

The Impact of a \$15 Federal Minimum Wage on the Cost of Childcare

Rachel Greszler

KEY TAKEAWAYS

The Left's \$15 federal minimum wage mandate will come at the expense of jobs and incomes, and higher prices for many—especially families.

Childcare costs would increase by an average of 21 percent—an extra \$3,728 per year for two children—and up to 43 percent, or more than \$6,000, in some states.

Policymakers should help workers achieve rising incomes and allow families access to affordable childcare without an economically devastating federal minimum wage.

One of the many unintended consequences of artificially increasing workers' pay through minimum wage laws is that higher wages necessitate higher prices for the goods and services produced by those workers. Already, the cost of childcare in America is extremely high, even as childcare workers' wages and childcare providers' profits are low.

Using data on childcare workers' wages across the 50 states and regulations restricting childcare providers' ability to reduce costs, this analysis estimates that a \$15 federal minimum wage would raise the cost of childcare by an average of 21 percent across the U.S., adding \$3,728 per year in childcare costs for a family with two children.¹ The impacts would be greatest in lower-cost areas; in Louisiana, Oklahoma, and Mississippi, costs would surge between 37 percent and 43 percent. High-cost areas

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like Massachusetts and Washington State would experience much smaller impacts. With childcare consuming even more of family budgets—40 percent or more in of the median household incomes in a lot of states—many families could be priced out of the childcare market completely. In turn, the unintended consequences of a \$15 minimum wage could force some parents to give up their jobs and live on lower household incomes, while causing others—particularly single parents—to turn to non-licensed, typically illegal, childcare.

There are better ways to help workers achieve higher incomes without imposing unintended consequences on others, such as increasing educational opportunities, reducing barriers to businesses investing in workers, and keeping doors open to income opportunities for all workers. Moreover, while childcare is expensive, policymakers can help more families find the care they need, from the provider they want, at a cost they can afford, by easing regulations on childcare providers, providing parents with options for existing public childcare dollars, and making it easier for parents to save for childcare.

Childcare Costs and Economics

The average cost of full-time childcare for an infant is \$11,193 per year, and the cost for a four-year-old is \$8,959, bringing the total cost for two children to \$20,152 per year.² For a household with two median earners, childcare for two children consumes 21 percent of income.³ Costs do vary significantly across the U.S., however, due to differences in the cost of living as well as the impact of childcare regulations, such as teacher-to-child ratios. Childcare for two children—an infant and four-year-old—range from a low of \$10,236 in Mississippi to a high of \$36,012 in Massachusetts.⁴

Childcare is expensive because it is labor-intensive. One individual can safely and effectively care for only a limited number of children, and technology provides little room for improving childcare workers' capacity. That is, robots cannot care for children. Childcare regulations and licensing standards, which are predominantly state-based, are largely responsible for determining the cost of childcare. Regulations determine teacher-to-child ratios, square-footage-to-child ratios, and play a role in virtually every component of a childcare environment, down to the type of toys and beverages that can or must be offered, how they must be stored and labeled, and at what intervals they must be given. Moreover, childcare workers must have very specific qualifications, require background checks, and providers often must arrange and pay for continuing education.

Whereas some industries—such as restaurants and retailers—can respond to minimum wage hikes by reducing their workforce, eliminating certain employee benefits, cutting back on facilities and equipment, or automating jobs, strict childcare regulations leave little room for childcare centers to adjust to cost increases. A childcare provider's only viable option is to pass the wage increases on to families in the form of higher prices. For providers in high-cost areas that are already paying near or above \$15 per hour, the impact would be small, but for providers in low-cost areas, costs could increase tremendously.

Estimated Cost Increases

Mandating that all childcare workers receive at least \$15 per hour would result in significant cost increases for childcare providers. With childcare regulations limiting childcare providers' ability to reduce other expenditures, higher costs would be passed on to families through significant childcare price increases.

