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BRIEF



The Growing, Annual Cost of the Infant-Toddler Child Care Crisis in Mississippi

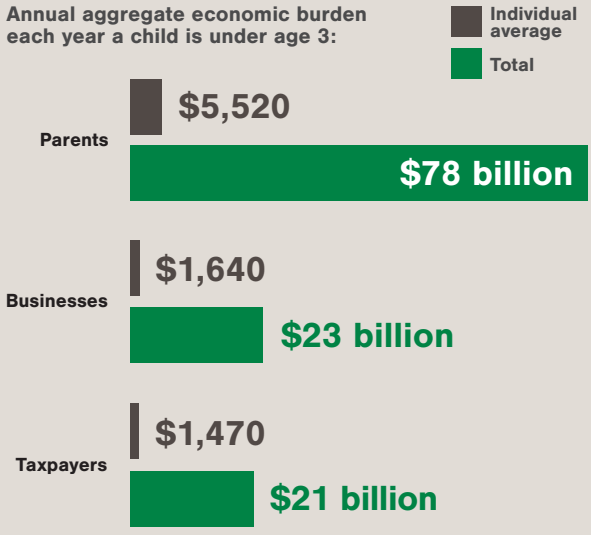
Impact on families, businesses, and taxpayers could cost the state $659 million each year

ReadyNation's new national study found that America's infant-toddler child care crisis now costs the nation $122 billion in lost earnings, productivity, and revenue every year.[1] This staggering economic toll impacts working parents, their employers, and the nation's taxpayers. ReadyNation's 2018 study found that the crisis was already severely damaging the pre-pandemic economy, exacting a cost of $57 billion annually. A combination of COVID-19 and insufficient policy action have now significantly worsened the crisis.

Mississippi's Gross Domestic Product (GDP) represents roughly 0.5 percent of the nation's GDP. That suggests that **the lack of reliable child care for working parents of young children, up to age 3, could come to an estimated $659 million in annual costs for Mississippi.**

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

Insufficient care for children under the age of 3 costs individuals, businesses, and the country billions of dollars each year.



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

In December 2022, ReadyNation commissioned a national survey of working parents of children under age 3, repeating a survey previously conducted in 2018.[2] The 2022 survey yielded a nationally representative sample of 806 parents—both mothers (55 percent) and fathers (45 percent)—of children under age 3.[3]

The survey provided evidence of the various ways in which parents' time and effort at work, productivity, and career opportunities are diminished by problems with child care. Merging the survey evidence with labor market data, we modeled how child care problems affect the economy.

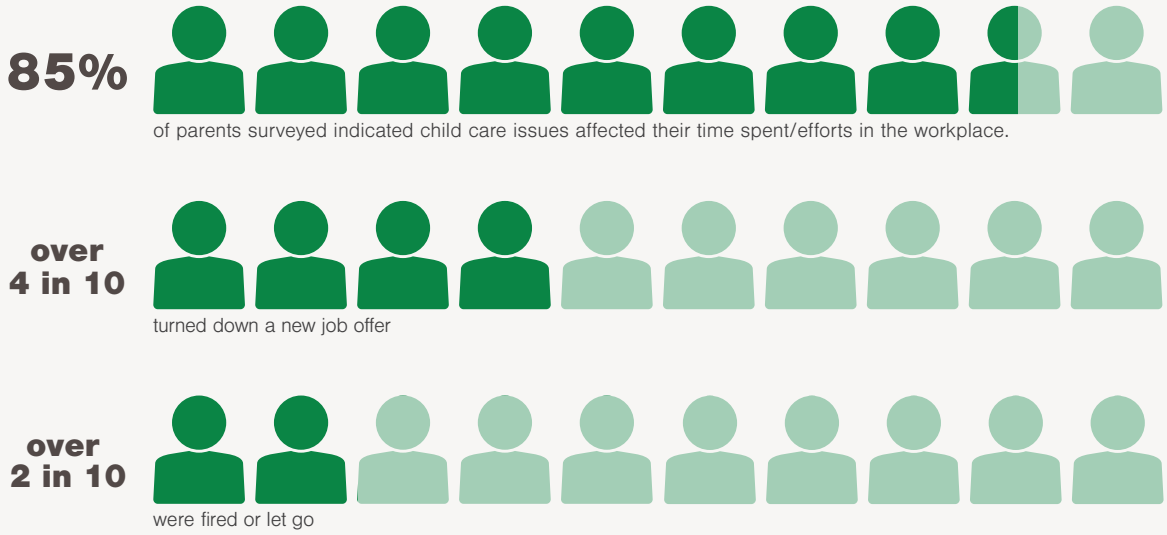
Overall, the costs of insufficient child care are immense. Each year a child is under age 3 without sufficient child care:

