



2024

UNITED
WE .

*The American
Economy Depends
on Entrepreneurs.*

*Entrepreneurs
Depend on
Childcare.*

A STATEMENT OF PRINCIPLES

by the United WE National
Commission on Childcare and
Women's Entrepreneurship

United WE National Commission on Childcare and Women's Entrepreneurship

Commission Member	Organization*
Shannon Cotsoradis	Buffett Early Childhood Fund
Leslie Borrell	Carefully
Melanie R. Bridgeforth	
Rhian Allvin	
Erica Phillips	National Association for Family Child Care
AJ Griffin	
Elle Patout	National Association of Women Business Owners (NAWBO)
Helene Stebbins	Alliance for Early Success
Shayna Hetzel	Wisconsin Economic Development Corporation
Louise Stoney	Opportunities Exchange
John R. Dearie	Center for American Entrepreneurship
Casey Adrian	Office of Missouri Lieutenant Governor
Tonja Rucker	National League of Cities
Sheldon Weisgrau	Missouri Foundation for Health
Leslie Lynn Smith	Themis Strategic Partners, LLC
Julie Trivitt	Economist
Jamee Herbert	BridgeCare
Gayatri Agnew	Founder, Mother's Monday
Marica Cox Mitchell	

**Organizational affiliations are listed for identification purposes only.*

Introduction

The dynamism of the American economy depends on entrepreneurs' ability to create jobs, build new products, establish businesses, and drive innovation.

Childcare is a challenge that persists despite increased public attention to the issue and some significant investments, particularly from states. The U.S. Department of the Treasury has [described](#) childcare as “a classic market failure.” The economics of childcare are immensely challenging. As a result, many programs barely remain solvent despite charging parents high fees and paying staff meager wages. Quite simply, the demand cannot, and will never, create enough sustainable, high-quality supply absent public investments. The resulting shortages have a serious and underappreciated impact on American entrepreneurship, specifically women’s entrepreneurship.

Women entrepreneurs are important but too often underappreciated and overlooked. They power an enterprising American economy. Yet because they bear a disproportionate share of caregiving responsibilities, our inability to deliver affordable, accessible, high-quality childcare diminishes the entrepreneurial potential of America’s women. Solving the childcare crisis is a prerequisite for ensuring the continued strength of the American economy and the well-being of our youngest children and their families.



Key data on the childcare crisis:

- A [2023 analysis](#) by the U.S. Department of Labor found that childcare was unaffordable to the average family in every state, even though the sector's median hourly wage was only \$13.22.
- A [2022 National Bureau Of Economic Research working paper](#) explored the effects of a policy of broadly expanding subsidies that limits family payments for early care and education to no more than 7% of income among those up to 250% of national median income. It/NBER found that mothers' employment would increase by 6 percentage points while full-time employment would increase by nearly 10 percentage points, with substantially larger increases among lower-income families.

Key research and data on the value of entrepreneurial activity:

- [According](#) to the U.S. Small Business Administration, small businesses have created two out of every three new jobs over the past 25 years.
- [Entrepreneurial activity](#) provides some of the [most critical factors that drive economic growth](#), including innovation and increased productivity.
- A new survey, [the] [Small Business Majority](#) found that small business owners agree that a lack of access to affordable, high-quality childcare for their own children created an impediment for them to start their business (58%) and grow their business (59%).

Key data on the role of women in entrepreneurship from a [2022 report from the National Women's Business Council](#):

- In 2019 there were 1.2 million women-owned employer firms (20.9% of all businesses with employees).
- Women-owned firms grew 16.7% between 2012 and 2019, compared to the 5.2% growth rate for men-owned firms.
- Gross receipts for women-owned companies increased "exponentially" (51.9%) during that time, while revenues for employer firms owned by men rose 34.2%.

Who is this Statement of Principles for?