The median wage for childcare workers across the U.S. is \$11.65 per hour.⁵ Thus, a \$15 minimum wage would require a majority of childcare workers to receive significant wage increases. Using wage distribution data from the Bureau of Labor Statistics' Occupational Employment Statistics, I estimate that a \$15 minimum wage would require an average increase of 29 percent in the wages of childcare workers across the 50 states. This does not include additional Federal Insurance Contribution Act (FICA) taxes and other potential costs that employers would be required to pay along with higher wages.⁶

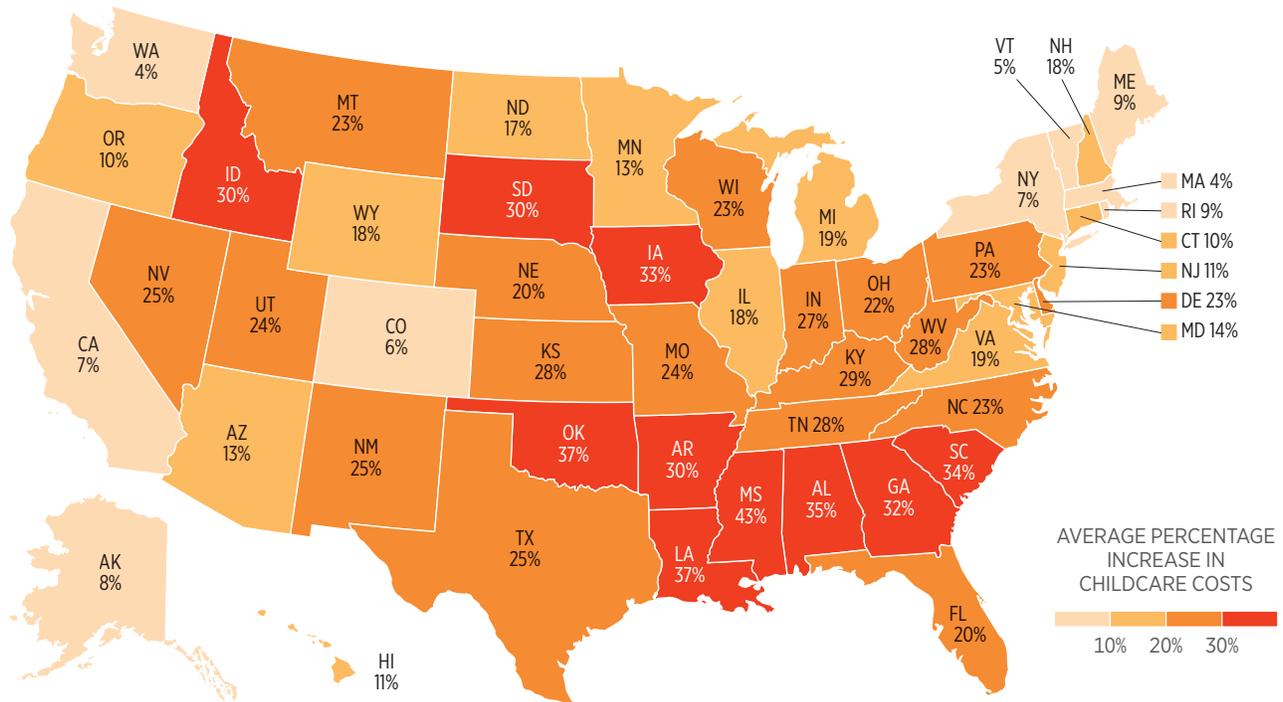
A breakdown of childcare provider costs from the Center for American Progress estimates that employee costs account for between 60 percent and 80 percent of childcare providers' operating expenses.⁷ Wages likely consume an even higher share of in-home providers' expenses, and virtually the entirety of nanny care costs. Assuming that wages account for 70 percent of childcare providers' expenses, the average percentage increase in costs across the states would equal 21 percent. This would bring the average cost of infant care from \$11,193 to \$13,250, and the average cost of care for a four-year-old from \$8,959 to \$10,630.⁸

Although 21 percent is the average cost increase, families would be affected very differently across the country. Those living in low-cost areas would experience very large increases, while a few very-high-cost areas would be relatively unaffected. In Mississippi, where the median childcare wage is \$8.94 per hour, costs would increase by 43 percent, but in

MAP 1

\$15 Federal Minimum Wage Would Increase Childcare Costs 21 Percent

Costs would rise disproportionately in lower-cost areas, with 10 states experiencing childcare cost increases of 30 percent or more.



