



# INCREASING THE SUPPLY OF CHILD CARE FACILITIES TO BOOST LABOR FORCE PARTICIPATION

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## THE PROBLEM

If working parents cannot find affordable child care, they cannot fully participate in the labor market. Beyond the impact a lack of child care has on the financial health of individual families, it has a substantial impact on the broader economy. The economic drag of even small drops in labor force participation due to inadequate child care availability is particularly acute in a tight labor market, such as Oklahoma presently faces.

The pandemic and its aftermath further strained an already struggling child care industry. High costs, low wages and thin margins make it difficult to operate a child care facility, and the increased prevalence of remote work has both changed the nature of the demand for child care and made hiring child care workers more difficult. That is, more parents are looking for flexible child care arrangements unique to their individual circumstances, requiring new business models in the child care industry, and child care workers increasingly have alternative career options available to them that can be performed remotely, something the child care industry cannot offer.

Child Care by the numbers	
Ratio of child care workers to U.S. Workers	1:110
Median wage for childcare worker in OK	\$9.26 Per hour (in 2019)
% of paycheck spent on childcare	13%
Child care market share in U.S.	\$60 Billion (.25% Of GDP)
Number of children in child care in U.S.	13 Million
Number of children under 5 in Oklahoma	298,028

**Sources:** U.S. Dept. of the Treasury: [The Economics of Child Care Supply in the United States](#), US Census 2021 American Community Survey, Center for Study of Child Care Employment: [State Profiles](#)

## ECONOMIC IMPACT

Child care helps today's workforce by allowing participation in the workforce. The estimated economic impact of lack of adequate child care has been estimated at **\$62,700 per child without care**. Moreover, [studies have identified affordability of child care](#) as a primary reason for non-participation in the workforce. Mothers, in particular, have stepped out of the workforce at a high rate. **In Oklahoma, mothers with infants to four year olds saw a labor force participation rate decline of 6.1% between 2020 and 2021.**

Recent research indicates investments in child care, particularly preschool, can yield a **return of \$7.30 per dollar spent**. Evidence also shows that [property values may raise by \\$13](#) for every dollar spent on investments in child care facilities within a community.

## CHILD IMPACT

Between the ages of zero and three, children develop over one million neural connections per second. These connections create the basis for important soft skills and cognitive abilities. A review of a program in Tulsa found [preschoolers achieved higher learning gains in both math and language skills](#) compared to nonparticipating students.

Children participating in preschool show not only better school readiness, but also significant long-term impacts. One study found [lower incarceration rates, violent crime rates, and government assistance participation](#) between a group of adults who participated in child care programs and those who did not.

## CHILD CARE INDUSTRY IN OKLAHOMA

Since 2012, [Oklahoma has seen a decline](#) in licensed child care facilities, which contributes to high prices and lack of availability. In turn, [more than 50% of Oklahoman's live in a child care desert](#).

Through the Early Childhood Four-Year-Old Program, Oklahoma offers [free preschool for four-year-olds](#) in the state through the public education system. Under this program, [schools receive per-pupil funding](#) through the [state education funding formula](#). In 2020, [42,683 preschoolers](#) were enrolled in prekindergarten.

Despite offering free pre-k to all four-year-olds, Oklahoma is not at the level of universal prekindergarten attendance<sup>1</sup>, nor is Oklahoma serving all low-income preschoolers ([64% of four-year-olds and 3% of three-year-olds are enrolled in state prekindergarten](#)). To provide enrollments for all low-income preschoolers, Oklahoma needs to reach 28,421 more students.

## INNOVATIVE SOLUTIONS

The business community needs to support innovative solutions to continue to build a robust early childhood education system for Oklahoma. These solutions could include:

- Tax credits
  - For businesses that partner with child care facilities or operate one on-site.
  - Growing the number of pre-kindergarten classrooms in the state through business partnerships for facilities.
- A voucher system to ensure families are able to access existing pre-kindergarten offerings.



<sup>1</sup>Universal Prekindergarten is defined as serving 70% of all three and four year olds in the state, according to the National Institute for Early Education Research, [The State of Preschool 2021](#)