PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

EXPAND CHOICE IN CHILDCARE

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ADVANCING AMERICAN FREEDOM

TOPLINE: Unnecessary regulations drive up costs and limit the supply of childcare while ineffective federal spending reduces its quality and accessibility.

BACKGROUND: Childcare is expensive, costing $13,128 per child per year, on average. Yet costs vary significantly by state, from as little as $7,700 for infants in Mississippi (and under $10,000 in Arkansas, South Dakota, and Alabama) to more than $25,000 for infants in Massachusetts, Maryland, and Washington D.C. While in-home childcare is about 25% less expensive, the number of in-home family providers fell by more than half, from about 214,000 in 2005 to 98,000 in 2025. State childcare regulations play a huge role in the supply and cost of care. Some regulations are necessary for children's safety, but others—like college degree requirements—are unnecessary.

The federal government's primary role in childcare is through the Child Care Development Block Grant (CCDBG) that assists lower-income families with childcare costs. Since the CCDBG primarily focuses on center-based care, it is less accessible to families in rural areas where faith-based and in-home childcare are the only options. Meanwhile, the federal Head Start program is more widely accessible in rural areas, but it has proven ineffective and mired in fraud. Currently, Head Start is also not a viable childcare solution as its programs operate less than half as many hours as childcare providers and it costs more than childcare in most states ($20,300 per pupil for Early Head Start and $14,500 for Head Start Preschool). Allowing families to use Head Start funds at a provider of their choice would expand childcare options.

Action Items (Congress and States):

- State lawmakers should **eliminate or reduce unnecessary and costly childcare regulations**, such as college-degree requirements and high teacher-child ratios.
- Federal lawmakers should **make Head Start funds portable** for families to take to a provider of their choice and **expand CCDBG accessibility in rural areas**.
- Lawmakers should **treat employer-provided childcare benefits like retirement and health benefits** for purposes of "regular rate" of pay calculations.

How It Would Make Life More Affordable:

- Childcare costs significantly less in states with fewer unnecessary regulations.
- Expanding existing funding to more effective options would give families access to better care.
- Eliminating red tape would increase employer-provided childcare benefits.

Related Legislation: Empowering Employer and Child and Elder Care Solutions Act (H.R. 2270); Expanding Childcare in Rural America (ECRA) Act (S. 1867 [118^{th} Congr.]).

BOTTOMLINE: Reducing unnecessary regulations and providing more choice in existing childcare spending will increase the supply and reduce the cost of childcare.