SOURCE: Heritage Foundation calculations based on data from U.S. Bureau of Labor Statistics, “Occupational Employment Statistics, May 2019,” <https://www.bls.gov/oes/home.htm> (accessed February 5, 2021), and ProCare, “Child Care Costs by State 2020,” <https://www.procaresoftware.com/child-care-costs-by-state-2020/> (accessed January 29, 2021). For more information, see the appendix.

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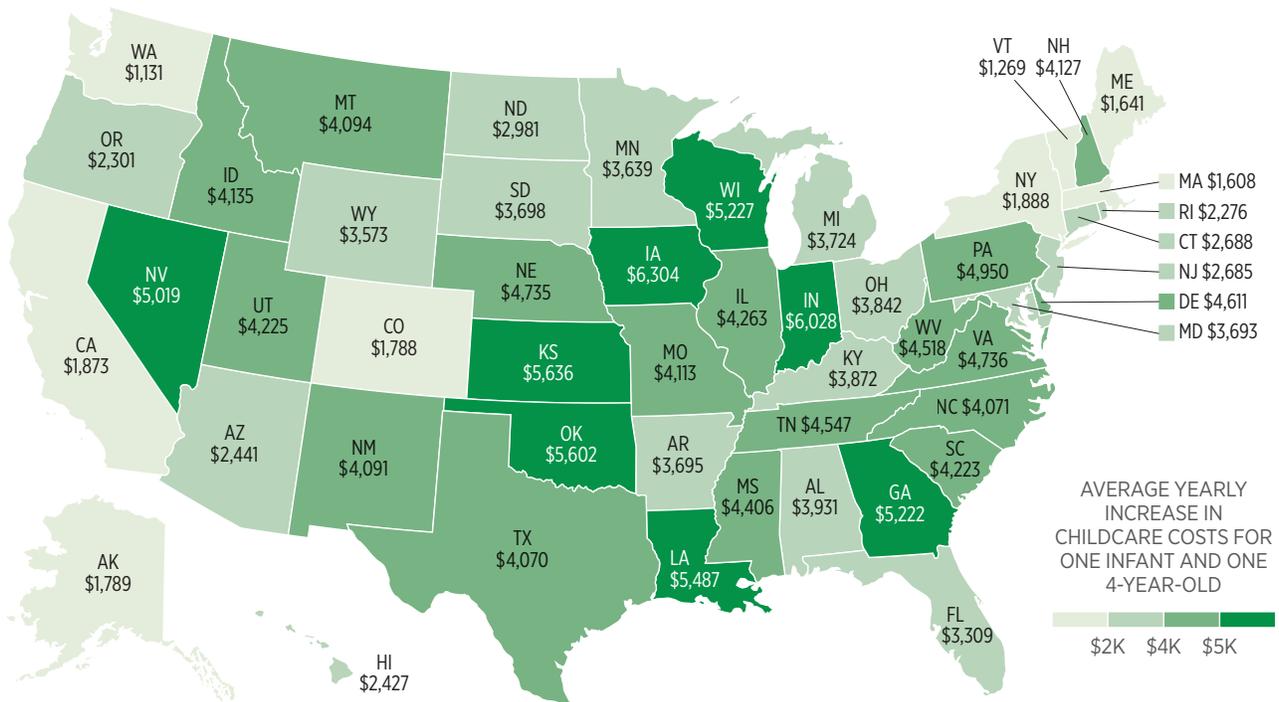
Washington State, where the median childcare wage is \$14.57, costs would increase by only 4 percent. In general, Southern and Midwestern states would experience the largest percentage cost increases while those in the Northeast and on the West Coast would experience the lowest—though still very significant—cost increases.

On average, childcare costs for parents with two children (an infant and a four-year-old) would increase by \$3,728, from \$20,152 to \$23,880. Costs for two-child families would rise by more than \$6,000 per year in Iowa (+\$6,304) and Indiana (+\$6,028), and by over \$5,000 per year in Kansas (+\$5,636), Louisiana (+\$5,487), Oklahoma (+\$5,602), Wisconsin (+\$5,227), Georgia (+\$5,222), and Nevada (+\$5,019).

