

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



U.S. Chamber of Commerce
Foundation

In partnership with



OHIO CHAMBER
OF COMMERCE



Groundwork
OHIO

Untapped
Potential in

OH





Untapped Potential:

How Childcare Impacts Ohio's Workforce Productivity and the State's Economy

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Ohio's childcare gaps drive parents out of the workforce, reduce tax revenue for the state, and put undue strain on households.

Introduction

The U.S. Chamber of Commerce Foundation recognizes childcare as a two-generation workforce issue that is essential to supporting the workforce of today and developing the workforce of tomorrow. Unfortunately, the current supply of childcare falls short of demand due to a tight labor market and lack of sustainable funding for childcare programs. Ohio's childcare gaps drive parents out of the workforce, reduce tax revenue for the state, and put undue strain on households—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 Ohioans.

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, the U.S. Chamber Foundation partnered with the Ohio Chamber of Commerce and Groundwork Ohio to produce this report, which aims to understand the unique needs of working parents in Ohio by exploring the current childcare landscape. This report estimates how often parents leave the workforce, are absent from school or work, or miss educational opportunities due to insufficient childcare support.

Data for this report was gathered by surveying a representative sample of 512 parents of children under the age of six across Ohio. Survey results were then used to model an estimate of the direct financial impact of insufficient childcare coverage on Ohio's economy—\$5.48 billion each year.

The issue to overcome is multifaceted. Childcare is a central determinant in whether and how reliably a parent can participate in the labor force, a reality that is on full display as the state continues to push for job growth. Ohio ranks 30th in labor force participation relative to other states,¹ and findings indicate many parents may not be able to continue working without adequate childcare options. The childcare coverage gap in Ohio 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. Ohio also has an unemployment rate of 4.3%, tying it for the 16th highest rate among U.S. states,² and this analysis shows that childcare issues could hinder Ohio's economic performance.

The complexity of childcare challenges requires collaboration across sectors to ensure that Ohio's children, families, businesses, and economy thrive. Childcare is a foundational piece of Ohio's economic infrastructure, and, if properly addressed, can unlock the full economic potential of the state. The goal is that this report and the data presented will create opportunities for partnerships and cooperation that further the economic potential of the state of Ohio.

¹ "Region, Division, and State Labor Force Participation Rates with Confidence Intervals, Their Relationships to the U.S. Rate, and Over-the-Month Rate Changes with Significance Indicators, November 2024, Seasonally Adjusted," Bureau of Labor Statistics, December 20, 2024, <https://www.bls.gov/web/laus/lalfprderr.xlsx>.

² "Unemployment Rates for States, Seasonally Adjusted," Bureau of Labor Statistics, December 20, 2024, <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 perform better in school, are less likely to drop out, and achieve higher test scores.³

Access to childcare also allows parents the flexibility to pursue careers or enhance their education or vocational skills. Consequently, breakdowns in the childcare system result in valuable missed opportunities for children and their parents, who may experience disruptions to their work or education. Despite the well-demonstrated benefits resulting from high-quality childcare, families in Ohio often struggle to access affordable arrangements for their children. This challenge places a considerable drag on the state's economy.

This research conducted during February 2025 suggests that insufficient childcare availability is costing Ohio \$5.48 billion in lost economic activity each year. This report quantifies the direct economic impact due to childcare issues and builds on previous efforts to better understand the size of the childcare problem. Since 2019, the U.S. Chamber Foundation has conducted studies in fourteen states. In each state, childcare breakdowns resulted in hundreds of millions—even billions—of dollars of lost economic activity. As policymakers and thought leaders consider next steps to position Ohio for continued economic success, childcare initiatives could enable the state to capitalize fully on its resources.

³ (1998) Cleveland and Krashinsky, <https://files.eric.ed.gov/fulltext/ED435452.pdf>

TOPLINE FINDINGS

– \$5.48B

THE UNTAPPED POTENTIAL:
Childcare issues result in an
estimated \$5.48 billion annual
loss for Ohio's economy

– \$1.52B

Ohio misses an estimated
\$1.52 billion annually in tax
revenue due to childcare issues

– \$3.97B

Childcare-related employee
turnover and absenteeism costs
Ohio employers an estimated
\$3.97 billion per year

70%

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

33%

of parents that experienced
disruptions to their employment
in the past year reported leaving
the workforce as a direct result of
issues with childcare

36%

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

According to the 2023 American Community Survey, 13.3% of Ohio's population lives in poverty.



Population: 11.88 million⁴

Average Household Income: \$93,500⁵

Minimum Wage: \$10.70⁶

Capital: Columbus

Surveyed: 512 parents of children under the age of six

⁴ <https://www.census.gov/quickfacts/fact/table/OH>

⁵ <https://data.census.gov/table?q=S1901&g=040XX00US39>

⁶ https://www.laborlawcenter.com/state-minimum-wage-rates?srltid=AfmBOord5bs_jLsLImDxaYZfYErLNpOb-OzXLLv2-Yj4j3OPHZEWdxJ5

OHIO'S PROFILE

As of 2024, Ohio is the 7th most populous state in the United States with a population of approximately 11.9 million people, according to U.S. Census Data.⁷ Ohio has seen its population grow slightly over the past two years, with a 0.8% increase between 2023 and 2024.⁸ In 2023, Ohio saw more deaths than births, which, coupled with a decline in the number of children Ohioans have,⁹ will lead to slower growth rates and a decline in population in the long run. This slower growth, due to demographic challenges, will likely strain the size of the state's labor force. According to some labor economists, the lack of affordable childcare is contributing to the reduction in the nation's, and thereby Ohio's, birth rates, which could accelerate Ohio's demographic changes in the future.¹⁰

Manufacturing is a dominant industry, as Ohio is one of the country's largest producers of plastics, rubber, fabricated metals, electrical equipment, and appliances. Ohio is also the second largest producer of automobiles in the U.S., behind Michigan.¹¹ Additionally, the healthcare sector is important to the state's economy, as it employs nearly one in six Ohioans,¹² as well as the financial services industry, with multiple national and regional banks and insurance companies headquartered in the Buckeye State. Ohio has a favorable climate for business, with Forbes ranking Ohio as the sixth best state to start a small business,¹³ and CNBC ranking Ohio as the seventh best state for business.¹⁴

According to the 2023 American Community Survey, 13.3% of Ohio's population lives in poverty.¹⁵ For childcare to be considered affordable in the state, the U.S. Department of Health and Human Services declares that it should not consume more than 7% of a household's median income. The survey indicates that low-income families in Ohio spend a higher percentage of their household income on childcare, making it even more difficult for families to escape poverty. The average costs for full-time childcare in Ohio, for children in center-based childcare, range from \$11,125 for toddlers, to \$12,351 for infants every year.¹⁶ This number represents 17% of a household's median income (\$67,769 in Ohio),¹⁷ and the price of formal childcare forces parents to consider alternative options, mainly informal care arrangements, that may come at the cost of employment and education.

Low reimbursement rates for providers, low pay for childcare workers, and the disproportionate distribution of providers, especially in rural areas, are the root of the issue. Ohio's demographics are key to understanding the capacity issue the state faces. As of February 2025, of the 32 Appalachian counties (where 17% of the state's population resides), 13 counties had five licensed

⁷ <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>

⁸ <https://www.census.gov/quickfacts/fact/table/OH/PST045224>

⁹ <https://www.dispatch.com/story/news/2024/12/13/are-more-people-moving-out-of-ohio-than-to-it-what-the-numbers-say/76803061007/>

¹⁰ https://www.banking.senate.gov/imo/media/doc/edwards_testimony_9-20-23.pdf

¹¹ <https://www.ohioventure.org/ohio-economy/>

¹² <https://ohiolmi.com/index>

¹³ <https://www.forbes.com/advisor/business/best-states-to-start-a-business/>

¹⁴ <https://www.cnbc.com/2024/07/11/top-states-for-business-ohio.html>

¹⁵ <https://data.census.gov/table/ACSST1Y2023.S1701?q=poverty%20in%20alabama&q=040XX00US39&moe=false>

¹⁶ https://info.childcareaware.org/hubfs/2023%20Price%20Fact%20Sheet/Ohio%202023_Price%20of%20Care.pdf

¹⁷ <https://data.census.gov/table/ACSST1Y2023.S1901?q=S1901&q=040XX00US0115,39,45&moe=false>

¹⁸ <https://childcaresearch.ohio.gov/>

¹⁹ <https://childcaredeserts.org/2018/?state=OH>; A childcare desert is any census tract with more than 50 children under age 5 that contains either no childcare providers or so few options that there are more than three times as many children as licensed childcare slots.

childcare centers or less, and 2 counties only had one.¹⁸ Moreover, 39% of Ohioans live in a childcare desert, reflecting these accessibility issues.¹⁹ Ohio's current eligibility threshold for publicly funded child care stands at 145% of the federal poverty level (FPL). Governor DeWine's recent executive budget proposal aims to increase this threshold to 160% of the FPL and introduce a voucher program to assist families earning between 161% and 200% of the FPL. These initiatives are designed to enhance access to affordable childcare for more Ohio families.

