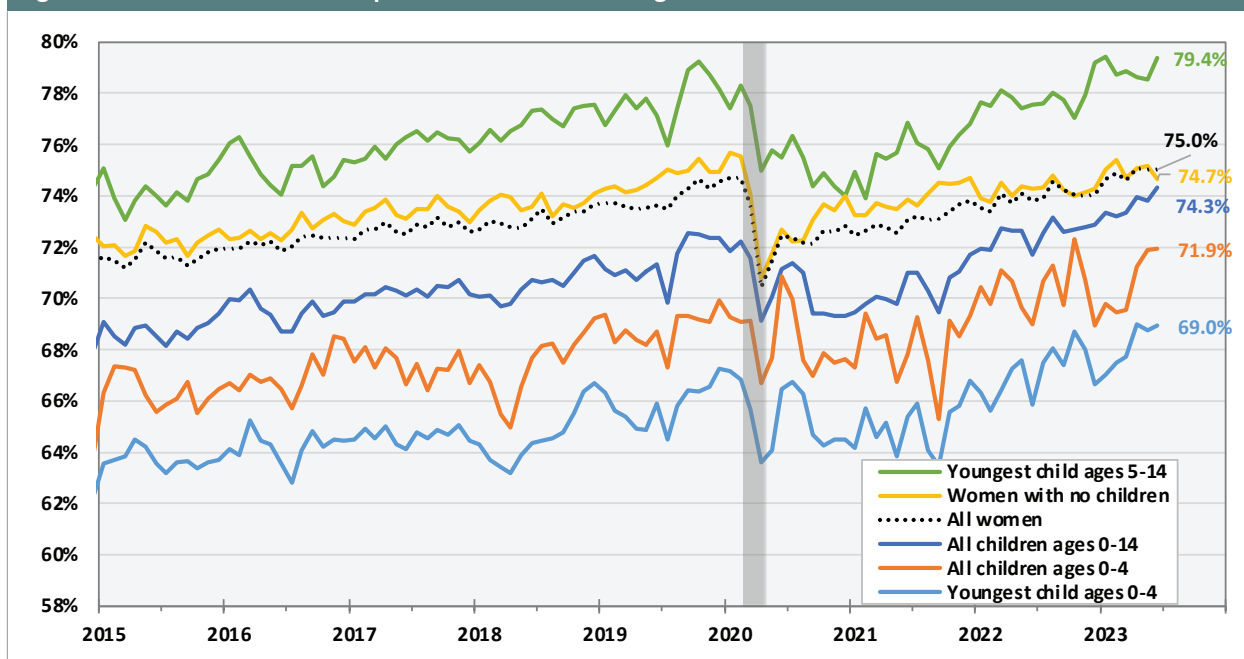
The substantial initial reduction in the number of women in the workforce directly contributed to the initial decline in the demand for paid child care services in 2020. However, the female labor force participation rate subsequently recovered quickly in the second half of 2020 for most groups of women and began an extended recovery that is still underway. Overall, female labor force participation returned to its pre-pandemic level in early 2023 and is currently slightly above it. The rebound in the labor force participation rate for women has also slightly outpaced the rebound in the rate for men. The male labor force participation rate currently remains slightly below its pre-pandemic level.

Labor Force Participation of Women vs. Mothers

The pandemic introduced a sizeable, short-run negative shock to the overall labor force in the early stages of the cycle, particularly for women. However, to date, the pandemic has done little to slow the rising trend in the labor force participation of mothers, with most of the weakness attributed to women with no children.

A key outcome in the early stages of the pandemic is that a larger share of women without children left the labor force than those with children. Mothers were more likely to stay in the labor force, which closed the labor force participation gap relative to women with no children. The relatively large group of women with no children posted a 4.8 percentage point decline in participation early in the pandemic, exceeding the initial drop in participation for all groups of women with children examined. Despite the large initial drop, women with no children have been slower to return to the labor force, with their participation rate currently almost a full percentage point below the pre-pandemic level.

Figure 9: U.S. Labor Force Participation Rate for Women Ages 18-54



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations
 Notes: Data are monthly through June 2023 and seasonally adjusted using the X13-SEATS procedure. Shaded area represents the 2020 recession extending across March and April of 2020.

In contrast, all groups of women with children showed far smaller drops in labor force participation over the early pandemic period and were far more likely to return to pre-pandemic labor force participation rates or higher. Currently, all groups of mothers have a labor force participation rate that exceeds the pre-pandemic level. The broadest group of mothers with both younger and older children ages 0 to 14 outperformed the group of women with no children during both the peak pandemic period and the recovery. The labor force participation rate for this broad group of mothers dropped only 3.1 percentage points early in the pandemic but has since moved 2.1 percentage points above the pre-pandemic level.

Currently, all groups of mothers have a labor force participation rate that exceeds the pre-pandemic level.

A slightly stronger performance was posted among the two groups of mothers with young children – those with all children ages 0 to 4 and those with a youngest child ages 0 to 4. The labor force participation rate for mothers with all young children declined only 2.4 percentage points early in the pandemic and is currently 2.8 percentage points above the pre-pandemic level. Similarly, the rate for mothers with at least one young child declined 3.2 percentage points early in the pandemic but is now 3.2 percentage points above the pre-pandemic level. These two groups of mothers with young children showed little propensity to leave the labor force in 2020 during the pandemic and have returned in far

greater numbers than both women with no children and those with older children.

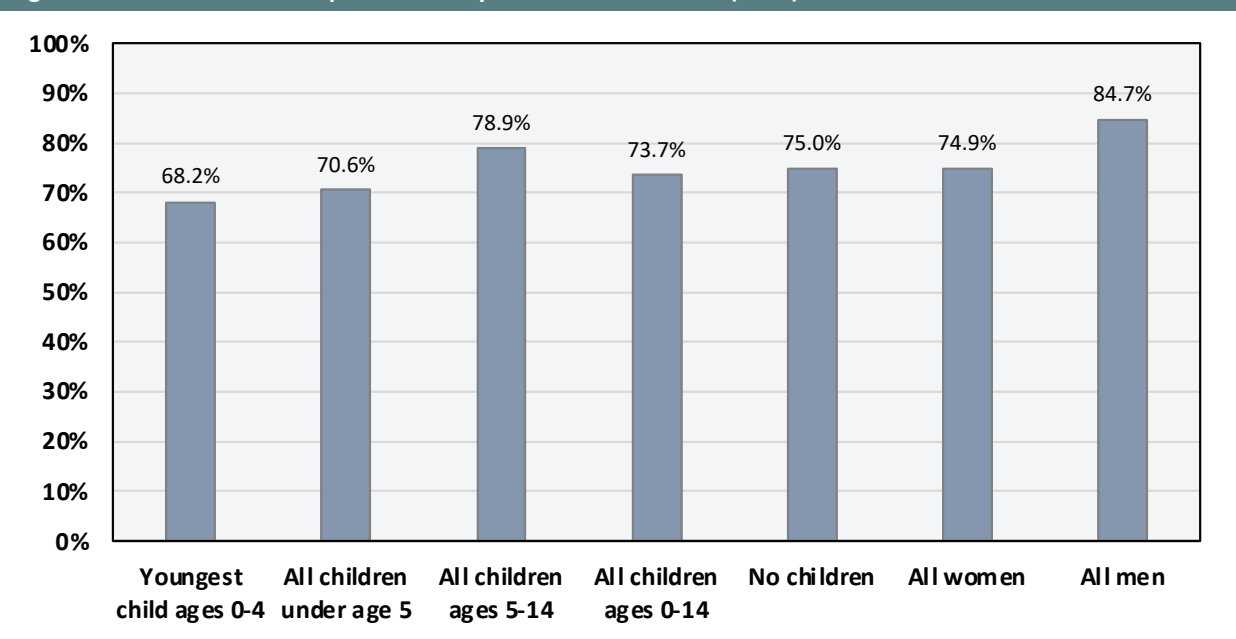
The weakest labor force response among mothers is found among those with a youngest child ages 5-14. The labor force participation rate for these mothers with older children dropped by a slightly larger 3.3 percentage points early in the pandemic but has since increased only 1.1 percentage points above the pre-pandemic level. These mothers with only school-aged children were more likely to leave the labor force and undertake schooling duties for older children in response to widespread school closures.

Other Comparative Participation Measures

Other important trends in the labor force participation of mothers by age of the child are present since the onset of the pandemic (Figures 9 and 10):

- The long-standing participation gap between women and men ages 18-54 decreased slightly by 0.5 percentage points since the pre-pandemic period (10.3% vs. 9.8%). This continues an extended period of progress in reducing the gap.
- Mothers with only school-aged children ages 5 to 14

Figure 10: Labor Force Participation Rate by Presence of Children (2023)



Source: IPUMS-CPS, University of Minnesota, www.ipums.org, and RegionTrack calculations
 Notes: Monthly average of year-to-date 2023 seasonally adjusted data through June 2023.

continue to have the highest labor force participation rate (78.9%) in 2023 among all groups of women examined. Relative to the male labor force participation rate, the gap for this group of women closed steadily the past two decades and during the pandemic but remains 5.4 percentage points below the 84.7% rate for all men ages 18 to 54 in 2023. However, the gap was 6.9 percentage points prior to the pandemic.

- The gap between women with no children at home and the broadest category of mothers with children ages 0-14 at home has declined from about 3 percentage points in the 12 months prior to the pandemic to an average of only 1.3 percentage points in the first half of 2023. In other words, very little gap currently remains between the labor force participation rate for women with and without children.
- Overall, female labor force participation is best categorized as continuing a slight upward trend the past decade with increased convergence in rates across most groups of women.
- The labor force participation rates for all major categories of women with children are now at multi-decade highs.

