

Want to Strengthen California's Economy? Fix the Child Care Crisis

Workers and employers feel pain in pocketbooks and productivity due to lack of high-quality infant/toddler care

For California, inadequate infant /toddler child care imposes substantial and long-lasting economic consequences; its effects are felt by parents, businesses, and the state's taxpayers. The top-line findings of ReadyNation's 2019 study examining the economic impacts of gaps in our nation's child care system on working parents, employers, and taxpayers describe the consequences.¹ The verdict: an annual economic cost of \$57 billion in lost earnings, productivity, and revenue.

California's Gross Domestic Product represents roughly 16 percent of the nation's GDP and California's population represents roughly 12 percent of the nation's total population. That suggests that the lack of reliable child care for working parents of young children, up to age 3, could come to \$6.8 to \$9.1 billion in annual costs for California.

The negative economic consequences of the infant/toddler child care crisis described here were calculated before the COVID-19 pandemic. Since that time, the child care situation in California, and across the nation, has become more dire. Hundreds of providers have had to close, at least temporarily. Providers, who have always operated on razor-thin margins, have been faced with both decreased revenue, due



“The lack of reliable child care for working parents of infants and toddlers costs California an estimated \$6.8 to \$9.1 billion each year.”

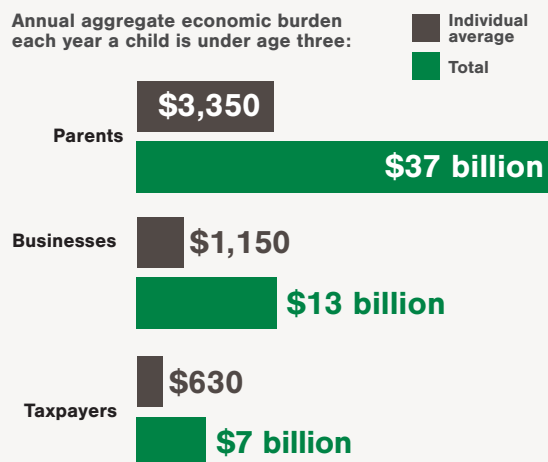
to closing or lower enrollment, and higher costs associated with safety supplies and training.

The stakes are enormously high for the vast majority of California families, who depend on parents' employment. The stakes are high as well for infants and toddlers, who depend on nurturing, stimulating environments both at home and in care for healthy brain development during the first three years of life. California employers also have a stake, given the costs that accrue to them as a result of inadequate infant /toddler child care. Action, innovation, and investment in the supply of infant and toddler child care now will improve life outcomes for millions of children today and strengthen the California workforce and economy both now and in the years to come.

The economic impacts of insufficient child care on parents, employers, and taxpayers

Insufficient care for children under the age of three costs individuals, businesses, and the country billions of dollars each year.

Annual aggregate economic burden each year a child is under age three:



¹ ReadyNation (2019). Want to grow the economy? Fix the child care crisis.
<https://www.strongnation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>

ReadyNation | Business. Kids. Workforce.

Business executives building a skilled workforce by promoting solutions that prepare children to succeed in education, work, and life.

Council for a Strong America is a national, bipartisan nonprofit that unites five organizations comprised of law enforcement leaders, retired admirals and generals, business executives, pastors, and prominent coaches and athletes who promote solutions that ensure our next generation of Americans will be successful, productive members of society.

1121 L Street / Suite 205 / Sacramento, CA 95814 / 415.762.8270