MAP 2

The Impact of \$15 Minimum Wage on Childcare Costs

Enacting a \$15 per hour federal minimum wage would increase the costs of childcare by thousands of dollars in most states.



SOURCE: Heritage Foundation calculations based on data from U.S. Bureau of Labor Statistics, “Occupational Employment Statistics, May 2019,” <https://www.bls.gov/oes/home.htm> (accessed February 5, 2021), and ProCare, “Child Care Costs by State 2020,” <https://www.procaresoftware.com/child-care-costs-by-state-2020/> (accessed January 29, 2021). For more information, see the appendix.

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On the other hand, costs would rise by less than \$2,000 per year in Washington (+\$1,131), Vermont (+\$1,269), Massachusetts (+\$1,608), Maine (+\$1,641), Colorado (+\$1,788), Alaska (+\$1,789), California (+\$1,873), and New York (+\$1,888). These cost increases represent a large portion of families’ budgets.

The median household income in the United States was \$68,703 in 2019.⁹ With a 21 percent increase in costs, childcare for an infant would consume 19 percent of a median household’s income, childcare for a four-year-old would consume 15 percent of income, and childcare for two children would consume 35 percent of the median household income.

Such large increases in the cost of childcare could prevent many families from affording it. That could reduce employment by causing some

TABLE 1

How \$15 Minimum Wage Would Affect Childcare Costs, by State (Page 1 of 2)

Dollar figures shown are statewide averages for one year.