Ohio generally lags behind the rest of the Midwest when it comes to implementing policies to improve childcare accessibility. However, in June 2024, a trio of bills regarding childcare-related tax credits for businesses and households was introduced to the General Assembly. Other bills, which would grant funding to build new childcare centers and a program in which workers, their employer, and the state would evenly split the cost of childcare, have also been introduced.

While recent state-level initiatives are a first step to tackle the state's childcare crisis, the survey results show that there is still work to be done to maximize Ohio's economic potential. Parents face both immediate and lasting consequences as a result of insufficient childcare 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 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 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 THE STATE

How are the state's public programs impacted by childcare disruptions? **How much more growth could Ohio 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 economic implications of these choices.

²⁰ <https://fs.ohio.gov/child-care/publicly-funded-child-care/income-eligibility-standards>

²¹ <https://governor.ohio.gov/media/news-and-media/governor-dewine-introduces-biennial-executive-budget-proposal>

²² <https://ohiocapitaljournal.com/2024/06/19/child-care-bills-pile-up-in-ohio-general-assembly/>

²³ <https://www.cleveland.com/news/2024/04/ohio-leaders-are-finally-starting-to-tackle-the-states-childcare-crisis-but-a-permanent-solution-is-still-tbd.html>

²⁴ <https://www.cleveland.com/news/2024/04/ohio-leaders-are-finally-starting-to-tackle-the-states-childcare-crisis-but-a-permanent-solution-is-still-tbd.html>

Parents face both immediate and lasting consequences as a result of insufficient childcare arrangements that impact their ability to work full-time, earn a wage consistent with their experience and capability, and continue their education.

Survey Results

We surveyed 512 parents with children under the age of six to gauge how childcare issues impacted their lives across employment and education. The respondent pool was reflective of Ohio's racial and socioeconomic demographics. The purpose of the survey was to gauge the current state of childcare in Ohio, understand parents' reasons for selecting their current childcare arrangement, and inform stakeholders of the economic cost of childcare gaps to the state and its employers.

Key Findings

Current Childcare Dynamics

- Among parents of children younger than six, **81% pay for childcare.**
- Parents primarily pick their childcare provider based on **affordability.**
- **Families spend on average \$572 per month on childcare,** although costs vary by provider type and household income.
- Families pay for childcare out of their **personal budget 72%** of the time.

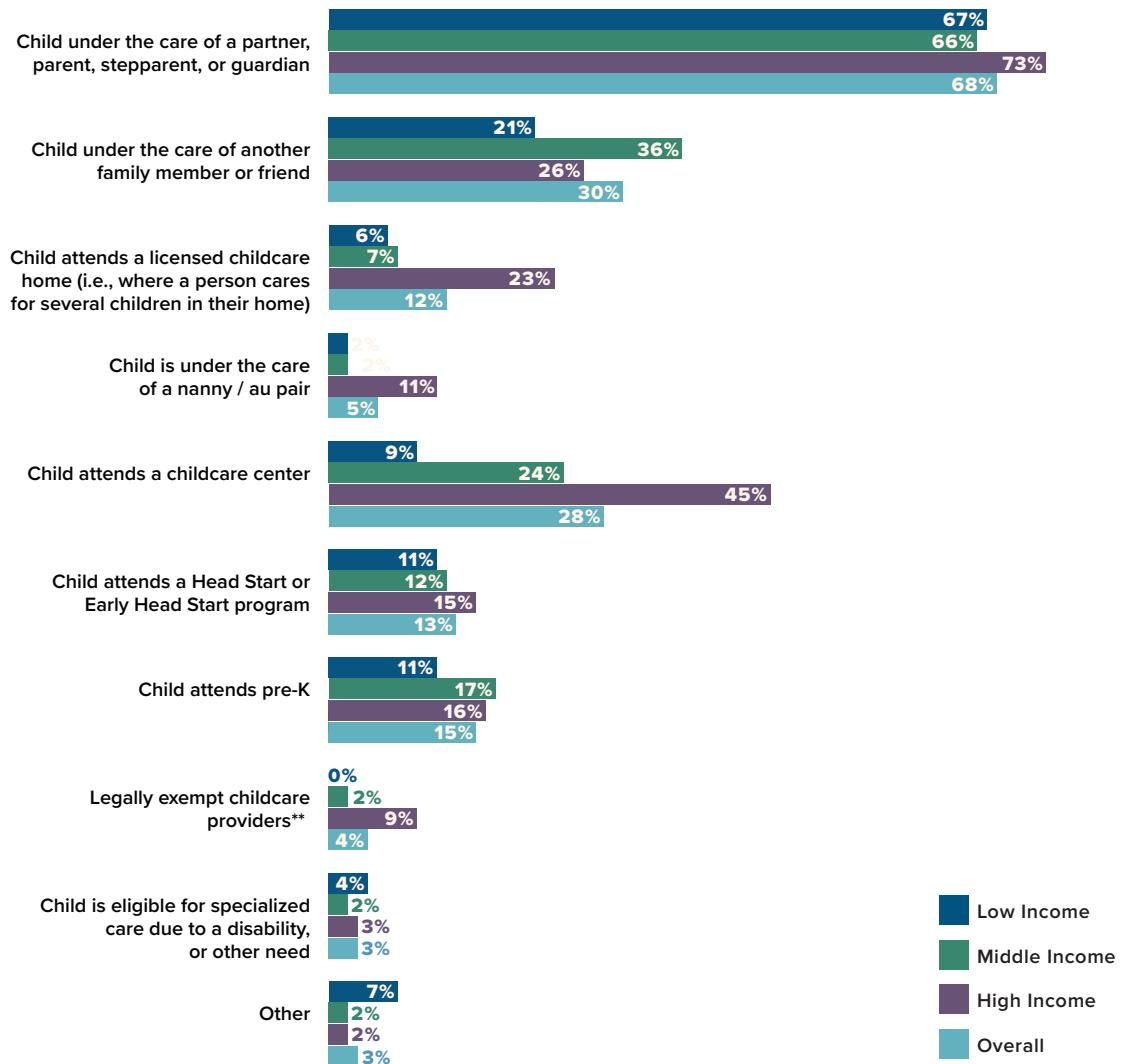
Our survey data confirms that childcare arrangements vary greatly based on household income (**FIGURE 1**). For reporting purposes, income was regrouped to "Low" (less than \$30,000 per household), "Middle" (\$30,000 to \$100,000 per household), and "High" (greater than \$100,000 per household) income classifications.

The most commonly selected childcare arrangement was placing the child under the care of a partner, parent, stepparent, or guardian, with over two-thirds of respondents reporting it as one of their arrangements (68%). This was true across all income levels, as low-income households are likely to forgo a second income, electing instead to subsist on one parent's salary, and as high-income families might choose to have a stay-at-home parent if one parent's income is enough to support them.

FIGURE 01.

Current childcare arrangement by income group

*Parents could select more than one option



**Legally exempt childcare providers care for a maximum of six children at a time in their home, which means they are not subject to licensure.

The second most common childcare arrangement was placing the child under the care of close family members, which was selected by nearly a third of Ohio parents. Parents in high-income tiers were more than five times as likely as their low-income counterparts to place their child under the care of a nanny or au pair. Many parents consider hiring a nanny to be the ideal childcare arrangement, but only the highest earners can comfortably afford this luxury. High-income families also frequently place their child in childcare centers. Overall, high-income earners have a wider range of care options available to them relative to low-income earners, and high-income parents are more likely to use multiple childcare solutions simultaneously, compared to other income groups.

Preferences and motivations further reflect the childcare divide between socioeconomic classes. When asked why they chose a particular childcare arrangement, high-income earners were most likely to select “perceived quality / reputation” of all groups surveyed (FIGURE 2). High-income families also value convenience, as they tend to select “proximity to home, work, or school,” and “hours of operations” more often than other groups (57% and 39% respectively). In contrast, lower-earning families use price as the sole deciding factor when choosing their childcare arrangement more often, while high-earning families can consider several criteria and be more selective in their choice. The typical Ohioan is motivated primarily by concerns about affordability. Cost is a relatively income-agnostic criterion for all parents surveyed, as 56% of low-income parents, 62% of middle-income parents, and 54% of high-income parents agree that it is a key factor in the childcare decision. Personal preference is the next leading factor, followed by proximity to home, work, or school.

