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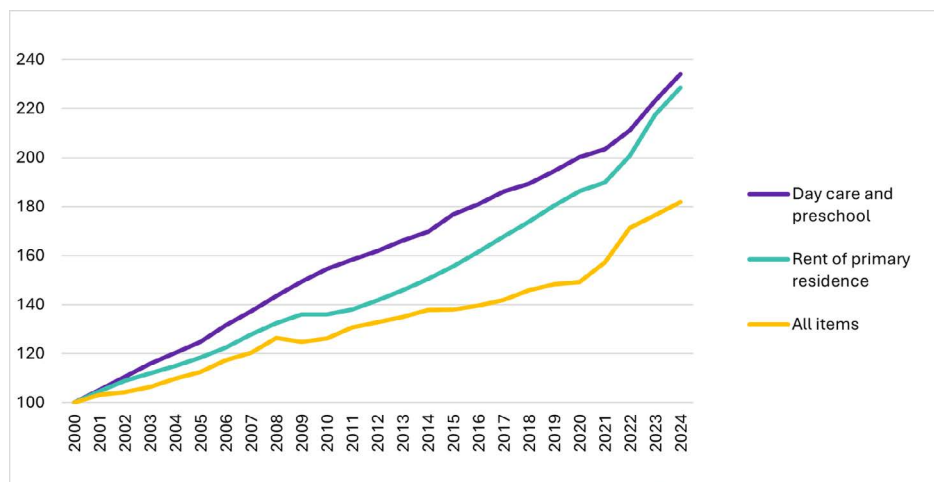
OCTOBER 2024 FACT SHEET

Address High Child Care and Housing Costs to Support Families and Build Up Child Care Supply

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Rent and child care are among the greatest costs for low- to middle-income families with young children. Ironically, these are the two areas of basic human needs where there is no guarantee of public assistance and where public funding only reaches a fraction of eligible families. Over the last two decades, the rise in costs of child care and housing far outpaced overall inflation (Figure 1). As a result of decades of deliberate policy choices and chronic underfunding, families are still feeling the financial pinch of soaring rent and child care costs even as overall inflation eases.

Figure 1. CPI-U for Day Care and Preschool and Rent of Primary Residence Compared to All Items, 2000-2024 (seasonally adjusted)



Source: National Women's Law Center calculations based on BLS Consumer Price Index - All Urban Consumers, available at https://www.bls.gov/bls/data_finder.htm (last accessed July 29, 2024). Data is from June of each year.

Note: The CPI measures inflation as experienced by consumers in their day-to-day living expenses.

According to Child Care Aware of America, the national annual average price of child care for 2022 was \$10,853, which would take up 10% of a married couple with children's median household income and 33% of a single parent with children's median income.¹ For perspective, the U.S. Department of Health and Human Services considers no more than 7% of family income to be affordable for child care.

In 2022, a record-high 22.4 million renter households spent more than 30 percent of their income on rent and utilities, which is considered "cost-burdened" according to the Department of Housing and Urban Development (HUD). This brings the share of cost-burdened renters to 50 percent, up 3.2 percentage points from 2019.²

Given how underpaid child care workers are,³ many are likely cost-burdened by housing. One in four child care providers surveyed between March 2021 and December 2022 reported difficulty affording housing expenses, with family, friend, and neighbor (FFN) providers reporting a higher rate of housing hardship (37%) compared to other types of providers.⁴

Do states with a more severe housing crisis tend to have a more severe child care crisis as well?

To find out where these two crises might be overlapping and most acute, this factsheet visualizes the correlation between housing affordability and child care affordability, and between housing affordability and the concentration of child care workers, by leveraging variations across states using data from 2022.

