

Reclaiming Affordability

WINNING THE COST WAR WITH
THE **RIGHT** SOLUTIONS

Child Care

 **IndependentWomen**[®]

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By Heather Madden | Vice President for Policy Initiatives

Introduction

Child care is not one-size-fits-all. It is a deeply personal decision shaped by family priorities, work schedules, community ties, and financial realities. **Public policy should respect childcare diversity, not undermine it.**

Sadly, childcare costs are placing intense pressure on working families. The average cost of child care for one child now approaches [\\$14,000 per year](#), with typical prices ranging from [\\$6,552 to \\$15,600](#). In many states, infant care rivals or exceeds a monthly mortgage payment. [Surveys consistently show](#) high childcare costs push many mothers out of the workforce or to reduce hours—not necessarily because they prefer to leave, but because the math no longer works.

Families deserve relief. But lasting affordability will not come from layering new mandates onto an already constrained system. Nor should it come from federal benefits favoring families that choose paid child care over family-based care. Instead, policymakers should help ensure there are better childcare options for all families by embracing policies that expand childcare supply and modernize outdated regulations.

We do not have to choose between protecting children and lowering costs. Done right, reform can strengthen both.

Background: How We Got Here

Over several decades, childcare regulations have [expanded well beyond core health and safety standards](#). Many states now impose detailed facility specifications, equipment

requirements, zoning classifications, and rigid staffing mandates that increase operating costs without demonstrable improvements in child well-being.

At the same time, the number of home-based providers—often preferred for flexibility and affordability—has declined significantly, reducing options for families.

Research from the [Mercatus Center](#) suggests that modest adjustments to staffing flexibility alone could reduce per-child costs by as much as \$1,890 annually without measurable declines in quality. Excessive regulatory complexity raises barriers to entry, suppresses supply, and drives up prices.

Increased public spending on child care without addressing these structural constraints has failed to bring down prices (instead, it incentivizes prices to inflate) and creates additional problems. Not only is it unfair to pour money into one kind of child care (institutional care, which [tends to be parents' least preferred option](#)), but it invites abuse.

Government support should be provided to families, rather than daycare facilities, so parents can reward providers offering real value or be better positioned to care for their children themselves.

Recent [oversight failures](#) in Minnesota's childcare assistance program show the dangers of pouring money into daycare programs without strong accountability systems. Government support should be provided to families, rather than daycare facilities, so parents can reward providers offering real value or be better positioned to care for their children themselves.

Solutions: *Paths Forward*

A childcare affordability agenda should focus on four priorities: modernizing outdated regulations, strengthening family-directed tax relief, supporting flexible markets that expand options for parents, and preserving flexible work opportunities.

First, states should conduct regulatory reviews to eliminate requirements on providers that increase costs without improving safety. Streamlining licensing processes, modernizing zoning rules, and recognizing alternative credential pathways can reduce barriers for new providers—especially small and home-based providers.

Misperceptions vs. Facts

MISPERCEPTION: The solution to high childcare costs is simply more federal spending.

FACT: Federal spending has increased significantly, yet costs remain high. Structural supply constraints and regulatory burdens drive affordability challenges.

MISPERCEPTION: Streamlining regulations means weakening safety standards.

FACT: Smart reform focuses on eliminating outdated or duplicative requirements while preserving essential health and safety protections. More paperwork does not necessarily mean safer care.

MISPERCEPTION: Most families want center-based care.

FACT: Families rely on a range of arrangements—centers, home-based providers, relatives, and flexible schedules. Policy should reflect that diversity rather than crowd it out.

MISPERCEPTION: Affordability and quality are trade-offs.

FACT: Expanding supply and reducing unnecessary barriers can lower costs while maintaining strong safety standards.

Second, policymakers should consolidate and strengthen child-related tax benefits. Refundable relief that families can use toward care, along with expanded Dependent Care Flexible Spending Accounts and flexible savings tools such as 529 accounts for childcare expenses, would provide direct support without dictating how families structure care.

Third, federal childcare programs are ripe for abuse and distort childcare markets. Programs such as Head Start are costly and inefficient, [providing limited hours of care while producing little to no lasting benefits for enrollees](#). The federal government should explore unwinding these programs and returning resources and oversight of care programs to states and localities—and better yet, to parents themselves.

Finally, policymakers should recognize that flexible work itself is a childcare solution. Millions of parents rely on independent contracting and nontraditional schedules to coordinate earning and caregiving responsibilities. Policies that restrict independent contracting or narrow work arrangements can reduce families' ability to manage childcare costs. Protecting these opportunities expands economic options and helps parents build schedules that align with their children's needs. To complement these efforts, expanding the supply of "[American caregivers](#)" through community-based models can further increase options for families while strengthening workforce participation.

List of Specific Bills

- [*Respect Parents' Childcare Choices Act*](#) reforms the Child Care and Development Block Grant to expand access to relative and flexible care arrangements, ensuring federal support reflects how families actually choose to care for their children.
- [*Empowering Employer Child and Elder Care Solutions Act*](#) removes disincentives under federal labor law for employers to provide child and dependent care benefits, encouraging workplace-based solutions that expand options for working families.
- [*Working Families Childcare Access Act*](#) would expand the use of Dependent Care Flexible Spending Accounts by raising annual pre-tax contribution limits, allowing rollovers of unused funds, increasing the maximum age of eligible dependents, and expanding the range of qualifying childcare expenses.
- [*The Modern Worker Empowerment Act*](#) codifies a common-law standard for classifying workers as independent contractors to protect against mass reclassification efforts.

COST COMPARISONS

AVERAGE ANNUAL CHILD CARE VS. COLLEGE TUITION

Infant Child Care Cost (U.S.)	In-State Public College Tuition	In-State Tuition, Fees, Room & Board
~\$13,000-\$14,000	~\$11,000	~\$27,000

Sources: Child Care Aware of America (2024 Price of Care Report);
College Board, Trends in College Pricing (2024)

AVERAGE MONTHLY CHILD CARE VS. MORTGAGE PAYMENT

Infant Child Cost	Median Mortgage Payment (U.S.)
~\$1,100-\$1,200	~\$1,300-\$1,600

Sources: Child Care Aware of America (2024 Price of Care Report);
U.S. Census Bureau Housing Data

CHILDCARE COSTS AS A SHARE OF FAMILY INCOME

Average Annual Infant Care Cost	Median Household Income	Child Care As % Of Income
\$14,000	~\$74,000	~18-20%

Sources: Child Care Aware of America (2024);
U.S. Census Bureau, Median Household Income



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analysis, and data enable us to drive
informed conversations to build
support for better policy solutions.

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For more information, email:
affordability@independentwomen.com