Convened by United WE, the Commission on Childcare and Women's Entrepreneurship is committed to engaging audiences who are not typically part of conversations on how to "solve" America's childcare crisis. We do not approach our work principally as childcare policy experts or advocates (though several childcare experts were on the commission). We come to this work with a deep desire to include new audiences in a conversation about a crisis that affects the well-being of America's families and imperils the entrepreneurial dynamism of the American economy—one of the country's greatest strengths.

Accessible, flexible, affordable, and reliable childcare is a pillar of American entrepreneurship, especially women's entrepreneurship. To break through, we need something new.

Therefore, we hope to reach

- public policymakers
- labor unions
- economic developers, investors, accelerators, and all responsible for building robust entrepreneurial ecosystems in communities large and small across the United States
- business leaders and the associations that represent them
- local and state chambers of commerce
- workforce investment boards
- business school leaders
- local and regional economic developers.

All these groups have reason to consider and adopt the principles we outline below. This issue matters for the economic security, stability, and dynamism of the United States and speaks directly to deep American values: innovation, resilience, opportunity, and enterprise. The broad adoption of these principles will drive economic growth, job creation, and a thriving future for more American families and businesses.

Our guiding principles

Commission members believe that childcare should be affordable, that it should meet the diverse needs of entrepreneurs, and that childcare businesses should be viable small businesses in themselves. It should be accessible to all parents, whether they work inside or outside the home. Some entrepreneurs need childcare for only a few hours a week, some need care outside ordinary business hours, and others need childcare that responds to unpredictable schedules. Our brittle, underfunded, inequitable childcare system cannot meet these needs. All those with a stake in economic development policy and promoting entrepreneurship should join advocates in promoting access, flexibility, and affordability. To meet these objectives, we need systems of care that

- recognize more categories of care (e.g., formal childcare, care by stay-at-home parents, care from relatives or friends, etc.)
- acknowledge that families may need more flexible care during nonstandard hours and on a drop-in basis, while childcare program operators need predictable funding streams to be sustainable
- offer incentives to providers to opt in to public subsidy systems that provide tuition aid to low- and moderate-income families; public subsidy systems should be designed to support provider sustainability and encourage them to serve families at all income levels
- accommodate supply-side (e.g., operational grants and targeted tax credits for teachers and program operators) and demand-side (e.g., vouchers for families) public support
- compensate the childcare workforce sufficiently so that early educators flourish and the quality of childcare programs improves
- enable a wide array of program types (e.g., centers, family childcare programs, etc.) to operate sustainably
- reassess regulatory requirements so that children's health and safety are paramount while identifying potentially duplicative or unnecessarily burdensome rules—especially local barriers like zoning requirements and landlord vetoes

- harness modern technology's power to streamline routine tasks like processing applications, managing compliance documentation, supporting portable background checks, and more
- support parents who provide primary childcare to their own children part- or full-time (e.g., low-cost or free drop-in centers, stipends for stay-at-home parents)
- include robust, real-time data on childcare supply and demand so that policymakers can accurately plan for, and fund, services for the age groups and locations where gaps are most significant and families can easily identify available spaces, reserve them, and enroll in childcare sites online.

High-quality childcare is essential for starting and growing businesses

Commissioners know we must invest in quality childcare to work for all: parents and children, providers, and communities. Quality childcare exceeds minimal health and safety standards and, to quote the U.S. Department of Health and Human Services, “[offers children supportive, nurturing relationships with trusted teachers, and positive, diverse learning experiences.](#)” Quality childcare programs support positive development and help lay the foundations for flourishing as students, as citizens, and throughout life. Quality childcare is an investment in our children’s well-being and an essential support for parents starting and growing businesses. Importantly, quality childcare starts with a stable, well-compensated workforce. The caregiver-child relationship undergirds all other outcomes.

A quality childcare system supporting entrepreneurs

- provides safe, quality, enriching experiences for children
- is culturally relevant and linguistically responsive
- meets the benchmarks of quality in ways that are measurable, accessible, flexible, transparent, and reliable for the entrepreneur

- recognizes that early childhood care and education is a profession with baseline standards and provides a living wage, benefits, professional development, and the like.

