

# The Child Care Sector

**2025 TRENDS IN EARLY EDUCATION,  
CHILD CARE, WORK SUPPORT, AND  
ECONOMIC DEVELOPMENT**



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Accessible,  
quality child care  
& early education

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Innovation &  
Scaling Promising  
Practices

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# What We Know



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# Access, Affordability, and Quality

## The UnSystem of Child Care

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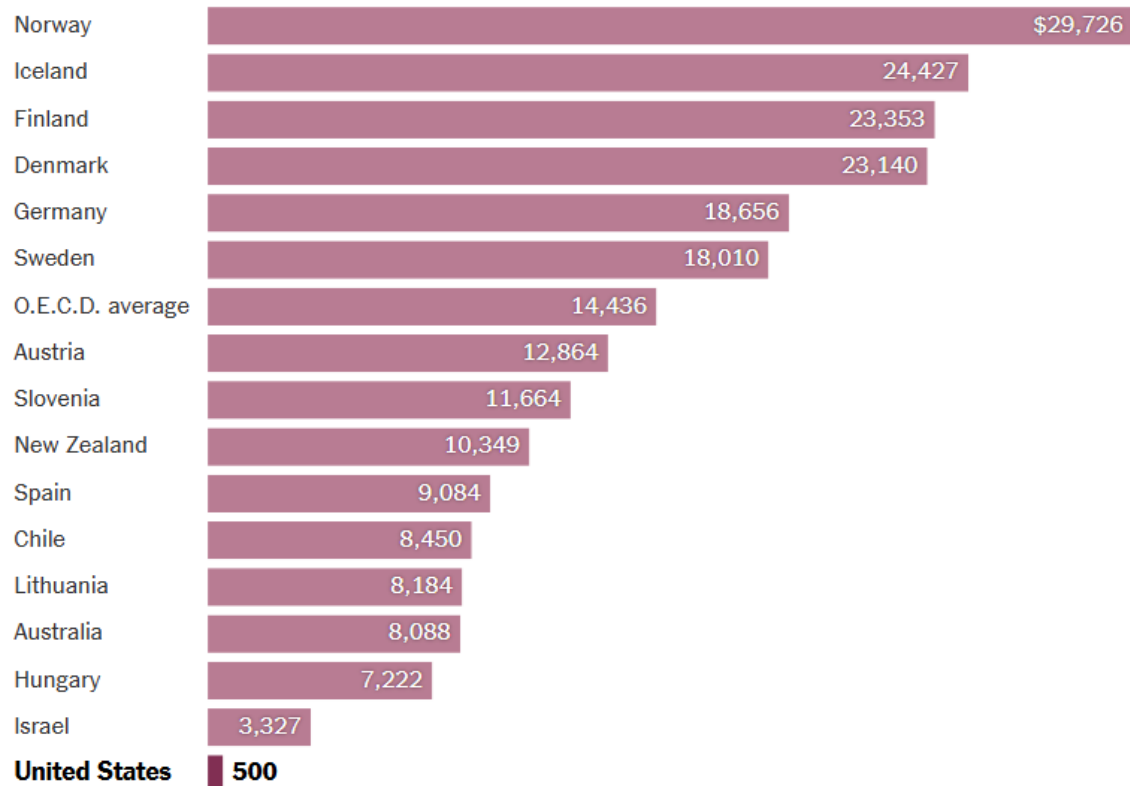
- *“I am going to save you a lot of time and fatigue. The U.S. has no design for child care. We have no plan.”*
- Deep need for an accessible, affordable child care
- Felt need for realistic options for families



