

HOW CHILDCARE IMPACTS
FLORIDA'S WORKFORCE
PRODUCTIVITY AND THE
STATE'S ECONOMY



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Untapped Potential:

How Childcare Impacts Florida’s Workforce Productivity and the State’s Economy

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Childcare gaps
drive parents out
of the workforce,
reduce tax revenue
for the state,
and put undue
strain on Florida
households and
businesses.

Introduction

The U.S. Chamber of Commerce Foundation (USCCF) recognizes childcare as a two-generation workforce issue that is essential to supporting today's workforce and developing the workforce of tomorrow. Unfortunately, the current supply of childcare falls short of demand, a problem that existed before the COVID-19 pandemic and has only become more severe since. Childcare gaps drive parents out of the workforce, reduce tax revenue, and put undue strain on Florida households and businesses—particularly among the most economically vulnerable. While these challenges are complex and persistent, they are addressable, and the business community can play a central role in developing solutions that benefit all Floridians.

Recognizing that a data-driven understanding of the impact of childcare breakdowns on working parents, their employers, and the state economy is prerequisite to creating meaningful solutions, USCCF partnered with the Florida Chamber Foundation to produce this report, which aims to address the unique needs of working parents in Florida by exploring the current childcare landscape. Our report estimates how often parents leave the workforce, are absent from school or work, or miss educational opportunities due to insufficient childcare support.

The metrics for this report were gathered by surveying a representative sample of 529 parents of children under the age of six across Florida. Survey results were then used to estimate the direct financial impact of insufficient childcare coverage on Florida's economy—\$5.38 billion each year.

The issue to overcome is multifaceted. Childcare is a central determinant in whether a parent can participate in the labor force, a reality that is on full display as the state continues to push for job growth. Florida ranks 41st in labor force participation relative to other states,¹ and our research findings indicate many parents may not be able to continue working without adequate childcare options. The childcare coverage gap in Florida is not only a barrier to parents' ability to participate in the labor force, but also a hindrance to the state's potential for growth and success. Florida's economy is strong and positioned to expand further—U.S. News & World Report ranked Florida 8th for Best Growth in 2022,² Forbes placed Florida 5th in the nation for GDP Growth in 2021,³ and in March of 2023, Florida had an unemployment rate of 2.6%, 10th among U.S. states.⁴ Our analysis shows that resolving existing childcare issues may result in an increased financial windfall for the state, easing labor shortages and fine-tuning its already humming economy.

The complexity of childcare challenges will require collaboration across sectors; in particular, public-private partnerships, like those between early education advocates and the business community, are vital to securing the path to prosperity for Florida's children, families, businesses, and economy. Childcare is a crucial support piece of Florida's economic infrastructure, and, properly addressed, has the capacity to unlock the full economic potential of the state, allowing it to thrive as a business environment. It is our hope that this report and the data presented will create opportunities for meaningful partnerships that will further our efforts to unite the business community in addressing the barriers to opportunity in Florida.

¹ Bureau of Labor Statistics, September 2022

² <https://www.usnews.com/news/best-states/rankings/economy/growth>

³ <https://www.forbes.com/sites/andrewdepietro/2021/08/04/2021-us-states-by-gdp-and-which-states-have-experienced-the-biggest-growth/?sh=7ae7ecf846c6>

⁴ <https://www.bls.gov/web/laus/laumstrk.htm>

Executive Summary

Numerous studies have highlighted the developmental benefits of high-quality childcare for young children. Children given appropriate childcare and high-quality early learning opportunities perform better in school, are less likely to drop out, and achieve higher test scores.⁵ Conversely, children with Adverse Childhood Experiences (ACEs) resulting from insufficient childcare are more than twice as likely to experience anxiety, three and a half times as likely to be depressed, and seven times more likely to engage in alcohol abuse.⁶

Access to childcare also allows parents the flexibility to pursue careers or enhance their education or vocational skills. Consequently, breakdowns in the childcare and early learning system result in valuable missed opportunities for children and their parents, who may experience disruptions to their work or education. Despite the well-demonstrated developmental benefits resulting from high-quality childcare, families in Florida often struggle to access affordable arrangements for their children. This occurs to the detriment of the state's economy.

The results of our research during March and April of 2023 suggest that insufficient childcare availability is costing Florida \$5.38 billion each year. Our report quantifies the direct economic impacts of the childcare crisis and builds on previous efforts to better understand the magnitude of the childcare problem. In 2019, the United States Chamber of Commerce Foundation (USCCF) conducted studies in four states—Idaho, Iowa, Mississippi, and Pennsylvania—and has since followed up with reports on Alaska, Arizona, Arkansas, Missouri, Texas, and Utah. In each state, childcare issues resulted in hundreds of millions—even billions—of dollars of lost economic activity. As policymakers, business leaders, and philanthropic agents consider next steps to position Florida for economic success, childcare and early learning support should land near the top of the priority list.

⁵ 1998) Cleveland and Krashinsky, <https://files.eric.ed.gov/fulltext/ED435452.pdf>

⁶ (2006) Anda, Felitti, et al., <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3232061/>

TOPLINE FINDINGS

– \$5.38B

THE UNTAPPED POTENTIAL:
Childcare issues result in an estimated \$5.38 billion loss annually for Florida's economy

– \$911M

Florida misses \$911 million annually in tax revenue due to the childcare crisis

– \$4.47B

Childcare-related employee turnover and absenteeism costs Florida employers \$3.47 billion per year

64%

Parents of young children missed work or class at least once in the past three months for childcare-related reasons

48%

Parents attending school or work training needed to make a significant adjustment to their schedule due to childcare issues in the past year

15%

Parents left a job in the past six months due to childcare issues

There is a significant gap between the demand for childcare and the availability of state-regulated childcare in Florida.



Population: 22 million

Average Household Income: \$69,884

Minimum Wage: \$7.25 per hour

Capital: Tallahassee

Surveyed: 529 parents of children under the age of 6

FLORIDA'S PROFILE

Florida is the third most populous state in the United States, with a population of approximately 22 million people.⁷ Between 2010 and 2020, Florida experienced population growth at a rate of 12.4%, far outpacing the national average (6.1%).⁸ Florida is expected to grow from approximately 8.6 million households in 2021 to 10.1 million households by the next decade, with an average household size of just over 2.5 individuals.⁹ Due to significant domestic and international migration, the state's population will likely continue its upward momentum for years to come.¹⁰ Considering the evolving family dynamics in the state, there is a need for childcare support services to assist parents who would like to pursue career and educational opportunities.

The state's economy has diversified significantly in recent years, with the real estate and tourism industries leading the way alongside growing industries in technology and finance.¹¹ Florida is famous for swaying palm trees, ocean breezes, and tropical weather, and vacationers come from near and far to experience the Sunshine State's sandy beaches. Unfortunately, the state's reliance on tourism and hospitality likely diminishes the effectiveness of typical parent-friendly policies such as remote work and flexible hours, compounding the need for parents, employers, and the government to jointly craft comprehensive childcare solutions.¹²

In 2022, Florida had a poverty rate of 13.3%, ranking it 32nd among U.S. states and territories.¹³ Sadly, the Florida Scorecard reports that an even higher proportion of Florida's children live in poverty (18.2%) though that number is trending downward.¹⁴ For childcare to be considered affordable, The U.S. Department of Health and Human Services (HHS) states that it should not consume more than 7% of a family's household income. Our survey indicates that low-income families in Florida spend on average 20% of their household income on childcare, driving them deeper into poverty. This finding is corroborated by an Economic Policy Institute report that found that childcare costs in Florida are among the highest in the country.¹⁵ The price of formal childcare forces parents to consider alternative arrangements—mainly informal care arrangements that may come at the cost of employment and educational participation. For parents who prefer to work, flexibility in their employment is a key determinant of whether they will be able to participate in the labor force.

The Florida Policy Institute (FPI) has found that there is a significant gap between the demand for childcare and the availability of state-regulated childcare in Florida.¹⁶ FPI data also shows that female participation in the labor force in Florida is lower today than it was in 1987.¹⁶ Across the state, 38% of Florida residents live in a childcare desert with limited access to licensed childcare providers.¹⁷

⁷ <https://www.census.gov/quickfacts/FL>

⁸ Ibid.

⁹ Florida Demographic Estimating Conference (2022).

¹⁰ Ibid.

¹¹ <https://stacker.com/business-economy/states-most-diverse-economies>

¹² <https://www.weforum.org/agenda/2021/05/the-future-of-remote-work-for-manufacturing/>

¹³ <https://data.census.gov/cedsci/>

¹⁴ <https://thefloridascorecard.org/?AspxAutoDetectCookieSupport=1>

¹⁵ <https://www.epi.org/child-care-costs-in-the-united-states/#/FL>

¹⁶ <https://www.floridapolicy.org/>

¹⁷ <https://www.floridapolicy.org/posts/transforming-child-care-access-is-key-to-a-just-recovery>

¹⁸ <https://childcaredeserts.org/>

Recent policy developments are beginning to deliver significant resources to safeguard the future of childcare in Florida, creating new reasons for optimism. In April of 2022, Governor Ron DeSantis signed into law Senate Bill 7034, furthering Florida's support for foster families by raising monthly payments for caregivers, increasing the monthly childcare subsidy, and expanding education waivers for foster children.¹⁹ Since 2020, the Florida Department of Education and the Division of Early Learning have allocated more than \$2.6 billion in relief funds to keep early care providers open and available to assist families across the state.

Florida has also launched initiatives such as the School Readiness Program, which provides subsidized childcare to eligible low-income families, and the Voluntary Prekindergarten Education Program (VPK), which provides free prekindergarten education to all four-year-olds in the state. However, while the Voluntary Prekindergarten Education Program is free to parents, it only covers 540 hours of childcare—not nearly enough to solve childcare needs. Florida additionally offers the Child Care Resource and Referral (CCR&R) program, which connects families with licensed childcare providers and aids with paying for childcare.