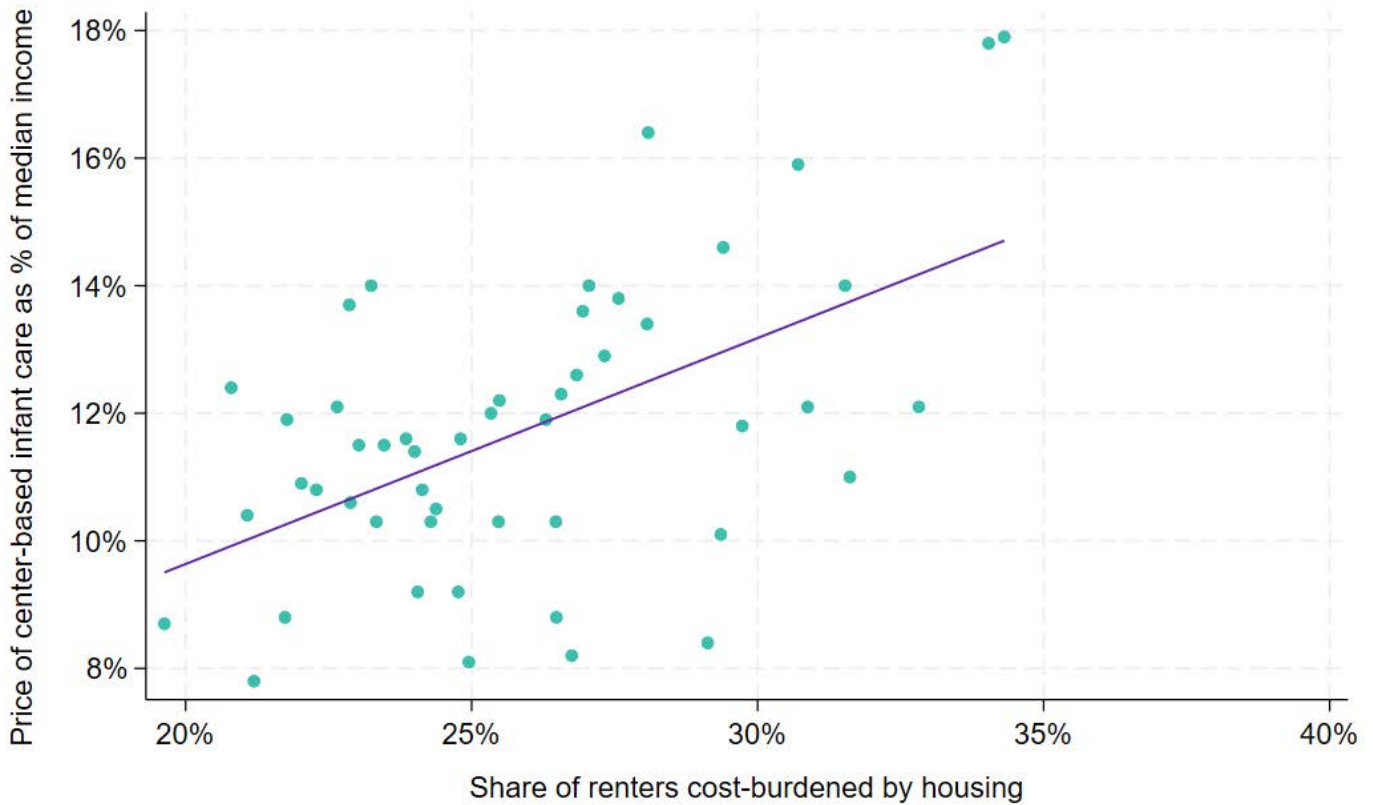
See Appendix A for data sources, definitions of terms, and methodology for this analysis.

Our analysis shows that states with a higher share of renters burdened by housing costs tend to have less affordable child care as well as a lower concentration of child care workers (although the latter correlation is somewhat weaker). The states where these overlapping crises are most acute are among those with the highest costs of living in the nation,⁵ even when taking incomes into account. These findings suggest that to most effectively support families with young children as well as early educators, both robust child care investments and strategies to address high housing costs are necessary.

KEY FINDINGS

States with more prevalent housing affordability problems tend to have unaffordable child care costs. The analysis shows a moderate correlation between the share of renters burdened by housing costs and center-based infant care affordability for married-couple families at the state level.⁶ As the share of renters burdened by housing costs increases, center-based infant care generally becomes more unaffordable for married-couple-families at the state level. Hawai'i, Massachusetts, Nevada, and New York have the highest share of cost-burdened renters and the most unaffordable center-based infant care costs for married-couple families.

Figure 2. State-level correlation between the share of cost-burdened renters and the average price of center-based infant care as percentage of state median income among married-couple families.

