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Expanding Access to Affordable Child Care

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A challenge for nonprofits trying to recruit and retain staff is the inability of prospective and current employees to find affordable child care. It was the second biggest factor cited by respondents to the workforce shortage [survey](#) conducted in late 2021 by the National Council of Nonprofits (NCN). Parents cannot reenter the workforce if they are unable to find child care, and charitable nonprofits that serve as child care providers are hesitant to pass rising operating costs on to families who are already struggling to afford enrollment.

NCN's [2023 public policy agenda](#) calls for robust funding to “expand access to high quality child care that is affordable, dependable, and accessible” as one of the primary solutions to the nonprofit workforce shortage crisis.

The United States is an outlier among wealthy nations in its miserly support for the care of preschool children, spending on average [\\$500 per year for a toddler's care, compared with \\$14,000 among other rich countries](#). Even [Kindergarten is not full-day and free](#) everywhere in the country. Now, state and local policymakers are increasingly recognizing the truth that “there is no recovery without child care” for America's workers and taking action. More states and localities are implementing support both for families and for child care providers, hoping that parents will return

to the workforce if their child care needs are met.

Challenges Accessing Child Care

Child care centers are experiencing severe staffing shortages for reasons similar to the nonprofit sector as a whole. In October 2022, the [National Association for the Education of Young Children](#) found that 65 percent of child care providers with staffing shortages are seeing their staff taking on multiple roles, leading to burnout and leaving the sector altogether. Offering competitive salaries is also a challenge for providers: the median annual wage for child care workers is \$27,490, compared to \$58,260 for all occupations, according to the [Bureau of Labor Statistics](#), with some earning far less. According to the latest [National Survey of Early Care and Education](#), the early childhood education workforce is more diverse by race and gender compared to the overall workforce, and the wage gap for Black and Hispanic women compared with their white peers is widening.

Families are also reporting that child care is [more expensive than previous years](#). Compounding the challenge, they have fewer provider options; between December 2019 and March 2021, nearly 16,000 centers and licensed programs (home-based care) around the country have [permanently closed](#). These closures have created more “child care deserts,” areas without enough licensed child care slots to serve the number of children that need them.

Research finds that the child care crisis now costs [\\$122 billion - annually - in forgone earnings](#), lost productivity, and lower tax revenue. Thus, the problems caused by lack of child care services are not just the “inconvenience” to parents of impossibly longer waitlists, increasing closures, and staffing shortfalls. Instead, the challenges go far beyond parents to now hurt businesses, governments, and the general public. This growing crisis cannot be ignored any longer. The data and [stories about the child care shortage](#) have built momentum for reform and caught the attention of legislators around the country who have actively sought policy solutions.

Solutions Enacted in 2022

Recognizing that families and employers alike need affordable, dependable, and accessible childcare options, multiple states enacted legislation in 2022 to address

shortages. Programs included government grants and contracts, support for employers who provide child care for their workers, support for families, and direct payments to child care workers.

- The **District of Columbia** established the [Early Childhood Educator Pay Equity Fund](#) to distribute payments directly to eligible early childhood educators to support them and their families and help address retention challenges.
- **Kentucky** established the [Employee Child-Care Assistance Partnership](#) to encourage employers to contribute to the cost of their employees' child care by matching contributions.
- **Minnesota** expressly included child care workers, as well as employees of home and long-term care facilities, in a program to provide a pandemic-related [hazard pay](#) bonus.
- **New Mexico** waived copays for families in its [Child Care Assistance Program](#), and the state expanded eligibility to include families earning up to 400 percent of the federal poverty level. Voters in the state also approved a first-in-the-nation constitutional amendment creating a [permanent fund for child care](#) that is authorized to spend about \$150 million a year on early learning.
- Snohomish County, **Washington**, announced a \$12 million plan to use American Rescue Plan Act (ARPA) funds to [expand access to child care](#), including capital grants of between \$500,000 and \$2 million for nonprofits to increase their capacity to serve more children.
- **West Virginia** created a tax credit of up to 50% of the cost of [qualified child care facilities](#) and a separate tax credit equal to 50% of the cost of operation for employers that provide or sponsor child care for their employees. The law further permits the credit to be transferable for nonprofit organizations.

Child Care Policy Priorities in 2023

More states may enact policies this year to continue to promote affordable child care. In their State of the State addresses, some governors named child care as a priority for the current legislative session, and a few states have already announced initiatives to address accessibility and support the workforce.

- In **Delaware**, Governor John Carney announced [priorities that include increased funding to better support programs](#) and children in need and reach more children.

- **Kansas** Governor Laura Kelly signed an [executive order to establish an early childhood task force](#) charged with developing recommendations around participation rates and availability.
- **Maine** Governor Janet Mills' [Fiscal Year 2024-2025 budget proposal](#) includes \$7.8 million to “fully fund the salary supplements for child care workers enacted in the FY 2022 supplemental budget.”
- Legislation in **Missouri** proposes a [constitutional amendment authorizing property tax exemption for property dedicated to child care](#).
- **New York** will cap family co-payments at one percent of family income above the poverty level as one of their [strategies](#) to make child care more affordable, accessible, and fair. A new Workforce Retention Grant Program will provide payments to child care providers at 17,000 programs statewide to cover payroll tax assistance and support staff recruitment strategies.
- In **South Dakota**, [\\$40 million in federal funds will be made available to child care providers](#) through grants for new technology, starting a center, and other initiatives. The state will also work on an overhaul of its child care rules and regulations, working with providers to ensure they continue to prioritize children’s safety.
- **Wyoming** is also considering [exempting child care facilities from property taxes](#) under a bill introduced in their House of Representatives.

Although there is no guarantee that all the proposed bills or initiatives will be signed into law, more states are working proactively to help families access quality and affordable child care and to support child care workers and providers. Investments in child care are investments in the health of communities around the country.

Additional Resources

- Update on [new solutions in Arizona, Colorado, Missouri, and \(possibly\) Texas](#) from *Nonprofit Champion*, May 30, 2023.
 - [Nonprofit Workforce Shortages: A Crisis That Affects Everyone](#), National Council of Nonprofits, updated regularly.
 - [122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis](#), Council for a Strong America, Feb. 2, 2023.
 - [Still Underpaid and Unequal: Educators Face Low Pay and a Worsening Wage Gap](#), Maureen Coffey, Center for American Progress, Jul. 19, 2022.
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Our Series on Creative Approaches to the Nonprofit Workforce Shortage Crisis

This article is part of [a series describing creative, practical approaches to the workforce shortage crisis](#) that can elevate equity, address burnout and stress, and discover, nurture, and develop talent in nontraditional ways.

One of our five [core values](#) at the National Council of Nonprofits is “Honoring the Nonprofit Workforce,” which reflects our deeply held belief that “Nonprofits and their employees should have the respect and the resources needed to get their work done.”

That core value shapes our work creating and curating information to assist frontline nonprofits with their operations and capacity-building. It also drives much of [our advocacy work](#) promoting public policy solutions at the federal, state, and local levels to get more funds to nonprofits stretched by the combination of growing needs, decreasing revenue, increasing costs, and rising salaries.