While recent signs of progress are encouraging, our survey results show that there is still work to be done to maximize Florida's potential as a family-friendly economic powerhouse. Parents face both immediate and lasting consequences resulting from insufficient childcare and early learning arrangements that impact their ability to work full-time, earn a wage consistent with their experience and capability, and continue their education. To quantify the full economic impact of childcare, one must consider questions like these:

For parents: When parents leave the workforce, how much income are they sacrificing? Are they missing out on promotions or raises? What is the value of these missed merit increases across a lifetime? What educational and personal development opportunities are parents skipping?

For businesses: When employees leave or miss work due to childcare disruptions, how are business operations affected? **How much larger could the employee talent pool be if parents could work without being limited by childcare necessities?** What is the lost economic value from training replacements for parents who leave work to care for their children?

For the state: How are Florida's public programs impacted by childcare disruptions? **How much more growth could Florida see if parents struggling with childcare could return to the workforce?** How would tax revenues increase if household wages went up? How would quality of life improve for families if they had adequate childcare options?

The next section of this report highlights the motivations behind parents' decisions, the most important contributing factors, and the wide financial implications of these choices.

¹⁹ <https://www.flgov.com/2022/04/12/governor-ron-desantis-signs-bill-to-increase-support-for-foster-parents-and-former-foster-youth/>

Recent policy developments are beginning to deliver significant resources to safeguard the future of childcare in Florida, creating new reasons for optimism.

Survey Results

A total of 529 parents with children under the age of six were surveyed. The respondent pool was generally representative of Florida's racial, geographic, and income demographics. The purpose of the survey was to gauge the current state of childcare in Florida, understand parents' reasons for selecting their current childcare arrangement, and inform stakeholders of the cost of childcare gaps to Florida and its employers.

Key Findings

Current Childcare Dynamics

- Among parents of children younger than six, **78% pay for childcare**.
- Parents primarily pick their childcare provider based on **affordability**.
- **Families who pay for any form of childcare spend on average \$730 per month**, although costs vary by provider type and household income.
- Families pay for childcare out of their **personal budget 65%** of the time.

Unsurprisingly, our survey confirmed that childcare arrangements vary greatly based on household income (**FIGURE 1**). In general, families in Florida elect to place their child under the care of close family members at least some of the time. High-income parents in Florida are seven times as likely as low-income parents to place their child under the care of a nanny / au pair. Many parents consider hiring a nanny to be the ideal childcare arrangement, but only the highest earners can comfortably afford this accommodation. Overall, high-income homes have a wider range of care options available to them relative to low-income earners, and high-income parents are more likely than other groups to be using multiple childcare solutions at the same time.

“My biggest challenges to accessing childcare would be the extremely high cost that daycare centers have. For my seven-month-old, daycare is \$260 per week. There is absolutely no way I can afford that. I found one daycare that is \$160 per week, but their waitlist is 2 years.”

— FLORIDA MOTHER OF MULTIPLE CHILDREN UNDER SIX

Preferences and motivations further reflect the childcare divide between socioeconomic classes. When asked why they chose a particular childcare arrangement, high-income parents were most likely to select “perceived quality / reputation” of all groups surveyed (FIGURE 2). Lower-earning families more often use price as the sole deciding factor when choosing their childcare arrangement, while high-income parents can consider several criteria and be more selective in their choice. Although personal preference plays a considerable role in all groups’ decisions, the typical Floridian is motivated primarily by concerns about affordability. Cost is a relatively income-agnostic criterion, as 86% of low-income and middle-income parents and 78% of high-income parents agree it is a key factor in the childcare decision.

“Money is everything! Especially when my children were younger and both in full day childcare centers—that was more expensive than the mortgage. If money was no object there would be no issues finding quality childcare.”

— FLORIDA MOTHER OF A FOUR-YEAR-OLD

When asked how they primarily pay for childcare, 65% of respondents reported using their personal budget to pay for childcare (FIGURE 3). The low-income group relied on paying out of pocket the least and reported lower per-month childcare expenditure (\$492) compared to the middle-income and high-income groups (FIGURE 4).

FIGURE 01.
Current childcare arrangement by income group
*Parents could select more than one option

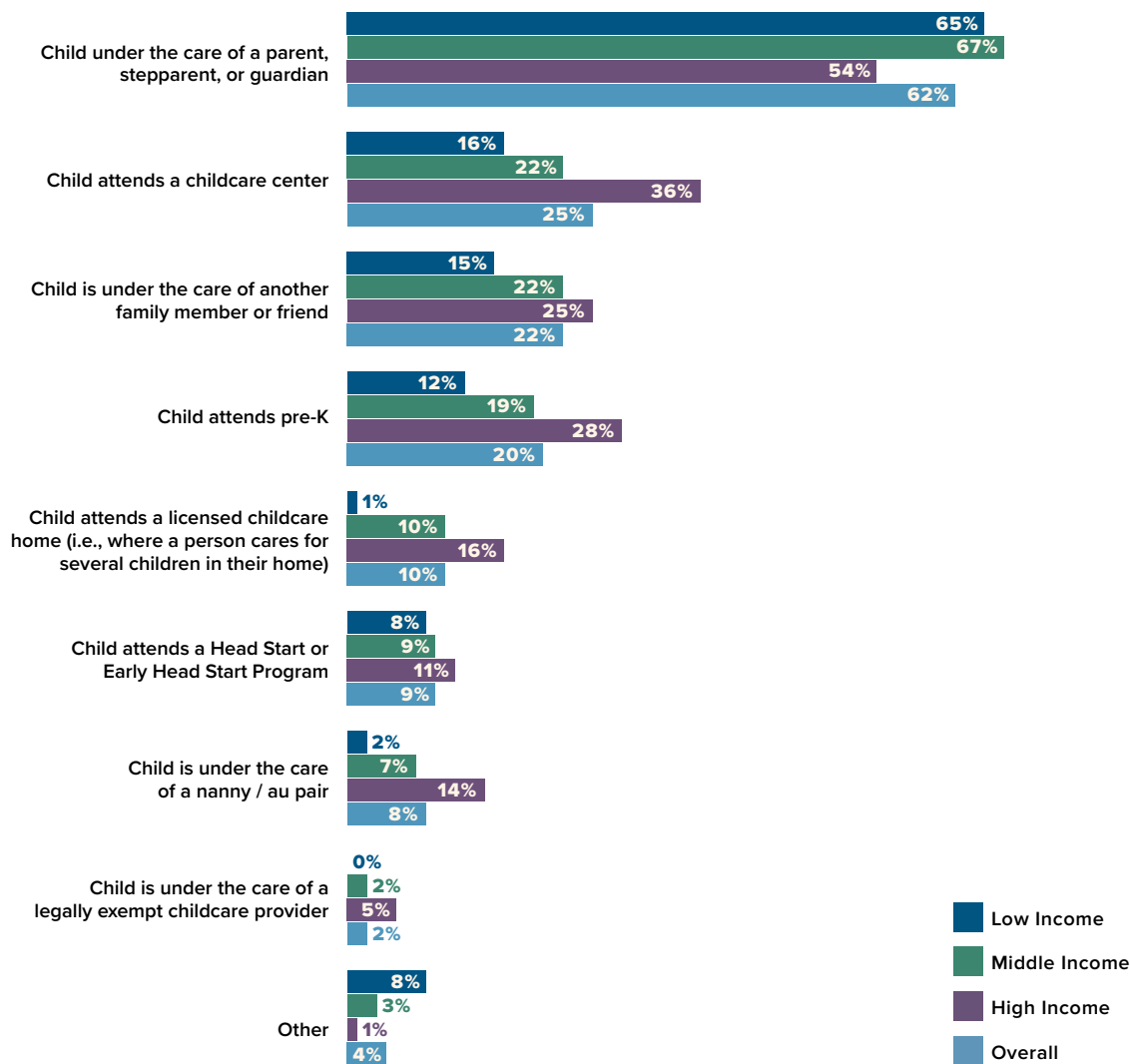


FIGURE 02.