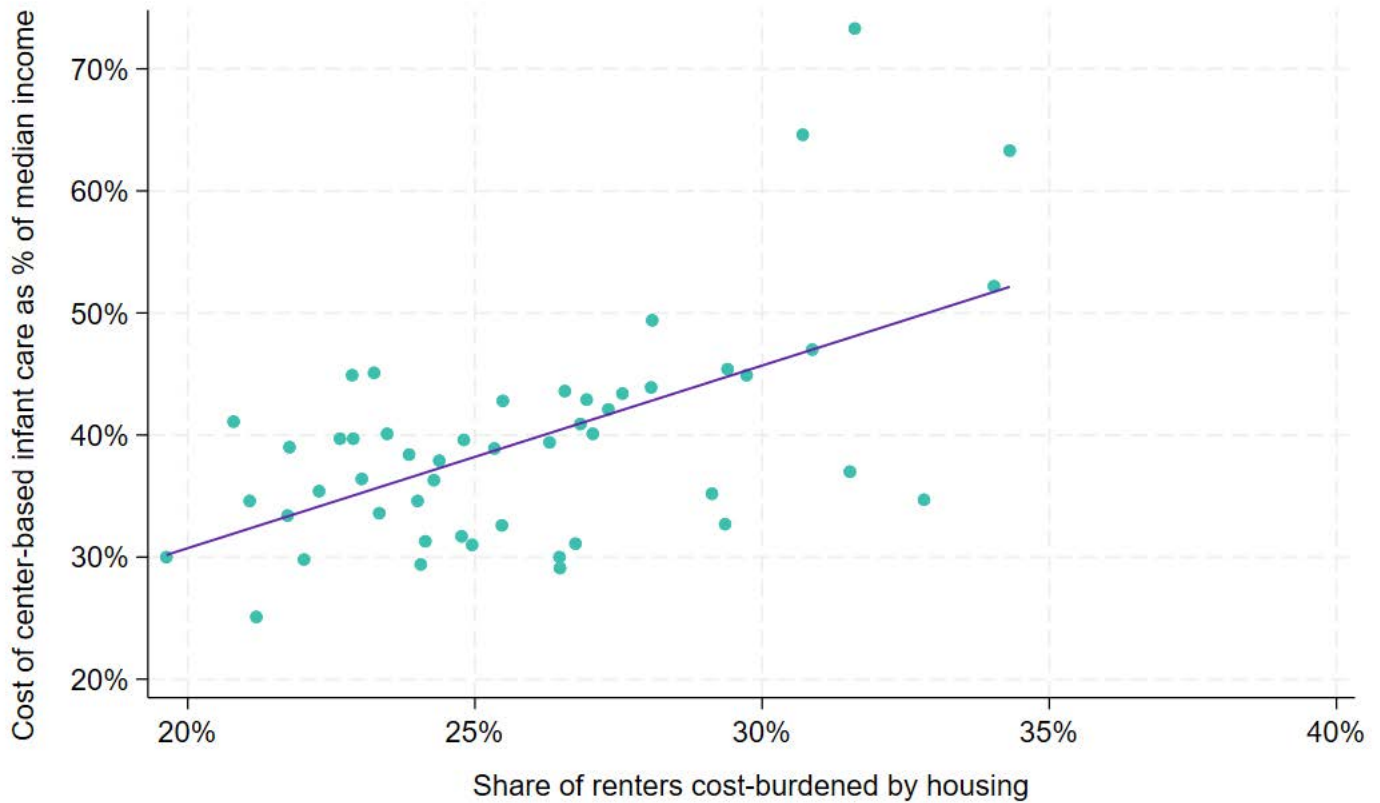


Source: National Women’s Law Center calculations of the share of cost-burdened renters by state based on ACS 2022 one-year data merged with Child Care Aware of America 2022 child care affordability data.

Note: Child care affordability data is not available for California. State median income is based on married-couple families with own children under the age of 18.

Similarly, there is a moderate correlation between the share of renters burdened by housing costs and center-based infant care affordability for single-parent families.⁷ As the share of renters burdened by housing costs increases, center-based infant care generally becomes more unaffordable for single-parent families at the state level. The District of Columbia, Hawai’i, Massachusetts, and New York have the highest share of cost-burdened renters and the most unaffordable center-based infant care costs for single-parent families.

Figure 3. State-level correlation between the share of cost-burdened renters and the average price of center-based infant care as percentage of state median income among single-parent families.