Labor Force Participation of Mothers and Paid Care Use. The steep drop in the labor force participation of women early in the pandemic undoubtedly contributed to the initial steep decline in the number of children reported in paid care in 2020. However, the strong rebound in the

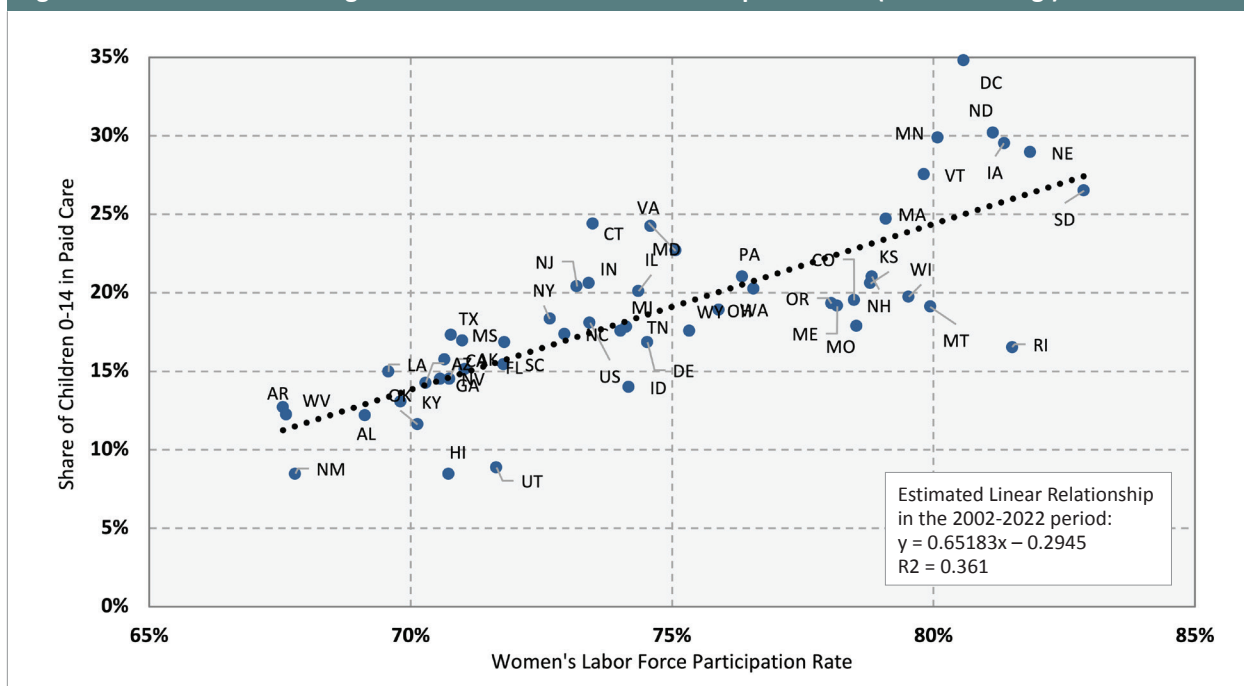
labor force participation of women, especially mothers, has provided upward support to the number and share of children in paid care since the initial stages of the job recovery.

The strong rebound in the labor force participation of mothers suggests that it is unlikely to be a factor contributing to the relatively weak rebound in paid child care usage. The level of labor force participation of mothers across the full pandemic cycle remains far stronger than the rebound in paid care usage, even after expected revisions to the population of children in paid care. The weak overall rebound in the share of children in paid care runs counter to the strong labor force outcome of mothers, which instead likely mitigated some of the potential reduction in paid care usage. In short, the strong labor force performance of mothers since the pandemic has offset what would have otherwise been even weaker paid care usage in its absence.

State Level Female Participation and Paid Care Use

The fundamental relationship between the labor force participation of women and the share of children in paid care becomes more evident when viewed at the state level. Figure 11 illustrates the simple cross-sectional relationship between the labor force participation rate for women ages 18-54 and the share of children ages 0 to 14 in paid care across the states using averages for both measures in the recovery years of 2021 and 2022.

Figure 11: Paid Child Care Usage and Women's Labor Force Participation Rate (2021-2022 avg.)



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations
 Notes: Both the share of children in paid care and the labor force participation rate are averages of annual values in 2021 and 2022.

The state-level relationship has remained highly stable over several decades and in the post-pandemic period. States with higher female labor force participation rates tend to have the highest share of children in paid care. However, both measures vary widely across the states. The highest female labor force participation rate in the 2021-22 period is the 82.9% rate reported in South Dakota. South Dakota also has one of the highest shares of children ages 0 to 14 in paid care at 26.5% in the period (45.1% for children ages 0 to 4).

Along with South Dakota, four other states – Iowa, Minnesota, North Dakota, and Nebraska – plus the District of Columbia have both female participation rates that exceed 80% and a share of children in paid care of 25% or higher. These states are all clustered in the upper Midwest or upper Plains region, with the District of Columbia on the East Coast. The high share of paid child care usage supports the well-above average labor force participation rates attained in these states.

In contrast, five states have female labor force participation rates below 70% in the period as well as low shares of children in paid care of 15% or less. This is a diverse group that includes Alabama, Arkansas, Kentucky, Louisiana, New Mexico, and West Virginia. All these states are traditionally low-female labor force participation rate states with a relatively low share of children in paid care. They are also traditionally low-income states.

The relationship between paid care usage and female labor force participation remains highly stable over time. Using a state-level panel dataset in the 2002 to 2022 period, the estimated slope coefficient from a linear regression of the share of children ages 0 to 14 in paid care on the labor force participation rate of women ages 18 to 54 equals 0.652 (Figure 11). This suggests that a 1 percent higher labor force participation rate for women is accompanied by a 0.65 percent higher share of children in paid child care on average across the states.

The statistical relationship between female labor force participation and paid care has only strengthened over time. The estimated coefficient increased steadily in all 5-year intervals since 2002 and nearly doubled from 0.535 in the 2002-2006 period to 0.945 in the 2018-2022 period. In other words, the most recent five years of data encompassing the pandemic period suggest that a 1 percent higher female participation rate is associated with a roughly 1 percent higher share of children in paid care across the states.

Relative Price of Market-Based Child Care

Child care prices have undergone significant volatility since the onset of the pandemic. Price data on child care services collected in the Consumer Price Index (CPI) program of the Bureau of Labor Statistics (BLS) provide a detailed view of the variation in prices in the child care sector in the period

(Figures 12a and 12b). The CPI index for child care is formed using survey data on prices paid by consumers for day care services and preschools (often denoted as nursery schools).

Of greatest interest when evaluating the role of child care prices in paid child care usage is the price of child care relative to other goods and services. Much of the change in child care prices since the onset of the pandemic reflects the surge in overall inflation in the period. However, CPI data for child care deviated from the path of overall U.S. prices in three important ways:

1. No initial drop in child care prices.

Unlike the immediate decline in the overall CPI index following the onset of the pandemic, child care prices remained in a slow but steady uptrend in the subsequent twelve months (Figure 12a). Although child care providers faced sharply declining enrollment during the early stages of the pandemic, CPI survey data suggest that they managed to maintain price increases. In contrast, the overall CPI and CPI for all services posted steep declines in March, April, and May of 2020 as overall economic activity contracted sharply early in the pandemic. On a yearly average basis, child care prices increased 2.8% in both 2019 and the initial pandemic year of 2020, far stronger than the 1.8% and 1.3% increases, respectively, for the overall CPI in the period.

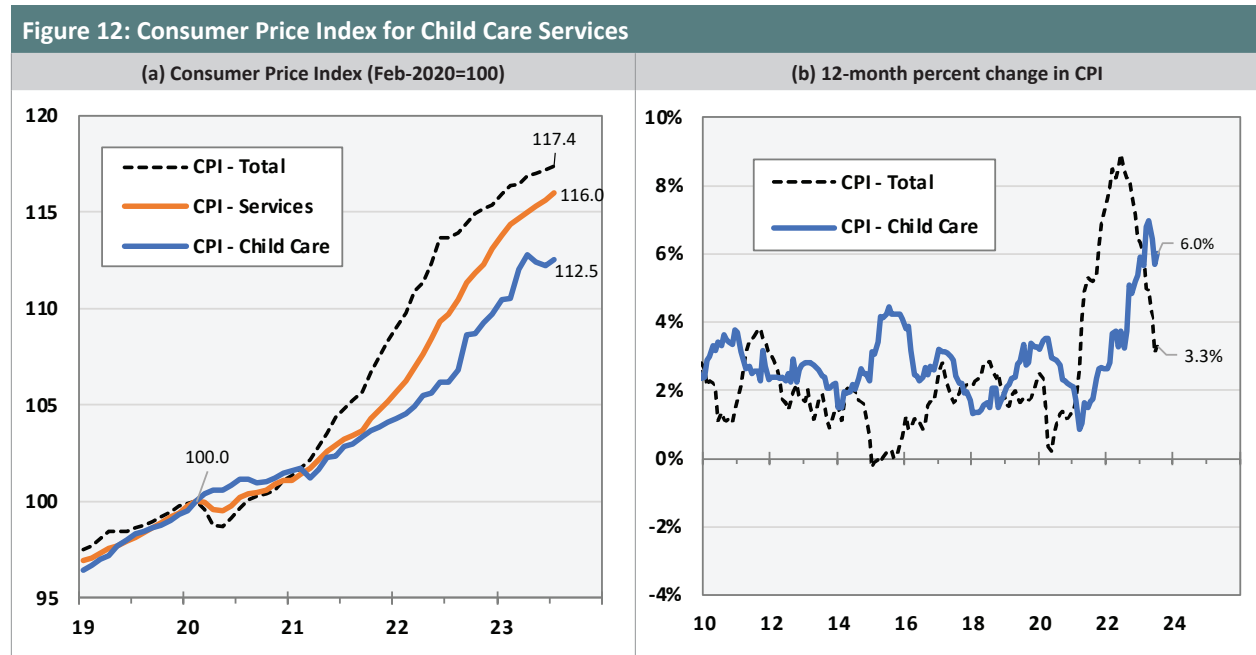
Measured from the onset of the pandemic in February 2020 to July 2023, child care prices increased a total of 12.5% versus 17.4% for the overall CPI and 16% for the services component of the CPI.

Most importantly, the early strength in child care prices produced a sizeable increase in the relative price of child care services. Possible explanations for the strength in child care prices early in the pandemic cycle include pre-negotiated prices for care, a substantial increase in public child care funding assistance, and the general necessity of paid child care services for many parents.