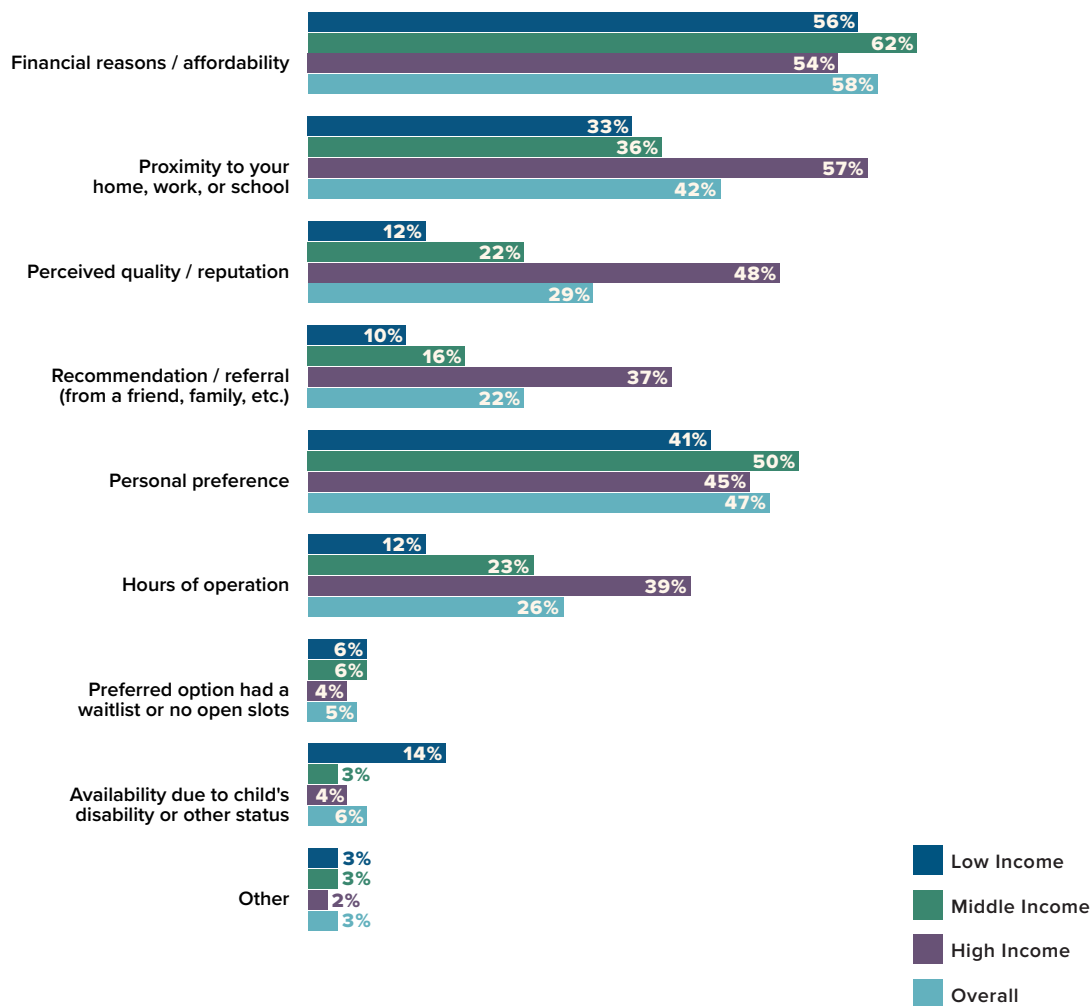
“[There are] not many options near where we live, and the ones that are available are low quality and overpriced.”

— OHIO FATHER OF A 3-YEAR-OLD AND 5-YEAR-OLD

FIGURE 02.

Reason for selecting arrangement by income group

*Parents could select more than one option



When asked how they pay for childcare, 72% of respondents reported using their personal budget to pay for childcare. High-income families use their personal budgets the most (88%), while half of low-income households reported paying for childcare with their personal budget. Instead, low-income respondents tended to rely more heavily on governmental assistance, such as Head Start and Early Head Start. The average Ohio family spends \$572 on childcare every month, with expenditures correlated to income levels. **(FIGURE 3).** The gap between average expenditures for low and middle-income households was small (roughly \$35) when looking at mean values. However, when controlling for outliers, the median spend for low-income families was \$100/month compared to \$275/month for middle-income households. Similarly, the gap in median expenditures widened when looking at high-income earners, whose median spend was \$800/month.

FIGURE 03.
Parents' reported monthly childcare expenditure by income group
**Parents entered a dollar amount manually*



OHIO MOTHER OF A 3-YEAR-OLD AND A 5-YEAR OLD

“[Childcare] is not affordable [...] If you want your child in a place that’s actually safe and clean, it costs a *large* not small fortune! Childcare actually costs more than my rent!”

Current Employment Dynamics

Recent shifts triggered by the COVID-19 pandemic have changed working dynamics for parents in Ohio and across the country. Parents especially benefit from flexible working options, such as remote work and flexible hours, which were popularized as the pandemic began. 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. This study also revealed that 87% of workers prefer to work remotely, when given the option.²⁵

However, many employees do not have the option of working remotely or have a flexible schedule—a fact particularly relevant to the state of Ohio, where manufacturing is a top industry. High-income employees in technology, business, and other white-collar jobs are more often able to have flexible schedules and work remotely, while low-income parents usually have less flexible options. Remote work is one option for companies looking to provide greater flexibility for employees and their families.

In Ohio, 65% of households with cohabiting parents with a child under the age of six have both parents participating in the labor force, while 34% have only one parent in the labor force, most typically the father (in over 90% of cases).²⁶ Parents who work full-time reported working 44 hours per week on average, while part-time parents average over 25 hour work weeks (**FIGURE 4**). Most full-time employed parents in the study worked a traditional “nine-to-five” weekday schedule, while part-time workers reported having a fixed schedule or the ability of choosing their own schedule more often than full-time parents did (**FIGURE 5**). 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.

²⁵ <https://www.mckinsey.com/industries/real-estate/our-insights/americans-are-embracing-flexible-work-and-they-want-more-of-it>

²⁶ <https://data.census.gov/table?q=C23008&q=040XX00US39>

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

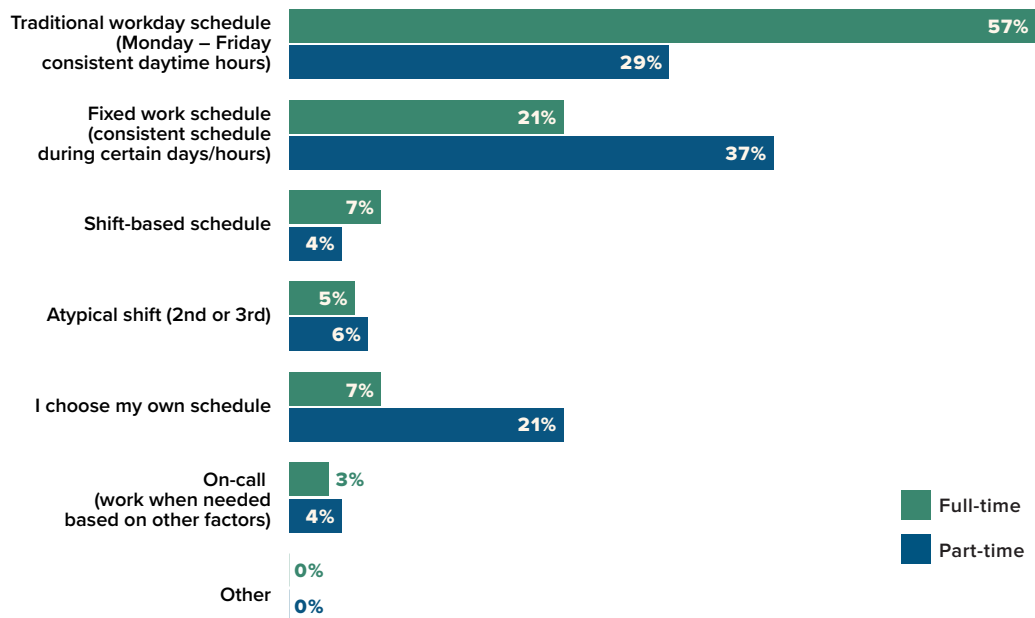
FIGURE 04.

Average hours per week by employment status



FIGURE 05.

Full vs. part-time job schedule



Impact of Childcare on Employment and Education

According to the survey, 27% of households have experienced changes to their own employment situation due to childcare issues (FIGURE 6). Ohioans who responded to the study reported that their employment was affected in more ways than one, compelling them to decrease their hours from full-time to part-time, decline a job, or even quit a job due to childcare issues.

In addition to those who have already experienced changes to their work, 12% of working parents plan to leave their job in the next 12 months (FIGURE 7). Nearly half of those who indicated plans to leave their job within the next year express a desire to seek new work opportunities, while 43% are dissatisfied with their current employment, and another 38% are leaving primarily for access to remote and work-from-home opportunities. Lower-income groups and women are the most likely to be planning on leaving their current employment (FIGURES 7 & 8).

Our survey asked the same question as 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?”

“[I am] a stay-at-home mom because I cannot afford daycare. I have turned down multiple jobs to be able to take care of my child and I am currently living with my mom who is able to help me out.”

— OHIO MOTHER OF A 1-YEAR-OLD

“Within the last year I have had to go from a full-time position to a part-time one due to the overall cost of extra hours using childcare services. I have also turned down a position due to it being more demanding in work hours as well as more demanding in traveling. Which is something I cannot do regularly with 4 children.”

