



# Why Quality Child Care Matters to Employers

A Strong Workforce Starts with Strong Child Care



## Child Care is an Economic Issue

Child care isn't just a family issue—it's a workforce and economic issue. When parents lack access to affordable, reliable care, employers lose productivity, and communities lose economic growth. About **386,000 children** under age 6 in Virginia have working parents.<sup>1</sup> Another **397,000 school-age children** (6–12) have working parents.<sup>2</sup> The cost of care is a struggle for many families, particularly for those with more than one child.

Cost of Care	Infant	Preschool	School-Age
Center-Based	\$14,618	\$11,185	\$8,999
Family Child Care Home	\$12,046	\$10,473	\$8,744

Source: Child Care Aware of Virginia

## Why Employers Should Act

- **Workforce Stability:** Employees with safe, reliable care miss fewer workdays.
- **Productivity:** Working parents are more focused and productive when they can rely on consistent, high-quality child care.
- **Future Workforce:** Children in quality programs enter school ready to learn and are more likely to succeed long-term.
- **Workforce Participation:** When families can afford child care, they can afford to work. Subsidies that make child care accessible help more parents, especially low-income mothers, join and stay in the workforce full time.<sup>3</sup>

Child Care is  
an Economic  
Driver

**\$6.4B**  
Impact on the  
Economy

Virginia's Child Care  
Industry Job Impact  
**53.2K**

Source: Committee for Economic Development

## POLICY RECOMMENDATION

Child Care Aware of Virginia urges state leaders to:

- **Expand the Supply of Child Care by Leveraging Public-Private Partnerships:** Create matching grants for employer investments in child care, following the lead of states such as [Iowa](#), [Kentucky](#), [Michigan](#), [New York](#), [North Carolina](#), [North Dakota](#), [Tennessee](#), [Texas](#), [Washington](#), [West Virginia](#), [Massachusetts](#), [Montana](#), [Ohio](#), and [Washington](#).

## Economic and Community Impact

- **Child care is a two-generation workforce solution.** Employer investment in quality child care improves employee retention and productivity today while cultivating the next generation of educated, capable workers.
- According to Nobel Laureate economist James Heckman, **investing in high-quality early childhood education for low-income children can yield a 13% annual ROI**, driven by better education, health, and employment outcomes—lowering long-term public costs and strengthening America's workforce.<sup>5</sup>

## How Employers Can Help



### Supporting Employees Directly

- Dependent Care Tax Credit (DCTC): Up to \$3,000 for two children based on income and expenses.<sup>6</sup>
- Dependent Care Assistance Plan (DCAP): Employees can exclude up to \$7,500 in child care expenses from taxable income.
- Families can take the dependent care tax credit or use the income exclusion but may not use both.



### Investing in Child Care Solutions

- Employers can receive a tax credit equal to 40% (50% for small businesses) of qualified expenses (up to \$500,000 or \$600,000 for small businesses).<sup>6</sup>
- Qualified expenses include costs to:
  - Build, expand, or renovate an employer-sponsored child care facility;
  - Operate a child care program, including training, compensation, and scholarships for staff; or
  - Contract with licensed child care providers to offer services for employees.

[1] U.S. Census Bureau. [Table B23008. Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents](#), 2022 ACS 1-Year Estimates.

[2] U.S. Census Bureau, [School-age Children with Working Parents](#), 2022 American Community Survey 1-Year Estimates, Public Use Microdata

[3] Marshall, N.L., Robeson, W.W., Roberts, J.R. & Dennehy, J. (2013). [Child Care for Low-Income Families](#). Wellesley Centers for Women.

[4] Committee for Economic Development, [Child Care in State Economies: 2019 Update](#).

[5] Dr. James Heckman, University of Chicago, the Lifecycle Benefits of an Influential Early Childhood Program, 2016.

[6] 2025 Budget Reconciliation Act, the One Big Beautiful Bill, [P.L. 119-21](#); child care provisions effective after December 31, 2025.