State	% Increase	INFANT			4-YEAR-OLD			2 CHILDREN (INFANT + 4-YEAR-OLD)		
		Current	\$15 Minimum Wage	\$ Increase	Current	\$15 Minimum Wage	\$ Increase	Current	\$15 Minimum Wage	\$ Increase
Alabama	35%	\$6,000	\$8,109	\$2,109	\$5,184	\$7,006	\$1,822	\$11,184	\$15,115	\$3,931
Alaska	8%	\$12,120	\$13,096	\$976	\$10,092	\$10,905	\$813	\$22,212	\$24,001	\$1,789
Arizona	13%	\$10,944	\$12,315	\$1,371	\$8,544	\$9,614	\$1,070	\$19,488	\$21,929	\$2,441
Arkansas	30%	\$6,888	\$8,945	\$2,057	\$5,484	\$7,122	\$1,638	\$12,372	\$16,067	\$3,695
California	7%	\$16,944	\$18,061	\$1,117	\$11,472	\$12,228	\$756	\$28,416	\$30,289	\$1,873
Colorado	6%	\$15,324	\$16,313	\$989	\$12,384	\$13,183	\$799	\$27,708	\$29,496	\$1,788
Connecticut	10%	\$15,504	\$16,980	\$1,476	\$12,732	\$13,944	\$1,212	\$28,236	\$30,924	\$2,688
Delaware	23%	\$11,016	\$13,569	\$2,553	\$8,880	\$10,938	\$2,058	\$19,896	\$24,507	\$4,611
Florida	20%	\$9,240	\$11,091	\$1,851	\$7,284	\$8,743	\$1,459	\$16,524	\$19,833	\$3,309
Georgia	32%	\$9,252	\$12,170	\$2,918	\$7,308	\$9,613	\$2,305	\$16,560	\$21,782	\$5,222
Hawaii	11%	\$13,728	\$15,198	\$1,470	\$8,940	\$9,897	\$957	\$22,668	\$25,095	\$2,427
Idaho	30%	\$7,476	\$9,695	\$2,219	\$6,456	\$8,372	\$1,916	\$13,932	\$18,067	\$4,135
Illinois	18%	\$13,800	\$16,234	\$2,434	\$10,368	\$12,197	\$1,829	\$24,168	\$28,431	\$4,263
Indiana	27%	\$12,612	\$16,042	\$3,430	\$9,552	\$12,150	\$2,598	\$22,164	\$28,192	\$6,028
Iowa	33%	\$10,380	\$13,823	\$3,443	\$8,628	\$11,489	\$2,861	\$19,008	\$25,312	\$6,304
Kansas	28%	\$11,220	\$14,379	\$3,159	\$8,796	\$11,273	\$2,477	\$20,016	\$25,652	\$5,636
Kentucky	29%	\$7,140	\$9,179	\$2,039	\$6,420	\$8,253	\$1,833	\$13,560	\$17,432	\$3,872
Louisiana	37%	\$7,728	\$10,624	\$2,896	\$6,912	\$9,503	\$2,591	\$14,640	\$20,127	\$5,487
Maine	9%	\$9,444	\$10,318	\$874	\$8,292	\$9,059	\$767	\$17,736	\$19,377	\$1,641
Maryland	14%	\$15,336	\$17,549	\$2,213	\$10,260	\$11,740	\$1,480	\$25,596	\$29,289	\$3,693
Massachusetts	4%	\$20,916	\$21,850	\$934	\$15,096	\$15,770	\$674	\$36,012	\$37,620	\$1,608
Michigan	19%	\$10,860	\$12,907	\$2,047	\$8,892	\$10,568	\$1,676	\$19,752	\$23,476	\$3,724
Minnesota	13%	\$16,092	\$18,176	\$2,084	\$12,000	\$13,554	\$1,554	\$28,092	\$31,731	\$3,639
Mississippi	43%	\$5,436	\$7,776	\$2,340	\$4,800	\$6,866	\$2,066	\$10,236	\$14,642	\$4,406
Missouri	24%	\$10,044	\$12,466	\$2,422	\$7,008	\$8,698	\$1,690	\$17,052	\$21,165	\$4,113
Montana	23%	\$9,516	\$11,695	\$2,179	\$8,364	\$10,279	\$1,915	\$17,880	\$21,974	\$4,094
Nebraska	20%	\$12,576	\$15,057	\$2,481	\$11,424	\$13,678	\$2,254	\$24,000	\$28,735	\$4,735
Nevada	25%	\$11,412	\$14,212	\$2,800	\$9,048	\$11,268	\$2,220	\$20,460	\$25,479	\$5,019
New Hampshire	18%	\$12,792	\$15,074	\$2,282	\$10,344	\$12,189	\$1,845	\$23,136	\$27,263	\$4,127
New Jersey	11%	\$12,984	\$14,450	\$1,466	\$10,800	\$12,019	\$1,219	\$23,784	\$26,469	\$2,685
New Mexico	25%	\$8,616	\$10,774	\$2,158	\$7,716	\$9,649	\$1,933	\$16,332	\$20,423	\$4,091
New York	7%	\$15,396	\$16,443	\$1,047	\$12,360	\$13,201	\$841	\$27,756	\$29,644	\$1,888
North Carolina	23%	\$9,480	\$11,674	\$2,194	\$8,112	\$9,989	\$1,877	\$17,592	\$21,663	\$4,071
North Dakota	17%	\$9,096	\$10,662	\$1,566	\$8,220	\$9,635	\$1,415	\$17,316	\$20,297	\$2,981

TABLE 1

How \$15 Minimum Wage Would Affect Childcare Costs, by State (Page 2 of 2)

Dollar figures shown are statewide averages for one year.