# Quick Glance: “How much do we spend?”

## How Much Governments Spend on Child Care for Toddlers

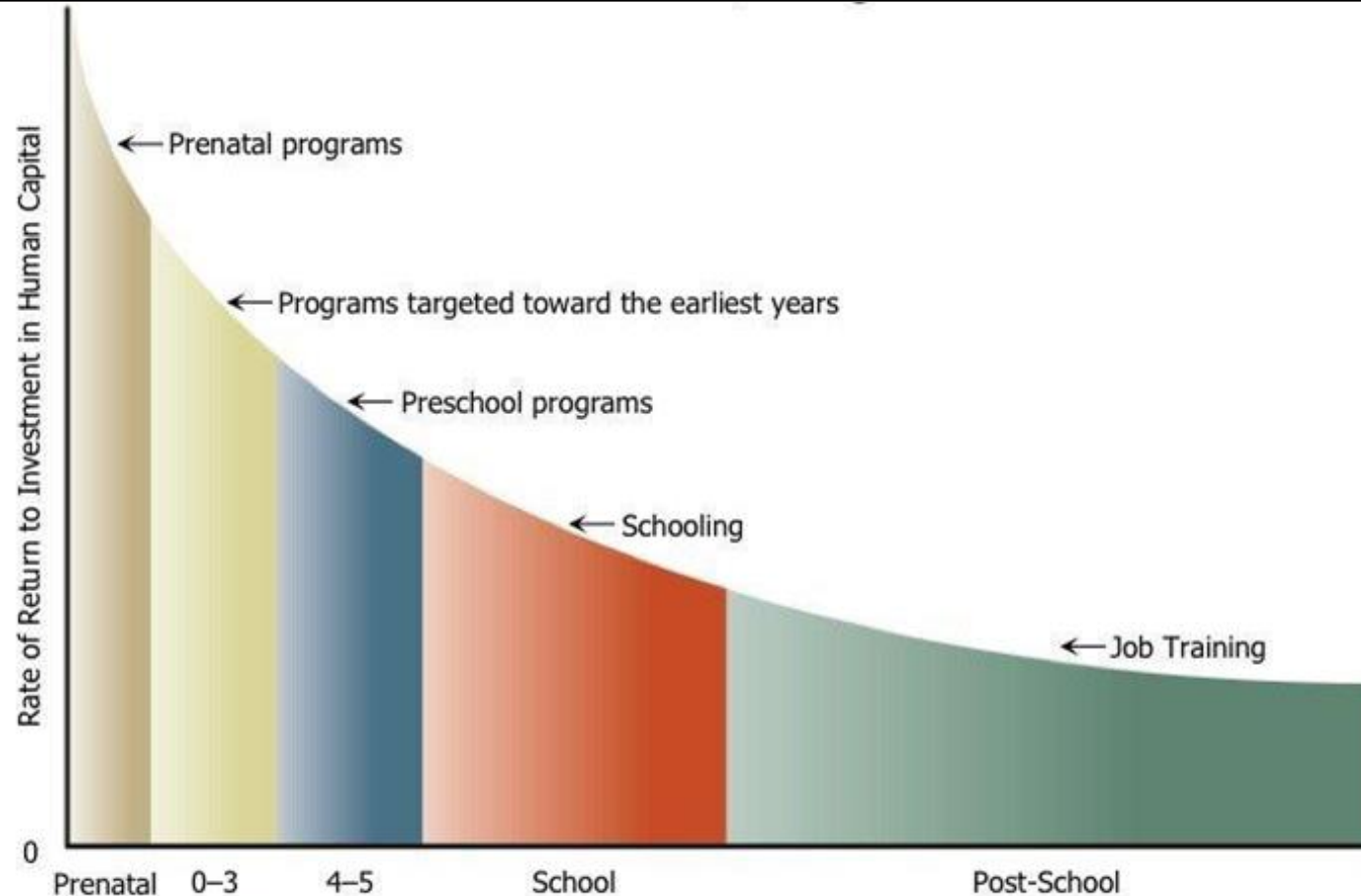
Annual public spending per child on early childhood care.



- The U.S. is last among developed nations for public spending on toddlers at \$500/child
- .2% of GDP spent on child care for children under 2

*The New York Times | Source: Organization for Economic Cooperation and Development and Elizabeth Davis and Aaron Sojourner for the Hamilton Project.*

# The earlier the investment, the greater the return



The U.S. invests exactly opposite of the ROI in education, spending the least on prenatal and the earliest years.