Primary reason for selecting arrangement by income group

*Parents could select more than one option

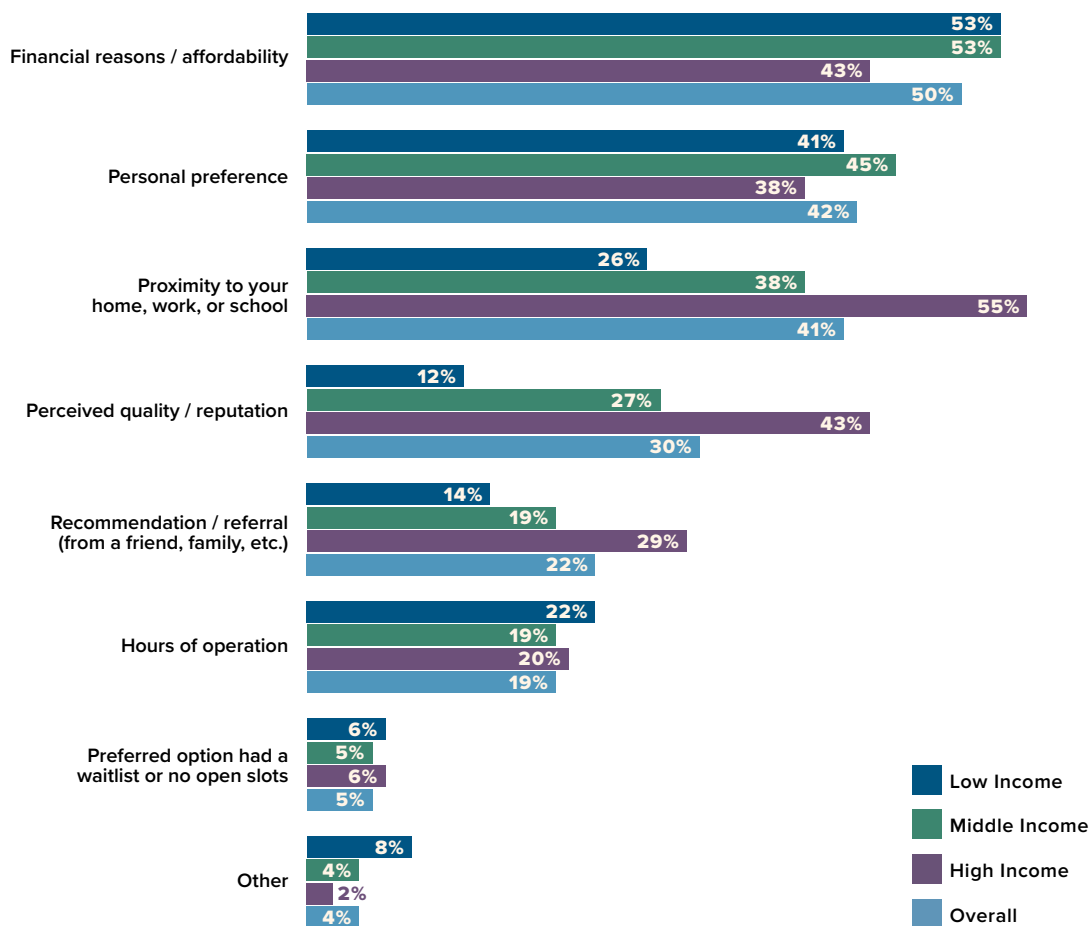


FIGURE 03.

Primary source of funding for childcare by income group

*Parents could select more than one option unless they reported no childcare costs

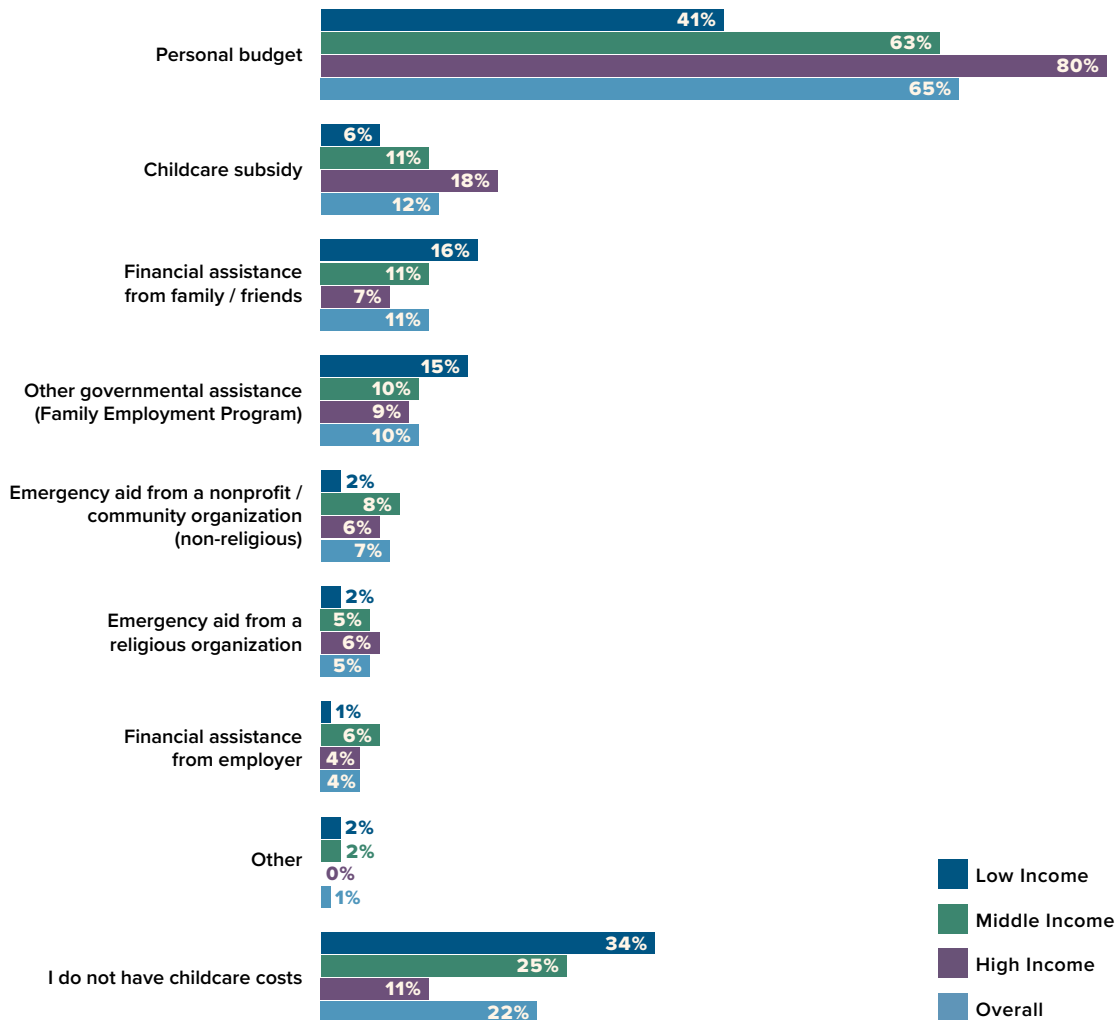


FIGURE 04.

Parents' reported monthly childcare expenditure

*Parents entered a dollar amount manually



Current Employment Dynamics

Recent societal shifts brought on by the advancement of technology and the COVID-19 pandemic have changed working dynamics for parents locally in Florida and across the country. Parents especially benefit from flexible working options, such as remote work and flexible hours, which gained mainstream status beginning in 2020. A 2022 McKinsey study found that 58% of Americans reported working at least one day from home each week, and 35% had the option to work fully remote. Among the key findings in the study was the revelation that 87% of workers prefer to work remotely, given the option.²⁰

Of course, many employees do not have the option of working remotely—a fact particularly relevant to Florida, which boasts an above-average number of hospitality and tourism jobs. High-income employees in technology, business, architecture, and other white-collar jobs more often work from home, where they potentially have the flexibility to tend to their children, while low-income parents are more usually required to commute to their workplace. Where possible, remote work is an attractive option for companies looking to help their employees take care of their families. For those in jobs where employees' physical presence is required, more creative measures will need to be considered.

In Florida, 62% of cohabitating parents with a child under the age of six have both parents participating in the labor force, while 32% have only the father in the labor force.²¹ Parents who work full-time reported working just over 40 hours per week on average, while part-time parents average 23 hours (FIGURE 5). Most full-time employed parents in our study reported working a traditional “nine-to-five” weekday schedule, and a plurality of part-time workers determine their own schedule (FIGURE 6). A parent's working schedule and job location frequently dictate the childcare options available to them. Thus, parents must weigh competing priorities, balancing their career or education goals with the responsibilities of raising children.

²⁰ <https://www.mckinsey.com/industries/real-estate/our-insights/americans-are-embracing-flexible-work-and-they-want-more-of-it>

²¹ <https://data.census.gov/table?q=C23008&q=040XX00US26&tid=ACSDT1Y2021.C23008&moe=true>

Parents were prompted to select the response option that best describes their current employment and report the number of hours they work (if applicable).

FIGURE 05.
Average hours per week by employment status

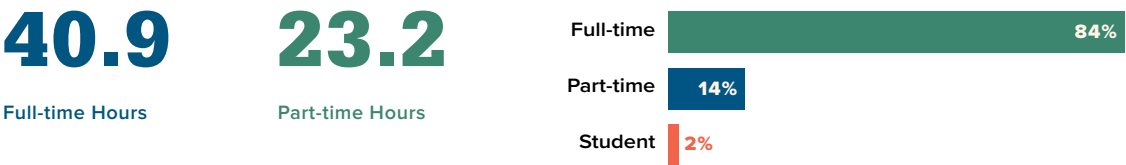
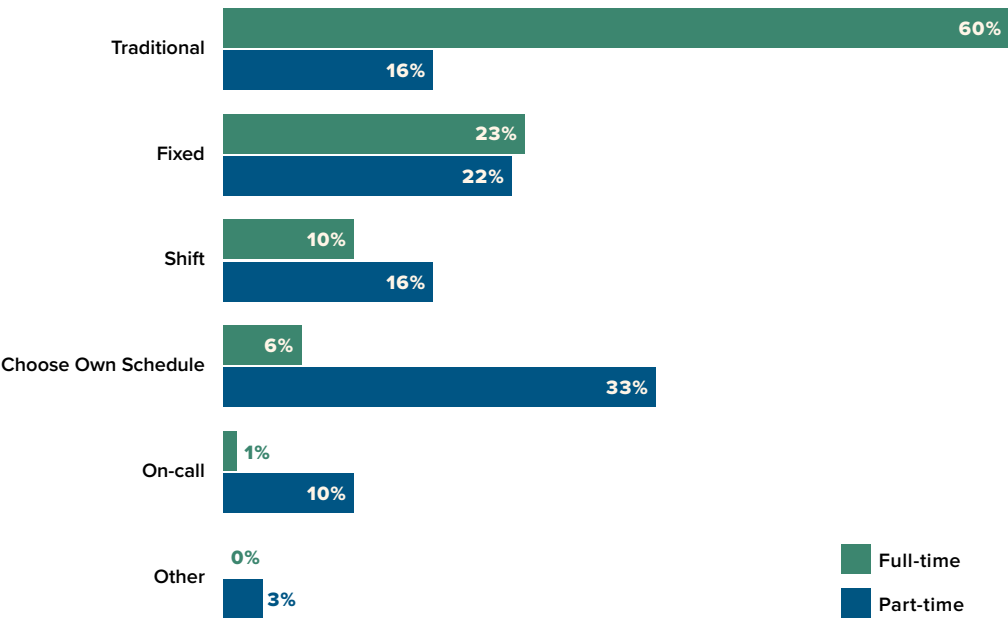


FIGURE 06.
Full vs. part-time job schedule



FLORIDA MOTHER OF A TWO-YEAR-OLD

“Due to childcare issues, I switched my job from full-time to part-time this past year. I could not focus on my full-time job because I was worried about my child all the time.”