— OHIO MOTHER OF A 2-YEAR-OLD AND A 4-YEAR-OLD

FIGURE 06.

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



FIGURE 07.

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



FIGURE 08.

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 Ohioans experiencing disruptions above the national average (10.5%). (FIGURE 9). The parents in our survey reported much higher rates (26.6%) 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.

FIGURE 09.
Percentage of parents who answered “Yes” to the NSCH question, comparison by state

“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?”

COMPARED NATIONALLY	PERCENT
Nationwide NSCH (2019)	9.4%
Ohio NSCH (2019)	10.5%
Ohio Untapped Potential (2025)	26.6%

Childcare issues also pose significant challenges to parents who are seeking to further their education. 26% of parents in Ohio are pursuing, or have pursued in the last 12 months, some type of school or work training program (FIGURE 10). Most often, parents are enrolled in work training or a 4-year college or university (FIGURE 11). Unfortunately, many of these parents left a program prior to completion (nearly a quarter of that group) or dropped from a class or program entirely, due to issues with childcare.

“I have put off my education and entry into workforce because it costs too much for childcare to make any profit in working.”

— OHIO MOTHER OF A 5-YEAR-OLD

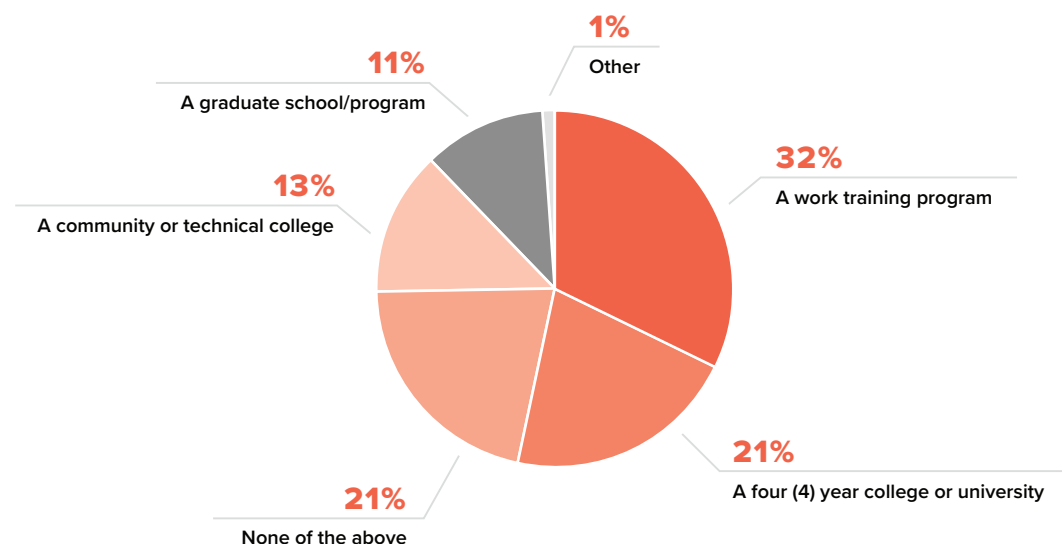
FIGURE 10.

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



FIGURE 11.

Type of education being pursued



Childcare Subsidies, Benefits, and Accommodations

For many Ohio parents, financial support for childcare comes from a wide range of sources. To support families in caring for their children, the federal government provides various subsidies and tax benefits. The state of Ohio funds programs such as child care choice vouchers, while receiving federal funding for programs like Ohio Head Start and Early Head Start. Parents in the study also reported using several tax benefits to help pay for childcare, the most common being the Child Tax Credit (50%), followed by the Child and Dependent Care Tax Credit (19%) (FIGURE 12). In all, over two-thirds of Ohio parents are taking advantage of at least one government assistance program or tax break.

While these programs are helpful, employers can play a role in bridging the gap between state-sponsored or subsidized care and parents' capacity to access childcare. In this study, only 20% of respondents reported that their employer offered some type of childcare assistance, benefits, or accommodations, with the most frequently shared examples being flexible work hours and flexible working days. National trends indicate employers are increasingly offering more flexibility to parents, a trend sparked by the pandemic that is proving to be highly appealing to parents.²⁷ When asked to name the benefits they believe to be most important or useful, parents most often mention flexible hours and remote work (FIGURE 13). Although not all jobs can accommodate flexible hours and remote work policies, employees prioritize flexibility, and in turn, businesses that provide these benefits support and incentivize participation in the workforce, reduce turnover, and improve employee satisfaction.²⁸

“I have chosen to stay in a lesser role so that I could stay remote and be more involved in my children’s day to day lives.”

— OHIO FATHER OF A 4-YEAR-OLD

²⁷ <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>

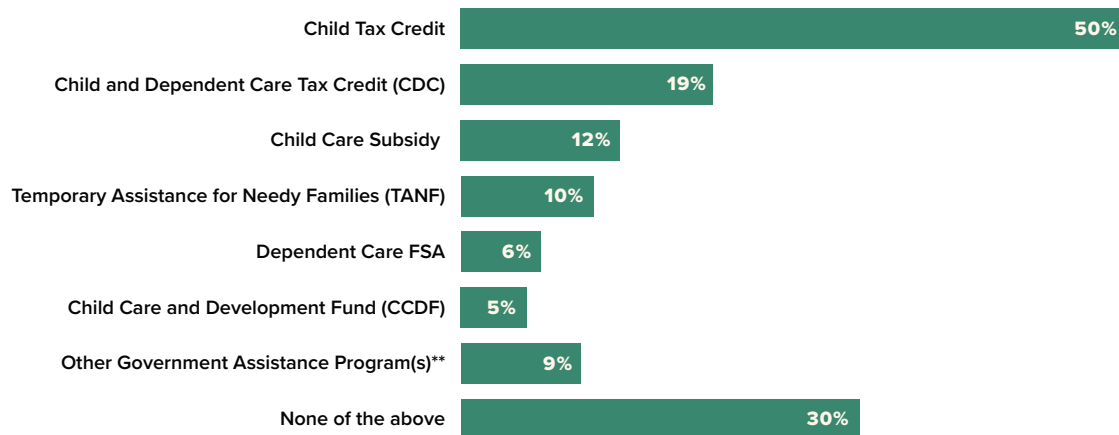
²⁸ <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/How%20We%20Work/Gender-parity/Brief-Benefits-of-flexible-working-arrangements-en.pdf>

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

FIGURE 12.

Parents use of assistance programs

*Parents could select more than one option



**Government Assistance Programs may include: Child Care Choice vouchers, Early Head Start, Head Start, Public pre-school, Special Education preschool and PFCC

FIGURE 13.

Top three most important employer benefits selected by parents

*Parents could select more than one option



OHIO MOTHER OF A 1-YEAR-OLD AND A 2-YEAR-OLD

“I declined a promotion that would have required more meetings, on site requirements, and required work during abnormal hours because of the burden it would add to our childcare needs. My partner and I have had to adjust work schedules and take time off on days where our children cannot go to their daycare center and a relative is not able to take them. We cannot afford full-time daycare for two children at a quality facility and have to make do with part-time solutions.”

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. Parents face difficult tradeoffs between cost, convenience, and quality, and often settle for childcare solutions that do not perfectly match their preferences.

Overall, 69% of parents in Ohio report being satisfied or extremely satisfied with their current childcare arrangement. However, satisfaction is not evenly distributed, and tends to vary based on income level, gender, and race. Satisfaction peaks among high-income parents, 76% of whom are satisfied with their current childcare situation, compared to 66% of middle-income parents and just 64% of low-income parents (**FIGURE 14**). One explanation might be that high-income parents have financial freedom to enroll in the childcare option of their choice, while low-income households are forced to rely on less optimal accommodations.

“My biggest problem is the high costs. Also, many childcare services don’t have flexible scheduling.”

— OHIO FATHER OF A 2-YEAR-OLD

FIGURE 14.

