

A photograph of a man with a beard and short hair, wearing a bright yellow sweater, smiling broadly. He is carrying a young child with curly hair on his shoulders. The child is wearing a dark grey sweater with thin green horizontal stripes and is looking upwards with a happy expression. The background is a solid, light green color.

# Kinside

Understanding the Child Care Landscape:  
The Employer Impact Report



# What employers need to know about the child care crisis

When it comes to critical issues impacting organizations and their workforce, there's one overlooked problem causing revenue loss, operational headaches, and more. It happens to organizations across the country every year, in every industry—a silent, yet persistent problem employers have yet to take seriously as it erodes the strength of organizations from the inside out: child care.

Whether employers realize it or not, your working parents are struggling with child care—and it's a business issue affecting your bottom line.

With the help of Kinside's data on the child care landscape, this report will outline the size and scope of working parents' child care struggles, and what you can do to help your organization by helping your employees.



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# The data

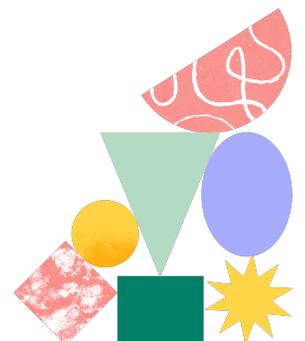
Thanks to our dual-sided child care marketplace that serves employers of working parents, parents in need of child care, and child care providers, Kinside has the most comprehensive real-time supply and demand data across the child care industry. For employers, Kinside is equipped with deep, broad-reaching data on their employees' child care needs, the market and costs—as well as actionable insights and reports for allocating resources to drive retention and productivity.

We surveyed families across the country from all different industries and income levels. Our goal was to understand how the data we're seeing around the cost of care and declining inventory was impacting working families across the payscale, and the adjustments they have had to make around their careers as a result.

## Child care is the biggest business problem you haven't thought about

Every day across the US, there are 12 million children who need child care<sup>1</sup>. For the working parents we surveyed, 81% rely on child care outside the home, with a vast majority enrolling in a child care center or home-based program. That means your working parents rely on child care businesses to get to work and stay at work. And if your parents can't find the care they need, that means consequences for your organization, such as turnover and calling out sick.

**81% of working parents rely on child care  
outside the home**





# Families struggle with the cost of care

Working parents reported that the cost of child care was one of their biggest challenges, with the average annual cost at almost \$11,000<sup>2</sup>. Parents in large cities are paying nearly double that amount, at \$20,000 per year or \$1680 per month, per child.

In most communities, child care costs more than a mortgage or rent. And families are suffering for it. Child care is one of the biggest expenses for families. Every year, families make a \$20,000 purchase just to go to work.

On a national level, working parents spend \$136 billion annually on child care alone.

**Every year, families make a \$20,000 purchase just to go to work.**

**One year of child care can cost the same as:**

 a year of tuition at a public university

 a new car

 a down payment on a house

 a boat



# Child care is becoming more expensive

The cost of care is increasing at unprecedented rates, and working parents can't keep up. In the last two years, child care costs have risen 41%<sup>3</sup>, burdening families regardless of income or industry. Seventy-five percent of parents reported paying more for child care in the last year alone.

A majority of working parents (70%) reported that they're spending between 11-30% of their household income on child care, with the vast majority spending more than 20%.

	 Mortgage	 Child care
% of household income	11-30%	11-30%
Dedicated loans or tax incentives available?	 Yes	 No

For the first time ever, 1 in 10 families reported spending over 30% of their household income on child care.

When the cost of care increases this dramatically, and the proportion of income remaining decreases, parents are forced to make tough decisions about whether or not remaining in the workforce is worthwhile. This is especially true for families with more than one child—over 56% of our survey respondents.