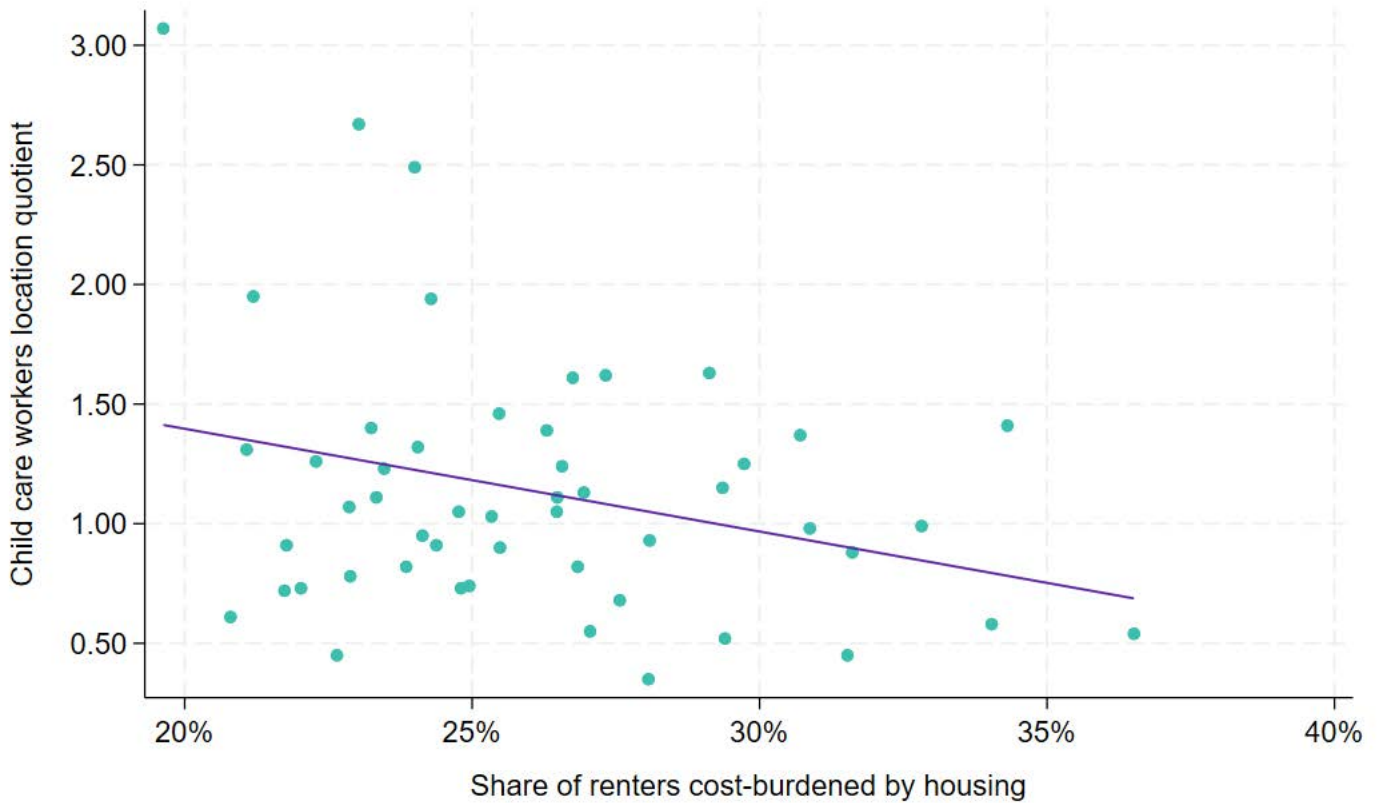
Source: National Women’s Law Center calculations of the share of cost-burdened renters by state based on ACS 2022 one-year data merged with Child Care Aware of America 2022 child care affordability data.

Note: Child care affordability data is not available for California. State median income is based on single-parent families with own children under the age of 18.

A correlation analysis between the share of renters cost-burdened by housing and family child care affordability at the state level yields similar results (see Appendix B).

States with more prevalent housing affordability problems tend to have a lower concentration of child care workers as well. There is a weak-to-moderate, negative correlation between the share of renters burdened by housing costs and the concentration of child care workers at the state level.⁸ California, Hawai’i, and Nevada have the highest share of cost-burdened renters and the lowest concentration of child care workers.

Figure 4. State-level correlation between the share of cost-burdened renters and the level of concentration of child care workers.



Source: National Women’s Law Center calculations of the share of cost-burdened renters by state based on ACS 2022 one-year data merged with child care workers’ location quotient by state from the BLS OEWS May 2022 data.

Note: Home-based early educators are likely not captured in the child care workers’ location quotient.

Conclusion

This analysis shows that states with a higher share of renters burdened by housing costs tend to have less affordable child care and, to a lesser degree, a lower concentration of child care workers. The states where these overlapping crises are most acute are among those with the highest costs of living in the nation. Low- to middle-income families with young children in these areas are simultaneously burdened by high rental costs and unaffordable child care.