State	% Increase	INFANT			4-YEAR-OLD			2 CHILDREN (INFANT + 4-YEAR-OLD)		
		Current	\$15 Minimum Wage	\$ Increase	Current	\$15 Minimum Wage	\$ Increase	Current	\$15 Minimum Wage	\$ Increase
Ohio	22%	\$9,696	\$11,814	\$2,118	\$7,896	\$9,621	\$1,725	\$17,592	\$21,434	\$3,842
Oklahoma	37%	\$8,580	\$11,746	\$3,166	\$6,600	\$9,036	\$2,436	\$15,180	\$20,782	\$5,602
Oregon	10%	\$13,620	\$14,944	\$1,324	\$10,056	\$11,033	\$977	\$23,676	\$25,977	\$2,301
Pennsylvania	23%	\$11,844	\$14,557	\$2,713	\$9,768	\$12,005	\$2,237	\$21,612	\$26,562	\$4,950
Rhode Island	9%	\$13,692	\$14,970	\$1,278	\$10,692	\$11,690	\$998	\$24,384	\$26,660	\$2,276
South Carolina	34%	\$7,008	\$9,391	\$2,383	\$6,000	\$8,040	\$2,040	\$13,008	\$17,431	\$4,423
South Dakota	30%	\$6,516	\$8,441	\$1,925	\$6,000	\$7,773	\$1,773	\$12,516	\$16,214	\$3,698
Tennessee	28%	\$8,736	\$11,188	\$2,452	\$7,464	\$9,559	\$2,095	\$16,200	\$20,747	\$4,547
Texas	25%	\$9,324	\$11,639	\$2,315	\$7,068	\$8,823	\$1,755	\$16,392	\$20,462	\$4,070
Utah	24%	\$9,948	\$12,321	\$2,373	\$7,764	\$9,616	\$1,852	\$17,712	\$21,937	\$4,225
Vermont	5%	\$12,816	\$13,479	\$663	\$11,712	\$12,318	\$606	\$24,528	\$25,797	\$1,269
Virginia	19%	\$14,064	\$16,735	\$2,671	\$10,872	\$12,937	\$2,065	\$24,936	\$29,672	\$4,736
Washington	4%	\$14,556	\$15,199	\$643	\$11,040	\$11,528	\$488	\$25,596	\$26,727	\$1,131
West Virginia	28%	\$8,736	\$11,146	\$2,410	\$7,644	\$9,753	\$2,109	\$16,380	\$20,899	\$4,519
Wisconsin	23%	\$12,564	\$15,449	\$2,885	\$10,200	\$12,542	\$2,342	\$22,764	\$27,991	\$5,227
Wyoming	18%	\$10,644	\$12,580	\$1,936	\$9,000	\$10,637	\$1,637	\$19,644	\$23,217	\$3,573

SOURCE: Heritage Foundation calculations based on data from U.S. Bureau of Labor Statistics, “Occupational Employment Statistics, May 2019,” <https://www.bls.gov/oes/home.htm> (accessed February 5, 2021), and ProCare, “Child Care Costs by State 2020,” <https://www.procaresoftware.com/child-care-costs-by-state-2020/> (accessed January 29, 2021). For more information, see the appendix.

parents—particularly within two-parent families—to stay home with children instead of working. To the extent that women would be more likely to stay home than men, this could widen gender-based differences in the labor market.¹⁰ Other families may have no option than to use non-licensed or illegal childcare, or to depend on unpaid childcare of friends and family.

Real Solutions for Raising Incomes

Incomes rise when workers produce more value, which comes through education, experience, and technology that makes people more productive.

When the economy was strong and employers were having to compete for workers—including investing in substantial education and training for inexperienced workers—low-income wages rose substantially. Between 2016 and 2019, the wages of workers at the 10th percentile (those making about \$10 to \$11 per hour) increased by 14.6 percent—more than the gains for median and high-income earners.¹¹

Those gains came without negative consequences and benefited individuals and the economy at large because they were the result of people producing more. In contrast, government mandates do not create additional income—they just redistribute it, costing jobs, incomes, and price increases.¹² Consequently, fewer goods and services would be produced and consumed, and as the nonpartisan Congressional Budget Office estimated, a \$15 minimum wage would lead to lower total incomes and a smaller economy.¹³

Instead of attempting to artificially increase incomes for some people at the expense of others, policymakers should help workers to achieve real, lasting income gains. Empowering employers to develop and employ their own innovative apprenticeship programs would help workers to gain valuable skills without six-figure student-loan debts. Reducing costly and unnecessary regulations for businesses would free up resources to invest in workers. Keeping doors open to new and innovative sharing-economy and gig-economy platforms would increase income opportunities and expand entrepreneurial possibilities for workers at all levels.