- **Families lose an average of $5,520 per working parent** in lost earnings and in more time looking for work. Across the 14.1 million parents of children under age 3, this burden is **$78 billion** per year.
- **Businesses lose an average of $1,640 per working parent** in reduced revenue and in extra hiring costs. In aggregate, the annual burden on business is **$23 billion**.
- **Taxpayers lose an average of $1,470 per working parent** in lower income tax and sales tax revenue. In aggregate, this amounts to **$21 billion** each year.

These losses experienced by families, businesses, and taxpayers sum to a total cost of $122 billion nationwide each year due to the infant-toddler child care crisis.

The study results provide a window on how the economic impacts occur. Child care problems decreased parents' effort and productivity at work, undermining their job stability. Parents reported arriving late,

How child care problems impact parents' work lives



leaving early, missing days, or being distracted. Problems with child care also significantly reduced how much time parents spent at work. Parents reported having to reduce their work hours, having their hours reduced, or changing from full-time to part-time work. In turn, less time at work leads to reduced income. Most seriously, about one-quarter of parents reported quitting a job due to child care problems, or being fired. Further, problems with child care impacted parents' long-term career prospects, with parents reporting turning down job offers, promotions, or further education and training, due to insufficient child care. Narrower career prospects reduce parents' future earning potential.

For employers, insufficient child care results in reductions in revenue and increased hiring costs. A workforce with lower productivity and shorter tenure has major economic consequences. If an employer's workforce keeps changing, worker morale can fall, product quality can diminish, and clients can be lost. Also, there are immediate direct costs associated with recruitment, hiring, and training as the workforce turns over. There are also future losses and costs when workers are not well-trained and have too little experience.

The economic impact of child care problems on parents and employers subsequently causes lower tax revenues, increasing pressure on all taxpayers. Lower parental earnings impact federal income tax revenues, while state and local tax revenues are impacted by lower parental earnings and families' decreased consumption of taxed goods. These effects are also long-term, due to parents' decreased earning potential.



The negative impacts of insufficient child care have increased over time

Comparing our current results to those obtained in our 2018 survey, percentages of parents reporting each negative impact of insufficient child care are higher now, for virtually all impacts, with some substantially higher. For example, parents reported that the infant-toddler child care crisis had caused them to be fired or to have pay or hours reduced nearly three times more often in 2022 than in 2018. Rates of parents reporting quitting a job due to child care problems doubled. Overall, disruptions to

parents' work lives due to child care challenges are much worse and more widespread now, compared with 2018. These findings suggest that a combination of COVID-19 and insufficient policy action have now significantly worsened the infant-toddler child care crisis.

Mississippi policymakers should promote access to affordable, high-quality infant and toddler care

The stakes are enormously high for the vast majority of Mississippi 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 child care for healthy brain development during the first three years of life. Mississippi employers also have a stake, given the costs that accrue to them as a result of inadequate infant-toddler child care. Mississippi policymakers must support evidence-based policies and programs that enhance the availability and affordability of high-quality child care, particularly for infants and toddlers. With wise investments, policymakers can improve life outcomes for millions of children today and strengthen the Mississippi workforce and economy both now and in the years to come.

1 ReadyNation (2023, February). $122 billion: The growing, annual cost of the infant-toddler child care crisis. https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis

2 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

3 For details on the survey and economic analyses, see the technical report at: https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis

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

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