

Families and Businesses in Delaware Share a Common Challenge:

Child Care

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It's long been an issue for working parents who struggle with finding access to the affordable and quality child care that enables them to participate in the workforce. So, let me share some data with you.

Families in Delaware pay an average of 20 percent of their median household income on one child's care per year.¹ And yet, one study estimates that 25% of people in Delaware live in a child care desert. The total licensed capacity across Delaware—the number of children providers have space for—is 53,640. This falls short of the estimated number of children aged zero to nine in Delaware, 109,075.²

You've heard the phrase "the numbers don't lie." Delaware's child care issues cannot be overlooked. The supply cannot meet the demand. The numbers don't work.

The struggle for employees to find child care is a top concern in the business community. According to a national U.S. Chamber Foundation study, absences and employee turnover cost employers anywhere from \$400 million to \$3 billion a year.³ More and more employers are recognizing child care is not just a social issue, it's a workforce barrier.

The issue of affordability also stands out. Here in Delaware, families pay an average of \$11,000 in child care per child per year.⁴ A 2023 survey by the First State Pre-K Coalition found that most parents indicated that child care is their biggest monthly expense, with more than 30% saying that it costs more than their mortgage payments or rent.⁵

And just as thousands of low-income Delawareans receive state assistance to afford housing, food, utilities, health care, and more, many families and providers rely on a state subsidy for child care tuition. But the state's eligibility threshold is incredibly narrow compared to national rates. A family of four would need to make no more than \$60,000 a year to qualify for publicly funded child care.⁶ If Delaware adopted neighboring states' policies, many more families could access child care.

Recently, some employers reported that some of their lower paid employees, when faced with promotion opportunities and the potential for higher income, refuse the promotions and better wages because that raise will make them ineligible for some of the state services they have used to cover household or family expenses. This reaction is quite logical. If you make \$35,000 a year and were offered a \$6,000 raise to \$41,000, you might lose some of the state subsidies you had relied upon before and now must finance yourself because you are financially ineligible for further benefits. Welcome to the benefits cliff.

And as Delaware continues to age—in 2019 the share of Delaware's population aged 55 or older was 32%; in 2023 it was 37%⁷—we could have a serious labor shortage in high-need industries like healthcare. Health-related occupations are projected to grow faster than all other occupations in Delaware through 2032,⁸ yet these workers simply won't be there if they don't have child care. Far too many working middle-class families are stuck between a rock and a hard place in

Delaware—unable to afford quality care, but earning too much salary to qualify for state help. Families suffer, schools suffer, and business suffers.

Families face tough choices. Providers are struggling to survive. Our state’s youngest citizens are caught in the middle.

So, the question is, “how do we fix the system?”

We must first recognize that child care is a valuable and integral component of a strong and vibrant economy. Child care is important to recruiting and retaining a competitive workforce. And decades of research show that high-quality early learning experiences can generate huge returns on investment for Delaware’s economy.

We at the Delaware State Chamber of Commerce have been engaged in discussions that could lead to the reimagining of child care in the First State. In 2022, we released a report with partners that summarizes what we’ve heard from business and community leaders up and down the state, through focus groups and survey responses.¹ With the proper knowledge and resources, we can lead in solutions to meet the needs of our workforce, today and tomorrow.

This challenge in front of us is one we can solve. Together, we can make a difference.

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