2. Child care prices trailed the overall price level.

Measured from the onset of the pandemic in February 2020 to July 2023, child care prices increased a total of 12.5% versus 17.4% for the overall CPI and 16% for the services component of the CPI (Figure 12a). Child care price increases lagged well behind the initial surge in the overall CPI index during most of 2021 and peaked much later in April 2023, almost a full year after the overall CPI (Figure 12b). The peak price increase on a

12-month change basis was also far lower for child care (7%) than for the overall CPI index (8.9%). The slower growth in child care prices since early 2021 reversed the relative price increases from early in the pandemic and produced relative declines in the price of child care beginning in the second half of 2021. Much like strong income growth, lower relative prices throughout the economic recovery period encouraged additional paid child care use and runs counter to the slow recovery in paid care usage.



Source: Bureau of Labor Statistics – Consumer Price Index and RegionTrack calculations

3. Child care prices declined in recent data. Child care prices diverged even further from the path of the overall price level as child care prices slowed sharply in the first half of 2023, eventually declining on a monthly basis in both May and June of 2023. Conversely, the total CPI and services CPI indexes both posted steady gains through the first and second quarters of 2023. This extreme price weakness should ultimately contribute to stronger paid child care usage in 2023.

Over the full pandemic cycle, CPI data suggest that paid child care experienced significant fluctuations in relative price. Steady increases in child care prices early in the pandemic contributed to the initial steep decline in paid child care usage as child care became relatively more expensive in a strongly deflationary period. However, prices for paid care then entered a period of relative price declines beginning in the second half of 2021 that made child care increasingly affordable relative to other goods and services. This provided upward support to demand for paid care and mitigated the potential damage to the paid care market from the pandemic. Most recently, prices for paid care reportedly declined in the second quarter of 2023, further reducing the relative price of paid child care and encouraging greater paid care usage. Only in the early stages of the pandemic when child care prices continued to rise were

Child care remains a sizeable household expenditure for families with children in paid care, especially those with very young children.

relative child care prices putting downward pressure on the use of paid care.

Child Care Price Survey

An alternative child care price survey is conducted annually by Child Care Aware of America (CCAoA). Their 2022 report suggests an estimated average annual price of child care across various forms of care of \$10,853

per child. The 2022 average is up a reported 1.6% from 2021 but follows consecutive years of reported 5% gains in 2020 and 2021 during the pandemic. The reported increases in 2020 and 2021 are far higher than those reported in CPI price data for child care services of 2.8% and 1.9%, respectively (Figure A3 in the appendix).

The survey results confirm that child care remains a sizeable household expenditure for families with children in paid care, especially those with very young children (Figure 13). Care for infants remains the

costliest form with a median reported price across the states of \$12,024 in a child care center and \$9,100 in a family child care home in 2022. The median price for four-year-olds is reportedly \$9,998 in a child care center and \$8,183 in a family child care home. School-age children face far lower median prices of \$5,175 for a child care center and \$4,875 for a family child care home.

Figure 13: Annual Price of Full-Time Child Care by Provider Type and Child's Age (2022)

Annual fees for full-time care in a child care center	Median Price	50-State Range
Infant	\$12,024	\$7,280-24,472
4-year-old child	\$9,998	\$6,443-18,646
School-age child (before-/after-school care)	\$5,175	\$2,659-12,241
Annual fees for full-time in a family child care home	Median Price	50-State Range
Infant	\$9,100	\$5,824-18,200
4-year-old child	\$8,183	\$5,280-16,960
School-age child (before-/after-school care)	\$4,875	\$2,200-11,864

Source: Child Care Aware of America. The U.S. and the High Cost of Child Care. 2022 Survey.
Notes: Annual data for 2022. The national average price is \$10,853. The median is determined using the reported cost for each of the fifty states and Washington D.C. The survey has a lower response rate for the price of school-age care.

State-Level Price of Care

The CCAoA survey is unique in that it provides child care price estimates at the state level. Figure A4 in the appendix details estimates of state level child care prices for infants, 4-year-olds, and school-age-children in both child care centers and family child care homes.

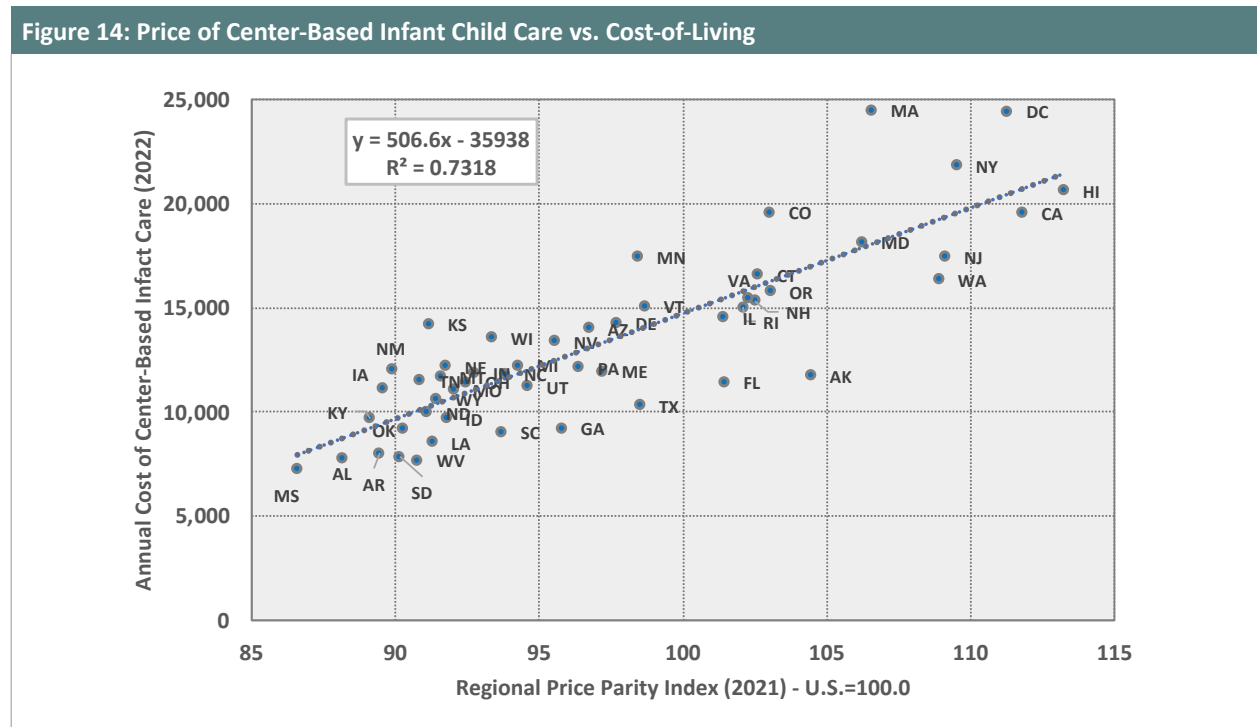
The divergence in the reported price of care across the states remains remarkable. Reported prices for infant care in a child care center in 2022 ranged from \$7,280 in Mississippi to \$24,472 in Massachusetts, a more than three-fold difference in price. Parents in five states – Massachusetts (\$24,472), New York (\$21,826), Hawaii (\$20,647), Colorado (\$19,573), and California (\$19,547) – plus the District of Columbia paid annual prices of approximately \$20,000 or more per child for center-based infant care in 2022. All five states and the District of Columbia are traditional high-cost-of-living areas.

In contrast, families in a dozen states – Alabama, Arkansas, Georgia, Idaho, Kentucky, Louisiana, Mississippi, North Dakota, Oklahoma, South Carolina, South Dakota, and West Virginia – pay less than \$10,000 annually per child for infant care in a child care center. These states are all traditional low-cost-of-living areas and most have a low share of children 0 to 14 in paid care historically. Mississippi, North Dakota, and South Dakota are the only states in the group with a share of young children in paid care above the U.S. average.

Cost of Living and Price of Care. Differences in child care prices across the states are historically closely related to differences in the overall cost of living. Figure 14 illustrates the current relationship between the price of center-based infant care and the cost of living in each state. While not explaining all of the variation in child care prices at the state level, the cost of living in a state remains a consistent predictor of the price of care. For 2022, the simple linear relation between the two measures indicates that a 1 percentage point rise in the overall price level of a state relative to the nation is associated with an estimated 3.8 percent (\$506.60) higher average annual price of center-based infant care (\$13,209).

Given a 10 to 15 percent higher average cost of living in the highest-price states, a parent in a typical high-price state could expect to pay a premium of 30 to 60 percent (\$3,965 to \$7,925) for center-based infant care relative to states close to the national average cost of living. A 20 to 35 percent reduction in price would be expected for parents in the lowest-price states where the cost of living is generally 5 to 10 percent below the national average.

Comparative Price of Care. The price of child care also remains high relative to median household income (Figure A5 in the appendix). Center-based infant care for a single child with a median price of \$12,024 per year consumes 16.1% of median U.S. household income of \$74,755 in



Source: Bureau of Economic Analysis: Price Parity Index (2021), Child Care Aware of America (2022 price survey), and RegionTrack calculations



2022. Care in a relatively less expensive family child care home for an infant requires 10.9% of median income.

The affordability of child care varies widely across the states relative to median income. Center-based infant care as a share of median income ranges from 11.3% in South Dakota to 27.4% in New York. In 11 states, parents pay more than 20% of median household income on center-based care for an infant. In 12 states – Alabama, Alaska, Arkansas, Georgia, Idaho, Mississippi, North Dakota, South Carolina, South Dakota, Texas, Utah, and West Virginia– infant care in a child care center costs less than 15% of median family income.

Relative to higher education expenditures of households, the price of center-based care is 110% of the average price of annual tuition at an in-state 4-year college across the states (Figure A5 in the appendix). The price of care in a family care home is 75% of the price of annual college tuition on average across the states.

Center-based infant care now costs more than 150% of the average cost of public college tuition in 11 states (California, Colorado, Hawaii, Kansas, Maryland, Massachusetts, Montana, Nevada, New York, North Carolina, and Wyoming) plus the District of Columbia. Only in 17 states (Alabama, Arkansas, Illinois, Kentucky, Louisiana, Michigan, Mississippi, New Hampshire, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, and West Virginia) does center-based infant care cost less than the average cost of tuition at a public college in the state.