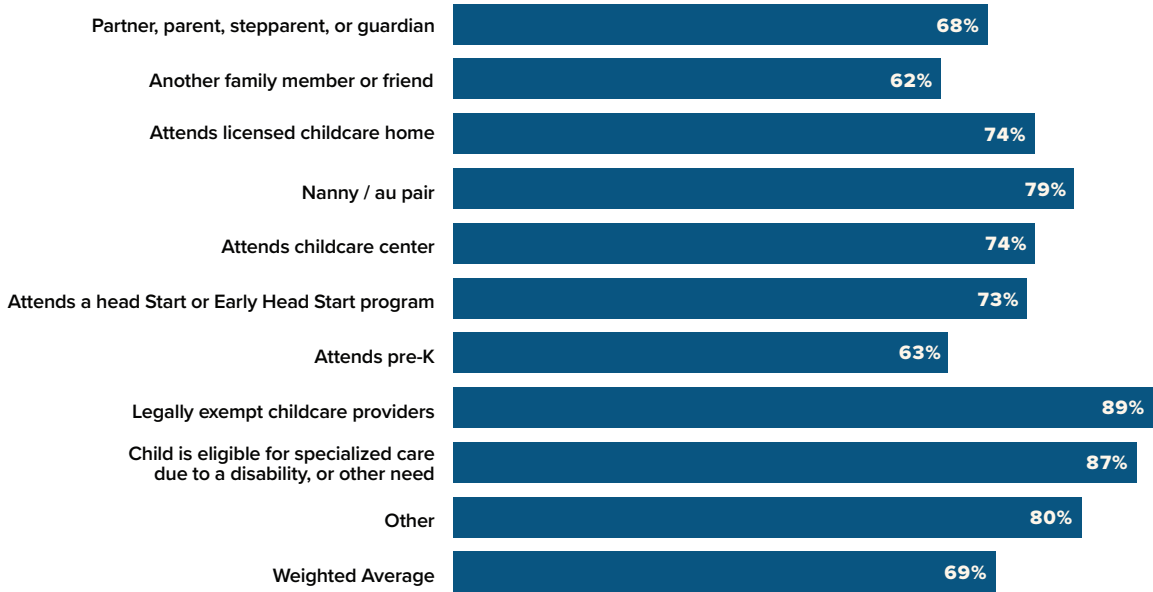
Satisfaction among parents, stratified by income level

SATISFACTION WITH CURRENT CHILDCARE ARRANGEMENT	LOW INCOME	MIDDLE INCOME	HIGH INCOME	OVERALL
Not at all satisfied	2%	2%	1%	2%
Not satisfied	7%	3%	1%	3%
Somewhat satisfied	27%	29%	22%	26%
Satisfied	19%	27%	43%	31%
Extremely satisfied	46%	40%	32%	38%

In Ohio, the childcare arrangements with the highest levels of satisfaction are having a child under the care of legally exempt childcare providers and having a child in specialized care, due to a disability or other need (FIGURE 15). Though these responses were selected by fewer respondents, the latter reported being very satisfied with these childcare options. Hiring a nanny, for families who can afford it, also showed high satisfaction levels.

When it comes to 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 childcare, with over half (58%) of parents mentioning it as a primary driver behind selecting their current childcare arrangement (FIGURE 16).

FIGURE 15.
Percentage of parents who are satisfied with their given arrangement
*Parents selected “satisfied” or “extremely satisfied”

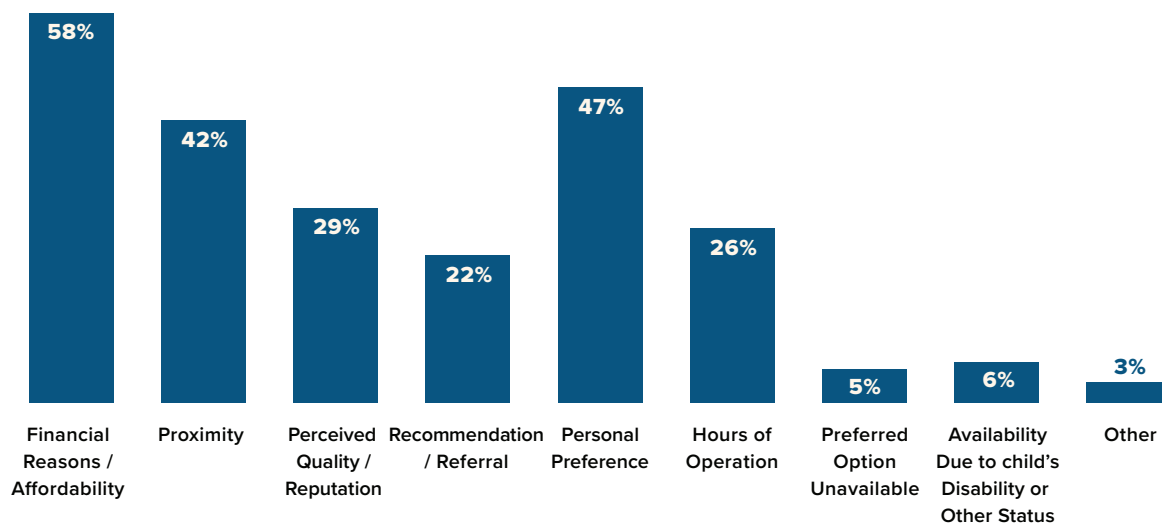


“Lots of affordable childcare places aren’t very good and are low quality, so I have to get a better-quality childcare program but they are expensive, so I have to change my schedule to be with my child more and pay less.”

— OHIO FATHER OF A 2-YEAR-OLD, A 3-YEAR-OLD, AND A 5-YEAR-OLD

FIGURE 16.

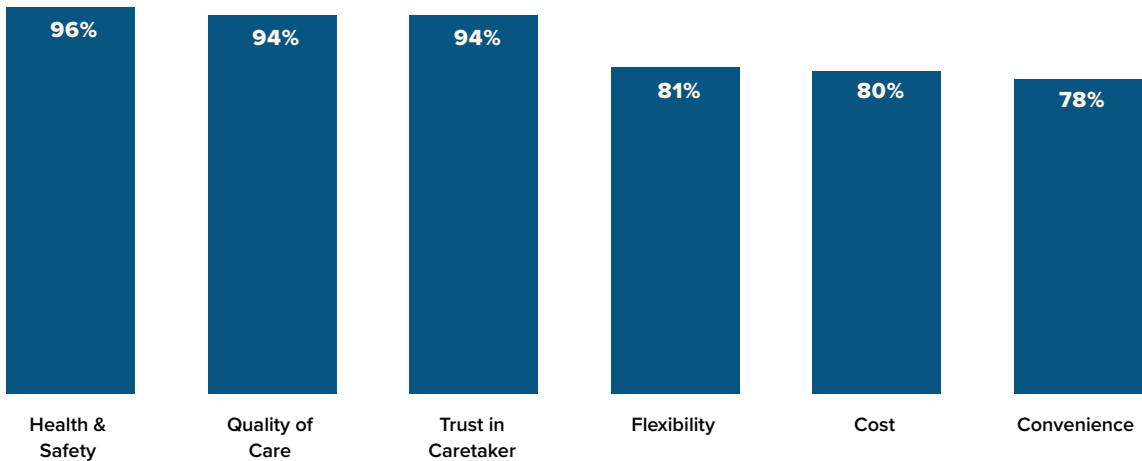
Reason for selecting current arrangement



The financial burden of childcare costs is particularly felt by low-income households, which tend to be less satisfied with their childcare arrangement. When choosing a childcare arrangement, health and safety and trust in the caretaker are top considerations for parents (FIGURE 17).

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 child, but do not know where to find it or how they will pay. Understanding these diverse perspectives will allow businesses, the state of Ohio, and local communities to align on solutions to address the most pressing problems.

FIGURE 17.
Percentage of parents who indicated a given factor is of high importance when selecting a childcare arrangement
*Parents selected “important” or “extremely important”



OHIO MOTHER OF A 2-YEAR-OLD

“So many daycares and babysitters are so expensive to [the point] where it would not even be worth me having a job with the rate they are asking for. It’s not affordable.”

Economic Impact

We estimate that breakdowns in childcare are costing Ohio \$5.48 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 Ohio'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 Ohio, 70% 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 11 days per year. Parents who miss work incur costs to themselves and their 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 Ohio is \$1.19 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 and face their own financial consequences, employers face significant replacement costs. Secondary research indicates that it costs about one-fifth of an employee's yearly salary for them to be replaced.²⁹ Using this benchmark, we estimate that the turnover cost to employers in Ohio to be \$2.77 billion annually. This number represents a significant cost to employers each year replacing parents who perhaps could have continued in their current position if they had access to adequate childcare.

Costs from breakdowns in childcare are not isolated to employers and families. As people miss work or leave employment, there is an economic cost to Ohio through decreased tax revenues. The consequences of decreased household income are felt repeatedly in the form of reduced sales and excise taxes. We estimate that every year Ohio fails to capture \$1.52 billion in taxes not excised because of insufficient childcare resources.

The \$5.48 billion in lost economic value for Ohio each year is not an abstract number; it represents money taken from the pocketbooks of Ohio's families, businesses, and governments. Each dollar lost to insufficient childcare is a dollar that will not be earned by a household to fund a single mother's education, provide for a child, or put food on a struggling family's table. The annual loss to the state of Ohio is certainly eye-opening; compounded over decades, and measured in terms of unaddressed human need, it becomes staggering.