Childcare is critical economic infrastructure

We all benefit from an effectively functioning childcare system. Childcare is essential to a robust economy that stimulates job growth, drives the creation of new businesses, and generates opportunity. The opportunity cost of not building world-class childcare infrastructure is huge: fewer brilliant business ideas will come to fruition and there will be fewer inventions and services to make life better for all Americans. Too many leaders see childcare as a niche concern that affects a specific population (parents) during a small slice of their children's lives before school starts. Business leaders, politicians, economic developers, and other key stakeholders must recognize childcare as critical infrastructure, like roads, airports, bridges, ports, and our K-12 public education system. Equitably supporting America's entrepreneurs—especially women—requires that childcare move from a niche concern to an urgent public issue, central to economic policy and development.

An effective childcare system, understood broadly as critical infrastructure that promotes economic dynamism and growth, would

- include economic developers and local leaders who recognize the importance of accessible and affordable childcare to a dynamic entrepreneurial ecosystem
- support childcare businesses with modern, cloud-based technology systems, linked business consultation, and shared services
- affirm a culture of practical engagement between regulators and providers
- ensure effective, consumer-friendly engagement with public sector funders and regulators, as well as timely and accurate information on program quality and available spaces via technology
- respect childcare workers as competent and trusted professionals

- Honor parents' preferences for the care of their children in the environment that best meets their family's needs and ensure that parents have easy access to information about the quality and availability of childcare in their community.

Childcare business owners are entrepreneurs

The army of entrepreneurs that runs childcare is composed almost exclusively of women and disproportionately women of color. They start and grow hundreds of thousands of businesses and fight daily for survival. Childcare is a low-margin sector due to the exceptionally high personnel costs previously noted, which frequently consume 70% or more of a program's budget. The meager amount of public funding available constricts the entire business model, especially for those programs serving low- and moderate-income families that may struggle to afford high fees.

Beyond funding, the onerous practicalities of starting and maintaining a regulated childcare business can discourage would-be founders from opening. While processes differ by state, licensing requires significant paperwork, applications can take many months, and documents and data must be maintained and shared with regulators during annual visits. Background checks and screenings are not portable between programs. Every time teachers are hired, they must be screened before starting work, and there are frequent delays in getting staff through required background checks: Nevada, for instance, had a backlog of more than 10,000 background checks in 2023. Family childcare programs are often challenged by detailed facility and program requirements and background checks on all family members, as well as zoning approvals and resistance from homeowners' associations (if they own their homes) or landlords (if they rent).

Despite the sector's well-documented challenges, these businesses meet parents' unique needs and preferences. Supporting a strong public-private childcare system backed by public dollars—while simultaneously reforming administrative processes so that only the essential steps remain—will drive the economic dynamism of other sectors and support the vibrancy and potential of a critical human services sector.

Conclusion

Just as roads, bridges, and other types of infrastructure facilitate the smooth operation and continued growth of our economy, childcare allows workers, entrepreneurs, and parents to work, innovate, live in healthier, safer communities, have the number of kids they desire to have, and more. Additionally, it equips young children—future members of the American workforce as well as tomorrow's innovators—with the foundations for a lifetime of success. Women entrepreneurs, in particular, stand to gain from solutions to the market failure of childcare in America.

Fixing childcare means unleashing the power of enterprise and fulfilling the human potential of every neighborhood in every city and state. The United WE National Commission on Childcare and Women's Entrepreneurship is engaging a broader coalition of stakeholders to spark new solutions and expand the implementation of evidence-based practices and policies.

Robust public investment in childcare could yield substantial returns for America's entrepreneurs (particularly women), families, and the overall economy, but government, business, and labor all have a part to play. Systems of care can be improved by expanding access, increasing affordability, and allowing for flexibility so that more families can more fully participate in a dynamic American economy.