Income and Paid Child Care Usage

CED’s 2022 report⁵ on paid child care examined the historical linkages between paid child care usage and family income. The results identified both short- and long-run predictive relationships running from income to paid child care usage. The high price of paid child care and the significant share of household income typically devoted to paid care underlie the role played by income in the demand for paid child care services. Paid care usage also has a clear cyclical component, where weak income growth during recessions contributes to a decline in the use of paid child care.

The price of center-based care is 110% of the average price of annual tuition at an in-state 4-year college across the states.

Income in the Post-Pandemic Period

Notably, weak income growth was not a primary characteristic of the recent pandemic driven recession. The severity of the layoffs in the early stages of the pandemic induced large income transfers from the federal government to households that offset much of the weakness in earned income by households.

After only a single monthly decline in U.S. personal income in March 2020, large federal emergency income transfers received beginning in April 2020 quickly pushed total household income above the trend in income in place prior to the pandemic.⁶ Most U.S. households experienced only a temporary slowdown in spending followed by a significant boost in both spending and savings throughout much of the post-pandemic period. Median household income increased by a cumulative 13.8% from 2019 to 2022, and by 7.2% in 2022 alone.

Paid Care and Family Income

CPS-ASEC survey data continue to demonstrate that the use of paid child care remains closely related to income, as families using paid care tend to have far higher income on average than those not using it.⁷ Estimates for 2022 indicate that families with children ages 0 to 14 using paid care reported average annual income of \$163,316 versus \$123,736 for families with children ages 0 to 14 but not in paid care (Figure 15). The \$39,580 income difference represents a 32% gap between families with children using paid care and those not. The income gap reached a peak of 35.2% during the initial pandemic year of 2020, the largest income differential posted since 2009.

There is little difference in income between the two groups of families with younger versus older children in paid care. Both groups reported annual income of more than \$163,000 in 2022, with the smaller group with young children ages 0 to 4 earning only about \$800 more annually.

Families with young children under the age of 5 but not using paid care have the lowest average income (\$111,107) among the family groups examined. The annual income for these families with children not using paid care is more than \$50,000 below both groups of families with children in paid care.

Paid Care and Income Growth

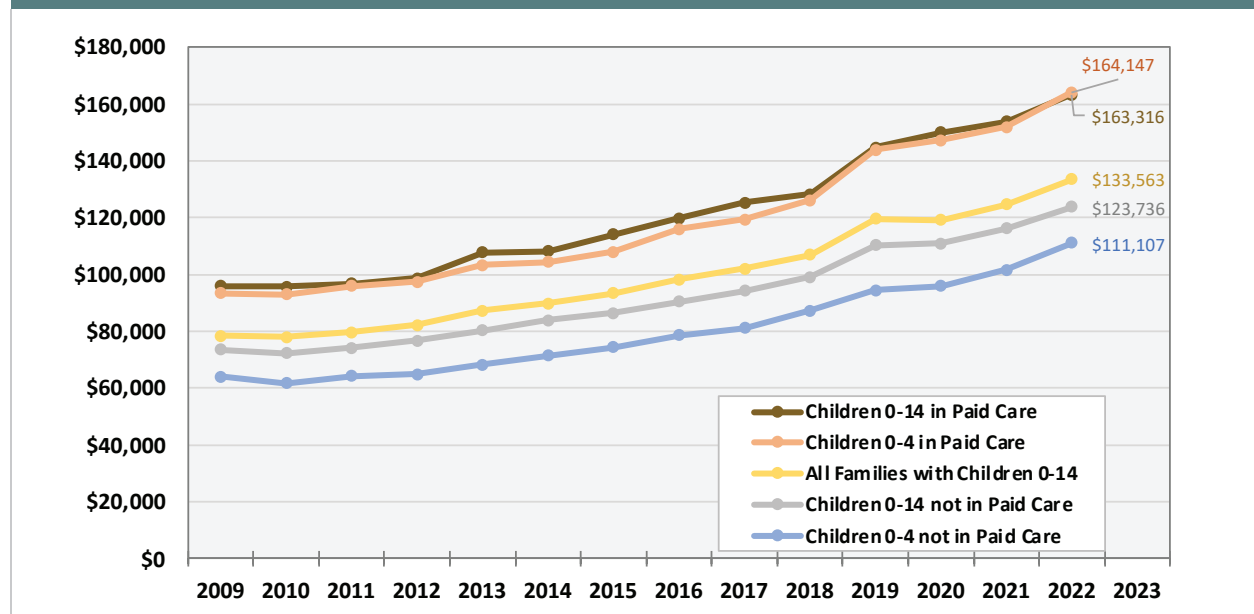
Despite sizeable government transfer payments, the initial pandemic year of 2020 was a challenging year economically for many U.S. families. The group of all families regardless of child status experienced a -0.8% decline in average annual income. This was the first annual income decline for U.S. families as a group since a -0.5% drop in 2010 following the Great Recession.

The broadest group of families with children ages 0 to 14 (regardless of child care status) experienced a slightly stronger performance, with a -0.2% decline in household income in 2020. However, the income performance among families with children differed greatly between those using paid care and those not in 2020. Families using paid care reported 3.6% income growth in 2020 versus 0.5% for those not using paid care.

Income growth rebounded for all major family groups in both 2021 and 2022. However, the income gap between families with children in paid care and those without widened slightly since the onset of the pandemic. Across the full period from 2019 to 2022, families with children ages 0 to 14 using paid care reported cumulative income growth of 12.8% versus 12.1% for families not using paid care.

The strength in income growth overall and for families using paid care runs counter to the weak rebound in paid care usage through 2022. Relatively strong income gains

Figure 15: Average Family Income by Paid Child Care Usage



Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

instead worked to mitigate the potential negative effects of income on paid child care usage during the recent recession. Hence, family income is viewed as a factor that likely provided key support to paid care usage throughout the pandemic cycle rather than contributed to the slow rebound in paid care usage.

Federal and State Child Care Funding

The path of paid child care usage across the pandemic cycle was also affected by the increased availability of public child care assistance. The severity of the economic fallout during the early stages of the pandemic encouraged substantial expansion in existing child care assistance programs and creation of new ones.

The federal government has long collaborated with the states in public policy efforts to extend access to paid child care services to more families. Most federal assistance programs are channeled through the states and toward low-income families to allow parents to work or attend school. As a result, many U.S. families use federal and state child care subsidies to offset the high cost of paid child care. A recent U.S. Department of Health and Human Services (HHS) report finds that 2 million children across the states received child care subsidies in an average month in fiscal year 2019.⁸

Historically, most public child care assistance is funded

through shared federal and state expenditures through the Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and Social Services Block Grant (SSBG) programs plus the federal Child and Dependent Care Tax Credit (CDCTC). These assistance programs work primarily through the demand side of the child care market by providing subsidies to families to reduce the effective cost of paid child care. The realized cost of child care for many families is closely tied to public funding provided through federal and state assistance programs.

To provide a benchmark estimate of the extent to which federal and state child care funding historically influences demand for paid child care, Figure 16 provides a summary of estimated annual spending through each of the major federal and state child care funding programs. Figure A6 provides corresponding estimates for each state.

Estimates for each source currently extend through at least fiscal or tax year 2020 or 2021. The data is reported with a considerable lag due to a lack of timely reporting on the types, amounts, and timing of child care assistance provided. States have substantial discretion over the timing and amount of child care-related payments, making a reconciliation of actual expenditures possible only after a substantial time lag.

The estimates in Figure 16 suggest total federal and state child care assistance spending reached \$21.4 billion based on a combination of the most recent estimates

Figure 16. Federal and State Child Care Funding

Federal/State Child Care Funding Source	Source	Latest Fiscal Year	Funding Amount
CCDF Mandatory, Matching, and Discretionary	Federal	2020	\$11,250,536,852
CCDF Matching State Share and Maintenance of Effort (MOE)	State	2020	2,139,985,529
TANF Transfer to CCDF	Federal	2021	1,158,361,971
Federal TANF Expenditures (by States)	Federal	2021	1,360,613,310
State TANF MOE Expenditures	State	2021	2,389,838,538
Social Services Block Grant (SSBG) – Child Care	Federal	2020	259,075,728
Child and Dependent Care Tax Credit (CDCTC)	Federal	2020	2,820,764,000
Sub-Total Federal Funding			16,849,351,861
Sub-Total State Funding			4,529,824,067
Total Federal/State Funding			\$21,379,175,928

Source: U.S. Department of Health and Human Services, Administration for Children and Families; Internal Revenue Service; and CED and RegionTrack calculations.

Notes: CCDF is the Child Care and Development Fund, TANF is the Temporary Assistance for Needy Families program, and SSBG is the Social Services Block Grant. CCDF is administered by the Office of Child Care. TANF is administered by the Office of Family Assistance. SSBG is administered by the Office of Community Services. All categories reflect direct spending on child care services. The FY2020 CCDF expenditures includes \$1.6 billion spent of the \$3 billion appropriated under the CARES Act (P.L. 116-136, enacted March 2020). THE CDCTC is based on tax year 2020.

for fiscal and tax years 2020 and 2021. Total funding is up 11% (\$2.1 billion increase) from the \$19.3 billion reported using fiscal and tax years 2018 and 2019 and up approximately 22% from \$17.6 billion using data for fiscal and tax years 2016 and 2017.⁹

The estimates make clear that total federal child care assistance provides a sizeable boost to the demand for paid child care services. Prior CED research finds that the \$19.3 billion in federal and state assistance estimated for fiscal and tax years 2018 and 2019 equals approximately 37% of total child care expenditures reported by U.S. households in CPS-ASEC data for 2019.¹⁰

The channels of child care assistance detailed in Figure 16 also focus solely on the demand side of paid care and provide an incomplete view of the full federal government response during the early pandemic period. The pandemic response focused on adding far more funding to the system but differed greatly from historical efforts by injecting funding through a different channel. Rather than stimulating demand, efforts focused primarily on shoring up the supply side of the child care market by providing grants directly to child care providers.

Congress appropriated \$24 billion in grants to child care providers in March 2021 as part of the American Rescue Plan Act. The grants were intended to stabilize the operations of child care facilities by funding operating expenses such as wages and rent, funding improvements in health and safety practices, purchasing supplies, and helping families pay the cost of care. Funding through the program ended September 30, 2023, but states have not yet reported expenditure data.

