



CHILDCARE REFORM: Solving a Devastating Trilemma

The childcare crisis is boiled down to this trilemma: the current system cannot simultaneously be affordable for families, sustainable for providers, and fair to workers without substantial public investment. As someone who owns childcare centers, I know this trilemma well. I am passionate about providing an essential service for families and supporting young kids, but it is a tough industry.

Here's an idea of how bad things are: The national average price for center childcare is \$13,128. This goes as high as \$17,264 for center infant care. A married couple earning the NJ state median of \$167,018 spends 12% of their income on infant center care and that goes up to 45% for a single mother. The childcare affordability crisis is the single greatest barrier to upward class mobility. 134,000 people a year are pushed into poverty by childcare costs each year, and 446,000 middle-class families are pushed into a lower income quintile. Regardless of political affiliation, we can agree on one thing as parents: we want our children to have a better life than us. And that starts with massively reforming how we approach childcare.

1. Cap Childcare Costs at \$10 Per Day for Middle-Class Americans

The U.S. currently only spends roughly 0.35% of GDP on childcare and early education. The average for the 38-member Organization of Economic Cooperation and Development (OECD) is 0.7% of GDP. By urgently increasing childcare spending to the OECD average, and phasing up to 1.5% over the next 5 years, we can provide subsidies that allow childcare facilities to cap costs at a maximum of \$10 for all middle-class Americans, with a sliding scale as incomes increase, as well as subsidies that incentivize the building and opening of childcare centers to meet 100% of demand. This could be financed in large part through a 2% "Worker Investment Fund" tax on those who make more than \$50 million, as childcare is ultimately an investment in the worker productivity that generates their wealth.

2. Eliminate Childcare Deserts

A childcare desert is a census tract with at least 50 children under the age of 5 that has either no childcare providers or a ratio of children-to-slots greater than 3:1. 51% of Americans currently live in childcare deserts. We must set an ambitious goal of eliminating childcare deserts entirely by 2030. With that being said, I can say from experience that the supply-side problem is complex. Childcare centers are more expensive than other businesses to build, have insane insurance rates, and can have

profit margins less than 1%. We need to develop a grant and fund it with \$1B annually specifically for constructing and operating centers in childcare deserts. We also need federal reinsurance for childcare liability, modeled after the National Flood Insurance Program, to stabilize the insurance markets that threaten to close 65% of providers.

3. Subsidize early childhood educator wages

In no state does the median early childhood education wage constitute a living wage for a single adult. The national median hourly wage for childcare workers is \$15.41, which is in the bottom 5% for all occupational wages. Unfortunately, there are no surplus profits for childcare centers to invest in substantially raising wages. If we subsidize early childhood educator wages to raise the floor to 150% of the minimum wage in a given zipcode, we could see a return on investment of 23%. Washington D.C.'s Early Childhood Educator Fund, is proof this concept can work, and it could be paid for by overturning some of the tax cuts for millionaires and billionaires in Trump and Kean's big horrible bill.

4. Establish 6 months of paid maternity leave

While it is certainly important for both parents to have time with their children, becoming a parent overwhelmingly affects a woman's career more. Labor force participation among mothers with children under 5 dropped nearly 3 percentage points—from 69.7% to 66.9%—in just a six month span in 2025. Mothers currently earn 31% less than fathers, and working women see their incomes cut in half, on average, after having children. 6 months of paid maternity leave at a sliding percentage scale based on income, with a cap of 90% and a floor of 67%, would be a great stride toward easing this economic burden.

5. Include a childcare stipulation in more federal grants

We should build on the CHIPS Act childcare requirement by extending it to a narrow set of large, place-based federal grants—like major manufacturing, clean energy, and infrastructure projects—where the federal government already requires community benefits plans. For projects receiving more than 150 million in federal support, at least 10% of the project value would be directed to childcare supply in the surrounding communities: on-site or near-site care, long-term partnerships with local childcare providers in the same zip codes, or contributions to state and local childcare infrastructure funds. Applicants would have to submit a concrete, enforceable childcare plan to receive the award, and failure to meet those commitments would trigger clawbacks or reduced eligibility for future grants, using enforcement tools agencies already have rather than creating a new bureaucracy.