FACTSHEET

The Child Care Crisis Costs the U.S. Economy $172 Billion Each Year

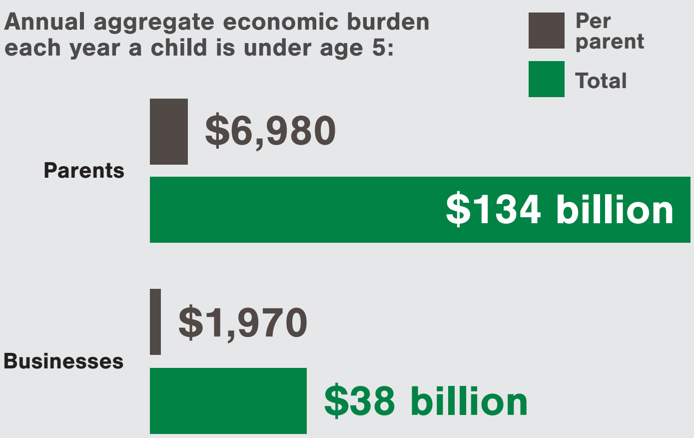
Impact on families & employers is escalating

ReadyNation's new study[1] finds that the nation's child care crisis costs $172 billion in lost earnings and productivity every year. This enormous economic burden impacts parents, their employers, and the nation's taxpayers. Previous ReadyNation research that focused on families of infants and toddlers (children under age 3) found economic tolls of $57 billion in 2018 and $122 billion in 2022.[2] This new study expanded to families of children under age 5, to determine the current economic toll of insufficient child care for children below kindergarten age. ReadyNation's data from the past seven years shows that the failure to significantly strengthen the country's fragile child care infrastructure has led to escalating economic damage to employers, workers, and taxpayers.

The economic impacts of insufficient child care

Insufficient care for children under the age of 5 costs individuals, businesses, and the country billions of dollars each year.

Annual aggregate economic burden each year a child is under age 5:



Productivity challenges affect both employees and employers. In a new national poll of 801 working parents of young children, more than 60 percent reported that child care struggles led them to leave work early, be late for work, miss full days of work, and/or become distracted at work. These challenges had predictable impacts, such as having work hours reduced, turning down promotions, and being demoted or fired. As a result, families lose $134 billion per year in forgone earnings and job search expenses. Meanwhile, productivity problems cause employers to lose $38 billion annually due to child care challenges faced by their workforce. [Taxpayers, in turn, lose $37 billion each year in lower federal and state tax revenue.]

Beyond its impact on the current workforce and economy, the child care crisis damages the future workforce by depriving children of nurturing, stimulating environments that support brain development while their parents work. Nearly all (90 percent) of the parents

reported that child care availability is a challenge in some way. Almost half said it is a significant struggle to find child care that is affordable and 40 percent reported problems finding high-quality care.

In short, insufficient child care acts as a drag on the U.S. economy. Policymakers at the federal, state, and local levels must support evidence-based policies that enhance the availability and affordability of high-quality child care. With wise investments, policymakers can improve the lives of millions of families today and strengthen the workforce and economy both now and into the future.

1 ReadyNation. (2026). The child care crisis costs the U.S. economy $172 billion each year. https://www.instituteforchildsuccess.org/cost-child-care-crisis/

2 Bishop, S., Beakey, C., Watson, S., & Garrett, T. (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 ; Bishop, S. (2023). $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

3 Estimates were calculated by examining the proportion of the US Gross Domestic Product (GDP) each state represents. Due to the method of deriving the cost estimates (i.e., multiplying each state's percentage of the national GDP by the total national $172 billion impact) the estimated costs for each state are relative to its GDP.

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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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Appendix

Estimated annual economic impact of the child care crisis by state[3]

State	Economic Impact	State	Economic Impact
Alabama	$1.9B	Montana	$516M
Alaska	$344M	Nebraska	$1.0B
Arizona	$3.3B	Nevada	$1.5B
Arkansas	$1.2B	New Hampshire	$688M
California	$24.9B	New Jersey	$5.0B
Colorado	$3.3B	New Mexico	$860M
Connecticut	$2.2B	New York	$13.6B
Delaware	$516M	North Carolina	$5.0B
District of Columbia	$1.0B	North Dakota	$516M
Florida	$10B	Ohio	$5.3B
Georgia	$5.2B	Oklahoma	$1.5B
Hawaii	$688M	Oregon	$1.9B
Idaho	$688M	Pennsylvania	*
Illinois	*	Rhode Island	$516M
Indiana	$3.1B	South Carolina	$2.1B
Iowa	$1.5B	South Dakota	$516M
Kansas	$1.4B	Tennessee	$3.3B
Kentucky	$1.7B	Texas	$16.2B
Louisiana	$1.9B	Utah	$1.7B
Maine	*	Vermont	$344M
Maryland	$3.3B	Virginia	$4.6B
Massachusetts	$4.6B	Washington	$5.2B
Michigan	$4.1B	West Virginia	$688M
Minnesota	$2.9B	Wisconsin	$2.6B
Mississippi	$860M	Wyoming	$344M
Missouri	$2.6B	**TOTAL, US**	**$172B**

*indicates full, state-specific study forthcoming, so no estimate provided here