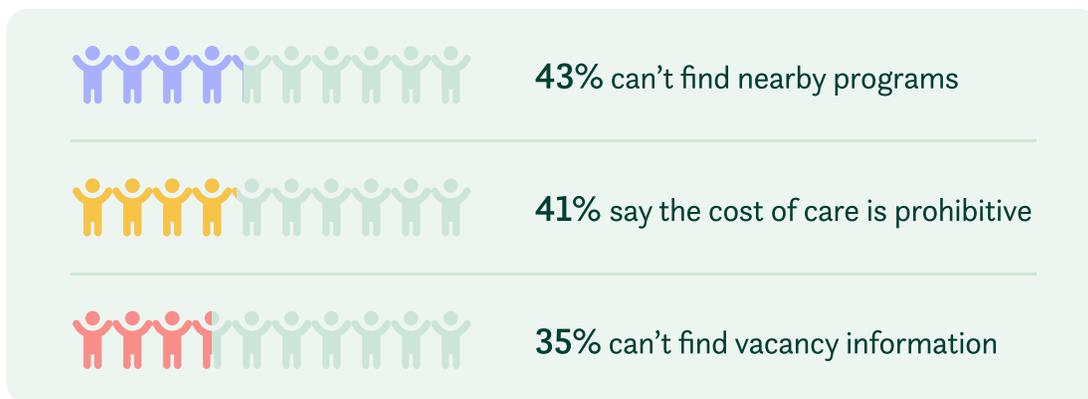
And a compounding factor is the fact that salaries are stagnating across many industries, with an average annual increase of merely 5%<sup>4</sup>.

But cost is only one obstacle working parents face just to get to work. The other is availability.



# Families struggle to find programs and secure a spot

In addition to the cost of care, working parents struggle with finding and securing the child care they need. In fact, in many communities across the country, **there's only one child care spot available for every three families in need of care.** This means that the families who don't get the only open seat are left scrambling to cobble together alternative care solutions. Those solutions are likely temporary and less reliable, affecting your employee attendance and productivity.



Parents reported that the biggest cause for making a change at work, such as a schedule change or turning down a promotion, was that they couldn't find child care programs nearby.

That's because 1 in 3 families live in what's considered a child care desert<sup>5</sup>.

Since the pandemic, child care programs have gone out of business in staggering numbers, as many of these small businesses have struggled. Providers had to lay off thousands of employees at the beginning of the pandemic and haven't been able to recover since. We've reached a crisis level in the child care shortage, with nearly 10% of child care teachers having left the field since 2020<sup>6</sup>, reducing the total capacity of children permitted in each program and the number of spots available.

This nationwide inventory decline has compounded the difficulties for families finding care, as the industry hasn't kept pace with modern communication needs. Many child care businesses don't have websites, don't answer their phones outside of business hours, and have no transparency about what openings they have or even the cost of those openings. This means that parents have to call dozens of providers—on the clock—play phone tag, and join waitlists with no hope of ever enrolling.



# Employers have a vested interest in being part of the solution

Families are making permanent career decisions because of the lack of child care. We asked, “Have child care issues ever made you or your partner . . . ?”

## Change work schedule

64%

Shifts get complicated and you may need to pay overtime for non-exempt employees when you don't have enough coverage.

## Find a new job

40%

This costs employers in lost productivity and retention.

## Turn down a job or promotion

30%

If you've ever lost a great candidate or a valued employee, child care could have impacted their decision.

## Relocate

17%

Families resort to relocating due to lack of child care where they lived.

