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Business leaders: Illinois child care crisis costs economy over \$2 billion a year in lost workforce earnings, productivity

Execs release new report, urge further strengthening of early care & education

Aurora, IL - March 12 – Any economic emergency costing Illinois billions of dollars a year demands attention from policymakers and the public - and the lack of accessible, affordable child care for infants and toddlers is just such a crisis, business leaders insisted Thursday.

A new report from the ReadyNation network of business executives – entitled “Strengthen Child Care, Grow Illinois’ Economy” – projects the average annual economic impact of insufficient, infant-and-toddler child care statewide:

- **Parents** forego a total of \$1.6 billion – or \$3,350 each – due to diminished earnings and the costs of finding alternative care for their kids during work hours; while
- **Businesses** lose \$559 million – about \$1,150 apiece – because of reduced productivity, and the costs of covering absentee employees and rehiring, among other factors.

Plus, the tax base loses \$294 million in foregone federal revenues. And this doesn’t account for untold, state-specific revenues.

“The child care crisis is a significant drain on our economy – but we know how to fix it, and we should do so,” said Jessica Linder Gallo, President & CEO of the Aurora Regional Chamber of Commerce. She was among the ReadyNation members who gathered at the Aurora Early Learning Center for the release of the “Strengthen Child Care, Grow Illinois’ Economy” report.

“Historically, Illinois has taken a number of positive steps for working families in need of child care, and employers who are in need of a stable workforce,” added Paula Schmidt, President of the Geneva Chamber of Commerce, who also spoke at Thursday’s news conference. “We need to continue on that path.”

The new report isolates Illinois’ projected portion of the total, \$57 billion annual price tag associated with a child care crisis felt across the entire country, as detailed in a previous ReadyNation study. It’s important to note these costs reflect only the effects of insufficient access to services for children from birth up to age 3, a particularly pronounced aspect of the overall child care crisis; adding the impact relating to care for kids age 3 and older would boost these figures even more.

Across the country, nearly one-third of parents report difficulties finding care for their kids while on the job. Availability is especially limited for parents working evening and night shifts or living in rural areas, and affordability is a major factor for low-income families and households of color.

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Among parents surveyed about the effects of child care problems, nationwide:

- More than half report being late for their jobs, missing a full day of work (absenteeism), or working while distracted (“presenteeism”);
- 13 percent have seen pay or hours reduced, and 8 percent have been let go or fired; and
- One-quarter have had to reduce regular work hours or turn down a new job offer.

The ripple effects extend to supervisors and managers, who see shifts go uncovered and productivity drop. Hiring temporary help and recruiting and training new employees all pose costs to employers.

In addition to helping stabilize the current workforce, high-quality early childhood programs have been shown to assist in laying the foundation for a better-skilled, future workforce – helping young children to develop a range of technical as well as social-emotional skills. But an Illinois State Board of Education assessment last year found that only about one in four kindergarteners is entering school fully ready for success. In too many cases, these school-readiness issues will pose workforce-readiness challenges.

These are all reasons that ReadyNation encourages Illinois policymakers to continue strengthening the quality of, and working families’ access to, child care and other important early learning programs.

ReadyNation applauds the ongoing efforts of a bipartisan commission that Gov. J.B. Pritzker recently named to study possible improvements in the adequacy and equity of funding for early care and education. Several other, recent advances include reductions in the co-pay fees that working parents pay for state child care assistance, as well as boosting programs’ reimbursement rates – moves that should be taken even further.

In the meantime, Illinois should:

- Further boost investments in preK, child care, and birth-to-3 services. This includes “parent coaching” help for new parents of infants and toddlers, whose resources have been stagnant for years.
- Strengthen the postsecondary-ed pipeline for training early childhood teachers and professionals, as well as boosting their historically low compensation.
- Focus further on increasing the capacity of infant-and-toddler care – including targeting some of the state’s recently approved, \$100 million for early childhood capital funding specifically to construction and renovation projects for birth-to-3 services.

“It’s clear that our economy depends upon a stable, productive workforce,” said Sean Noble, Illinois state director for ReadyNation. “And a well-functioning workforce hinges, in large part, on the strength of early care and education in Illinois.”

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ReadyNation is a nonprofit, nonpartisan network of more than 2,600 business leaders across the country – including 270 in Illinois – who focus on strengthening our workforce and economy through research-proven investments in kids. It is part of the Council for a Strong America, a national, bipartisan nonprofit that unites several organizations (including law enforcement and retired military leaders) to promote solutions ensuring the citizen-readiness of children. The “Strengthen Child Care, Grow Illinois’ Economy” report is available online at bit.ly/ILChildCareCrisis.