Federal assistance to the child care sector during the pandemic extended well beyond the stabilization grants provided to child care facilities. A recent report¹¹ from the U.S. Government Accountability Office (GAO) examined total supplemental federal appropriations for child care during the pandemic, including an evaluation of the various uses of the funds. The findings for fiscal years 2020 and 2021 identify \$52.5 billion in supplemental child care appropriations by Congress to the states through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other supplemental funds. Major components of the appropriated spending include

\$24 billion through the stabilization grants and \$15 billion in supplemental CCDF funding.

As of April 23, 2023, actual spending out of the appropriated funds reached \$34.5 billion. Stabilization grants totaled \$19.9 billion along with \$3.3 billion in supplemental CCDF funding. Early findings from the grant program through December 31, 2022 report that 220,000 child care providers received grants, with grants averaging \$140,600 for 123,890 child care centers and \$23,300 for 97,590 family child care homes. GAO reports that a full accounting of child care expenditures is not expected, or possible, until 2025 or 2026.

While much of the expanded funding is focused on supporting the supply side of the child care market, the child

care grants also stimulated demand in those cases where the funds were used to reduce the cost of care to families. A reported 700,000 or more children paid lower child care costs as a result of the grants.¹² Surveys by GAO find that 32 states reported waiving or reducing the family copayment early in the pandemic, with 22 states continuing the policy beyond the end of 2020. While the exact funding amount is unknown at this stage, these changes undoubtedly contributed added demand for paid child care during the pandemic.

Another source of added demand for paid child care during the pandemic is a substantial, but temporary, expansion in the CDCTC in March 2021 under the American Rescue Plan Act (ARPA).¹³ In tax year 2021, the maximum credit increased from \$1,050 to \$4,000 for one child and \$2,100 to \$8,000 for two or more children and made potentially fully refundable. For 2022, the credit for child and dependent care expenses is again nonrefundable with a maximum credit of \$1,050 for one child and \$2,100 for two or more children.

The primary conclusion for federal and state child care assistance during the pandemic cycle is that it increased significantly in size and carried components that contributed to added demand for paid child care services. The surge in Federal and state spending suggests that publicly funded child care assistance in no way impeded the recovery in the paid child care sector. Instead, much like strong family income growth and falling relative prices for child care during the pandemic, the expansion of federal and state child care assistance contributed in a positive and significant way to the demand for paid child care.

GAO identified a total of \$52.5 billion in supplemental child care appropriations by Congress in 2020 and 2021.

Explaining the Weak Rebound in Paid Child Care

The analysis of potential factors underlying paid care usage throughout the report provides considerable insight into the relative strength of the rebound in paid child care through 2022.

The most important finding is that the reported decline in the number of children of child care age in the CPS-ASEC survey may be overstated by a substantial amount. Overly pessimistic estimates of the number of children of child care age within the CPS-ASEC survey are likely inflating the reported decline in the number of children in paid care. Recent Census population estimates confirm a significant decline in the number of children of child care age, but the losses are far smaller and almost entirely confined to younger children ages 0 to 4. The population of older children ages 5 to 14 likely played only a very small (and possibly no) role in limiting the number of children in paid care. Hence the steep declines reported in the number of older children in paid care in the CPS-ASEC survey are subject to substantial upward revisions in the future.

Updated Census population data confirm a smaller number of children in paid care but do not alter the -1.2 percentage point gap that remained in the share of children in paid care through 2022. Even after expected population revisions, the finding of a relatively weak rebound in paid child care use remains intact. The remaining weakness is mostly confined to younger children and reflects both declining birth rates reported in the pandemic period and the ongoing downtrend already in place in the cohort of young children. The reported reduction in the number of children of child care age, even after population revisions, is viewed as a key contributing factor to the weak rebound in the number of children in paid child care.

The findings also suggest that many of the traditional economic, demographic, and child care market characteristics explaining historical paid child care usage are unlikely to explain the weak rebound in the number of children in paid care across the pandemic period. Analysis of key factors including female labor force participation, family income, public child care assistance, and the relative price of child care suggests that they instead provided much needed support to paid child care demand across most of the pandemic period.

The initial steep decline in female labor force participation produced early concerns for paid child care usage, but participation rates quickly returned to above pre-pandemic levels for all groups of mothers examined. The strength of family income in the pandemic also mitigated the effects of the pandemic and recession on the paid child care market. Rapid and aggressive expansion of federal and state child care assistance similarly provided a meaningful boost to the demand of paid care by families. The relative price of care increased sharply in the early stages of the pandemic and likely contributed to the initial decline, but relative prices declined throughout the remainder of the pandemic cycle and stimulated demand for paid child care.

In short, none of the traditional factors examined weighed on paid child care usage across the full pandemic cycle or stand out as potential candidates for explaining the relatively weak rebound in paid care. To the contrary, they worked in tandem to support demand by families for paid child care and likely contributed to preventing far larger declines in paid care usage.

Other factors that are more difficult to quantify are needed to explain the slow rebound in paid care. Potential sources of the weakness include a shift to a greater share of parents working from home and providing home care and a shift in the preferences of parents away from the use of paid child care. Market frictions are also possible, including a slow adjustment back to paid care given the high cost and budget share of paid care and uncertainty over reliable access to care derived from the initial shock to the paid care market.

An additional possibility explaining the weakness in paid care usage is a decline in the supply of paid child care services across the pandemic period. The number of children in paid care will fall under restricted supply even if demand for paid care remains unchanged. Parents continue to report difficulty in finding suitable care options for their children. Child care providers also report challenges in recruiting and retaining staff and maintaining operating levels, even with assistance from federal and state grants. Increased operating costs, primarily employment costs, may also be weighing on the supply of child care. Issues surrounding the supply of paid child care are examined in depth in the second report in this series.

Summary of Findings

The report highlights several key findings for child care policymakers and other stakeholders. The primary finding for paid child care usage is that the number and share of children in paid child care reportedly dropped sharply during the early stages of the pandemic. Estimates from the CPS-ASEC survey suggest a 2.35 million (19%) decline in the number of children ages 0 to 14 in paid child care while a parent worked. The overall share of children ages 0 to 14 in paid care dropped from 20.2% in 2019 to only 16.6% in the initial pandemic year of 2020. The Census SIPP survey confirms a similar decline in paid child care usage.

Paid care usage has since rebounded but remains well below pre-pandemic levels and trails well behind the overall recovery in the labor force and broader economy. Despite two years of gains, the total number of children in paid care in 2022 remains 1.18 million (9.5%) below the 2019 pre-pandemic high. The overall share of children in paid care remains 1.2 percentage points below the 2019 share. The share gap in 2022 relative to 2019 remains larger for younger children ages 0 to 4 (-1.5 percentage points) than older children ages 5 to 14 (-1 percentage points).

The change in the use of paid care over the pandemic cycle is not uniformly lower across the states. Several states have already moved well above their pre-pandemic share of children in paid child care while other states remain far behind. Measured by young children in paid care, 17 states and the District of Columbia are already at or above the pre-pandemic share of children in paid care based on the average share in 2021 and 2022. The average share in these states is 4.3 percentage points above their pre-pandemic share. In contrast, the remaining 33 states all trail their pre-pandemic share of young children in paid care and report an average of 5.1 percentage points below their pre-pandemic share.

A key potential factor putting downward pressure on paid care usage is a decline in the population of children of child care age since the onset of the pandemic. Estimates from the CPS-ASEC survey indicate that the population of children ages 0 to 14 declined by a reported 2.38 million (-3.9%) between 2019 and 2022. However, recent Census population estimates suggest that the weakness reported in the number of children in paid child care is likely not as severe as reported in the CPS-ASEC survey. The more recent data indicate that the decline reported in the population of older children is sharply overstated while the decline in the number of younger children is understated. Nevertheless, survey data continue to show that the share of children in paid care is well below pre-pandemic levels. The number of young children ages 0 to

4 likely explains much of the slow rebound in paid care usage, with little difference attributed to older children ages 5 to 14.

The steep drop in the labor force participation of women early in the pandemic undoubtedly contributed to the initial steep decline in the number of children reported in paid care in 2020. However, the subsequent strong rebound in female labor force participation rates has provided upward support to the number and share of children in paid care since the initial stages of the job recovery. The weak overall rebound in the share of children in paid care is inconsistent with the strong labor force behavior of mothers, which has likely mitigated some of the potential reduction in paid care usage. Hence, the labor force participation of mothers is unlikely to explain much of the net decline in the use of paid child care since the pandemic began.

The relative price of child care services likely weighed on paid child care usage early in the pandemic given steady price increases in the year after the onset of the pandemic. Based on the CPI index for child care services, the price of paid child care did not drop in early 2020 along with the broader CPI, making paid care comparatively more expensive relative to many other goods and services. However, families then experienced rapidly rising prices for child care beginning in early 2021, with price increases still elevated currently as measured over the past 12 months. Although cumulative price increases since the onset of the pandemic are smaller for child care relative to the overall CPI (17.4%) and the services CPI (16%), the price of child care services is up a total of 12.5% through June 2023. The smaller gain in child care prices relative to the overall price level provided a boost to demand for paid child care services. Only more recently beginning in the second quarter of 2023 have child care price increases slowed sharply, though they remain 6% above the price from 12 months ago.

U.S. families in paid child care continue to have far higher income on average than families not using paid care. Estimates for 2022 indicate that families with children ages 0 to 14 using paid care reported average annual income of \$163,316 versus \$121,598 for families with children ages 0 to 14 but not in paid care. Strong federal and state income transfers during the pandemic mitigated much of the expected effects that weak income growth would typically have on paid care use in a recession. Families with children in paid care also reported faster income growth in the post-pandemic period. Over the full pandemic cycle, families with children ages 0 to 14 using paid care reported slightly faster income growth of 12.8% versus 12.1% for families not using paid care. The growth



differential also widened the income gap between families with children in paid care and those without since the onset of the pandemic.

In short, none of the traditional factors examined weighed on paid child care usage across the full pandemic cycle or stand out as potential candidates for explaining the relatively weak rebound in paid care. To the contrary, they worked in tandem to support demand by families for paid child care and likely contributed to preventing far larger declines in paid usage.