²⁹ <https://www.americanprogress.org/article/there-are-significant-business-costs-to-replacing-employees/>

UNTAPPED POTENTIAL

- \$5.48B

Childcare issues result in an estimated \$5.48 billion loss annually for Ohio's economy

DIRECT EMPLOYERS COSTS

\$2.77B

Turnover costs to employers

+ \$1.19B

Absences costs to employers

\$3.97B

Total

DIRECT TAX REVENUE IMPACT

\$1.39B

State tax loss from turnover

+ \$124M

State tax loss from absences

\$1.52B

Total

Immediate Effects on Employment and Education

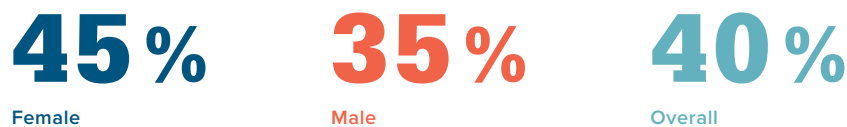
40% of parents enrolled in education programs have had their education disrupted by childcare issues. Women were slightly more likely to report that childcare affected their education compared to men (**FIGURE 18**).

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. Stated simply, more education and skills equals more money and better job security. Thus, hurdles preventing parents from finishing school are detrimental to the economy on both a micro and macro scale.

Across Ohio, 26% of parents have been enrolled in school or work training programs at some point throughout the past year. These parents are often studying to try 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, 40% have found their education interrupted by childcare concerns, forcing them to go from full-time to part-time (10%), choose to stop attending an education program (23%), or be dropped from their class or program entirely (14%) (**FIGURE 19**). Women (45%) are more likely to see their education or training program impacted by childcare issues compared to men (35%). Educational disruptors negatively influence the earning potential of parents and their ability to contribute to the economy.

FIGURE 18.

Childcare issues impacted postsecondary education or training program, by gender



Overall, 27% of employed parents in this survey experienced recent disruptions to their employment. 33% of those parents left the workforce by either being let go (14%) or quitting (19%) 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, with 41% of that group seeing their employment affected by childcare issues (FIGURE 20). Women (30%) were more likely than men (23%) to experience employment changes due to childcare issues (FIGURE 21). Women also reported a higher rate of quitting but were equally as likely to be completely removed from the workforce as men (FIGURE 22).

FIGURE 19.
Education changes due to childcare

HOW PARENTS SAID CHILDCARE ISSUES IMPACTED POSTSECONDARY EDUCATION OR TRAINING PROGRAM		OVERALL
* Parents could select more than one option		
Dropped from a class roster at school or at a work training program		13%
Stopped attending school or a work training program		23%
Went from full-time to part-time		10%
Did not go / declined going from part-time to full-time		4%
None of the above		60%

FIGURE 20.
Percentage of parents for whom childcare issues have affected employment, by income group



FIGURE 21.
Percentage of parents for whom childcare issues have affected employment, by gender



FIGURE 22.

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
Was let go / fired by employer	14%	15%	14%
Quit a job	25%	13%	19%
Went from full-time to part-time	30%	18%	24%
Did not go / declined going from part-time to full-time	3%	0%	2%
Declined a promotion	12%	23%	17%
Declined a raise	4%	5%	4%
Declined / turned down / could not accept a job	23%	29%	25%

FIGURE 23.

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
Alternate work hours with someone in my household	17%	20%	32%	23%
Work less hours	22%	32%	27%	29%
Work outside of normal business hours	10%	25%	32%	24%
Take unpaid leave	12%	13%	19%	15%
Take paid leave	6%	10%	32%	16%
Travel to extended family or friends for childcare support	9%	13%	16%	13%
Had a relative move in with you for childcare support	14%	8%	6%	9%
Worked (onsite or virtually) while simultaneously caring for a child	19%	18%	32%	22%
Delayed entry into the job market	12%	8%	6%	8%
Left employment (voluntarily or involuntarily)	16%	15%	9%	13%
Turned down a promotion	4%	8%	6%	7%

In the study, 76% of working parents reported that, in the last six months, they were forced to adjust their schedules via means such as working fewer hours (29%), alternating work hours with someone else in their household (23%), and working outside of normal business hours (24%). (FIGURE 23). When adjustments cannot be made, parents are forced to disrupt work responsibilities, shown by the 70% of parents who 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. 59% of Ohio parents reported being late to work or school at least once due to childcare — both mothers and fathers. Similarly, 56% of parents reported feeling disrupted, and 60% confessed to being distracted at least once in the past three months (FIGURES 24 TO 27). 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 to take care of their child.

Survey findings indicate that regardless of whether or not childcare issues drive parents completely out of the workforce, there are immediate effects on employment and education. The data can help businesses understand in the ways in which parents may be most vulnerable, helping employers tailor their childcare benefits to the parents who need them most, thus improving the retention of employees and reducing costs related to recruitment and employee training. 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.

“My wife quit her job to be at home with our child, and she [decided to look] for a job that [offers the option to] work from home.”

— OHIO FATHER OF A 2-YEAR-OLD

FIGURE 24.
Frequency of missing work or class in the last 3 months, by gender

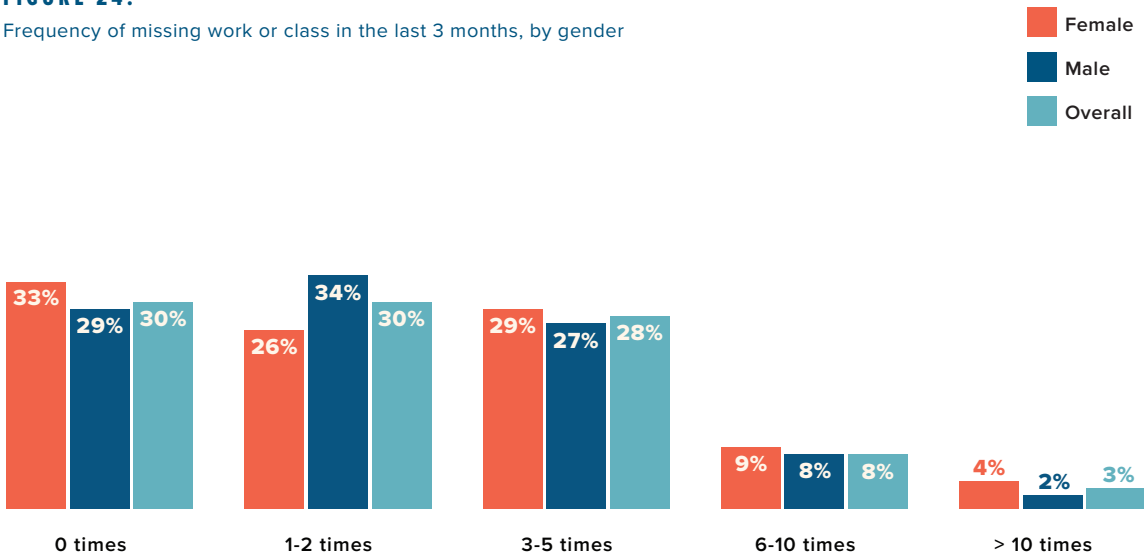


FIGURE 25.
Frequency of being late to work or class in the last 3 months, by gender

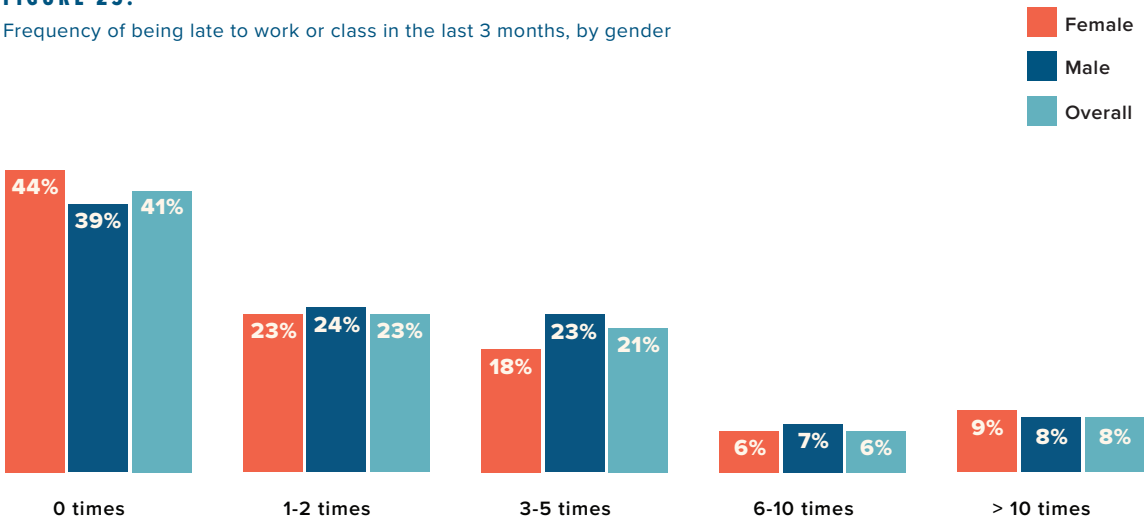


FIGURE 26.

