POLICY BRIEF

BUILD A STRONG CHILD CARE AND EARLY EDUCATION SYSTEM

THE PROBLEM

Child care and early learning opportunities help children get the strong start they need to succeed and enable parents to work so they can support their families and/or go to school to attain the skills they need to improve their economic circumstances. Yet, our child care and early learning system has long been underfunded and undervalued. The system became even more precarious following the expiration of temporary federal child care funding that was provided during the pandemic. Now, the massive cuts to federal Medicaid and SNAP funding under the 2025 tax and budget law that Trump and congressional Republicans enacted (H.R. 1 or "OBBBA") threaten to limit states' capacity to invest their own funds in child care.

The annual cost of full-time child care for one child ranges from approximately $5,500 to over $27,000, depending on the age of the child, the type of care, and the state in which the family lives. Low-income families (making less than $50,000 a year for a family of four) with children under 5 that pay for child care spend 35% of their income on child care, compared to 7% for higher-income families (more than $150,000 a year for a family of four). Child care is particularly difficult to find and afford for families with infants or children with special needs and parents working nontraditional hours (evenings, nights, weekends, or irregular schedules).

At the same time, early educators—who are predominantly women and disproportionately women of color—are paid poverty-level wages. The median wage for child care workers is just $16.82 per hour, and Black and Latina child care workers often make even less than their white peers. The Child Care and Development Block Grant (CCDBG), the major federal child care program, aims to address these challenges by helping families with low incomes afford child care, improving the supply of child care, and supporting child care programs and early educators, but it falls far short of meeting the need. Less than one in six children eligible for federal child care assistance receives help. And while some states are making strides in expanding access to reliable, affordable child care and supporting the child care workforce, many other states are failing to make progress or moving backward.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202.588.5180 NWLC.ORG

THE SOLUTION

- **Protect and then build on state investments, and advocate for federal investments**, to help families—particularly families with low and moderate incomes—find and afford stable, high-quality child care for infants through school-age children. State investments should be supported by progressive funding sources.

- **Invest in strategies and initiatives that support early educators and child care providers:**

  » Support salary supplements, access to health insurance and retirement benefits, free child care for early educators' own children, and other initiatives that enable early educators to receive a living wage and benefits and to have a pathway to higher wages equivalent to similarly qualified K–12 educators.

  » Support initiatives to expand and ensure equitable access to professional development for early educators.

  » Increase payment rates to child care providers that serve families receiving child care assistance, use payment practices in the child care assistance program that reflect practices used in the private market such as paying based on enrollment rather than attendance, and provide equitable access to additional incentives and supports to enable providers to improve their quality.

  » Support housing and zoning policies that enable home-based providers to afford to rent or own the homes where they provide care and to operate their child care programs.

- **Ensure all families have child care options that meet their diverse needs:**

  » Fund grants, technical assistance, teacher recruitment efforts, and other initiatives to build the supply of affordable, high-quality child care for infants and toddlers, children with special needs, foster children, and children in underserved areas, including low-income communities and rural areas.

  » Ensure parents who work nontraditional and unpredictable hours have child care options that meet their needs, by providing higher payment rates to child care providers offering these hours and other incentives, training, and supports to offer nontraditional-hour care.

  » Ensure the full range of child care providers, including family, friend, and neighbor (FFN) care providers, have opportunities to participate in child care assistance programs and receive resources and supports.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202.588.5180 NWLC.ORG

- **Fully implement the improvements included in the 2024 federal Child Care and Development Block Grant regulations,** as well as the policies encouraged by the regulations, which were designed to reduce cost burdens for families receiving child care assistance, make it easier for families to receive child care assistance, improve payment practices for child care providers, and achieve other important objectives. Among other provisions, the 2024 regulations required states to limit copayments for families receiving child care assistance to 7% of their income and to pay child care providers serving families receiving assistance in advance and based on enrollment (rather than based on children's attendance), as is common practice for parents paying privately out of their own pocket. While regulations issued by the Trump administration in May 2026 reverse these requirements, states can and should still implement these policies. (Click here for more information about the 2024 regulations and efforts in 2026 to undo them)

- **Ensure your state (if it has a personal income tax) has a fully refundable child and dependent care tax credit (CDCTC)** so that families with little or no tax liability can take advantage of the credit.

- **Invest in well-designed prekindergarten initiatives:**

  » Make high-quality, full-school-day prekindergarten programs available to all 4-year-olds whose families want them and, once prekindergarten is universally available to 4-year-olds, expand prekindergarten opportunities for 3-year-olds, beginning with children from families with low incomes.