Unaffordable housing costs not only burden families with young children, but also create barriers for early educators to afford stable housing or operate their businesses, thus dampening child care supply in areas with high costs of living. To most effectively support families with young children and to build up child care supply, robust child care investments and a strategy to address high housing costs are essential.

Policy Recommendations

- **Provide sustained and robust federal funding that guarantees access to affordable, high-quality child care** and ensures a living wage, a path to unionization, and benefits for early educators. These investments must consider the diverse needs of families and focus on building supply, especially for families whose needs may not be met by the existing child care market, such as parents who work nontraditional hours and children with disabilities.
- **Create a pathway to universal rental assistance** so that every eligible family, including early educators, receives the assistance they need to afford rent without being cost-burdened. This can include expanding existing HUD rental assistance programs such as Section 8 Housing Choice Vouchers and public housing, as well as cash-based assistance models such as refundable renters tax credits. In addition to longer-term rental assistance, there should be a permanent Emergency Rental Assistance Program to help renters facing a sudden financial shock avoid eviction. Doing so would benefit families with young children as well as early educators, as an eviction threatens their housing, employment, and businesses, as well as threatening child care stability in their communities.
- **Make robust public investments targeted at increasing the supply of accessible and affordable housing**, which would allow more families to find housing they can afford, without being cost-burdened. The Housing Trust Fund (HTF), for example, builds, rehabilitates, preserves, and operates rental housing for people with extremely low incomes.
- **Increase tenant protections** such as prohibiting rent gouging, providing tenants with legal representation in eviction proceedings, and prohibiting landlords from discriminating against people based on their income so early educators, especially home-based providers, can focus more on providing child care to their communities than the fear of eviction and being priced out.
- **Increase down payment assistance** so families with young children and early educators have better access to home ownership. This is particularly important to stabilizing home-based child care services in communities while allowing providers the ability to build equity that often comes with homeownership.
- **Collect timely data in federal surveys on home-based early educators**, including both licensed and unlicensed providers, to inform policy solutions on how to reduce barriers for them. This can include eliminating unnecessary obstacles to licensure, removing unfair zoning restrictions, and preventing housing discrimination against home-based early educators.

ACKNOWLEDGEMENTS

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Appendix A. Data, Definitions, and Methodology

Housing (un)affordability: This analysis uses the share of renters who are burdened by housing costs as an indicator of housing (un)affordability, calculated for each state using the American Community Survey (ACS) 2022 one-year data from IPUMS-USA and weighted at the state level.⁹ Renters spending more than 30% of their pre-tax income on rent and utilities are defined as cost-burdened.

Child care (un)affordability is measured by the average annual price of center-based infant care as a percentage of state median income for married-coupled households and for single-parent households in each state using Child Care Aware of America's 2022 child care affordability analysis.¹⁰ A separate analysis using the average price of family child care for infants as a percentage of state median household income yields similar results (available in Appendix B). Child care prices/affordability data is not available for California.

Concentration of child care workers: We use state-level child care workers' location quotient from the Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) May 2022 data as a crude proxy for child care availability in a given state.¹¹ The child care workers location quotient captures the concentration of child care workers relative to the national average. For example, a location quotient of 2.0 indicates two times as many child care workers in a given state as the national average.