Impact of Childcare on Employment and Education

Working parents are acrobats. Each day, they perform a balancing act, juggling work, school, and development opportunities while also trying to raise a family. Occasionally, the family circus is disrupted by sudden changes in employment that threaten the parent's ability to maintain the act. Research from the Center for American Progress (CAP) revealed that each year from 2016–2018 in the U.S., more than 2 million parents of children aged five and younger—nearly 1 in 10 parents—had to quit a job, not take a job, or greatly change their job because of childcare problems.²² An estimated 7.3% of parents experienced childcare-related job disruptions in 2020;²³ some parents were laid off and gave up trying to find work due to caregiving responsibilities while others left the workforce to provide childcare.²⁴

- Twenty-eight percent of households have experienced changes to their own employment situation due to childcare issues (FIGURE 07).

Floridians who responded to our survey reported their employment being affected in a variety of ways, including voluntarily or involuntarily leaving their jobs, decreasing their hours from full-time to part-time, being unable to increase their hours, or inability to accept a new position. In addition to those who have already experienced changes to their work, 17% of working parents plan to leave their job in the next 12 months (FIGURE 8). Forty-five percent of those who indicated plans to leave their job within the next year cited childcare as a primary reason, while 40% are seeking a new work opportunity and 34% are dissatisfied with their current role.

All income groups are similarly likely to be planning on leaving their current employment (FIGURE 9).

Our survey asked a question from the National Survey of Children's Health (NSCH) to provide a comparison to the national data from 2019:

“During the past 12 months, did you or anyone in the family have to voluntarily leave a job, not take a job, or greatly change your job because of problems with childcare for this child, age 0–5 years?”

²² <https://www.americanprogress.org/issues/early-childhood/news/2020/02/18/480554/child-care-crisis-causes-job-disruptions-2-million-parents-year/>

²³ <https://www.americanprogress.org/article/child-care-crisis-causes-job-disruptions-2-million-parents-year/>

²⁴ <https://19thnews.org/2021/01/about-700000-parents-with-young-kids-left-the-workforce-in-2020-for-many-loss-of-child-care-was-to-blame/>

“I want to go back to school to finish obtaining my degree, but full-time care for my child has momentarily put this on hold until I am stable enough to afford a nanny or home nurse.”

— FLORIDA MOTHER OF A TWO-YEAR-OLD

FIGURE 07.

Percentage of parents who experienced employment changes due to childcare issues, by income group



FIGURE 08.

Parents planning to leave employment over the next 12 months, by gender



FIGURE 09.

Parents planning to leave employment over the next 12 months, by income group



According to the NSCH, just over 9.4% of parents in the U.S. reported that childcare issues are causing significant disruptions to their employment, with Floridians experiencing disruptions above the national average (13.6%) (FIGURE 10). The parents in our survey reported much higher rates (27.6%) of childcare issues significantly impacting employment for their household. Aside from differences in survey design that affect the comparison of our data to the NSCH, the COVID-19 pandemic and ongoing economic uncertainty have likely contributed to an increase in the proportion of parents who feel that their employment has been disrupted by the childcare crunch.

Childcare issues also pose significant challenges to parents who are seeking to further their education. Twenty-seven percent of parents in Florida are pursuing, or have pursued in the last 12 months, some type of school or work training program (FIGURE 11). Most often, parents are enrolled in work training (FIGURE 12). Unfortunately, many of these parents went from full-time to part-time in school or a work training program, were dropped from a class roster, or left the program entirely, due to issues with childcare.

FIGURE 10.
Percentage of parents who answered “Yes” to the NSCH question, comparison by state

COMPARED NATIONALLY	PERCENT
Nationwide NSCH (2019)	9.4%
Florida NSCH (2019)	13.6%
Arizona Untapped Potential (2021)	34.1%
Arkansas Untapped Potential (2021)	34.6%
Missouri Untapped Potential (2021)	27.6%
Texas Untapped Potential (2021)	29.8%
Utah Untapped Potential (2022)	33.5%
Florida Untapped Potential (2023)	27.6%

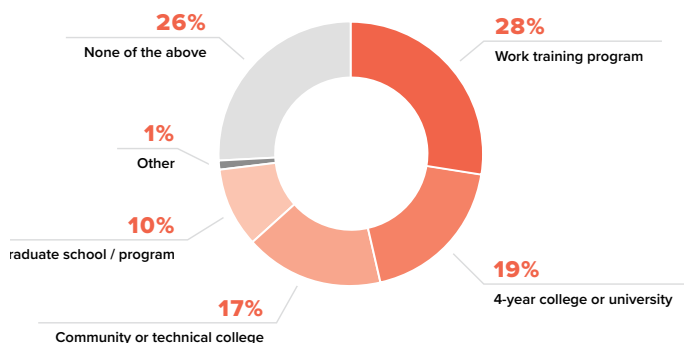
FIGURE 11.

Percentage of parents who attended a school or work training program in the last year



FIGURE 12.

Type of education being pursued



“I am self-employed and have thought about leaving to work for a company for better and more consistent pay. However, as a single mother of a small child, I need the flexibility to leave work, miss work or bring my child to work at the drop of a dime.”

— FLORIDA MOTHER OF A THREE-YEAR-OLD

Childcare Subsidies, Benefits, and Accommodations

To support families in caring for their children, the federal government provides various subsidies and tax benefits. The state of Florida additionally funds initiatives like the School Readiness Program. Parents in our study also reported using a number of tax benefits to help pay for childcare, the most common being the Child Tax Credit (48%), followed by the Earned Income Tax Credit (28%) and the Child and Dependent Care Tax Credit (21%) (**FIGURE 13**). In all, most Florida parents are taking advantage of at least one government assistance program or tax break.

While these programs are helpful, employers have a role to play in bridging the gap between state-sponsored or subsidized care and parents' capacity to tend to their children. In our study, only 27% of respondents reported that their employer offered childcare assistance, benefits, or accommodations, with the most frequently shared examples being flexible work hours and paid maternity leave. Employers are increasingly offering more flexibility to parents of children, a trend sparked by the pandemic that is proving to be highly appealing to parents.²⁵ When asked to name the benefits they believe to be most important or useful, parents most often mention remote work and flexible hours (**FIGURE 14**). Clearly, employees crave flexibility. In turn, businesses that provide these benefits support and incentivize participation in the workforce, reduce turnover, and improve employee satisfaction.²⁶

“I have had to flex my work schedule so I can drop my eight-year-old off at school and then drop my four-year-old off too. I get in late and have to stay later as a result. I’m just grateful for an understanding supervisor.”

— FLORIDA MOTHER OF A FOUR-YEAR-OLD

²⁵ <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/married-to-the-job-no-more-craving-flexibility-parents-are-quitting-to-get-it>

²⁶ <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/How%20We%20Work/Gender-parity/Brief-Benefits-of-flexible-working-arrangements-en.pdf>

Some employers fear that remote work will reduce employee productivity, but emerging evidence suggests these concerns are overblown. Studies conducted before and after the COVID-19 pandemic have shown that most remote employees demonstrate higher levels of performance than their in-person colleagues.²⁷ Since remote work is not feasible for many parents, especially those in industrial or customer service-oriented jobs, it must be considered only one part of a more comprehensive childcare solution.

Respondents were provided with a brief explanation of each of the programs below.

FIGURE 13.

Parents use of assistance programs

*Parents could select more than one option

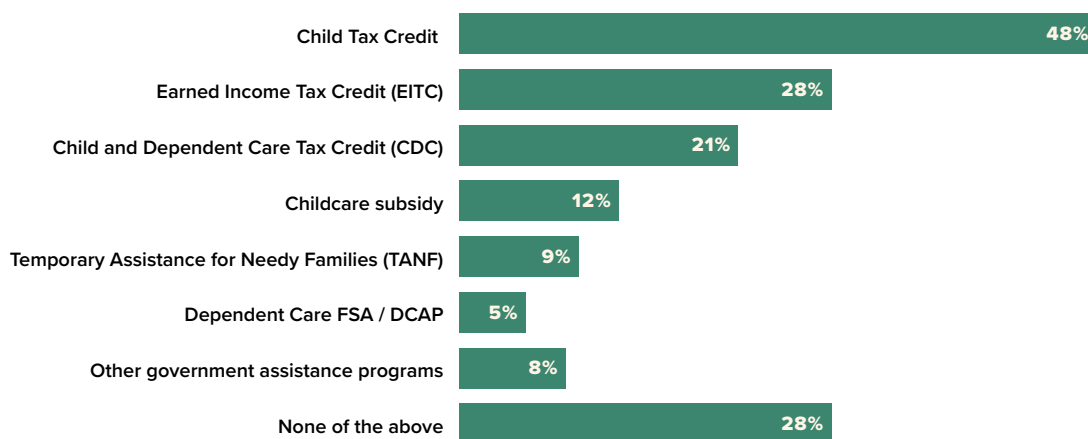


FIGURE 14.

