NATIONAL WOMEN'S LAW CENTER
Justice for Her. Justice for All.

CENTER ON POVERTY & SOCIAL POLICY
at Columbia University

A LIFETIME'S WORTH OF BENEFITS:

The Effects of Affordable, High-quality Child Care on Family Income, the Gender Earnings Gap, and Women's Retirement Security

Child care is crucial to children's development and parental employment—it is the work that makes all other work possible.

And yet, even before the COVID-19 pandemic, parents struggled to afford child care and early educators earned poverty wages for essential work. The lack of public investment in care infrastructure is one important reason that women—as both paid child care providers and mothers—bring home less pay, experience higher poverty rates than men at every stage of life, and are less secure in retirement.

COVID-19 has laid bare and deepened the cracks in the system. Since the start of the pandemic, one in six child care jobs has disappeared, women have lost a net five million jobs, and 2.3 million women have left the workforce entirely, with child care obligations likely playing a large role. This blow to the child care industry will affect child care providers and parents long after the health crisis has passed.

It doesn't have to be this way. Building a system of high-quality, affordable child care for all will help families today and over the course of their lifetimes.

A Lifetime's Worth of Benefits examines and quantifies the impact that child care for all could have on women's lifetime earnings and retirement security, underscoring just how much women and families have to gain when we recognize and invest in child care as a public good.

OUR NEW RESEARCH SHOWS THAT:

1 Expanding access to affordable, high-quality child care to everyone who needs it would increase the number of women with young children working full-time/full-year by about 17 percent, and by about 31 percent for women without any college degree. *(See chart on opposite page.)*

2 Women with less than a college degree and lower incomes would experience the largest relative economic gains, mostly from being able to enter the workforce. Additionally, Black and Latina women, who start from a more precarious economic position, would experience larger percent increases in their incomes.

3 The unconditional earnings ratio[1] between women and men ages 25 to 64 with children under age 13 would rise by about 9 percent given higher women's earnings, which is roughly equivalent to nine to 12 years of recent progress in narrowing this gender gap.

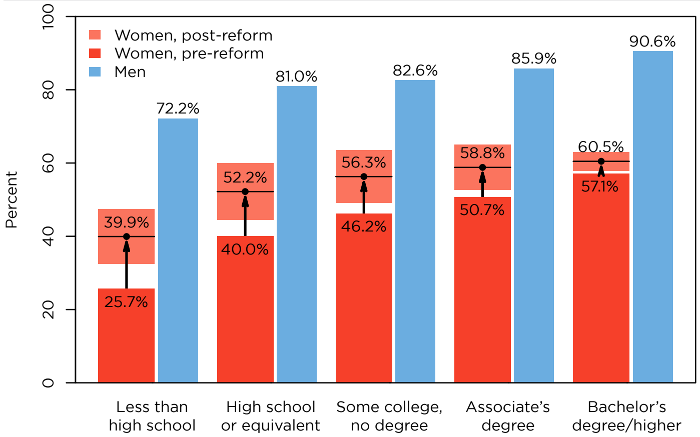
4 Over the entire life course, access to affordable care could increase the lifetime earnings for women with two children by about $94,000, which would lead to an increase of about $20,000 in private savings (contributions plus growth) and an additional $10,000 in Social Security benefits. It would also boost the collective lifetime earnings of a cohort of 1.3 million women by $130 billion. Check the end of this factsheet for a breakdown of women's increased lifetime earnings by state.

5 By the age of retirement, a lifetime of affordable child care would mean that women with two children would have about $160 per month in additional cash flow from increased private savings and Social Security benefits. Black and Latinx women would particularly benefit from increased earnings and retirement savings, with additional lifetime Social Security benefits of $13,000 and $12,000 respectively (compared to $8,000 for white women).

6 The policy would begin to reverse the history of undervaluing women's caregiving responsibilities by significantly improving the economic and retirement security of child care workers.



Figure 1: Family Head/Spouse Ages 25 to 64 With Children Under Age 13 Working Full-Time/Full-Year, by Educational Attainment



Notes: Working full-time/full-year is defined by reporting at least 1750 hours (or at least 35 hours per week for 50 weeks). The midpoint between elasticity-based and matching-based estimates post-reform are labeled, and the lower range of estimates corresponds to the elasticity approach and the upper range to the matching approach.