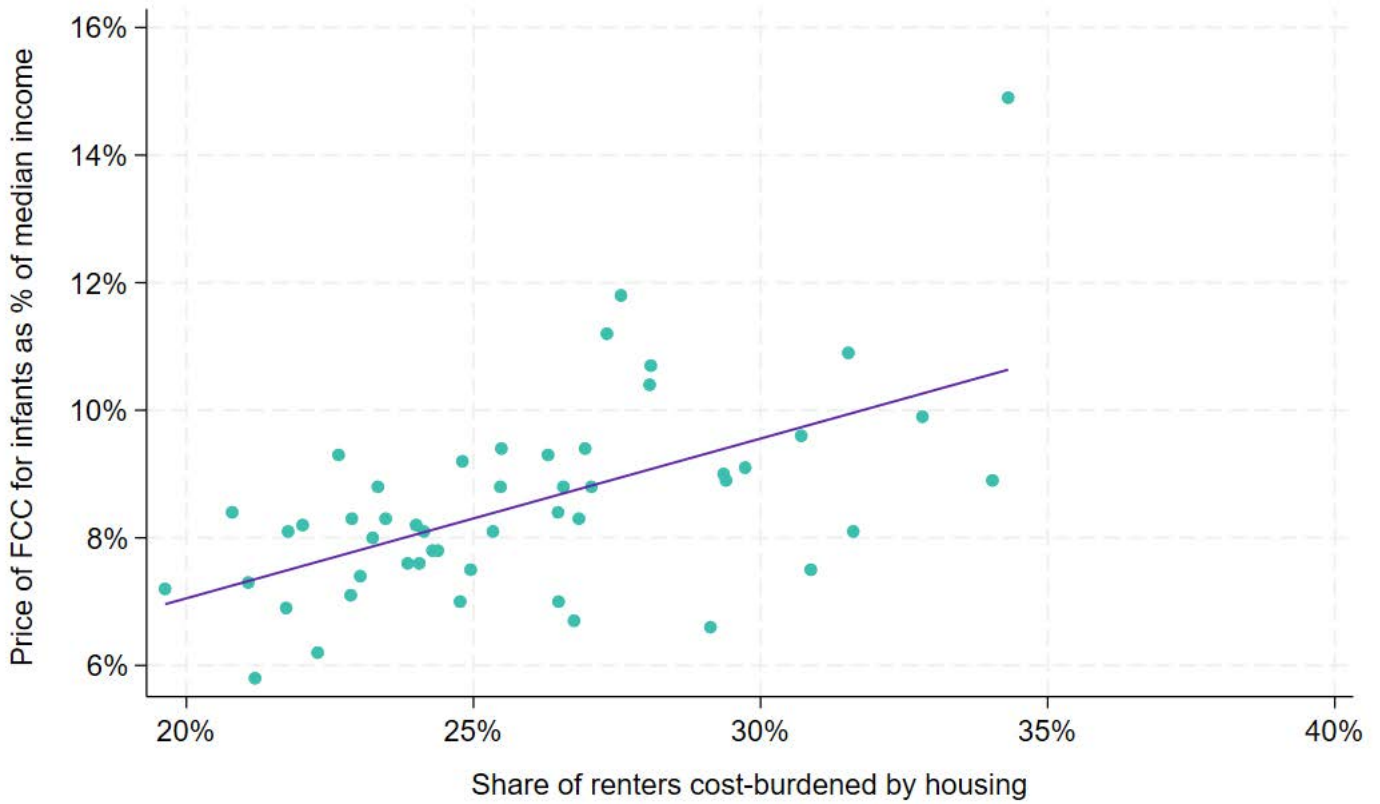
Data limitations: Because the OEWS is a survey of non-farm establishments, home-based early educators are likely not captured in the child care workers' location quotient. Another data limitation is that we are unable to obtain reliable estimates at the metropolitan level due to a substantial number of missing metropolitan areas in the ACS public microdata file which are suppressed for data privacy concerns. Analyzing at the state level means we can't analyze the dynamics in metropolitan areas separate from those in non-metropolitan or rural areas.

Methodology: We perform correlation analyses to assess whether and how strongly housing affordability is correlated with child care affordability (and, in a separate analysis, with the concentration of child care workers as measured by child care workers location quotient) at the state level. A Shapiro-Wilk test was performed to check whether the variables are normally distributed. We present results using the Pearson's correlation coefficient, while also having checked the results using Spearman's rank correlation, which is the appropriate test when normality is not present. Results from the Spearman correlation analysis agree with the results from the Pearson correlation analysis. We interpret the strength of correlations using published standards.¹²

In addition, we re-estimated the correlation using a regression model which accounts for the effects of state-level population size on the variability in observations—by weighting the regression by the population size of the state as measured by the weighted number of households. When accounting for the effects of state-level population size, the strength of correlation increases (results are not presented).

Appendix B. Correlation between the share of renters cost-burdened by housing and family-based infant care unaffordability

