

# WITHOUT ADEQUATE CHILD CARE, NORTH CAROLINA FAMILIES, BUSINESSES & OUR STATE LOSE **\$2.4 BILLION** EACH YEAR

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WHAT THAT MEANS FOR NC AND HOW WE CAN REBUILD TOGETHER



NORTH CAROLINA EARLY CHILDHOOD FOUNDATION

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The struggle to find child care meant that North Carolina was losing nearly **\$2.4 BILLION** each year, *before the pandemic.*

Each year, more than 400,000 North Carolina parents struggle to find child care—infrastructure that empowers parents to work, build family stability and support a strong state economy for all of us. The COVID-19 pandemic is making this already unacceptable number even worse.

**The struggle to find child care meant that North Carolina families, businesses, taxpayers, and our state economy were losing nearly \$2.4 billion per year before the pandemic.**

**NOW IT'S \$2.9 BILLION**

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and it's likely still growing due to the ongoing impact of COVID-19.

**Now, that number stands at \$2.9 billion because of the pandemic's impact on families' work and child care—and it's likely still growing.**

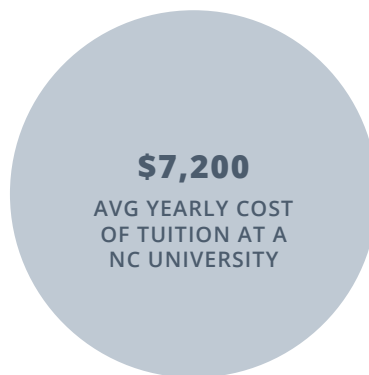
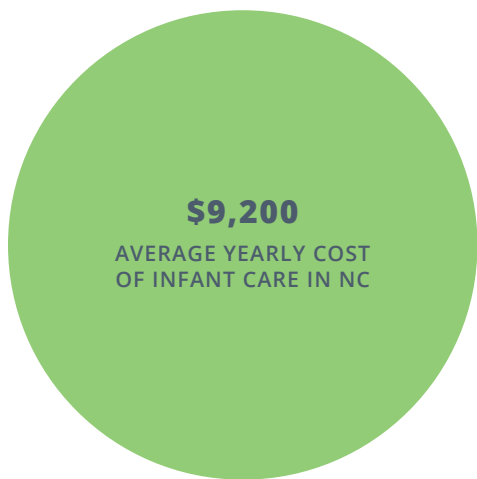
In the state's first survey of how families are navigating child care and work before and during COVID, the North Carolina Early Childhood Foundation (NCECF) surveyed 802 working parents with young children in North Carolina. Participant characteristics from the late October survey correspond closely to North Carolina's demographics, representing urban, suburban and rural populations well, and align with the state's racial demographics.

# THE CHALLENGE OUR FAMILIES, BUSINESSES, AND ECONOMY ARE FACING

Many North Carolina parents cannot work because they cannot access child care—and without jobs, they cannot build the skills and experience that will empower them to afford high-quality care. Students who are also parents may not be able to finish their degrees and certifications.

More than 455,000 children 6 years old and younger<sup>1</sup> in North Carolina have all available parents working, and therefore need some form of child care.

## Families face astronomical child care costs.

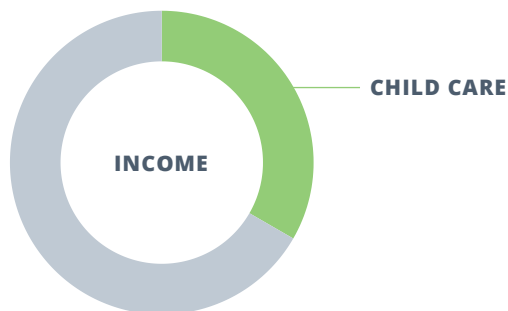


The average cost of child care is more than in-state college tuition.<sup>2</sup>

On average, families in North Carolina pay nearly 41 percent more<sup>3</sup> **for child care than for rent.**



A family with two children in NC—an infant and a four year old—**spends an average of 33 percent of their income<sup>4</sup> on child care.**



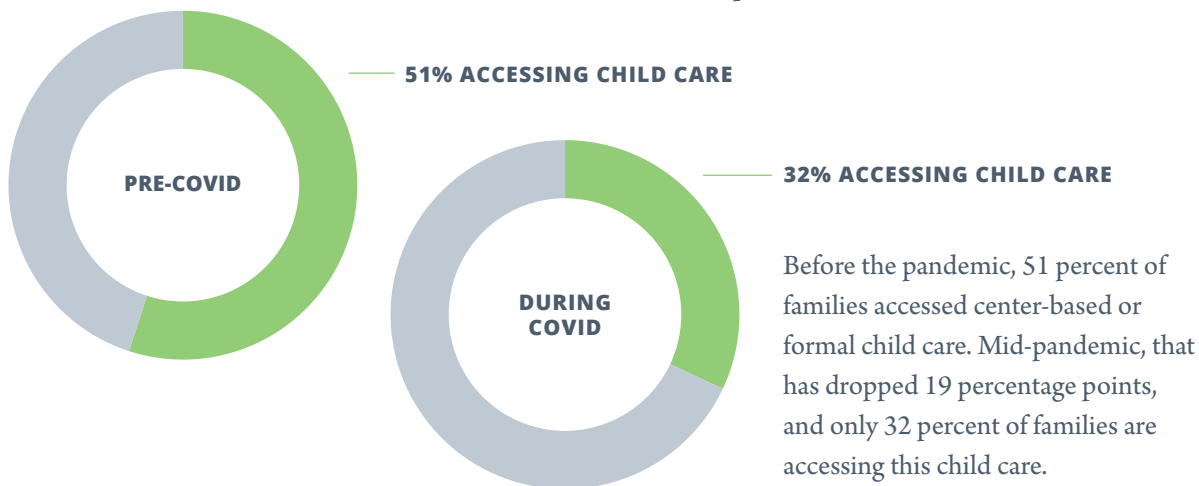
# INADEQUATE CHILD CARE IN NC IS COSTING OUR STATE—AND THIS CRISIS IS WORSENING DURING COVID-19