## Leave the workforce

20%

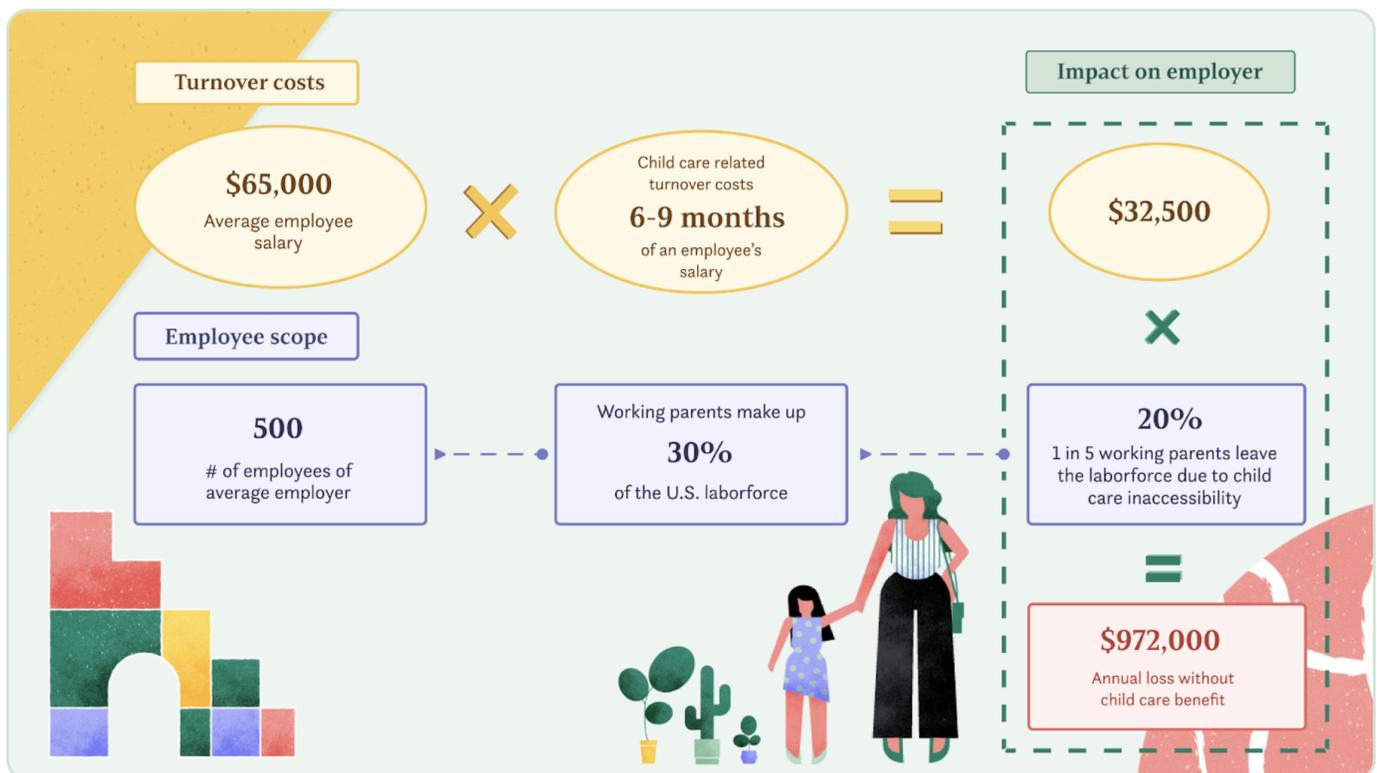
Respondents said either they or a partner had left the workforce all together because of child care.

These are permanent decisions that not only impact a working parent's career trajectory and financial stability but their employers' ability to meet deadlines, production requirements, and achieve company goals.



# Calculating the cost on your workforce

Thanks to our data, we can quantify the impact of these child care issues on your workforce. Here's an example of how an employee's inability to find, secure, and afford child care directly affects your organization's bottom line.





# You can reduce the impact on your organization

The good news is that employers have a number of strategies available to tackle this problem in your organization. But the first step in addressing the problem is understanding the impact for your employees.

If you're ready to take a closer look at the biggest business problem you haven't thought about, Kinside is here to help.

Schedule a free impact assessment to evaluate the size and scope of the child care problem in your organization. Our experts can provide resources and recommendations for combatting revenue loss in turnover costs, operational burdens, and more. Click the button below:

 [Schedule a free impact assessment](#)



## REFERENCES

1. [The US and the High Price of Child Care - 2019 Report](#)
2. [The US and the High Price of Child Care - 2018 Report](#)
3. [U.S. Workers Spend Up to 29% of Their Income, on Average, on Child Care for Kids Younger Than 5](#)
4. [BLS - The Employment Situation - August 2022](#)
5. [Experiences of U.S. Households With Children During the Delta Variant Outbreak](#)
6. [Child-Care Workers Are Quitting the Industry for Good in the U.S.](#)