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

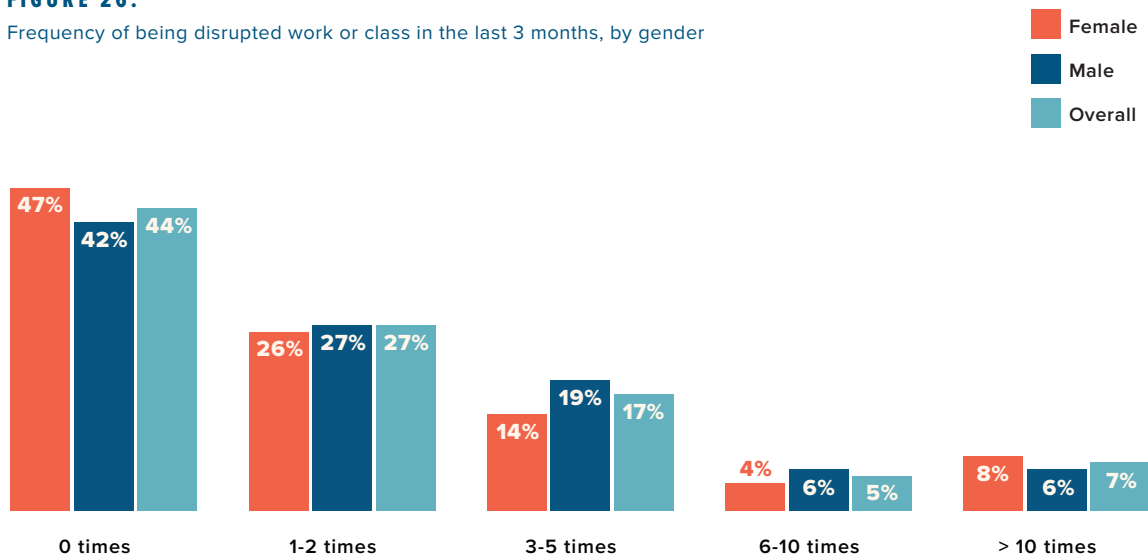
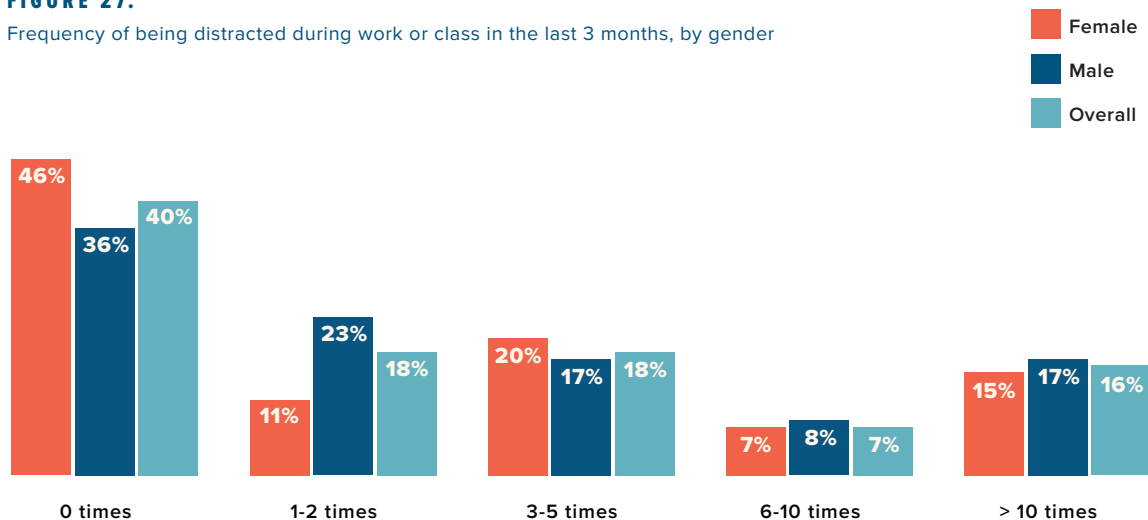


FIGURE 27.

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



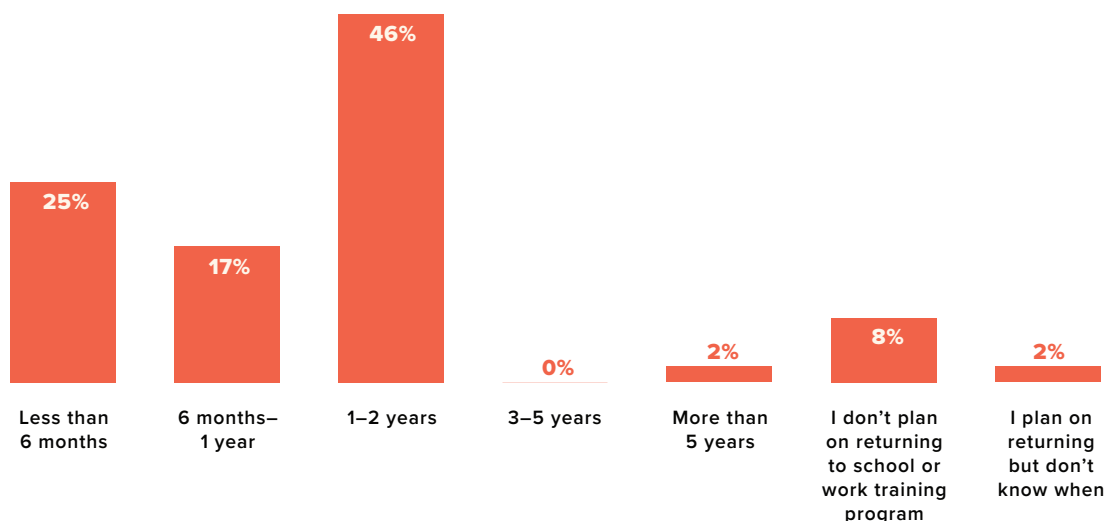
Women bear the brunt of the childcare-related economic losses; women with children earn slightly less than males with children earn, even after controlling for job and qualifications.

Lasting Effects on Employment and Education

The far-reaching effects of childcare gaps are complex and without simple solutions. Parents who have stopped attending education and work training programs usually take extended leaves before returning—if they return at all. The study shows that 48% of Ohioans who depart from their education due to childcare issues, but plan to return, anticipate waiting at least a year, and another 10% either do not plan to return or do not know when they will be able to return (**FIGURE 28**). The longer people spend away from their education program, the less likely they are to return.³¹ Only 13% of students who drop out of school re-enroll, and they typically do not re-enroll at the same level of institution.³² 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.

FIGURE 28.

Time to return to education for those leaving education



³¹ National Student Clearinghouse Research Center (October 30, 2019) *Some College, No Degree*

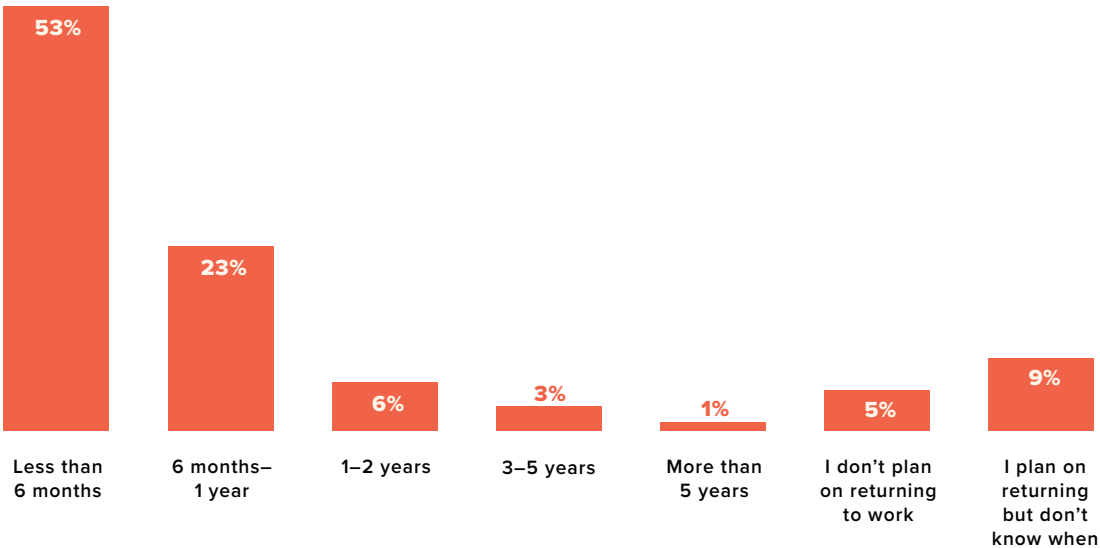
³² Ibid.

In addition, 76% 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 29). Parents are more likely to feel a sense of urgency to get back to work than school. However, that still leaves nearly a quarter of those who have left or are planning to leave the workforce on the sidelines for potentially a year or more. Attempting to resume a career can be intimidating for parents, who may feel pressured to maintain their skills and stay current on industry trends.

Women bear the brunt of the childcare-related economic losses; women with children earn slightly less than males with children earn, even after controlling for job and qualifications. Our survey revealed that women are also more likely than men to quit a job to care for a child (25% versus 13%), with similar reports from Payscale, McKinsey, and the Federal Reserve Bank of St. Louis confirming this assertion. In other words, this means that women are not only leaving the workforce at higher rates but are also being penalized with a higher opportunity cost for doing so.

