

# CHILD CARE COSTS KEEP OUTPACING INFLATION

By: Anneken Tappe – April 17, 2024



The cost of child care outpaced inflation in March, as parents across the United States grapple with the price they pay for quality care of their children.

The cost of daycare and preschool rose 4.4% year-over-year in March, per data from the Bureau of Labor Statistics, while the overall inflation index rose 3.5%.

## Rising Costs

The high inflation of the past years has boosted wages, putting more pressure on consumers to fit higher bills. That's the case across many industries. But in the case of child care, a decreased number of daycare centers is putting additional pressure on the cost of child care. It's about supply and demand, but it's also about people's careers and the quality of care for their children.

The child care industry already faced a worker shortage since before the pandemic, but Covid made it worse: The industry was short nearly 40,000 workers compared to pre-pandemic levels in September 2023, according to BLS data.

On top of that, pandemic-era child care benefits have expired leading to the "child care cliff", a phenomenon that resulted in centers shuttering.

## Cost of Child Care

The cost of child care varies widely depending on where you live and the age of your child. But Care.com estimates that the national average cost of sending just one child to daycare is \$321 per week, or nearly \$17,000 annually. In more than half of all U.S. states, the price of sending a child to daycare is more expensive than sending them to an in-state college, according to the Economic Policy Institute.

Companies growing more aware of the issues are increasingly exploring offering childcare benefits for their employees, including stipends or on-site daycare facilities. Despite the costs, some employers have found that childcare benefits generate a positive return on investment, as they allow parents to remain in the workforce, and can even lead to increased engagement and productivity.