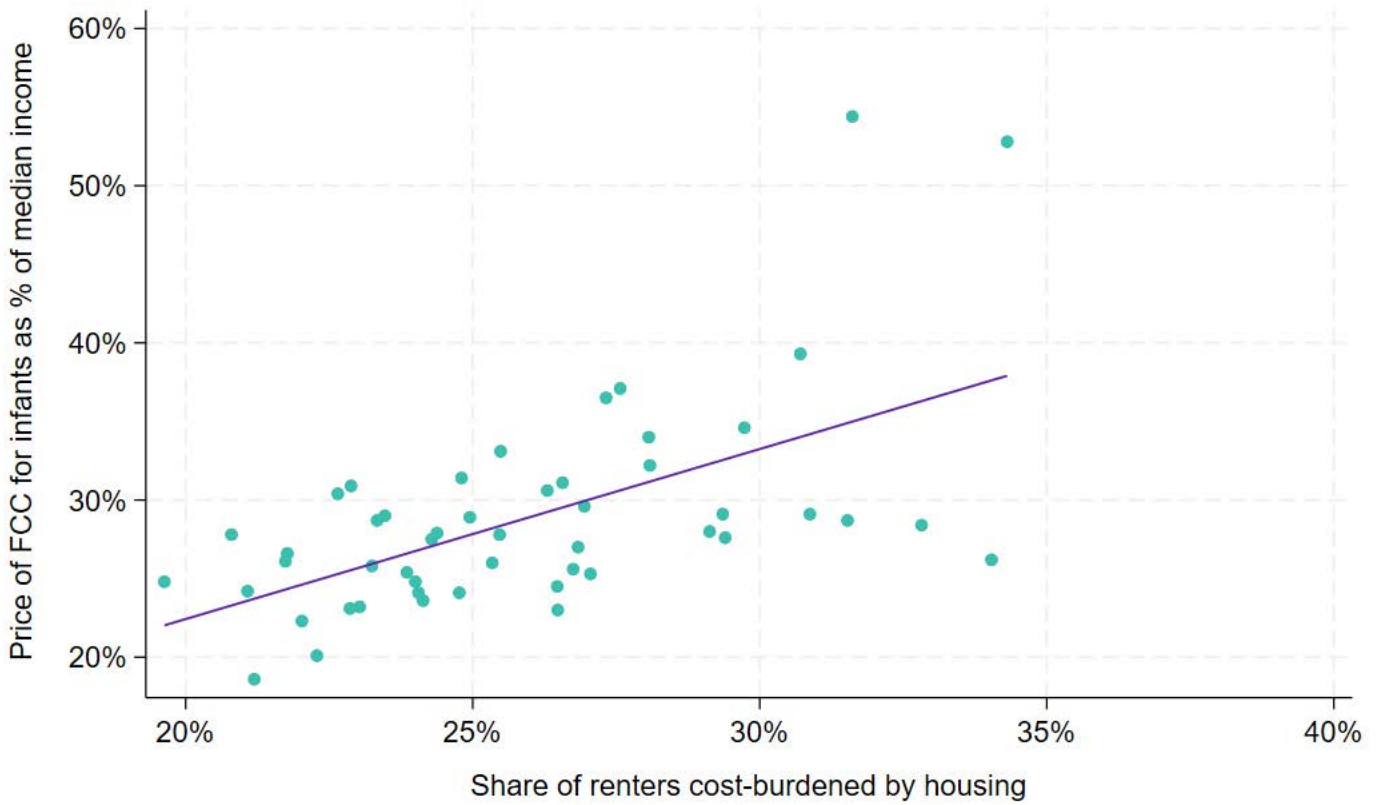
Figure B1. State-level correlation between the share of cost-burdened renters and the average price of family child care (FCC) for infants as percentage of median income among married-couple families.



Source: National Women's Law Center calculations of the share of cost-burdened renters by state based on ACS 2022 one-year data merged with Child Care Aware of America 2022 child care affordability data.

Note: Child care affordability data is not available for California. State median income is based on married-couple families with own children under the age of 18.

Figure B2. State-level correlation between the share of cost-burdened renters and the average price of family child care (FCC) for infants as percentage of median income among single-parent families.



Source: National Women’s Law Center calculations of the share of cost-burdened renters by state based on ACS 2022 one-year data merged with Child Care Aware of America 2022 child care affordability data.
Note: Child care affordability data is not available for California. State median income is based on single-parent families with own children under the age of 18.

Appendix C: State-by-State Table

State	Cost-burdened renters as a percentage of total state population	Average price of center-based infant care as a percentage of median income among married-couple families	Average price of center-based infant care as a percentage of median income among single-parent families	Child care workers location quotient
Alabama	25.0%	8.1%	31.0%	0.74
Alaska	26.5%	10.3%	30.0%	1.05
Arizona	27.1%	14.0%	40.1%	0.55
Arkansas	24.1%	9.2%	29.4%	1.32
California	36.5%	NA	NA	0.54
Colorado	28.1%	16.4%	49.4%	0.93
Connecticut	29.7%	11.8%	44.9%	1.25
Delaware	20.8%	12.4%	41.1%	0.61
District of Columbia	31.6%	11.0%	73.3%	0.88
Florida	32.8%	12.1%	34.7%	0.99
Georgia	26.5%	8.8%	29.1%	1.11
Hawaii	34.0%	17.8%	52.2%	0.58
Idaho	24.1%	10.8%	31.3%	0.95
Illinois	26.6%	12.3%	43.6%	1.24
Indiana	21.8%	11.9%	39.0%	0.91
Iowa	21.1%	10.4%	34.6%	1.31
Kansas	23.2%	14.0%	45.1%	1.4
Kentucky	24.3%	10.3%	36.3%	1.94
Louisiana	29.1%	8.4%	35.2%	1.63
Maine	24.0%	11.4%	34.6%	2.49
Maryland	26.8%	12.6%	40.9%	0.82
Massachusetts	30.7%	15.9%	64.6%	1.37
Michigan	23.5%	11.5%	40.1%	1.23
Minnesota	22.9%	13.7%	44.9%	1.07
Mississippi	26.8%	8.2%	31.1%	1.61