Top three most important employer benefits selected by parents

*Parents could select more than one option



²⁷ For example, see (2015) Bloom, Roberts, et al., *The Quarterly Journal of Economics*, Feb. 2015

FLORIDA MOTHER OF A ONE-YEAR-OLD

“I worked full-time, then went on maternity leave for 12 weeks. We could not find childcare, so I had to work part-time from home while caring for my son. Eventually, I was asked to return to the office. This was not possible, as we still did not have childcare, so I had to quit my job. We have been on waitlists for over a year and are still waiting.”

Parent Preferences and Decision Criteria

In deciding between available childcare options, parents must weigh their individual preferences against practical matters such as ease of access, affordability, and level of trust and safety. Those who want to work have to manage competing priorities, not all of which can be adequately addressed. Parents face difficult tradeoffs between cost, convenience, and quality, and often settle for childcare solutions that do not perfectly match their preferences.

Overall, just over three-quarters (76%) of parents in Florida are satisfied with their current childcare arrangement. However, satisfaction is not evenly distributed, and tends to vary based on income level, gender, and ethnicity. Satisfaction peaks among high-income parents, 84% of whom are satisfied with their current childcare situation, compared to 76% of middle-income parents and 61% of low-income parents (FIGURE 15). One explanation might be that high-income parents have the financial freedom to enroll in the childcare option of their choice, while low-income households are forced to rely on less optimal accommodations. Additionally, men are significantly more likely to express satisfaction with their childcare arrangements than women, and white persons experience higher satisfaction relative to nonwhite persons.

Parents have a high level of trust in licensed childcare homes and would choose to send their child to one above all other childcare options. If a licensed childcare home is not available, nannies and legally exempt childcare providers are top alternatives (FIGURE 16).

“It’s very hard trying to find childcare at a facility. Everywhere we called we got nowhere. I ended up having to hire a nanny temporarily until childcare opens up for my four-year-old. Thank GOD my husband was able to pick up more hours to balance out our income until I go back full-time. A nanny is very expensive!”

— FLORIDA MOTHER OF A FOUR-YEAR-OLD

Regarding decision criteria, parents primarily select a childcare arrangement based on financial considerations; affordability is key. Cost is viewed as the biggest hurdle to accessing quality early learning and childcare, with half of all parents mentioning it as a primary driver behind selecting their current childcare arrangement (FIGURE 17). The financial burden of childcare costs is particularly felt by low-income households, which consequently express less satisfaction with their childcare arrangement and are more likely to need to change their arrangement in the next 12 months. When choosing a childcare arrangement, trust, quality, and safety are top considerations for parents (FIGURE 18).

Moving forward, parents will continue to seek childcare that matches their needs and preferences while reflecting their financial constraints. Women, people of color, and low-income parents are especially feeling the strains of inflation and rising childcare costs—they want better care for their children, but do not know where to find it or how they will pay for it. Understanding these diverse perspectives will allow businesses, the state of Florida, and local communities to align on solutions to address the most pressing problems.

FIGURE 15.
Satisfaction among parents, stratified by income level

SATISFACTION WITH CURRENT CHILDCARE ARRANGEMENT	LOW INCOME	MIDDLE INCOME	HIGH INCOME	OVERALL
Satisfied	61%	76%	84%	76%
Unsatisfied	18%	4%	2%	6%
Neither satisfied nor unsatisfied	21%	19%	14%	18%

Satisfaction with current childcare arrangements also varies by gender, ethnicity, and caregiver status.

80%

White parents are more satisfied than non-white parents (71%).

84%

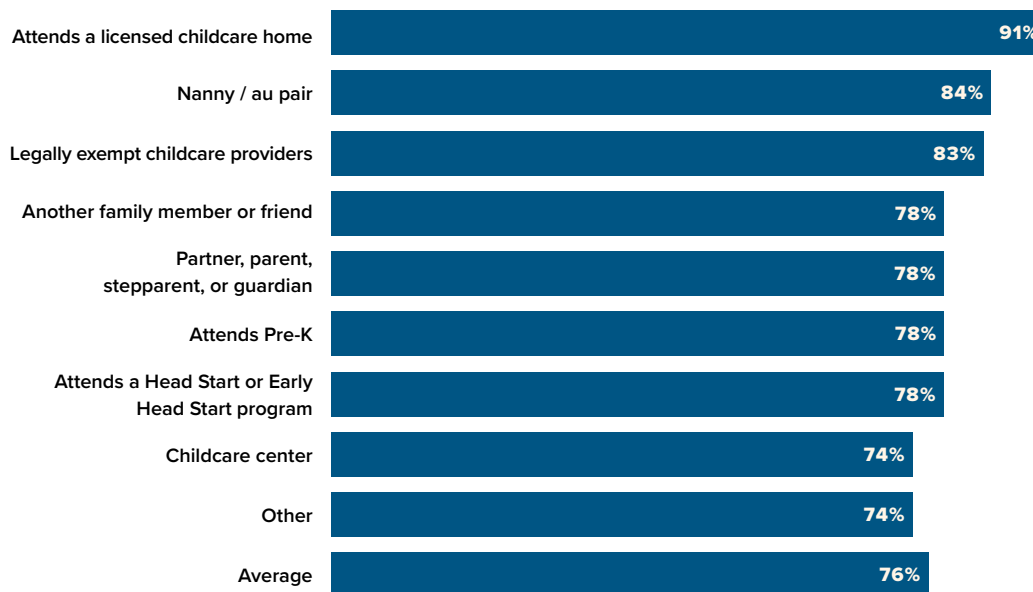
Men are more satisfied than women (72%).

78%

Primary caregivers are much less satisfied than their non-caregiver partners (91%).

FIGURE 16.

Percentage of parents who are satisfied with their given arrangement



“The combination of quality and affordability doesn’t exist. At the end of the day, if you want quality time, labor costs are high. A licensed, trained professional with a low student-to-teacher ratio is expensive, even without factoring in the cost of learning materials or entertainment. So, the few good places fill up very fast, predominantly with siblings of existing childcare kids.”

— FLORIDA FATHER OF A ONE-YEAR-OLD

FIGURE 17.
Reasons for selecting current arrangement
*Parents could select more than one option

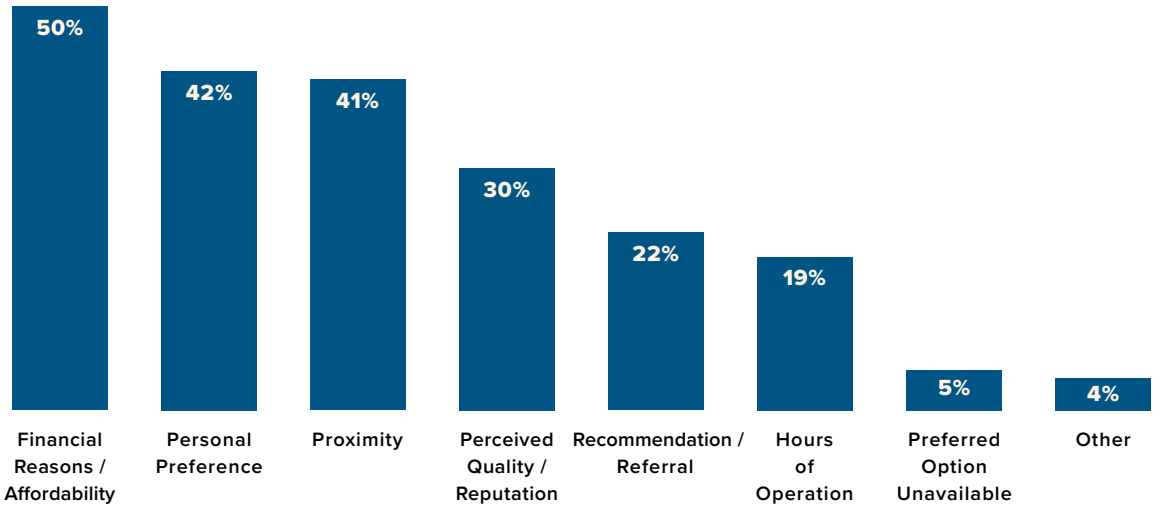
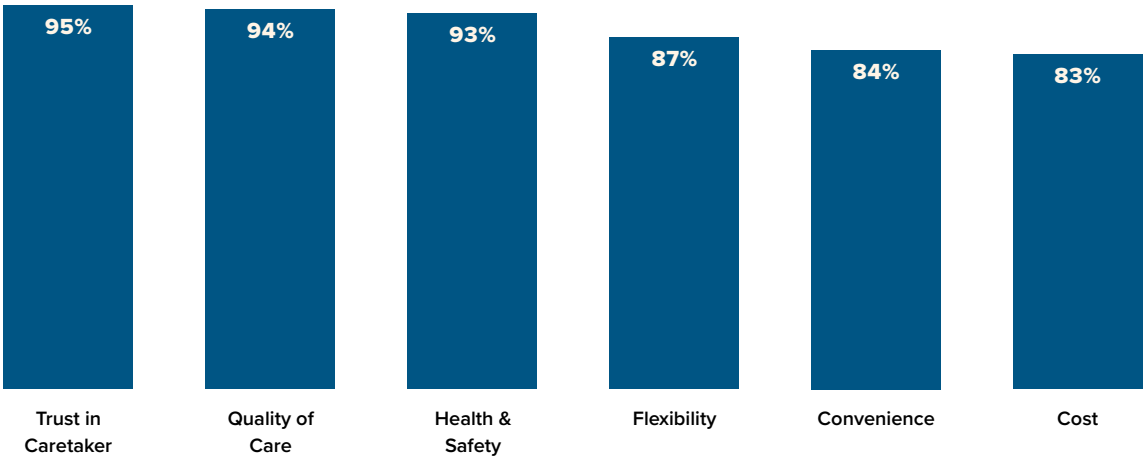


FIGURE 18.
Percentage of parents who indicated a given factor is of high importance



FLORIDA MOTHER OF MULTIPLE CHILDREN UNDER SIX

“I am unable to attend an education course I signed up for a year ago because it requires long hours and I have no one to care for my kids.”