In short, investing in high-quality, affordable child care not only supports families, the development and lifetime outcomes of children, and the communities of families and providers in real-time, but has additional effects that increase economic security for women and families throughout their lives.

"A Lifetime's Worth of Benefits: The Effects of Affordable, High-Quality Child Care on Family Income, the Gender Earnings Gap, and Women's Retirement Security"

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1 When discussing the gap between what men and women are paid, policymakers most often refer to the wage gap because this measure is most suited for comparing pay for similar work. However, it is more useful to use the unconditional earnings gap in the context of child care reform because this measure includes workers who have part-time or zero earnings. Women take on a disproportionate share of family care responsibilities, which impacts how many women can work FTFY to begin with.

Table 1: Lifetime Changes After Reform for Women With Two Children, by State

	NET INCOME	WAGE GROWTH	PRIVATE SAVINGS	SOCIAL SECURITY	TOTAL
Alabama	59,000	34,000	21,000	10,000	124,000
Alaska	72,000	46,000	27,000	8,000	154,000
Arizona	59,000	37,000	22,000	12,000	131,000
Arkansas	59,000	44,000	24,000	9,000	136,000
California	48,000	32,000	17,000	10,000	107,000
Colorado	56,000	43,000	21,000	11,000	132,000
Connecticut	54,000	42,000	21,000	13,000	129,000
Delaware	53,000	49,000	22,000	7,000	132,000
DC	50,000	74,000	24,000	8,000	155,000
Florida	57,000	38,000	21,000	7,000	122,000
Georgia	50,000	34,000	18,000	10,000	112,000
Hawaii	48,000	23,000	16,000	11,000	98,000
Idaho	70,000	42,000	26,000	10,000	148,000
Illinois	54,000	38,000	20,000	9,000	121,000
Indiana	55,000	37,000	20,000	12,000	125,000
Iowa	55,000	36,000	21,000	7,000	118,000
Kansas	52,000	32,000	18,000	5,000	107,000
Kentucky	56,000	35,000	21,000	17,000	128,000
Louisiana	57,000	36,000	21,000	7,000	121,000
Maine	59,000	32,000	21,000	10,000	122,000
Maryland	49,000	37,000	17,000	7,000	110,000
Massachusetts	59,000	45,000	22,000	17,000	143,000
Michigan	55,000	34,000	19,000	6,000	114,000
Minnesota	51,000	39,000	20,000	6,000	116,000
Mississippi	51,000	33,000	20,000	8,000	112,000
Missouri	53,000	35,000	20,000	10,000	119,000
Montana	58,000	34,000	21,000	10,000	123,000
Nebraska	59,000	46,000	24,000	11,000	141,000
Nevada	56,000	36,000	20,000	5,000	117,000
New Hampshire	54,000	34,000	20,000	6,000	114,000
New Jersey	50,000	45,000	20,000	8,000	123,000
New Mexico	60,000	39,000	23,000	9,000	132,000
New York	56,000	45,000	22,000	10,000	132,000
North Carolina	51,000	35,000	19,000	7,000	112,000
North Dakota	63,000	56,000	28,000	5,000	151,000
Ohio	57,000	40,000	22,000	9,000	127,000
Oklahoma	58,000	37,000	22,000	8,000	125,000
Oregon	62,000	40,000	23,000	8,000	133,000
Pennsylvania	55,000	37,000	20,000	12,000	123,000
Rhode Island	63,000	42,000	23,000	6,000	134,000
South Carolina	53,000	38,000	20,000	6,000	117,000
South Dakota	63,000	38,000	23,000	9,000	132,000
Tennessee	52,000	31,000	19,000	11,000	113,000
Texas	54,000	35,000	20,000	8,000	117,000
Utah	76,000	34,000	25,000	12,000	147,000
Vermont	59,000	51,000	23,000	14,000	147,000
Virginia	56,000	49,000	22,000	12,000	139,000
Washington	58,000	43,000	22,000	11,000	134,000
West Virginia	64,000	38,000	24,000	12,000	137,000
Wisconsin	55,000	40,000	21,000	7,000	123,000
Wyoming	67,000	31,000	24,000	12,000	133,000

Notes: Estimates are rounded to the nearest $1,000, and these numbers represent the midpoints between the two estimation methods. Private savings assumes a rate of 7.5 percent of additional income, with half of that amount taken out of net income and wage growth and the other half assumed to be employer contribution.