

Soaring Child Care Costs Squeezing Working Families

The results of the 10th annual [Cost of Care Report](#) show that child care has become unaffordable for most U.S. families. Of 3,000 surveyed parents, 67% are spending 20% of their annual income or more on child care, up from 51% in 2022. This marks the 10th year in a row child care costs have risen.

“Child care is claiming a disproportionate amount of household incomes, and a decade of rising child care costs should be a wakeup call that the system as we know it completely fails the vast majority of families,” said Tim Allen, CEO, Care.com.

The Cost of Child Care

On average, American parents spend 27% of their household income on child care, and nearly all (89%) parents spend 10% of their annual income or more. Yet, the [U.S. Department of Health and Human Services](#) only considers child care unaffordable when it exceeds 7% of a family’s income.

Numerous factors have impacted the rising cost of child care, including fee increases at child care centers, inflation and parents’ changing work situations (e.g., changing work locations, hours and responsibilities), all of which necessitate more or different child care solutions. Unfortunately, the

increased need for child care has driven prices higher and created accessibility issues. Here’s what the report found:

- Most (64%) parents said they had been waitlisted for day care.
- Three in 4 parents estimated that there were fewer than six day cares within 20 minutes of their homes.
- The weekly cost of day care has increased 53% from 2013, and so has the cost of a nanny (56%), a babysitter (92%) and a family care center (80%).

The cost and accessibility of child care is particularly challenging for single parents, who were more likely to adjust their work hours or take on second jobs to manage child care. Lower- and middle-class families were also heavily impacted, as they were more likely to spend a higher percentage of their total income on child care.

Over one-third (39%) of families earning less than \$50,000 said they spend more than 36% of their annual income on child care. In comparison, 45% of families earning \$100,000 or less said they spend more than 18% of their annual household income on child care.

Employer Takeaways

The rising cost of child care has a significant impact on working parents, as many are forced to consider adjusting their work hours or finding a second job to provide adequate child care. Employers can help alleviate this problem by providing flexible benefit options that support the needs of families, such as child care subsidies, on-site day care and backup day care.

Contact us today for more information.