Other factors that are more difficult to quantify are needed to explain the slow rebound in paid care. Potential sources of the weakness include a shift to a greater share of employees working from home and providing home care, a shift in the preferences of parents away from the use of paid child care, and expanded use of other forms of informal and unpaid care. Market frictions are also possible, including a slow adjustment back to paid care given the high cost and budget share of paid care and uncertainty over reliable access to care derived from the

initial shock to the paid care market.

In summary, the report highlights significant shifts in paid child care usage in the U.S. following the COVID-19 pandemic. Despite a strong recovery in the labor force and the broader economy, the rebound in paid child care usage through 2022 was notably sluggish. Traditional economic, demographic, and market factors, such as increased female labor force participation, income growth, and public child care assistance, which typically boost child care usage, did not align with the slow recovery in this sector. Additionally, the report points to other possible contributing factors, including changes in parental preferences, the rise of remote work, and possible supply-side constraints in the child care market. These findings underscore the need for further investigation and possible policy interventions to support the sustainability of the child care industry and assist working families, emphasizing the importance of collecting comprehensive data for informed decision-making at both national and state levels.

Endnotes

- 1 In the SIPP survey, the reference parent is asked whether any child living in the household regularly used the reported type of care in a typical week during the fall of the reference year, which could be up to 11 months before the interview. For any parent reporting any use of child care during the prior fall: “Did reference parent or reference parent’s family pay for child care arrangements during a typical week of the fall of the reference year?”
- 2 For discussion of the National Bureau of Economic Research (NBER) dating process for the 2020 recession, see: <https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions>
- 3 For the full Brookings Institution research series on the U.S. birth rate during the pandemic, see: <https://www.brookings.edu/articles/us-births-are-down-again-after-the-covid-baby-bust-and-rebound/>
- 4 For annual Census population estimates by age group, see: https://www.census.gov/topics/population/age-and-sex/data/tables.2022.List_897222059.html#list-tab-List_897222059
- 5 See: The Economic Role of Paid Child Care in the U.S. A Report Series-Part 3: Economic Growth Modeling. Available online at: https://www.ced.org/pdf/220501_CCSE_Rpt_Pt3.pdf. Both nominal per capita and median household income are found to be statistically predictive (i.e., Granger-causal) for future changes in paid care usage in the short run. Long-run (cointegration) estimates suggest that a 1 percent increase in real personal income per capita is associated with a 0.30 percent long-run increase in the share of children in paid care.
- 6 See: <https://fred.stlouisfed.org/series/PI>
- 7 Income is defined as all forms of income, both earned and unearned. Families are defined using the same measures used to determine the poverty rate in the Census Bureau’s Supplemental Poverty Measure (SPM) program.
- 8 The full report is available online at: <https://www.gao.gov/products/gao-23-106073>
- 9 See the following CED reports: Child Care in State Economies - 2019 Update at <https://www.ced.org/assets/reports/child-careimpact/181104%20CCSE%20Report%20Jan30.pdf> and The Economic Role of Paid Child Care released in February 2022 at https://www.ced.org/pdf/Economic_Role_of_Paid_Child_Care_Part_I_-_Final.pdf
- 10 See: The Economic Role of Paid Child Care in the U.S. A Report Series - Part 1. February 2022. https://www.ced.org/pdf/Economic_Role_of_Paid_Child_Care_Part_I_-_Final.pdf
- 11 Reports are available online at: <https://www.gao.gov/products/gao-23-106833> and <https://www.gao.gov/products/gao-23-106073>
- 12 See: https://www.acf.hhs.gov/sites/default/files/documents/occ/National_ARP_Child_Care_Stabilization_Fact_Sheet.pdf and https://www.acf.hhs.gov/sites/default/files/documents/occ/COVID_Investments_in_Child_Care.pdf
- 13 See: <https://www.irs.gov/newsroom/child-and-dependent-care-credit-faqs>
- 14 In the SIPP survey, the reference parent is asked whether any child living in the household regularly used the reported type of care in a typical week during the fall of the reference year, which could be up to 11 months before the interview. For any parent reporting any use of child care during the prior fall: “Did reference parent or reference parent’s family pay for child care arrangements during a typical week of the fall of the reference year?”
- 15 For discussion of the National Bureau of Economic Research (NBER) dating process for the 2020 recession, see: <https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions>
- 16 For the full Brookings Institution research series on the U.S. birth rate during the pandemic, see: <https://www.brookings.edu/articles/us-births-are-down-again-after-the-covid-baby-bust-and-rebound/>
- 17 For annual Census population estimates by age group, see: https://www.census.gov/topics/population/age-and-sex/data/tables.2022.List_897222059.html#list-tab-List_897222059
- 18 See: The Economic Role of Paid Child Care in the U.S. A Report Series-Part 3: Economic Growth Modeling. Available online at: https://www.ced.org/pdf/220501_CCSE_Rpt_Pt3.pdf. Both nominal per capita and median household income are found to be statistically predictive (i.e., Granger-causal) for future changes in paid care usage in the short run. Long-run (cointegration) estimates suggest that a 1 percent increase in real personal income per capita is associated with a 0.30 percent long-run increase in the share of children in paid care.
- 19 See: <https://fred.stlouisfed.org/series/PI>
- 20 Income is defined as all forms of income, both earned and unearned. Families are defined using the same measures used to determine the poverty rate in the Census Bureau’s Supplemental Poverty Measure (SPM) program.
- 21 The full report is available online at: <https://www.gao.gov/products/gao-23-106073>
- 22 See the following CED reports: Child Care in State Economies - 2019 Update at <https://www.ced.org/assets/reports/child-careimpact/181104%20CCSE%20Report%20Jan30.pdf> and The Economic Role of Paid Child Care released in February 2022 at https://www.ced.org/pdf/Economic_Role_of_Paid_Child_Care_Part_I_-_Final.pdf
- 23 See: The Economic Role of Paid Child Care in the U.S. A Report Series - Part 1. February 2022. https://www.ced.org/pdf/Economic_Role_of_Paid_Child_Care_Part_I_-_Final.pdf
- 24 Reports are available online at: <https://www.gao.gov/products/gao-23-106833> and <https://www.gao.gov/products/gao-23-106073>
- 25 See: https://www.acf.hhs.gov/sites/default/files/documents/occ/National_ARP_Child_Care_Stabilization_Fact_Sheet.pdf and https://www.acf.hhs.gov/sites/default/files/documents/occ/COVID_Investments_in_Child_Care.pdf
- 26 See: <https://www.irs.gov/newsroom/child-and-dependent-care-credit-faqs>

Appendix

Figure A1: Children Ages 14 and Under in Paid Child Care by State (2021-2022 average)

Figure A2: Pre- and Post-Pandemic Share of Young Children in Paid Care

Figure A3: Change in Consumer Price Index

Figure A4: Annual Price of Child Care by Provider Type and Child's Age (2022)

Figure A5: Comparative Price of Child Care

Figure A6. Federal/State Child Care Assistance Programs

Figure A1: Children Ages 14 and Under in Paid Child Care by State (2021-2022 average)

Region	Total Children of Child Care Age			Children in Paid Child Care			Share in Paid Child Care		
	Total	Ages 0-4	Ages 5-14	Total	Ages 0-4	Ages 5-14	Total	Ages 0-4	Ages 5-14
UNITED STATES	59,549,690	18,506,321	41,043,370	10,774,392	5,027,891	5,746,501	18.1%	27.2%	14%
Alabama	915,264	299,969	615,295	111,748	64,853	46,894	12.2%	21.4%	7.6%
Alaska	150,158	48,851	101,307	21,789	8,255	13,534	14.5%	16.8%	13.4%
Arizona	1,313,587	364,218	949,369	186,138	70,346	115,792	14.2%	19.2%	12.4%
Arkansas	575,320	165,608	409,712	72,915	38,603	34,311	12.7%	23.2%	8.5%
California	6,994,569	2,072,180	4,922,390	1,099,311	492,524	606,786	15.7%	23.8%	12.3%
Colorado	1,001,292	321,869	679,423	195,482	87,391	108,091	19.5%	27.2%	15.9%
Connecticut	592,455	160,882	431,573	144,384	47,396	96,988	24.4%	30.2%	22.4%
Delaware	167,283	50,294	116,989	28,191	13,631	14,560	16.8%	27%	12.4%
Dist. of Columbia	108,518	40,106	68,413	37,710	21,072	16,638	34.8%	52.7%	24.3%
Florida	3,534,936	1,076,445	2,458,492	595,786	260,340	335,446	16.9%	24.2%	13.6%
Georgia	2,052,440	625,654	1,426,786	310,633	140,752	169,881	15.2%	22.5%	11.9%
Hawaii	248,171	79,917	168,254	20,914	8,901	12,013	8.4%	11.1%	7.2%
Idaho	387,859	115,326	272,533	54,244	26,353	27,891	14%	22.8%	10.2%
Illinois	2,215,898	703,732	1,512,166	444,003	203,521	240,483	20.1%	29.1%	15.9%
Indiana	1,291,687	411,672	880,015	266,127	130,980	135,147	20.6%	31.9%	15.3%
Iowa	596,374	202,209	394,165	176,334	80,375	95,959	29.5%	39.7%	24.3%
Kansas	568,240	178,880	389,360	116,989	65,126	51,863	20.6%	36.6%	13.4%
Kentucky	811,909	243,318	568,591	106,102	58,291	47,811	13.1%	24%	8.4%
Louisiana	874,950	302,358	572,592	131,046	75,995	55,051	15%	25.1%	9.6%
Maine	202,081	74,350	127,731	38,660	18,046	20,614	19.1%	24.3%	16.1%
Maryland	1,114,755	358,481	756,274	270,353	128,139	142,214	24.3%	35.8%	18.8%
Massachusetts	1,069,587	317,029	752,559	263,789	126,734	137,054	24.7%	40%	18.2%
Michigan	1,730,816	546,446	1,184,370	304,289	138,020	166,269	17.6%	25.3%	14%
Minnesota	1,064,594	321,823	742,771	317,608	134,599	183,009	29.9%	41.8%	24.7%
Mississippi	559,655	185,199	374,456	96,881	59,170	37,711	17.3%	31.9%	10.1%
Missouri	1,126,047	378,216	747,831	201,221	108,233	92,988	17.9%	28.5%	12.4%
Montana	191,231	53,204	138,027	36,536	18,468	18,068	19.1%	34.7%	13.1%
Nebraska	401,705	115,422	286,283	116,304	54,035	62,269	28.9%	46.7%	21.8%
Nevada	567,074	172,789	394,285	82,273	39,759	42,514	14.5%	23.1%	10.8%
New Hampshire	204,020	68,385	135,635	43,007	20,037	22,970	21%	29%	16.9%
New Jersey	1,644,721	476,436	1,168,284	335,478	140,807	194,671	20.4%	29.6%	16.7%
New Mexico	371,953	110,743	261,210	31,537	15,349	16,187	8.5%	13.9%	6.2%
New York	3,301,628	1,096,247	2,205,381	604,889	300,894	303,996	18.3%	27.5%	13.8%
North Carolina	1,889,362	569,399	1,319,963	328,284	151,505	176,780	17.4%	26.7%	13.4%
North Dakota	152,927	56,861	96,067	46,144	23,497	22,647	30.2%	41.4%	23.6%
Ohio	2,101,714	650,250	1,451,464	425,251	214,434	210,817	20.2%	33%	14.5%
Oklahoma	791,019	249,740	541,279	91,792	44,817	46,976	11.6%	17.9%	8.7%
Oregon	691,841	188,025	503,816	133,344	59,011	74,332	19.3%	31.4%	14.8%
Pennsylvania	2,167,675	703,032	1,464,643	455,543	232,585	222,957	21.1%	33.1%	15.3%
Rhode Island	168,574	51,732	116,842	27,877	13,063	14,814	16.5%	25.4%	12.7%
South Carolina	925,236	289,689	635,548	142,925	56,196	86,729	15.4%	19.4%	13.7%
South Dakota	183,981	60,841	123,140	48,750	27,450	21,300	26.5%	45.1%	17.3%
Tennessee	1,270,453	419,451	851,002	226,721	97,621	129,099	17.8%	23.3%	15.2%
Texas	6,120,840	1,920,615	4,200,225	1,036,844	477,929	558,915	16.9%	24.9%	13.3%
Utah	767,849	237,913	529,935	68,116	40,182	27,934	8.9%	16.9%	5.3%
Vermont	92,873	26,658	66,215	25,613	10,444	15,169	27.5%	39.6%	22.8%
Virginia	1,527,436	518,993	1,008,443	346,791	159,753	187,037	22.7%	30.7%	18.6%
Washington	1,345,156	386,813	958,343	254,636	107,946	146,690	18.9%	28.1%	15.3%
West Virginia	281,383	89,936	191,447	34,394	16,688	17,706	12.2%	18.2%	9.2%
Wisconsin	1,015,469	316,637	698,832	200,230	88,528	111,702	19.7%	27.9%	16.1%
Wyoming	105,122	31,479	73,642	18,466	9,246	9,221	17.6%	29.3%	12.5%

Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

Notes: State shares are estimated using the percentage of children ages 0-4 reported as participating in paid child care based on a three-year average share in the 2021-2022 period.

Figure A2: Pre- and Post-Pandemic Share of Young Children in Paid Care

Region	2018-2019 Average	2021-2022 Average	Change	Rank
UNITED STATES	29%	27.2%	-1.9%	
Alabama	25.7%	21.4%	-4.3%	37
Alaska	17.2%	16.8%	-0.4%	21
Arizona	29.9%	19.2%	-10.7%	49
Arkansas	27.7%	23.2%	-4.5%	39
California	24.4%	23.8%	-0.6%	22
Colorado	31.2%	27.2%	-4%	35
Connecticut	39.1%	30.2%	-9%	45
Delaware	27.1%	27%	-0.1%	19
Dist. of Columbia	44.2%	52.7%	8.5%	2
Florida	26.1%	24.2%	-1.9%	25
Georgia	31.5%	22.5%	-9%	46
Hawaii	13.9%	11.1%	-2.8%	29
Idaho	18.9%	22.8%	3.9%	10
Illinois	33.2%	29.1%	-4.1%	36
Indiana	29.4%	31.9%	2.5%	12
Iowa	38.4%	39.7%	1.3%	15
Kansas	32.2%	36.6%	4.3%	8
Kentucky	23.2%	24%	0.9%	17
Louisiana	31.4%	25.1%	-6.2%	43
Maine	48.3%	24.3%	-23.9%	51
Maryland	34.5%	35.8%	1.2%	16
Massachusetts	37.3%	40%	2.7%	11
Michigan	34.8%	25.3%	-9.6%	47
Minnesota	40%	41.8%	1.8%	14
Mississippi	27.9%	31.9%	4%	9
Missouri	34.2%	28.5%	-5.7%	41
Montana	23.3%	34.7%	11.4%	1
Nebraska	40.3%	46.7%	6.4%	5
Nevada	26.9%	23.1%	-3.7%	33
New Hampshire	40.6%	29%	-11.6%	50
New Jersey	33%	29.6%	-3.5%	30
New Mexico	17.8%	13.9%	-3.9%	34
New York	31.2%	27.5%	-3.7%	32
North Carolina	21.9%	26.7%	4.8%	7
North Dakota	41.8%	41.4%	-0.3%	20
Ohio	26.3%	33%	6.7%	4
Oklahoma	21.4%	17.9%	-3.5%	31
Oregon	37.6%	31.4%	-6.2%	42
Pennsylvania	26.9%	33.1%	6.2%	6
Rhode Island	29.9%	25.4%	-4.5%	40
South Carolina	27.7%	19.4%	-8.2%	44
South Dakota	44.8%	45.1%	0.3%	18
Tennessee	25.3%	23.3%	-2%	26
Texas	26.3%	24.9%	-1.4%	24
Utah	19.7%	16.9%	-2.8%	28
Vermont	31.3%	39.6%	8.3%	3
Virginia	35.1%	30.7%	-4.3%	38
Washington	30.8%	28.1%	-2.7%	27
West Virginia	16.1%	18.2%	2.1%	13
Wisconsin	37.7%	27.9%	-9.8%	48
Wyoming	30.4%	29.3%	-1%	23

Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

Notes: State shares are estimated using the percentage of children ages 0-4 reported as participating in paid child care based on a three-year average share in the 2021-2022 period.

Figure A3: Change in Consumer Price Index

Percent Change in Annual Average

Year	CPI - Total	CPI - All Services	CPI - Child Care
2019	1.8%	2.7%	2.8%
2020	1.3%	2.1%	2.8%
2021	4.7%	2.8%	1.9%
2022	8%	6.2%	4%

Source: Bureau of Labor Statistics and RegionTrack calculations
Notes: Consumer price index is for all urban consumers (CPI-U).

Figure A4: Annual Price of Child Care by Provider Type and Child's Age (2022)

State	Child Care Center			Family Child Care Home		
	Infant	4-year-old child	School-age-child (before-/after-school care)	Infant	4-year-old child	School-age-child (before-/after-school care)
Alabama*	\$7,800	\$7,280	\$4,914	\$7,280	\$7,020	\$4,875
Alaska	11,760	9,600	6,143	9,624	8,364	5,400
Arizona*	14,040	10,920	4,500	8,840	7,800	3,600
Arkansas	8,021	6,443	2,659	6,577	6,037	2,749
California	19,547	14,395	12,241	16,432	14,480	11,864
Colorado	19,573	13,809	7736	12,750	11,970	7527
Connecticut	16,588	13,468	4,602	12,792	11,960	5,109
Delaware	14,290	11,514	4,980	9,646	8,614	3,891
Dist. of Columbia*	24,417	15,987	12,241	18,143	11,227	NR
Florida*	11,440	7,904	NR	9,360	7,540	NR
Georgia	9,227	7,899	3,254	7,284	6,594	3097
Hawaii	20,647	13,640	5066	10,369	10,001	7258
Idaho	9,708	8,160	7,632	7,308	6,744	6,648
Illinois	14,560	10,660	3,080	10,397	9,100	2,200
Indiana	11,897	8,322	3,923	8,104	7,198	4,213
Iowa	11,129	9,169	3,953	7,769	7,528	2,333
Kansas	14,223	9,559	2,783	8,148	7,177	2,385
Kentucky	9,685	8,525	5,460	7345	6500	4875
Louisiana*	8,580	7,800	5,040	6,825	6,500	4500
Maine	11,960	8,580	5,460	8,580	7,800	4,875
Maryland	18,156	12,587	5,450	11,986	9,943	4,301
Massachusetts	24,472	18,646	7,463	14,873	14,739	7,589
Michigan	12,238	10,151	5,531	8,859	8,406	5,717
Minnesota	17,441	13,331	NR	8,982	8,183	NR
Mississippi*	7,280	6,500	4,875	5,980	6,240	3705
Missouri	11,059	7,912	3748	6,297	5,567	3140
Montana	11700	10400	4446	9100	9100	3861
Nebraska	12,220	10,400	NR	7,800	7,800	NR
Nevada	13,383	11,015	NR	10,362	9,595	NR
New Hampshire*	15,340	13,000	NR	10,140	9,750	NR
New Jersey*	17,460	15,120	5,175	10,800	9,600	6,876
New Mexico*	12,024	8,436	5196	10,284	10,284	5712
New York	21,826	18,460	NR	18,200	16,960	NR
North Carolina	11,833	9,998	4,781	9,375	8,578	4,737
North Dakota	9,984	8,930	8197	8,240	7,929	7853
Ohio	11,438	8,580	5,564	8,919	7,977	5,078
Oklahoma	9,176	7,709	4,350	7,816	7,180	4,554
Oregon	15,786	10,800	NR	9,600	8,400	NR
Pennsylvania*	12,152	10,150	6469	8,960	7,894	5132
Rhode Island*	15,028	13,000	6,513	13,000	12,415	7,800
South Carolina	9,048	8,372	7,150	6,890	6,237	5,200
South Dakota	7862	7,218	4,898	5824	5,658	4,758
Tennessee	11,511	9,978	4,184	7,707	7,677	4,751
Texas*	10,348	9,204	6,084	9,204	8,528	5,652
Utah	11,232	8,268	5220	8,400	7,200	5175
Vermont*	15,080	14,300	5,348	10,400	9,880	4,875
Virginia	15,450	12,105	5,343	11,945	11,256	3,978
Washington*	16,380	12,600	NR	12,672	11,184	NR
West Virginia	7,680	6,720	3,480	6,000	5,280	3,480
Wisconsin*	13,572	11,128	7,683	10,400	9,360	6,825
Wyoming*	10,637	9,360	3,845	9,100	7,800	3,938
MEDIAN STATE	\$12,024	\$9,998	\$5,175	\$9,100	\$8,183	\$4,875

Source: Child Care Aware of America. The U.S. and the High Cost of Child Care. 2022 Survey.