*James Heckman, Nobel Laureate in Economics*

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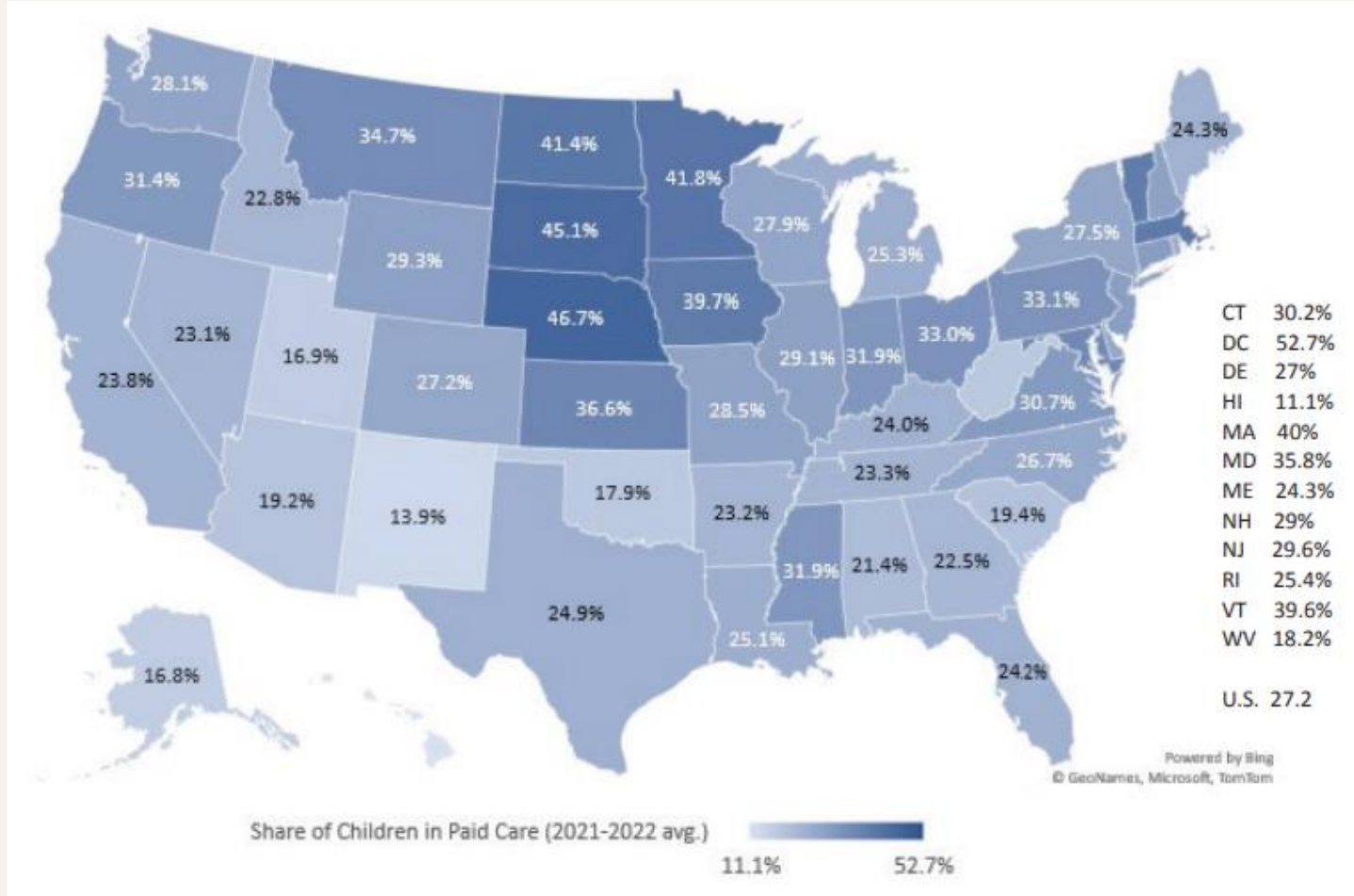
# The **Missed Opportunity** of Quality Early Education

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- Deep gaps in having a basic, strong system of child care... leaves us still missing the opportunity of quality early education
- Education leaders want quality early education... but sometimes miss the opportunity to design and address the challenges facing the child care sector
- Families have preferences in the type of care that works for them