Ways to Expand Accessible, Affordable Childcare

While the potential for reducing childcare costs is limited by the labor-intensive nature of childcare, there is much that policymakers—particularly at the state and local level, but also the federal level—can do to help make more families find childcare that meets their needs at a cost they can afford.¹⁴

State and local lawmakers should eliminate unnecessary regulations that increase costs without significantly improving child welfare.¹⁵ For example, it makes sense to require childcare providers to be trained in cardiopulmonary resuscitation (CPR), but it does not make sense to require all daycares to maintain a nursing-mothers room¹⁶ or to mandate that all childcare providers—including mothers who watch a few kids in their home—obtain a bachelor's degree.¹⁷

State regulators also need to reduce barriers to less expensive in-home daycares and to informal childcare arrangements among friends, families, and neighbors.¹⁸ In 44 states, it is illegal to watch children in one's home

(with the exception of limited circumstances) without having to undergo a costly and burdensome process to turn one's home into a licensed childcare facility.¹⁹ This is presumably part of the reason why the number of small in-home providers has dropped by more than half since 2005.²⁰ Yet, in-home childcare is about 25 percent less expensive than center-based care, and in addition to often being more convenient and desirable for families, it is often the only viable option in rural areas.²¹

At the federal level, policymakers should expand affordable childcare options for low-income families by allowing those eligible to use Head Start funds for the provider of their choice. Particularly because Head Start provides very limited hours of care, allowing families to use Head Start dollars at private and nonprofit childcare providers could help those families achieve to higher incomes and do a better job of meeting working parents' needs.²²

Moreover, federal policymakers could help to expand employers' offering of onsite childcare by making a small change in the Fair Labor Standards Act to exclude childcare benefits from the "regular rate" of pay calculations, just as the law already excludes similar benefits, such as retirement contributions, and accident, health, and life insurance benefits.²³ Finally, federal policymakers could help families to save and pay for childcare by allowing families to use 529 savings accounts for preschool and by enacting Universal Savings Accounts so that families can save for all purposes in a single, simple account.²⁴

Conclusion

Many families in America struggle to find childcare, especially at a cost they can afford. Excessive regulations on childcare providers restrict the number of providers—particularly small, in-home providers—and drive up its costs. Adding another substantial restriction—a doubling of the federal minimum wage to \$15 per hour—would further drive up childcare costs by an estimated 21 percent across the states, adding \$3,728 in costs for a family with two children. Families living in lower-cost areas in the South and Midwest would be hardest hit, with costs rising 30 percent or more in 10 states. Accompanied by regulations that make non-licensed childcare illegal, these cost increases could make childcare unaffordable for millions of families.

Mandating a \$15 federal minimum wage would increase incomes for some at the expense of lost jobs, lower incomes, and higher prices for many others. Instead of trying to artificially increase wages, policymakers should

expand opportunities for workers in ways that help them to achieve real and lasting income gains without unintended consequences.

Childcare will never decline in costs the way that technology has because it is a labor-intensive job, but there are ways that policymakers can help to make childcare more accessible and affordable. By easing unnecessary regulations on childcare providers, allowing parents to choose where to use public childcare dollars, and making it easier and less costly for parents to save for childcare costs, policymakers can help more families to find the care they need, in an environment they want, and at a cost they can afford.

Rachel Greszler is Research Fellow in Economics, the Budget, and Entitlements in the Grover M. Hermann Center for the Federal Budget, of the Institute for Economic Freedom, at The Heritage Foundation.

Appendix Estimated Impact of \$15 Federal Minimum Wage on Cost of Childcare Across U.S.

The analysis in this *Backgrounder* relies on the most recent May 2019 state-based occupational employment statistics from the Bureau of Labor Statistics.²⁵ This includes 563,610 childcare workers who earn a median wage of \$11.65 per hour. The data are broken down by state and territory and include wages at the 10th, 25th, 50th, 75th, and 90th percentiles. To approximate wage distributions across childcare workers in each state, the analysis applies the 10th percentile wage to the first 12.5 percent of workers; applies the 25th percentile wage to the 12.51 percent through 37.5 percent of earners; applies the 50th percentile (the median wage) to the 37.51 percent through 62.5 percent of earners; applies the 75th percentile wage to the 62.51 percent through 87.5 percent of earners; and applies the 90th percentile wage to the 87.51 percent through 100 percent of earners. This approximation method results in total wages being 1.9 percent lower than the aggregate reported total, providing a relatively close match.²⁶

To estimate the additional wage costs of bringing the minimum wage up to \$15 per hour, all reported deciles of wages that were below \$15 were brought up to \$15 per hour. This increases childcare worker wages (excluding additional FICA and other taxes) by an average of 29.4 percent across the U.S., with significant variance across the states. Wage increases averaged less than 10 percent in six states, and more than 50 percent in four states.