Immediate and Lasting Costs of Childcare Issues

We estimate that breakdowns in childcare are costing Florida \$5.38 billion in untapped economic potential annually. Workplace disruptions in the form of absenteeism and employee turnover, and lost tax dollars from unearned wages, account for Florida's lost economic value.

Working parents often struggle with employment due to childcare issues and may be absent, arrive late, or otherwise be interrupted at work if they are unable to access adequate care for their children. In Florida, 64% of parents missed work at least once in the last three months due to childcare issues, and those that missed work did so for an average of 19 days per year. Parents who miss work incur costs to themselves and employers; families suffer from reduced wages, and businesses bear the financial cost of making up for the lost work by paying overtime or hiring temporary workers. When accounting for these issues, we estimate that the direct employer cost due to absenteeism in Florida is \$2.70 billion per year.

Parents who experience a significant change in their childcare arrangement or life situation may choose to voluntarily leave the workforce. At times, difficulties balancing work and childcare concerns lead to parents being involuntarily let go from their work positions. As employees leave the workforce, employers face significant replacement costs. Secondary research indicates that it costs about one-fifth of an employee's annual salary for them to be replaced.²⁸ Using this benchmark, we estimate that the turnover cost to employers in Florida is \$1.77 billion annually. This number represents the significant sum of money companies burn through each year, replacing parents who perhaps could have continued in their current position if they had access to adequate childcare assistance.

Costs from breakdowns in childcare are not isolated to employers and families. As people miss work or leave employment, there is a fiscal cost to Florida through decreased tax revenues. The consequences of decreased household income are felt repeatedly in the form of reduced sales and use taxes. We estimate that every year Florida fails to capture \$911 million in taxes not excised because of insufficient childcare resources.

The \$5.83 billion in lost value for Florida each year is not some abstract number; it represents money taken from the pocketbooks of Floridian families, businesses, and governments. Each dollar lost due to insufficient childcare is a dollar that will not be used to fund a single mother's education, provide for a special-needs child, or put food on a struggling family's table. The annual loss to Florida is certainly eye-opening; compounded over decades, and when measured in terms of unaddressed human suffering, it becomes staggering.

²⁸ <https://www.americanprogress.org/article/there-are-significant-business-costs-to-replacing-employees/>

THE UNTAPPED POTENTIAL

- \$5.38B

Childcare issues result in an estimated \$5.38 billion loss annually for Florida's economy

DIRECT EMPLOYERS COSTS

\$1.77B

Turnover costs to employers

+ \$2.70B

Absences costs to employers

\$4.47B

Total

DIRECT TAX REVENUE IMPACT

\$693M

State tax loss from turnover

+ \$218M

State tax loss from absences

\$9.11M

Total

Immediate Effects on Employment and Education

- Nearly half of parents enrolled in education programs have had their education disrupted by childcare issues. Men were more likely to report that childcare affected their education and employment than women (**FIGURE 19**).

For the purposes of this report, immediate and long-lasting effects were examined through the dual lenses of education and employment. The Bureau of Labor Statistics maintains historical educational attainment and employment data that charts a strong correlation between an individual's level of education, their lifetime earnings, and their likelihood of being unemployed. Put simply, more education equals more money and better job security.²⁹ Thus, hurdles preventing parents from finishing school are detrimental to the economy on both a micro and macro scale.

Across Florida, 27% of parents have been enrolled in school or work training programs at some point throughout the past year. These parents are often trying to provide better lives for their families by advancing their career prospects, but find their educational goals threatened by childcare gaps. Of those who have attended a school or work training program in the last year, 48% have seen their education interrupted by childcare concerns, including going from full-time to part-time (22%), choosing to stop attending an education program (22%), or being dropped from a class or program entirely (18%) (**FIGURE 20**). Educational disruptors negatively influence the earning potential of parents and their ability to contribute to the economy.

Overall, 43% of parents in our survey experienced recent disruptions to their employment. Five percent of Florida parents indicated they left the workforce involuntarily by being let go, with another 10% quitting voluntarily, both as a direct result of issues with childcare. These effects were not experienced equally by all groups; low-income households were the most likely to experience a change in work due to childcare (**FIGURE 21**). Men (32%) were more likely than women (25%) to experience employment changes due to childcare issues (**FIGURE 22**) and reported a higher rate of being fired, but women were more likely to voluntarily quit or reduce their working hours than men (**FIGURE 23**).

In our study, 75% of working parents reported that in the last six months, they were forced to adjust their schedules via means such as alternating work hours with someone else in their household (20%), working while simultaneously caring for a child (26%), and working fewer hours (25%) (**FIGURE 24**). When adjustments cannot be made, parents are forced to neglect work responsibilities; sixty-four percent

²⁹ <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>

of parents missed work or school at least once in the last three months due to childcare issues. Short of being absent, parents may experience interruptions at work or school due to childcare. Sixty percent of Florida parents reported being late to work or school at least once due to childcare—including 63% of fathers. Similarly, 59% of parents reported feeling disrupted, and 57% confessed to being distracted at least once in the past three months (FIGURES 25 TO 28). Employers without flexibility in their work policies may see parents, especially those from low-income households, opt to exit the labor market when forced to decide between balancing a work schedule and paying for childcare services or staying home.

Survey findings indicate that whether or not childcare issues drive parents completely out of the workforce, there are immediate effects on employment and education. These data help businesses understand the ways in which young parents may be most vulnerable, helping employers tailor their childcare benefits to the parents who need them most. Such decisions have an immediate effect on an employee's hours and income, but also have a lasting impact by altering the trajectory of an individual's career and professional development.

FIGURE 19.

Childcare issues impacted postsecondary education or training program, by gender



FIGURE 20.

Education changes due to childcare

HOW PARENTS SAID CHILDCARE ISSUES IMPACTED POSTSECONDARY EDUCATION OR TRAINING PROGRAM	OVERALL
* Parents could select more than one option	
Stopped attending school or a work training program	22%
Went from full-time to part-time	22%
Dropped from a class roster at school or at a work training program	18%
Did not go / declined going from part-time to full-time	5%
None of the above	52%

FIGURE 21.
Percentage of parents that have had their employment impacting by childcare by income group



FIGURE 22.
Percentage of parents who have had their employment disrupted by childcare by gender



FIGURE 23.
How parents said childcare issues impacted their employment by gender

HOW PARENTS SAID CHILDCARE ISSUES IMPACTED THEIR EMPLOYMENT BY GENDER * Parents could select more than one option	FEMALE	MALE	OVERALL
Quit a job	11%	8%	10%
Went from full-time to part-time	12%	7%	10%
Was let go / fired by employer	4%	7%	5%
Declined a promotion	2%	7%	4%
Declined / turned down / could not accept a job	6%	3%	4%
Declined a raise	1%	3%	2%
Did not go / declined going from part-time to full-time	2%	2%	2%

FIGURE 24.
Actions taken over the last 6 months

WHAT PARENTS SAY THEY HAVE DONE IN THE LAST 6 MONTHS TO PROVIDE CHILDCARE, BY INCOME GROUP	LOW INCOME	MIDDLE INCOME	HIGH INCOME	OVERALL
Worked (onsite or virtually) while simultaneously caring for a child	21%	24%	32%	26%
Work less hours	27%	26%	22%	25%
Work outside of normal business hours	16%	21%	26%	22%
Alternate work hours with someone in my household	19%	19%	22%	20%
Left employment (voluntarily or involuntarily)	24%	19%	11%	17%
Take paid leave	5%	14%	24%	16%
Travel to extended family or friends for childcare support	11%	12%	16%	13%
Delayed entry into the job market	21%	24%	32%	12%
Had a relative move in with you for childcare support	6%	9%	15%	10%
Take unpaid leave	11%	11%	8%	10%
None of the above	31%	26%	18%	25%

.....

“Due to a lack of childcare and housing, I have had to relinquish career paths and opportunities. One job was very promising but unfortunately, I had to resign due to work hours not being completely stable. They had wanted me to work most nights and many childcares do not offer night care.”

— FLORIDA MOTHER OF A TWO-YEAR-OLD

FIGURE 25.
Frequency of missing work or class in the last 3 months, by gender

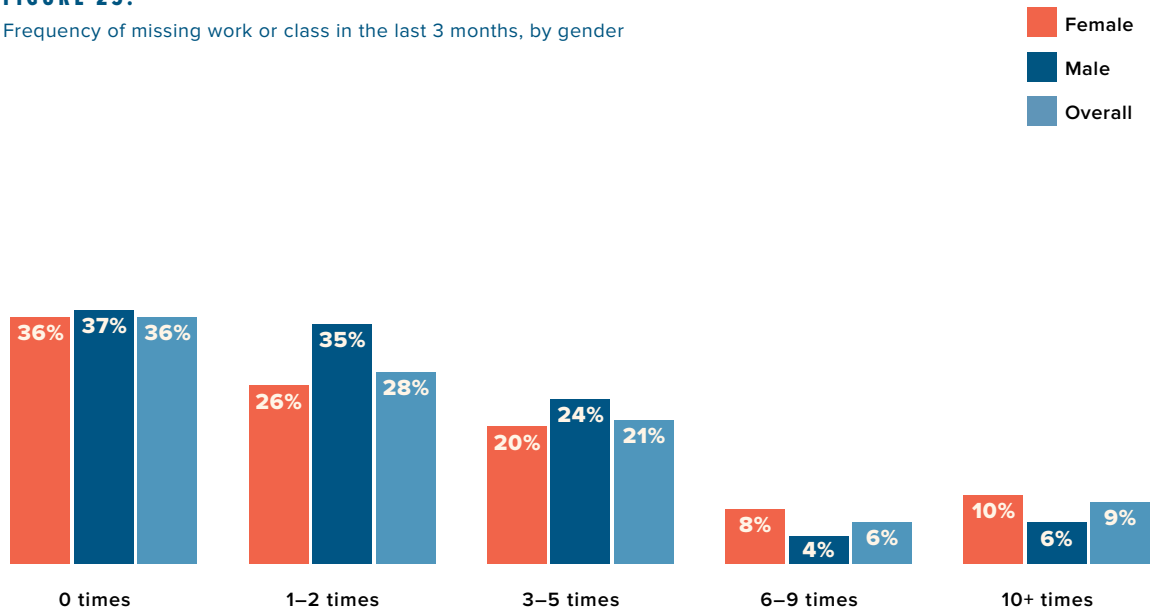


FIGURE 26.
Frequency of being late to work or class in the last 3 months, by gender

