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 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 Latina 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.
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.

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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.