State	Cost-burdened renters as a percentage of total state population	Average price of center-based infant care as a percentage of median income among married-couple families	Average price of center-based infant care as a percentage of median income among single-parent families	Child care workers location quotient
Missouri	22.3%	10.8%	35.4%	1.26
Montana	26.3%	11.9%	39.4%	1.39
Nebraska	23.0%	11.5%	36.4%	2.67
Nevada	31.5%	14.0%	37.0%	0.45
New Hampshire	23.9%	11.6%	38.4%	0.82
New Jersey	30.9%	12.1%	47.0%	0.98
New Mexico	27.6%	13.8%	43.4%	0.68
New York	34.3%	17.9%	63.3%	1.41
North Carolina	24.8%	11.6%	39.6%	0.73
North Dakota	19.6%	8.7%	30.0%	3.07
Ohio	22.9%	10.6%	39.7%	0.78
Oklahoma	25.5%	10.3%	32.6%	1.46
Oregon	29.4%	14.6%	45.4%	0.52
Pennsylvania	24.4%	10.5%	37.9%	0.91
Rhode Island	27.3%	12.9%	42.1%	1.62
South Carolina	24.8%	9.2%	31.7%	1.05
South Dakota	21.2%	7.8%	25.1%	1.95
Tennessee	25.3%	12.0%	38.9%	1.03
Texas	29.4%	10.1%	32.7%	1.15
Utah	22.0%	10.9%	29.8%	0.73
Vermont	26.9%	13.6%	42.9%	1.13
Virginia	25.5%	12.2%	42.8%	0.9
Washington	28.1%	13.4%	43.9%	0.35
West Virginia	21.7%	8.8%	33.4%	0.72
Wisconsin	22.6%	12.1%	39.7%	0.45
Wyoming	23.3%	10.3%	33.6%	1.11%

Source: Share of renters burdened by housing costs are National Women’s Law Center calculations based on ACS 2022 one-year data. Child affordability data come from Child Care Aware of America 2022 child care affordability analysis. Child care workers location quotients come from the BLS OEWS May 2022 data.

Note: Child care affordability data is not available for California.

- 1 Child Care Aware of America, "Catalyzing Growth: Using Data to Change Child Care" (2022), <https://www.childcareaware.org/catalyzing-growth-using-data-to-change-child-care-2022/#PriceofCare>.
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- 4 RAPID Survey Project, "Child Care Providers Face Housing Challenges" (Stanford University Center on Early Childhood, March 2023), https://static1.squarespace.com/static/5e7cf2f62c45da32f3c6065e/t/64075f6801451c180f48becf/1678204776265/housing_challenges_factsheet_mar2023.pdf.
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- 6 Pearson's correlation coefficient = 0.5405, statistically significant ($p < 0.01$).
- 7 Pearson's correlation coefficient = 0.5791, statistically significant ($p < 0.01$).
- 8 Pearson's correlation coefficient = -0.2973, statistically significant ($p < 0.01$).
- 9 Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rogers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/D010.V15.0>.
- 10 Based on Child Care Aware of America's February 2023 survey of Child Care Resource and Referral State Networks. Some states used the latest state market rate survey. See: https://info.childcareaware.org/hubfs/2022_CC_Afford_Analysis.pdf.
- 11 Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS) May 2022 data, available at <https://www.bls.gov/oes/tables.htm>. Data are for SOC code 39-9011, Childcare workers. This is defined as workers who "Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play."
- 12 Haldun Akoglu, "User's Guide to Correlation Coefficients," Turkish Journal of Emergency Medicine, 18, no.2 (August 7, 2018): 91-93, <https://doi.org/10.1016/j.tjem.2018.08.001>.