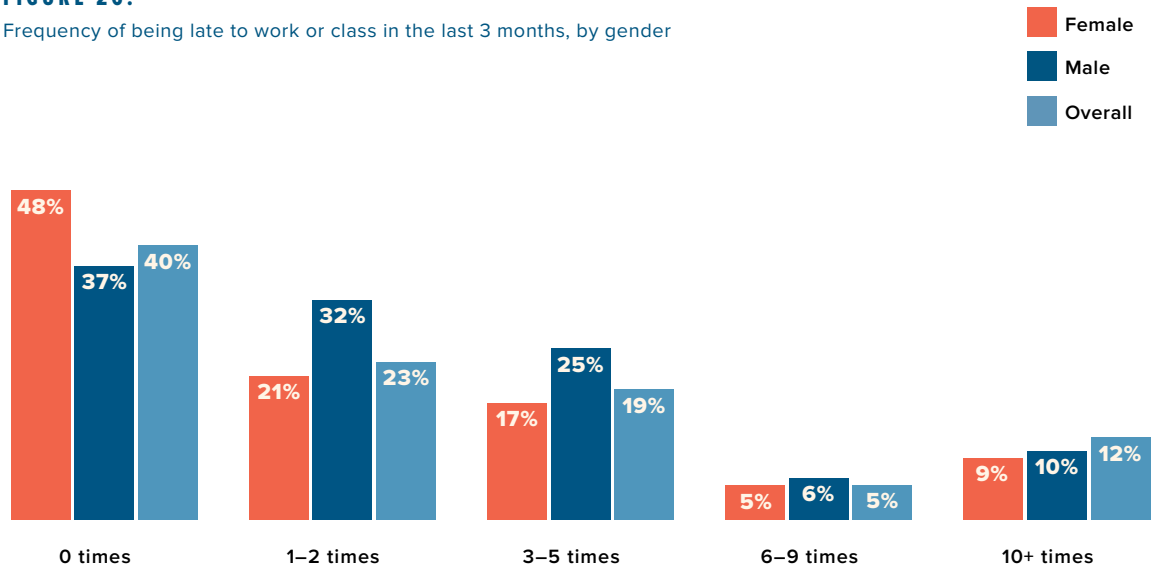


FIGURE 27.

Frequency of disrupted work or class in the last 3 months, by gender

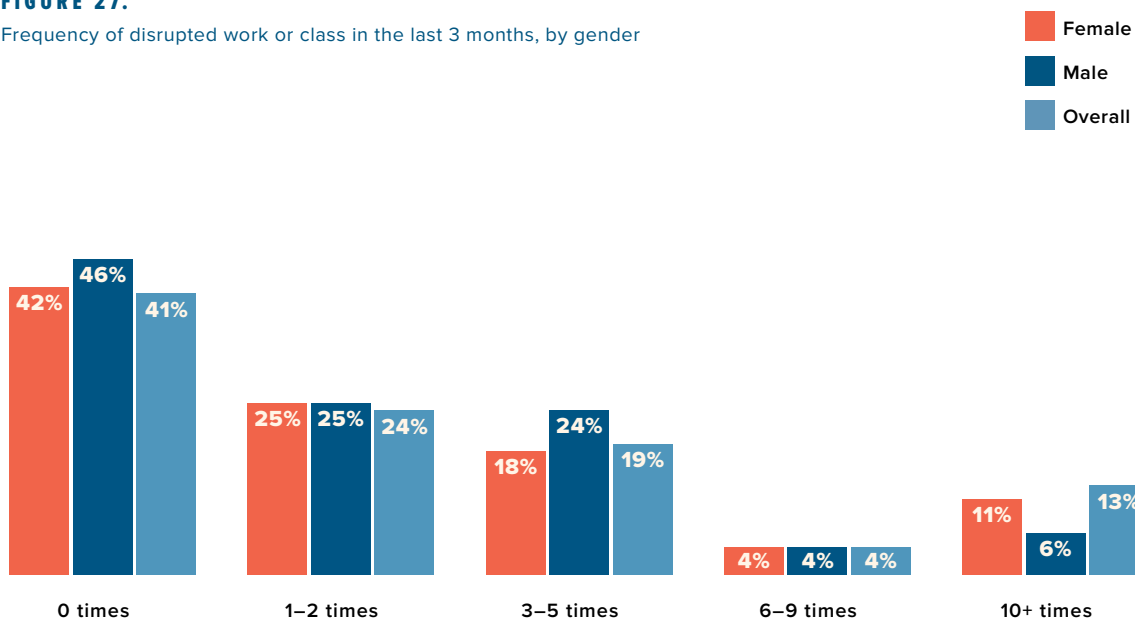
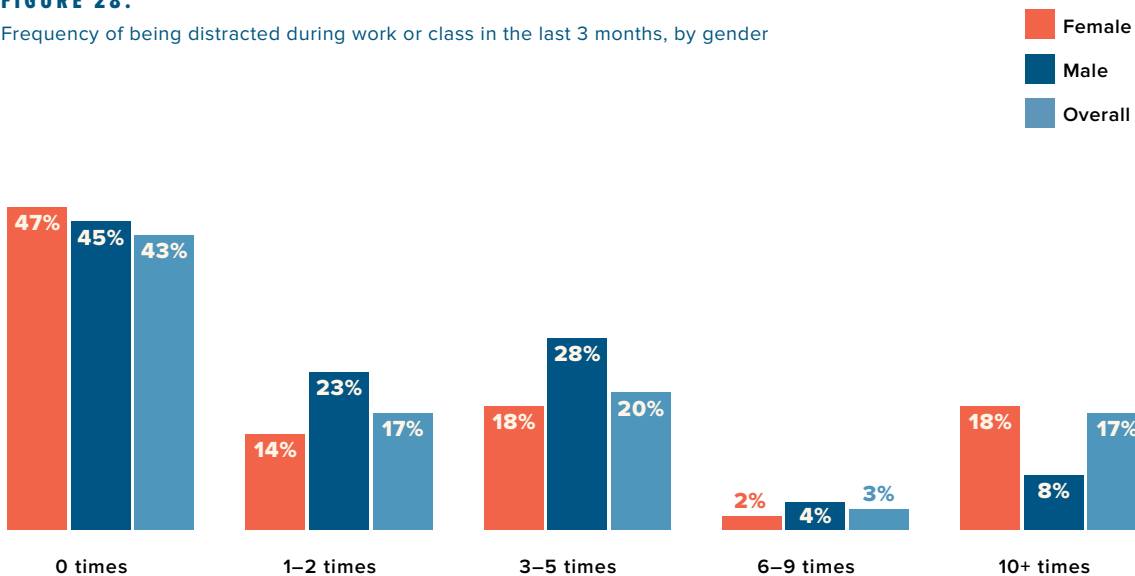


FIGURE 28.

Frequency of being distracted during work or class in the last 3 months, by gender



FLORIDA MOTHER OF A ONE-YEAR-OLD

“I had to leave my job because I couldn’t find overnight childcare for my one-year-old and my newborn grandson that I take care of for my teenage daughter. I am looking for work still and would love to go back to school for nursing.”

Lasting Effects on Education and Employment

Unfortunately, the far-reaching effects of childcare gaps on employment and education are not easily remedied. Parents who have stopped attending education and work training programs usually take extended leaves before returning—if they return at all. Our study shows that 51% of Floridians who depart from their education due to childcare issues, but plan to return, anticipate waiting for at least a year, and another 8% either do not plan to return or do not know when they will be able to (FIGURE 29). The longer people spend away from their education program, the less likely it is that they will return.³⁰ Only 13% of students who drop out of school re-enroll, and they typically do not re-enroll at the same level of institution.³¹ Even for those who do return, the choice to delay education puts the potential for increased earnings on hiatus and pushes the attainment of a higher income to a later period in life. Doing so has long-term ramifications that can affect loan repayments, debt accumulation, interest, and retirement savings.

In contrast, 55% of those who have left or are planning to leave the workforce due to childcare concerns plan to spend less than a year away from employment (FIGURE 30). Parents are much more likely to feel a sense of urgency to get back to work than school; after all, college credits do not put food on the table on their own. However, that still leaves 45% of those that have left or are planning to leave the workforce on the sidelines for potentially a year or more. Attempting to resume a career can also be intimidating for parents, who may feel pressured to maintain their skills and stay current on industry trends.

The immediate effects of missed wages from exiting the workforce are apparent, but the cumulative effect of this decision has a multiplicative effect beyond the sum of lost annual earnings. Take a young worker making \$50,000 per year as an example; simple math suggests that the total cost of stepping away from work for three years would be \$150,000 in lost wages. However, the Center for American Progress estimates that over their lifetime, that worker will lose an additional \$200,000 in future wage growth and approximately \$165,000 in lost retirement assets and benefits, leading to a total cost of more than \$500,000.³²

³⁰ National Student Clearinghouse Research Center (October 30, 2019) *Some College, No Degree*.