  » Design prekindergarten initiatives to include set-asides for infant-toddler care.

  » Make state funding for prekindergarten programs available to schools, child care centers, family child care homes, Head Start programs, and other community-based providers that meet high-quality standards.

- **Establish a grassroots council** of parents, providers, and other community leaders—with compensation for their time and expenses for participation—on how to best raise revenues for state investments and use funding to support the most underserved.

- **State attorneys general** and/or the **state's executive branch** can take legal action to ensure your state receives its full allocation of federal early care and education funding.

TALKING POINTS ON THE SOLUTION

- Child care is fundamental to children, families, and our nation's economy. But the child care system is under tremendous strain. We must provide robust and ongoing public investments to build a more resilient and equitable child care system.

- Parents are struggling to pay for child care and cannot afford to pay more than they already do, but current fees are not sufficient to support adequate pay for early educators. Public investment is essential to solve this dilemma without placing a greater burden on parents, providers, or early educators.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202-588-5180 NWLC.ORG

- Families unable to receive child care assistance due to long waiting lists or restrictive eligibility criteria are often forced to use a patchwork of unstable arrangements, causing disruption for children, more stress for parents, and a risk of job loss. Families that stretch to pay for reliable child care often struggle to pay for other necessities.
- Child care assistance helps everyone—parents are able to support their families, children can learn and thrive, and employers can recruit and retain skilled, productive workers.
- Early educators are essential and should be compensated accordingly.
- The lack of affordable, high-quality child care is costing the United States an estimated $172 billion each year in lost earnings, economic productivity, and foregone revenue.

Additional Messaging Resources

- Click here for a movement-wide messaging guide for child care.
- Reach out to stategenderpolicy@nwlc.org for talking points on the Trump administration's attacks on child care and Head Start, including the freeze of child care funding, and more values-based messaging for child care advocates.

Public Popularity

- In an April 2026 survey, 76% of adults supported guaranteeing access to affordable, high-quality child care.
  - Sixty-one percent of adults said their elected representatives should be doing more to guarantee access to affordable child care
- In an April 2025 poll, 81% of parents said that expanding access to affordable, quality child care should be a top or high priority for both federal and state policymakers. Seventy-four percent of parents thought funding for child care and early learning should be increased.
- A majority of parents said that it is difficult to find both high-quality child care (62%) and affordable child care (70%) in their community. These concerns are especially high for mothers, stay-at-home parents, rural families, and those with lower incomes. Additionally, an overwhelming majority of parents believe that child care costs, supply, and teacher compensation are problems facing the system.

State-Specific Data

- Click here for state-specific child care affordability estimates, and here for data from a survey of early childhood educators on the challenges faced by child care programs, the child care workforce, and families.

- Click here for a state-by-state analysis of child care supply and prices.
- Click here for a report analyzing the specific sources of revenue that states across the United States are using to provide stable long-term funding for programs and services for children.

Examples of State and Local Policies

Progressive and conservative states are investing in child care, recognizing how critical it is to their families and economies:

- Vermont enacted legislation in 2023 that invests $125 million annually into child care, allowing the state to expand the income eligibility limit for its child care assistance program to 575% of the federal poverty level as well as increase child care provider payment rates by 35%, invest in the workforce and facilities, and cover 100% of child care fees for families with incomes up to 175% of the federal poverty level.
- New Mexico approved a constitutional amendment via ballot initiative in 2022, guaranteeing a right to early childhood education with dedicated revenue from a percentage of the state's land grant permanent fund. New Mexico became the first state in the nation to adopt Universal Child Care on November 1, 2025, making child care available to all families with no income limits and no copayments.
- Montana has established the Montana Early Childhood Special Revenue Account, a state fund dedicated to supporting early childhood programs, services, and initiatives. The fund received a one-time $10 million public investment in 2025 and will grow over time as it receives a portion of the interest earned on the new Growth and Opportunities Trust, which was created to support Montana's infrastructure and economic development. The Early Childhood Special Revenue Account is also authorized to accept private donations, grants, or gifts.
- Alaska approved legislation in 2025 that increases the income eligibility limit for child care assistance to 105% of state median income—more than doubling the number of families eligible for assistance—and creates a sliding fee scale that caps copayments for families receiving assistance at 7% of income. The state also made a new annual investment in child care grants dedicated to helping providers cover operating costs and supporting the financial stability of providers across the state.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202.588.5180 NWLC.ORG