New Report Shows Link Between Inadequate Investments in Child Care and Millions of Dollars in Lost Salaries, Business Income, and Tax Revenue in Cuyahoga County

Parents in key sectors describe child care options as “unaffordable, low quality, or simply inaccessible”

CLEVELAND – A new economic report commissioned by Early Matters NEO, a group composed of Northeast Ohio’s economic and child care system leaders, highlights Cuyahoga County’s unaffordable and insufficient child care system for children under the age of five and its wide-reaching impact. Citing that “everyone pays the price” when expensive and scarce child care forces parents make difficult choices, the report details how family income, business revenue, and tax revenues suffer as families are made to cut back their hours or stay out of the workforce altogether.

The report, Driving Growth: The Economic Value of Child Care in Cleveland and Cuyahoga County, is authored by Clive R. Belfield, Professor of Economics at Queens College, City University of New York and Principal Economist at the Center for Benefit-Cost Studies in Education at the University of Pennsylvania.

This analysis is the first of its kind for the City of Cleveland and Cuyahoga County, and models the economic impacts of inadequate child care, including lost tax revenue, lower workforce participation, and slower economic growth. Each year, across Cuyahoga County, inadequate child care for parents of children under the age of five translates to:

- $411.3 million in lost income for parents
- $121.4 million in business losses
- $114.2 million in tax revenue losses

“We know anecdotally that the child care system isn’t working for Northeast Ohio families, but this report shows how deeply child care impacts our economy and quality of life. Inadequate child care imposes direct economic burdens on family incomes and earnings growth. Significant commitment to public funding of high-quality child care is necessary to offset much of these losses and boost economic activity in Cleveland and across Cuyahoga County,” said PRE4CLE Executive Director Katie Kelly.
Of the families surveyed, 78% of parents say child care is not accessible, notable with 92% of Information Technology and Health Care workers citing challenges in finding care that meets their fluctuating schedules.

Most affected are families that earn less than $60,000 a year, are African American/Black, or are Hispanic.

Other findings in the report include:

- Inadequate child care raises Cleveland’s employment rate by 50%
- Overall, GDP in Cuyahoga County is 0.4%-0.8% lower each year because of inadequate child care.
- Almost 1/3 of Cuyahoga County parents surveyed say inadequate child care has impaired their career options
- More than 7 in 10 parents report that child care challenges have caused them to be distracted, late or to have missed commitments at work
- Child care can cost $10,000 a year per child; yet only families in Ohio below 145% of the federal poverty level ($43,000 for a family of four) can access publicly subsidized child care if they meet work or school requirements – that’s third lowest in the nation

Michelle Rose, Executive Director of the Cleveland-Cuyahoga Workforce Development Board, said parents may turn down jobs because they don’t have reliable and affordable care for their children. As many as 20,000 parents with small children at home are unemployed. “Without child care, many families cannot fully participate in the labor market. That means family income is lower, and career prospects are restricted, and it is a cumulative affect that harms families’ chances at upward mobility. In turn, economic activity across the City of Cleveland and across Cuyahoga County is impacted,” she said.

Nancy Mendez, CEO of Starting Point, which helps connect families to high-quality child care programs in Northeast Ohio, noted that her organization hears daily from parents of young children who want to work but struggle to find or afford care. “Unemployment is linked to child care availability,” Mendez said. “These challenges are complex but solvable. We need the private sector to come together to help us find a solution to remove the cost, quality and availability challenges that impede workforce participation.”

Cleveland Mayor Justin Bibb said “Child care is an essential component of our economy. Access to affordable, high-quality child care allows parents to enter and remain in the workforce, contributing to the productivity and growth of our local businesses.”

"Government and the business community must collaborate to reshape the child care system in a way that supports families and drives economic growth," said Cuyahoga
County Executive Chris Ronayne. "By investing in accessible and high-quality child care, we can ensure parents have the resources they need to succeed in the workforce while laying a solid foundation for the next generation. We believe public-private partnerships are essential for a robust economy and a stronger, more resilient community."

Early Matters NEO is looking to rally business leaders in partnership with Mayor Bibb and County Executive Ronayne to work collectively to explore solutions to the child care crisis and ask them to advocate for help in creating accessible and affordable child care in Cuyahoga County.

For more information, visit www.earlymattersneo.org

**About Early Matters NEO:**
Early Matters NEO is a group of partners focused on changing policies to ensure working families have access to affordable, quality child care to support workforce and business growth in Northeast Ohio. To learn more and get involved, visit www.earlymattersneo.org