# % of Children 0-4 in Paid Care (2021-22)



**Texas = 24.9% of  
children 0-5 in paid care**

DC = 52.7%

MA = 40%

MC = 35.8%

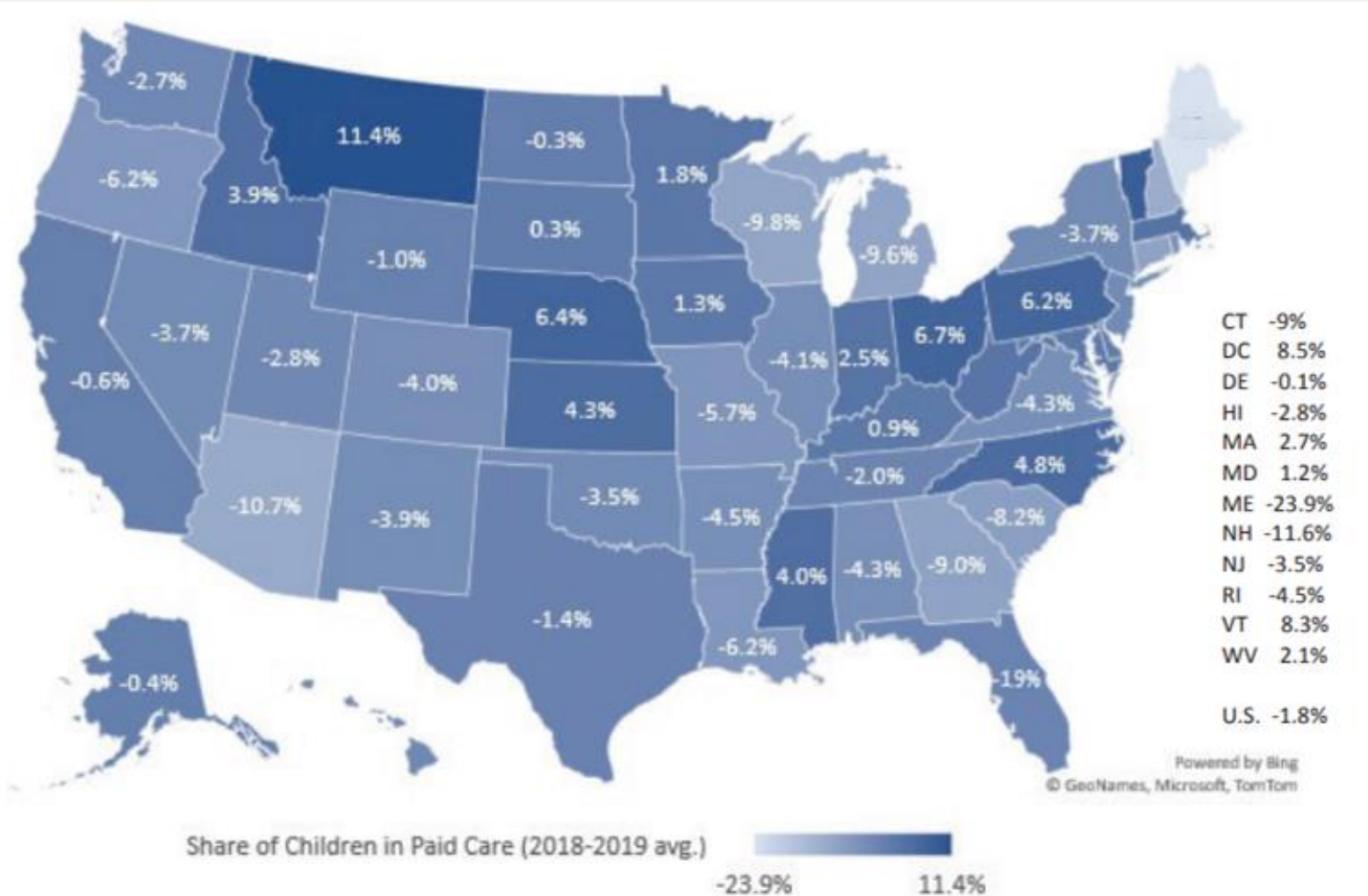
FL = 24%

WV = 18.2%

*Source: I-PUMS-CPS, Univ.  
of MN*



# Change in the share of children 0-4 in care (2018-19 vs. 2021-22)



**% of Texas children in paid care is down -1.4% (despite TX pop'n growth of >5%).**

2018 = 28,624,564  
2022 = 30,113,488

*Sources: I-PUMS-CPS, Univ. of MN and U.S. Census Bureau*

# On the horizon in 2025 for the child care sector



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# **On the horizon in 2025:** Access, Affordability, and Quality: The UnSystem of Child Care in 2025

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- Deep need to pay **higher wages** and provide benefits
- **Liability insurance** for child care - fewer companies, higher cost, lower coverage
- Family Child Care closures happened in Covid
- **Classroom closures** at centers (towards center permanent closures beginning)



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# On the Horizon in 2025: Re-thinking Head Start and Early Head Start

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- Some conservative calls to eliminate HS/EHS
- More likely to roll-back some standards and incentivize programs to convert to EHS home-based, EHS pregnant mothers, and EHS center-based services
- Local grantee can “go back” and redesign its program... be inquiring about how to expand Early Head Start services

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# On the horizon in 2025: Policy focus on the economic value of a stay-at-home parent

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- Stay-at-home parents provides incredible valuable services to their families, the U.S. economy, and the country
  - 1 in 5 are men
  - Demographically diverse
- Deep rethinking of the economic value of the care sector

SOURCE: Capita Social, Inc. 2024

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# On the horizon in 2025: Exploring paths to home ownership and/or rental assistance for home-based care

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- Home-based care has taken a major hit with Covid
- Thoughtful, careful philanthropic investments have been able to build home business models that lead to home ownership

SOURCE: EdSurge and 19thNews 2023



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# On the horizon in 2025: Innovation of states, regions & localities

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- Matching funds, local taxes, and local ingenuity may be a realistic way to supply-building and local solutions
- Focus on pairing up government and business investments; focus on supply-building

SOURCES: Center for American Progress, 2024; US Chamber Foundation 2023; Convergence Collaborative on Supports for Working Parents

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# On the horizon in 2025: PreK expanding to community-based setting

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- Most states designed state-funded PreK to operate in both schools and community-based settings
- Expect Texas to pass legislation this session that expands PreK in community-based settings
- One means of increasing child care educator wages

SOURCES: Momentum 2024; Texas Education Agency – Commissioner Mike Morath

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**Let's hear from  
our panel of  
Texans...**