³¹ Ibid.

³² <https://www.americanprogress.org/issues/early-childhood/reports/2016/06/21/139731/calculating-the-hidden-cost-of-interrupting-a-career-for-child-care/>

Women bear the brunt of childcare-related economic losses; women with children earn slightly less than males with children earn, even after controlling for job and qualifications. Our study revealed that women are also more likely than men to quit a job to care for a child, with similar reports from Payscale, McKinsey, and the Federal Reserve Bank of St. Louis confirming this assertion. Translated, this means women are not only leaving the workforce at higher rates but are also being penalized more for doing so.

In short, childcare issues are exacerbating existing issues with poverty in Florida in two ways: first, by reducing the ability of parents to get ahead through education, and second, by contributing to gender inequality by keeping women from achieving their personal and career goals.

FIGURE 29.
Time to return to education for those leaving education

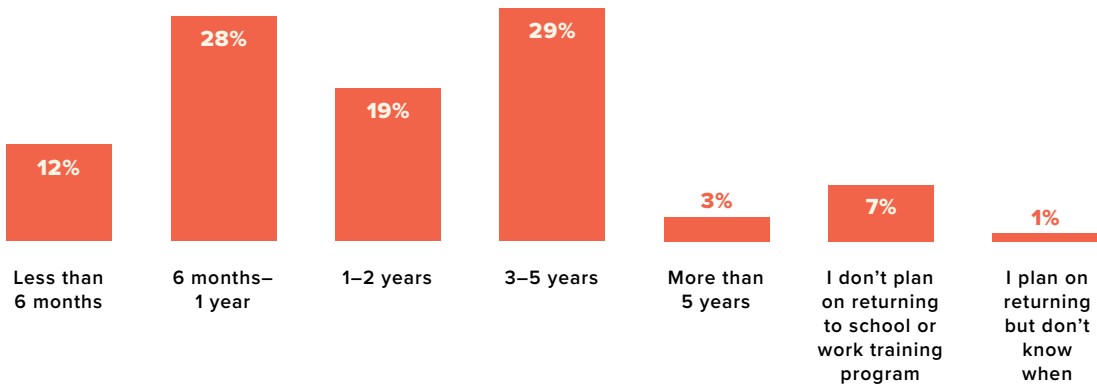
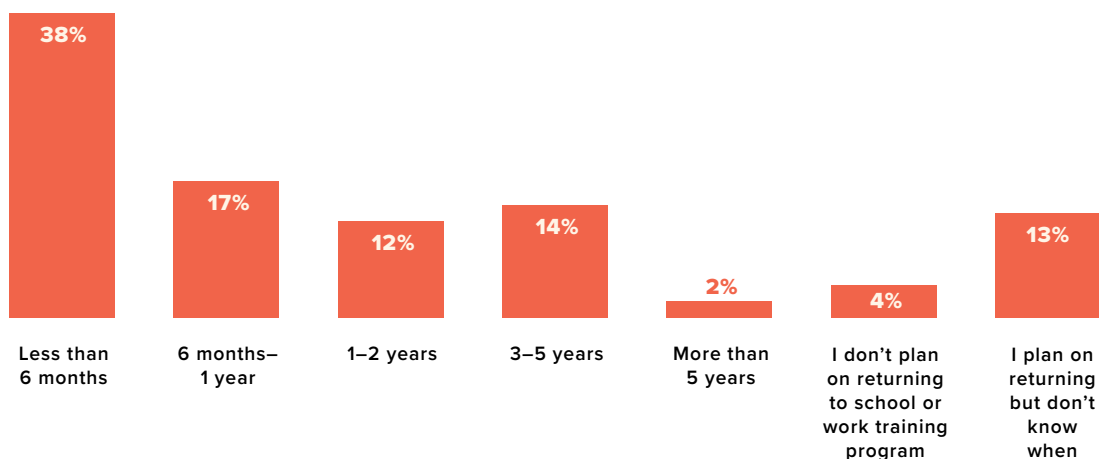


FIGURE 30.

Time to return to work for those leaving employment



“Working from home allows me the flexibility to pick up the kids when they get sick. Which is a lot, since they are so young and at daycare.”

— FLORIDA FATHER OF MULTIPLE CHILDREN UNDER SIX

Conclusions and Implications

Our study is a conservative estimate of the economic toll demanded on employers and the state of Florida due to gaps in childcare coverage. The research indicates that access to childcare has a sizable impact on parents' career development and potential. Without access to childcare, working parents compromise on their futures to meet immediate childcare needs.

Turnover and absenteeism stemming from childcare issues results in costs for parents, their employers, and Florida. Employers can reduce the number and severity of challenges that parents, especially women and low-income groups, face by implementing family-friendly policies like flexible working hours and remote work when possible. In doing so, businesses strengthen their human capital and increase the size of the available talent pool when hiring. Government leaders looking to improve workforce participation and fill workforce shortages should consider easing the burdens of working families with children, and legislators and executives should thoughtfully consider impactful measures that will alleviate existing childcare issues.

This research raises a tantalizing question: what could Florida's parents and leaders do with an additional \$5.4 billion each year? It is our hope that smart solutions, produced in cooperation with the government, businesses, and parents, will benefit all Floridians and lead us to unprecedented economic success in years to come.

What could
Florida's parents
and leaders
do with an
additional \$5.4
billion each
year?



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The research for the Untapped Potential report was conducted by the U.S. Chamber of Commerce Foundation in partnership with the Florida Chamber Foundation.

APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

As with the previous studies conducted by the U.S. Chamber of Commerce Foundation, this study was conducted in two phases.

First, the U.S. Chamber of Commerce Foundation and the Florida Chamber Foundation partnered with Cicero Group to conduct a statewide survey of households with children under six who are not yet in kindergarten. Parents were asked a series of questions designed to investigate the intersection of workforce participation, education, and childcare issues. This survey was conducted online in both Spanish and English and sampled a population representative of Florida's racial and income demographics (**FIGURE 31**).

As mentioned in the body of the report, those surveyed were allowed to select from response options that were inclusive of a “parent, stepparent, or guardian” when indicating their current and pre-pandemic childcare arrangement. Income was self-reported by respondents, who selected the range that best described their income before taxes. Responses were later regrouped to establish “Low” (less than \$30,000 per household), “Middle” (\$30,000 to \$100,000 per household), and “High” (greater than \$100,000 per household) income classifications..

Second, Cicero Group estimated the economic impact of childcare issues based on phase one survey results and secondary data sources such as the U.S. Census Bureau. Cicero's proprietary economic model is a simple quantification of lost economic activity resulting from insufficient childcare support. The model is an approximation only, though it is presumed by Cicero to be an accurate measurement of conditions in the State of Florida at the time of the study.

FIGURE 31.

Respondent characteristics

RACE	White	Hispanic or Latino	Black	Asian	American Indian / Alaskan Native	Native Hawaiian / Pacific Islander	Multiple	Other	Prefer not to say
N=529	294	121	83	9	2	2	13	2	3

GENDER	Female	Male	Other
N=529	344	183	2

MARITAL STATUS	Married	Single	Other
N=529	402	87	40

REGION	Rural	Suburban	Urban
N=529	45	249	235

INCOME	Low	Middle	High	Prefer not to say
N=529	85	263	170	11

APPENDIX B: ECONOMIC IMPACT METHODOLOGY

Economic impact consists of two areas:

- 1. Overall cost to employers**
- 2. Lost tax revenue for the state**

Within these buckets, lost economic value is composed of turnover and absenteeism costs.

We pulled data from the American Community Survey (ACS) to calculate the total number of parents in the labor force with children under six. In Florida, there are an estimated 1,016,603 people in the workforce that match this description. We subsequently applied the proportion of parents who indicated in our survey that in the last six months, they voluntarily or involuntarily left the workforce due to childcare (14%) to this population to estimate the total number of working parents of children under six who left the workforce. Applying Boushey and Glynn's cost of turnover (21%) to the annual mean salary for these workers, we arrived at the total cost to employers due to childcare-related employee turnover.³³

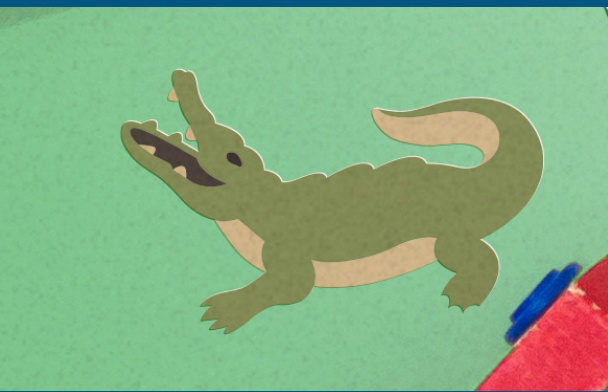
For absences, we applied the mean hourly wage to the number of parents who missed work, then assumed each worker missed an eight-hour shift. Although non-salaried workers forego wages when they miss work, employers still pay a cost in lost productivity to those absent workers. Additional costs to employers may be incurred via overtime pay to other workers who must cover shifts or if the company is forced to hire and pay temporary workers.

Just as childcare-related turnover hurts employers, state taxes are directly and indirectly impacted when employees lose their jobs or miss out on wage increases. Estimates from The Institute on Taxation & Economic Policy were used to determine appropriate tax rates.³⁴

³³ Boushey and Glynn, *There Are Significant Business Costs to Replacing Employees*.

³⁴ *Who Pays?* <https://itep.org/wp-content/uploads/whopays-ITEP-2018.pdf>

Notes:



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