Notes: Annual data for 2022 care. Costs represent the average of median costs reported for each child care arrangement.

NR: Data are not reported or not available for some categories of care in some states.

* State did not report costs on the 2022 survey; data reported from the previous year has been adjusted for inflation.

Figure A5: Comparative Price of Child Care

Region	Median Household Income	Annual price of center-based infant care	Annual price of family child care home 4-year-old	Center-based infant care share of median income	Family child care home 4-year-old share of median income	Average annual tuition/fees for public 4-year college (in-state)	Center-based infant care share of college price	Family child care home 4-year-old share of college price
UNITED STATES	\$74,755	\$12,024	\$8,183	16.1%	10.9%	\$10,940	109.9%	74.8%
Alabama	59,674	7,800	7,020	13.1%	11.8%	11,620	67.1%	60.4%
Alaska	88,121	11,760	8,364	13.3%	9.5%	8,990	130.8%	93%
Arizona	74,568	14,040	7,800	18.8%	10.5%	12,180	115.3%	64%
Arkansas	55,432	8,021	6,037	14.5%	10.9%	9,460	84.8%	63.8%
California	91,551	19,547	14,480	21.4%	15.8%	10,250	190.7%	141.3%
Colorado	89,302	19,573	11,970	21.9%	13.4%	12,100	161.8%	98.9%
Connecticut	88,429	16,588	11,960	18.8%	13.5%	15,610	106.3%	76.6%
Delaware	82,174	14,290	8,614	17.4%	10.5%	14,230	100.4%	60.5%
Dist. of Columbia	101,027	24,417	11,227	24.2%	11.1%	8,640	282.6%	129.9%
Florida	69,303	11,440	7,540	16.5%	10.9%	6,370	179.6%	118.4%
Georgia	72,837	9,227	6,594	12.7%	9.1%	8,220	112.3%	80.2%
Hawaii	92,458	20,647	10,001	22.3%	10.8%	11,000	187.7%	90.9%
Idaho	72,785	9,708	6,744	13.3%	9.3%	8,180	118.7%	82.4%
Illinois	76,708	14,560	9,100	19%	11.9%	14,960	97.3%	60.8%
Indiana	66,785	11,897	7,198	17.8%	10.8%	10,040	118.5%	71.7%
Iowa	69,588	11,129	7,528	16%	10.8%	10,110	110.1%	74.5%
Kansas	68,925	14,223	7,177	20.6%	10.4%	9,390	151.5%	76.4%
Kentucky	59,341	9,685	6,500	16.3%	11%	11,390	85%	57.1%
Louisiana	55,416	8,580	6,500	15.5%	11.7%	10,160	84.4%	64%
Maine	69,543	11,960	7,800	17.2%	11.2%	11,210	106.7%	69.6%
Maryland	94,991	18,156	9,943	19.1%	10.5%	10,560	171.9%	94.2%
Massachusetts	94,488	24,472	14,739	25.9%	15.6%	14,400	169.9%	102.4%
Michigan	66,986	12,238	8,406	18.3%	12.5%	14,810	82.6%	56.8%
Minnesota	82,338	17,441	8,183	21.2%	9.9%	12,910	135.1%	63.4%
Mississippi	52,719	7,280	6,240	13.8%	11.8%	9,100	80%	68.6%
Missouri	64,811	11,059	5,567	17.1%	8.6%	10,240	108%	54.4%
Montana	67,631	11,700	9,100	17.3%	13.5%	7,460	156.8%	122%
Nebraska	69,597	12,220	7,800	17.6%	11.2%	9,140	133.7%	85.3%
Nevada	72,333	13,383	9,595	18.5%	13.3%	8,590	155.8%	111.7%
New Hampshire	89,992	15,340	9,750	17%	10.8%	17,020	90.1%	57.3%
New Jersey	96,346	17,460	9,600	18.1%	10%	15,440	113.1%	62.2%
New Mexico	59,726	12,024	10,284	20.1%	17.2%	8,930	134.6%	115.2%
New York	79,557	21,826	16,960	27.4%	21.3%	8,560	255%	198.1%
North Carolina	67,481	11,833	8,578	17.5%	12.7%	7,360	160.8%	116.5%
North Dakota	71,970	9,984	7,929	13.9%	11%	10,470	95.4%	75.7%
Ohio	65,720	11,438	7,977	17.4%	12.1%	12,560	91.1%	63.5%
Oklahoma	59,673	9,176	7,180	15.4%	12%	9,390	97.7%	76.5%
Oregon	75,657	15,786	8,400	20.9%	11.1%	12,880	122.6%	65.2%
Pennsylvania	71,798	12,152	7,894	16.9%	11%	15,550	78.1%	50.8%
Rhode Island	81,854	15,028	12,415	18.4%	15.2%	14,570	103.1%	85.2%
South Carolina	64,115	9,048	6,237	14.1%	9.7%	13,120	69%	47.5%
South Dakota	69,728	7,862	5,658	11.3%	8.1%	9,290	84.6%	60.9%
Tennessee	65,254	11,511	7,677	17.6%	11.8%	10,570	108.9%	72.6%
Texas	72,284	10,348	8,528	14.3%	11.8%	11,140	92.9%	76.6%
Utah	89,168	11,232	7,200	12.6%	8.1%	7,660	146.6%	94%
Vermont	73,991	15,080	9,880	20.4%	13.4%	17,650	85.4%	56%
Virginia	85,873	15,450	11,256	18%	13.1%	14,580	106%	77.2%
Washington	91,306	16,380	11,184	17.9%	12.2%	11,130	147.2%	100.5%
West Virginia	54,329	7,680	5,280	14.1%	9.7%	8,940	85.9%	59.1%
Wisconsin	70,996	13,572	9,360	19.1%	13.2%	9,230	147%	101.4%
Wyoming	70,042	10,637	7,800	15.2%	11.1%	6,440	165.2%	121.1%

Source: IPUMS-CPS, University of Minnesota, www.ipums.org; and RegionTrack calculations

Notes: State shares are estimated using the percentage of children ages 0-4 reported as participating in paid child care based on a three-year average share in the 2021-2022 period.

Figure A6. Federal/State Child Care Assistance Programs

State	Federal/State Child Care Assistance Programs	Federal Child & Dependent Care Tax Credit (TY2020)	Total Federal/State Programs
UNITED STATES	\$18,558,411,765	\$2,820,764,000	\$21,379,175,765
Alabama	245,673,531	44,607,000	290,280,531
Alaska	51,533,581	6,008,000	57,541,581
Arizona	312,223,308	46,632,000	358,855,308
Arkansas	112,589,147	23,260,000	135,849,147
California	2,414,907,897	304,703,000	2,719,610,897
Colorado	197,958,355	43,285,000	241,243,355
Connecticut	188,336,491	33,666,000	222,002,491
Delaware	73,998,501	9,996,000	83,994,501
Dist. of Columbia	81,643,623	7,169,000	88,812,623
Florida	1,169,348,661	199,823,000	1,369,171,661
Georgia	467,769,446	105,891,000	573,660,446
Hawaii	46,497,280	9,159,000	55,656,280
Idaho	64,623,641	14,018,000	78,641,641
Illinois	1,034,623,935	109,661,000	1,144,284,935
Indiana	415,463,198	54,290,000	469,753,198
Iowa	165,108,847	37,708,000	202,816,847
Kansas	89,458,448	27,823,000	117,281,448
Kentucky	195,106,945	27,731,000	222,837,945
Louisiana	175,882,779	46,782,000	222,664,779
Maine	71,581,871	13,285,000	84,866,871
Maryland	281,074,189	79,276,000	360,350,189
Massachusetts	634,921,138	63,365,000	698,286,138
Michigan	361,982,931	63,336,000	425,318,931
Minnesota	352,278,373	64,436,000	416,714,373
Mississippi	120,108,562	29,262,000	149,370,562
Missouri	214,526,289	55,656,000	270,182,289
Montana	41,398,544	8,361,000	49,759,544
Nebraska	74,581,364	25,825,000	100,406,364
Nevada	126,553,296	24,404,000	150,957,296
New Hampshire	41,279,626	13,076,000	54,355,626
New Jersey	549,037,345	100,034,000	649,071,345
New Mexico	158,659,529	7,799,000	166,458,529
New York	1,497,086,989	178,390,000	1,675,476,989
North Carolina	755,263,292	89,905,000	845,168,292
North Dakota	19,283,567	11,166,000	30,449,567
Ohio	939,241,712	66,762,000	1,006,003,712
Oklahoma	246,328,169	23,473,000	269,801,169
Oregon	143,726,727	27,750,000	171,476,727
Pennsylvania	1,047,942,630	101,122,000	1,149,064,630
Rhode Island	64,782,906	7,570,000	72,352,906
South Carolina	139,673,871	50,419,000	190,092,871
South Dakota	25,615,291	13,442,000	39,057,291
Tennessee	353,704,493	52,007,000	405,711,493
Texas	1,153,028,721	268,012,000	1,421,040,721
Utah	158,799,044	16,802,000	175,601,044
Vermont	67,200,756	5,647,000	72,847,756
Virginia	302,486,380	88,346,000	390,832,380
Washington	468,827,253	55,584,000	524,411,253
West Virginia	94,471,591	5,376,000	99,847,591
Wisconsin	476,258,204	45,545,000	521,803,204
Wyoming	20,601,218	5,151,000	25,752,218

Source: Bureau of Labor Statistics and RegionTrack calculations
 Notes: Consumer price index is for all urban consumers (CPI-U).