## Pre-pandemic:

- **44 percent of families** were already living in child care deserts.
- **Less than half of employers offered at least one child care benefit.**

## Mid-pandemic:

- **55 percent of households** report that at least one adult has lost a job, been furloughed, or experienced reduced pay or hours due to COVID-19.
- **More than 70 percent have had difficulty finding a satisfactory child care arrangement**—and about 10 percent couldn't find one at all.



The pandemic is hurting families across North Carolina. But it's hitting some even harder.

### RURAL FAMILIES

Only 15 percent of rural families are accessing formal child care mid-pandemic, down from 44 percent pre-pandemic.

### WOMEN OF COLOR

Before the pandemic, **women of color had access to fewer child-care related employer supports.** Mid-pandemic, women of color more frequently report that their provider is no longer open, they cannot find an alternative, and **they cannot afford one because of reduced income.**

# WITHOUT ACCESS TO HIGH QUALITY CHILD CARE, FAMILIES AND CHILDREN SUFFER, AND BUSINESSES AND OUR ECONOMY LOSE OUT

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## North Carolina Children Lose

High quality child care leads to substantial academic gains. **Children who cannot access these programs can lose out on a critical educational advantage**, meaning:

- Impaired overall health, which is the foundation for learning
- Declines in test scores
- Declines in high school graduation rates

## North Carolina Parents Lose

**WE LOSE \$1.5 BILLION IN PARENTAL INCOME EACH YEAR** through:

- Lost earnings now, due to lower productivity and less experience
- Extra costs of a job search to match work with child care
- Lost future career earnings due to less experience and fewer skills

Before the pandemic, only half of working parents received any child care support from employers, forcing many to quit jobs or take part-time work. Now, parents report even more challenges finding work and care. And families of color are forced to make even bigger mid-pandemic adjustments.

## North Carolina Businesses Lose

**WE LOSE \$507 MILLION IN BUSINESS REVENUE EACH YEAR** through:

- Lost revenue now, due to lower output
- Extra workforce costs due to disruptions, employee absences, or the need to hire new employees
- Lost future revenue, due to less experienced workforce

## North Carolina's Economy Loses

**WE LOSE \$414 MILLION IN TAX REVENUE EACH YEAR** through:

- Lost tax revenue now, due to lower incomes
- A smaller state and local tax base
- Lost future tax revenue and weaker economic growth

When child care challenges keep parents from working, aggregate economic activity is lower due to lost tax revenue, a smaller tax base, and weaker economic growth. **In fact, inadequate child care reduces tax revenues equivalent to almost 1% of the state budget.**

# WHEN WE INVEST IN AN AFFORDABLE, HIGH QUALITY CHILD CARE SYSTEM, ALL NORTH CAROLINIANS BENEFIT

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## North Carolina Children Win

High quality child care is early education, and it boosts child development, especially for children from over-burdened and under-resourced communities. **This education in turn leads to learning gains, achievement, and long-term health and well-being for every child.**<sup>5</sup>

## North Carolina Parents Win

**WE GAIN \$1.5 BILLION IN PARENTAL INCOME.**

Child care frees up parents' time so they can work. When that child care is high quality, accessible, and reliable, research shows<sup>6</sup> it helps parent join or stay in the workforce, become fully productive with successful careers, and build economic security for their families.

## North Carolina Businesses Win

**WE GAIN \$507 MILLION IN BUSINESS REVENUE.**

Research shows that access to reliable child care reduces employee absenteeism and improves productivity, recruitment and retention of workers.<sup>7</sup> And a focused, motivated workforce leads to higher quality products, increased productivity, and better customer service. When businesses have a more experienced, present workforce, they produce more and better—and tax revenues are higher, too.

## North Carolina's Economy Wins

**WE GAIN \$414 MILLION IN TAX REVENUE.**

Long-term studies find that the economic benefits of investments in early education easily exceed the program costs. Early education is an effective and efficient investment.

## HOW WE CAN REBUILD A STRONGER NORTH CAROLINA, TOGETHER

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To drive a strong economy through COVID and beyond, parents need access to affordable and high quality child care.

To accomplish this, we'll need:

- **A collaborative effort** from policy makers, business leaders, parents, nonprofits, and child care providers
- **Federal, state, and local investment** in child care so parents can work
- **New ideas and fresh thinking** about child care as an essential part of a prosperous North Carolina

## Let's get to work.

This survey is just the beginning of our state's work to rebuild an equitable, accessible early childhood education system for all.

[READ THE FULL REPORT HERE](#)





# REFERENCES

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[www.buildthefoundation.org](http://www.buildthefoundation.org)

The NC Early Childhood Foundation promotes understanding, spearheads collaboration, and advances policies to ensure each North Carolina child is on track for lifelong success by the end of third grade.

**PROMOTING**  
UNDERSTANDING

**SPEARHEADING**  
COLLABORATION

**ADVANCING**  
POLICIES