In short, childcare issues are exacerbating existing issues with poverty in Ohio 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 work for those leaving employment



OHIO MOTHER OF A NEWBORN AND A 2-YEAR-OLD

“I have been turned down for *multiple* jobs because I have 3 kids, so it’s a liability to hire someone with that many children depending on them.”

Conclusions and Implications

This study is a conservative estimate of the economic toll of breakdowns in childcare coverage impacting employers and the state of Ohio. 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 the state. Legislators and executives can thoughtfully consider impactful measures that will alleviate existing childcare issues. In doing so, they can strengthen their human capital and increase the size of the available talent pool.

This research raises a crucial question: **what could Ohio's parents and leaders do with an additional \$5.48 billion each year?** It is our hope that smart solutions produced in cooperation with government, businesses, and parents will benefit all Ohioans, and lead the state to unprecedented economic success in years to come.

**What could Ohio's
parents and
leaders do with an
additional \$5.48
billion each year?**



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RESEARCH SPONSORS

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

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, the Ohio Chamber of Commerce, and Groundwork Ohio 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 and sampled a population representative of Ohio's racial and income demographics (**FIGURE 30**).

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 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 Ohio at the time of the study.

FIGURE 30.

Respondent characteristics

RACE	White	Hispanic / Latino	Black / African American	Asian	American Indian / Alaskan Native	Native Hawaiian / Pacific Islander	Multiple / Other
N=512	381	31	59	18	2	4	18

GENDER	Female	Male
N=512	265	248

REGION	Rural	Suburban	Urban
N=512	107	247	159

INCOME	Low	Middle	High	Prefer not to say
N=512	90	259	162	2

APPENDIX B: ECONOMIC IMPACT METHODOLOGY

Economic impact consists of two areas:

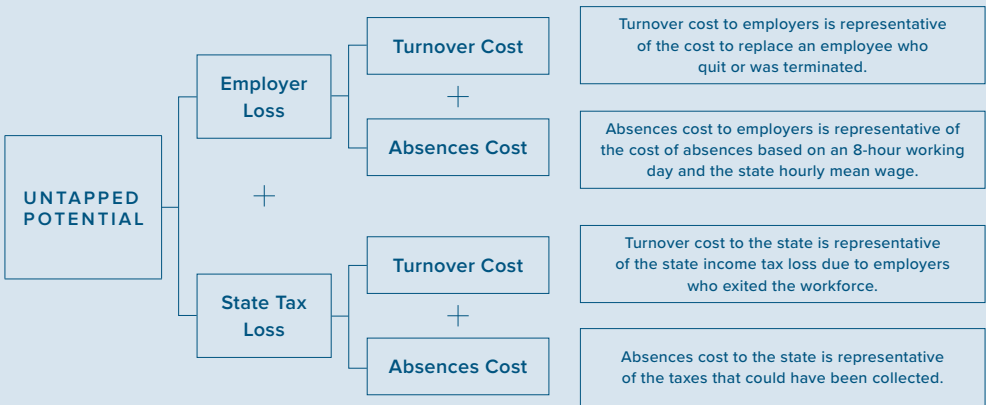
- Overall cost to employers
- Lost tax revenue for the state

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

The authors of this report pulled data from The American Community Survey (ACS) to calculate the total number of parents in the labor force with children under six. In Ohio, there are an estimated 677,790 people in the workforce that match this description. This was calculated as follows:

- Multiply the percentage of households with children under six by the number of households with children under eighteen to obtain the number of households with children under six (494,143).
- Then, multiply the result by the average family size in the state to determine the total number of adults and children under six (1,467,605)
- Lastly, subtract the number of children under six to infer the number of parents with children under six (677,790).

Out of the parents who indicated in our survey that they experienced recent disruptions to their employment, 33% left the workforce either voluntarily or involuntarily as a direct result of issues with childcare. We then applied this percentage to the number of parents with children under six to estimate how many of them have left the workforce (223,671). Subsequently, we applied Boushey and Glynn’s cost of turnover (20.7%)³³ to the annual mean salary for these workers, we arrived at the total cost to employers due to childcare-related employee turnover (\$2,772,895,294).

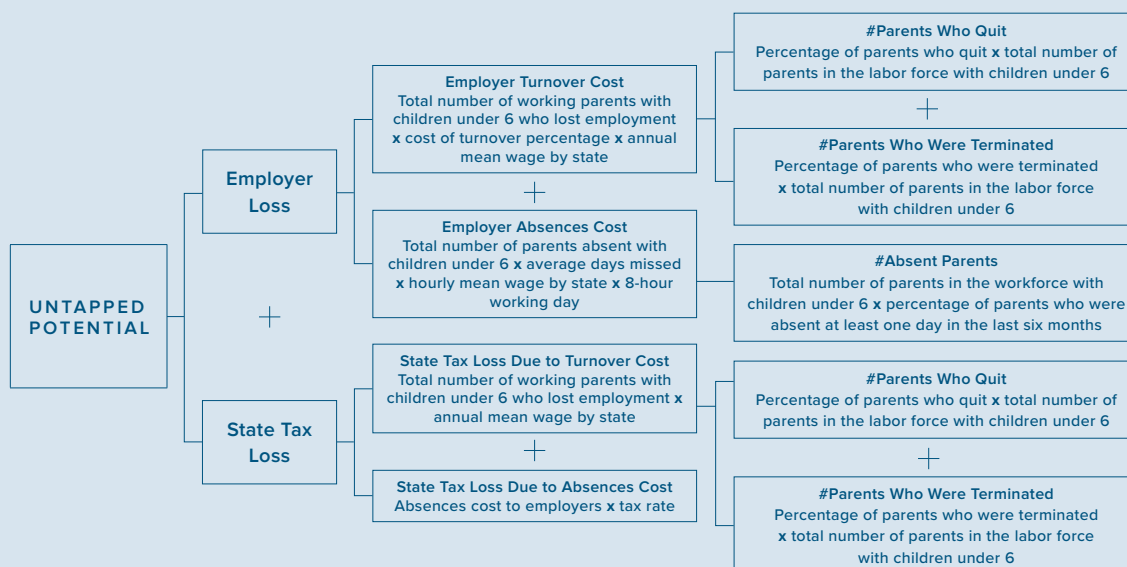


For absences, we applied the mean hourly wage to the number of parents who missed work, then assumed each worker missed an eight-hour shift. Although non-salaried workers forgo wages when they miss work, employers still pay a cost in lost productivity to those absent workers. Additional costs to employers 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. This was calculated as follows:

- Determine the total number of absent employees by multiplying the total number of parents in the labor force by the percentage of parents with absences determined by the survey (474,453).
- Then multiply the total number of absent parents by the average days missed (as determined by the survey) by the hourly mean wage in the state by an eight-hour working day to determine the absence cost (\$1,193,293,301).

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 The economic impact was calculated as follows:

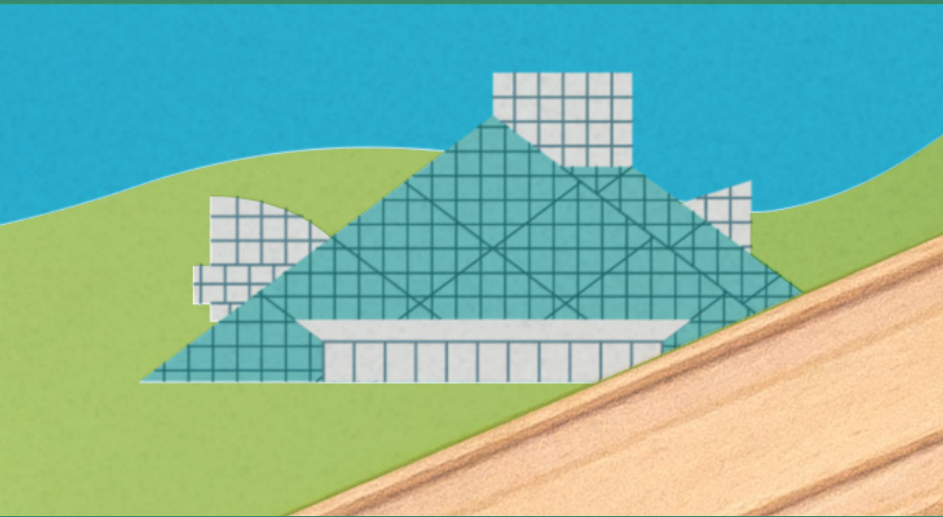
- State incurred turnover cost: multiply the total number of working parents with children under six who voluntarily or involuntarily left the workforce due to childcare by the annual mean wage by the state tax rate (\$1,393,145,462).
- State incurred absence cost: multiply the previously calculated absence cost by the state tax rate (\$124,102,503).



³³ For more on Boushey and Glynn and their calculations behind the average cost of turnover, reference their publication with the Center for American Progress, "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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