Childcare tuition cost increases rely on estimated childcare costs for infants and four-year-olds across the states, as reported in the ProCare report “Child Care Costs by State 2020.”²⁷ Various estimates of childcare providers’ budgets assess wages and benefits as representing between 60 percent and 80 percent of providers’ total costs.²⁸ Wages and benefits represent a very high portion of home-based childcare providers, and all of nanny costs. This analysis assumes that childcare workers’ wages represent 70 percent of childcare providers’ costs.

Childcare centers are highly regulated and have strict teacher-to-children ratios, leaving almost no room to reduce costs by laying off workers, reducing their hours, or cutting back on other likely mandated expenses. Thus, this analysis assumes that the entirety of the required wage increases will be passed on to families. With wages representing 70 percent of total childcare budgets, this analysis finds that childcare costs would increase by an average of 20.6 percent across the U.S. Variance among the states ranges from less than 5 percent in Washington and Massachusetts to 43 percent in Mississippi.

Limits of This Wage-Expansion Analysis

The childcare worker data exclude daycare and preschool administrators for whom the median wage was \$23.18 per hour in 2019. A little over 10 percent of these administrators make less than \$15 per hour, and a \$15 minimum wage would require wage increases for these workers.

Moreover, this analysis assumes that all wages below \$15 per hour rise to the mandated \$15 minimum and that all other wages remain the same. In reality, a \$15 minimum wage would cause many workers currently making over \$15 per hour—such as more experienced workers—to also experience wage increases because employers would need to maintain a hierarchy of earnings to prevent losing their most experienced and most valuable workers. As a recent nonpartisan Congressional Budget Office analysis of a \$15 federal minimum wage noted, while 17 million workers with wages below \$15 per hour would be directly affected by a \$15 federal minimum wage, another 10 million with wages slightly above \$15 per hour would also be affected (including income gains and job and income losses).²⁹

Incorporating the ancillary wage increases of workers currently earning over \$15 per hour would result in even larger childcare wages and childcare cost increases than estimated in this *Backgrounder*.

Endnotes

1. See the appendix for a detailed description of the data and assumptions used for these estimates.
2. ProCare, “Child Care Costs by State 2020,” <https://www.procaresoftware.com/child-care-costs-by-state-2020/> (accessed January 29, 2021).
3. Median weekly earnings of full-time wage and salary earners was equal to annual earnings of \$48,568 in the fourth quarter of 2019. (Data from 2020 are not used because median earnings appear to have been skewed by lower-wage job losses and potentially inflated by significantly expanded unemployment benefits.) U.S. Bureau of Labor Statistics, “Economic News Release: Table 1. Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Sex, Quarterly Averages, Seasonally Adjusted,” last updated January 21, 2021, <https://www.bls.gov/news.release/wkyeng.t01.htm> (accessed February 2, 2021).
4. ProCare, “Child Care Costs by State 2020.”
5. U.S. Bureau of Labor Statistics, “Occupational Employment Statistics,” <https://www.bls.gov/oes/home.htm> (accessed February 5, 2021). Data contained within the downloadable file for May 2019 State data include a median wage of \$11.65 per hour.
6. FICA taxes include the 7.65 percent Social Security and Medicare taxes that employers are required to pay in addition to their workers’ wages.
7. Simon Workman, “Where Does Your Childcare Dollar Go?” Center for American Progress, February 14, 2018, <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/> (accessed February 1, 2021).
8. This *Backgrounder* reports average percentage increases and average dollar increases across the 50 states. Because states have different starting values for childcare costs, the average of the percentage increases (20.6 percent, rounded in the text to 21 percent) is not equal to the average cost increase across the 50 states (\$3,728 for two children) when those cost increases are averaged across the states and then calculated as a percentage of their starting values. (This second order calculation results in an 18.5 percent increase.)
9. Jessica Semega et al., “Income and Poverty in the United States, 2019,” U.S. Census Bureau, September 15, 2020, <https://www.census.gov/library/publications/2020/demo/p60-270.html> (accessed February 5, 2021).
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