

# Breaking Down the Child Care Crisis

If you've recently visited a child care facility, you may have noticed some of the classrooms are empty – lights are off, no messes to be picked up, and no storybooks being read. How is it that these rooms are empty, yet your friends, family, or neighbors can't seem to find affordable care?



**Child care providers are at a breaking point after operating on razor thin margins for decades.** We'll break down how we got here, what steps Wisconsin leaders have taken to address the child care crisis, and what more needs to be done to ensure families across the state have access to affordable child care.

**The early care and education industry is labor-intensive and requires a high level of staffing to ensure children are in a safe, healthy, and developmentally appropriate environment.** Add in higher insurance costs due to increased liability, plus rent, food, supplies, utilities, and more, and a provider's financial resources are stretched thin.

**These thin margins prevent child care providers from paying employees competitive wages, resulting in high turnover and staffing shortages that leave classrooms empty.** Why not just raise rates? Because families are already struggling to pay the current prices. By raising rates, providers risk having families leave their program because they simply can't afford it, leaving families without the child care they need in order to participate in the workforce and providers without the revenue they need to keep their doors open.

## Access

Many child care providers have unfilled capacity, meaning that they're not serving as many children as they're licensed to serve. Statewide, providers report that they are **under capacity by 33,000 children**. At the same time, half of providers report having a waitlist. With a lack of staff, child care providers are stuck closing more classrooms and serving fewer children while watching their waitlist continue to grow. This is causing parents, especially women, to leave or not enter the workforce, **costing Wisconsin at least \$1.1 billion per year** in lost economic productivity, earnings, and revenue.

## Workforce

Gaps in access to child care stem directly from staffing shortages. Due to razor-thin margins, Wisconsin child care centers are only able to pay **lead teachers an average of \$13.55 per hour** compared to the average hourly wage of **\$28.34 for Wisconsin workers**. On top of that, at least half of child care programs in Wisconsin lack health insurance benefits. Unlivable wages combined with a lack of benefits is causing qualified early care and education professionals to leave the field. It's no surprise that half of child care center directors report that keeping staff or filling staff vacancies is "very" or "extremely" challenging. This workforce shortage is the main reason that providers are reducing their capacity and have waitlists. Over half of center directors report that staffing challenges are causing them to serve fewer children and turn families away.

## Affordability

The average price of center-based care for **one infant is over \$11,900 per year**. That's **16% of the median household income** in Wisconsin and equivalent to an academic year at UW - Madison. Unlike college, child care is paid in cash, up-front at a time when families are just starting out. Yet, that price doesn't come close to \$33,715 – the average true cost of care for an infant, and what providers would need to pay their staff fairly and cover all expenses of running their business. This large gap often leaves wages to suffer.



# Fixing Wisconsin's Child Care System

Wisconsin has taken many steps to increase access to child care and lower costs for working families, but there is still more work to be done to ensure all families have access to quality, affordable care.

## Affordability

- Invested in **Child Care Counts** to provide child care programs with revenue for operating and staffing expenses, allowing them to keep costs down for families.
- Made more families eligible for the **Wisconsin Shares** child care subsidy by raising the initial eligibility threshold.
- Simplified **Wisconsin Shares** by changing the rate structure, covering registration fees, and making the benefits cliff for families transitioning off the program less steep.
- Covered child care costs for **children with developmental delays**.
- Increased and expanded child care **tax credits**.
- Partnered with businesses** to help pay for employees' child care costs.

## Access

- Invested in **Child Care Counts** to provide child care programs with revenue to keep their doors open and sustain access for families.
- Increased the supply of child care where it's most needed by offering **supports for aspiring child care providers** in the high-need regions of the state.
- Supported child care **business operations** through a shared services model.

## Workforce

- Invested in **Child Care Counts** to provide child care programs with revenue to recruit and retain staff.
- Grew the workforce of early educators via free **Child Care Foundational Trainings** and increased **scholarships** and **wage stipends**.

## What More is Needed to Continue Progress?

The **most impactful actions** Wisconsin can take are to invest directly in child care access, affordability, and workforce.



- Continue **Child Care Counts** and increase funding to the **program's original levels**.
- Increase **Wisconsin Shares** rates and make even more families eligible for the program.



[dcf.wisconsin.gov/childcare/efforts](https://dcf.wisconsin.gov/childcare/efforts)



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