

CHILD CARE:

A CRITICAL COMPONENT FOR A STRONG WORKFORCE IN ALLEGHENY COUNTY

Executive Summary

For parents in Allegheny County's workforce, access to reliable and affordable child care is essential. Quality child care not only enables parents to enter and remain in the workforce but also plays a critical role in shaping a child's future development. Yet, concerns over the accessibility and affordability of child care services are mounting. This report explores the following key topics:

- **A Shrinking Child Care Workforce:** A contributing factor to a shortage of child care options is a decrease in child care professionals. In Allegheny County, there was a 19% decrease in workers from 2019-2024, and 2025-2035 is predicted to see a further 3% decrease, exacerbating the already existing shortage of workers.
- **Child Care Costs and Labor Force Participation:** Child care costs account for 8.0% to 11.6% of the median family income in Allegheny County. They account for up to 31% of median income for women, placing a significant burden on single mothers, who head 28% of local households with children. These costs affect a parent's ability to enter or remain in the labor force. The American Rescue Plan Act of 2021 (ARPA) provided \$39 billion to temporarily stabilize child care costs, but that funding only extended through 2024. Without additional support, costs are expected to rise.
- **Child Care Benefit Cliffs:** Many Allegheny County families face "benefit cliffs," where small income increases lead to a sudden loss of child care subsidies and significantly higher out-of-pocket costs. This steep financial jump can discourage parents from pursuing employment or increases in salary, limiting economic mobility.

Addressing the child care crisis requires coordinated action across federal, state, and local levels. Without timely action, escalating costs and persistent workforce shortages will continue to hinder economic growth. Strategic investments, such as subsidies to make care more affordable for families and workforce development to strengthen the early childhood labor force, are essential to expanding access for working parents. In return, high-quality early child care yields both immediate and long-term benefits for children and families, while also delivering strong returns on investment for governments and employers.

A Shrinking Child Care Workforce

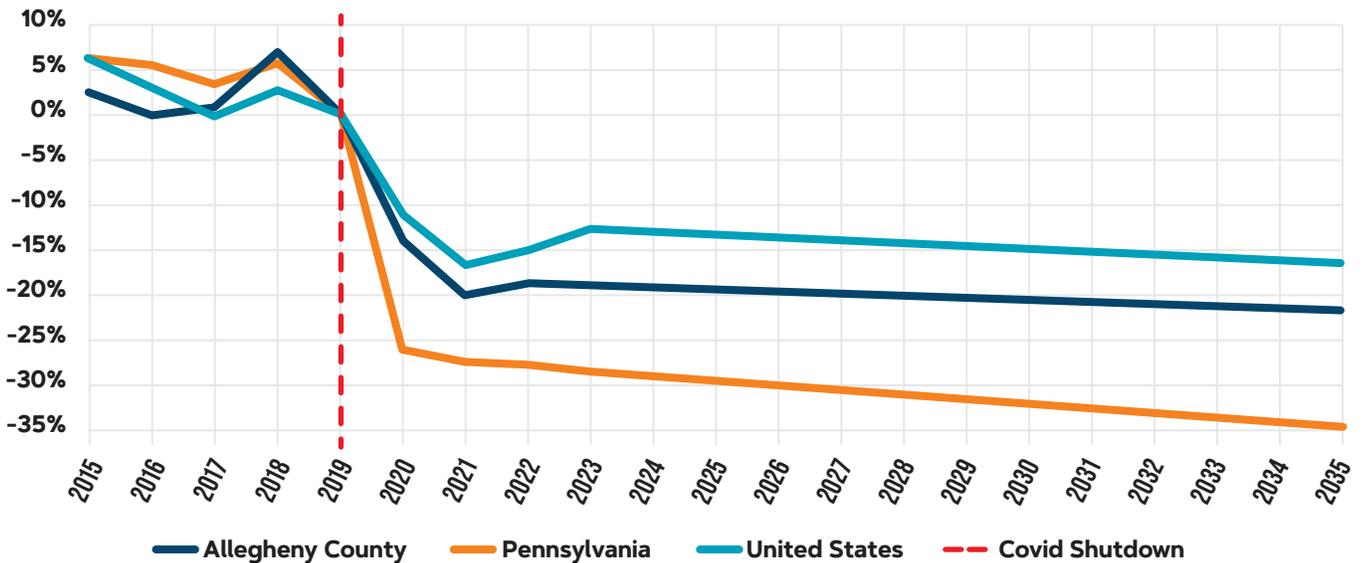
The child care industry was hit hard during the pandemic in 2020. The combination of labor shortages and Covid restrictions led almost 16,000 child care centers nationally (about 9%) to permanently close.¹ As restrictions were lifted and demand for child care began to rise again, the supply has not kept pace with demand.

¹ "Demanding Change: Repairing Our Child Care System". Child Care Aware of America. (March, 2022).

Allegheny County has a lower concentration of child care workers, with 14% fewer workers compared to the national average for an area of similar size. In Allegheny County, the workforce declined by 19% between 2019 and 2024, and projections indicate an additional 3% drop from 2025 to 2035, intensifying the current worker shortage. Meanwhile, demand for child care services remains high. A 2022 survey of child care staffing in Pennsylvania found that nearly 7,500 children in Allegheny County were on waitlists for child care programs.²

The graph below shows the percent change in the number of child care workers from 2015-2035 for Allegheny County, Pennsylvania, and the United States using 2019 as a baseline. As shown, there was a large decrease during the Covid pandemic with some recovery starting in 2021. However, supply did not manage to fully recover before continuing a projected decline.

Child Care Worker Changes Compared to 2019 (2015-2035)



Many child care providers struggle to remain financially stable. Expenses such as operational and supplies costs, which are critical to maintaining high quality care, leave little room to offer more competitive wages. In Allegheny County, child care workers earn a median annual wage of \$28,727 (\$14.37 per hour)³, which is the tenth lowest among all occupations and well below the living wage threshold of \$22.76 per hour for a single adult with no children.⁴

Low pay for demanding work can make it difficult for child care providers to attract and retain staff. The turnover rate for child care workers in Allegheny County was 59% in 2024, compared to 51% for all jobs.⁵ Moreover, those who leave their child care positions most often end up in occupations outside of child care—the top two following occupations were Social and Human Services Assistants and Retail Salespersons.⁶

² Start Strong PA. (2022, April 14). March 2022 Child care Staffing Survey results. Early Learning Resource Center Region 5. <https://elrc5.alleghenycounty.us/news/march-2022-child-care-staffing-survey-results>

³ Lightcast (2025.1)

⁴ Living Wage Calculator, MIT. <https://livingwage.mit.edu/counties/42003>

⁵ Lightcast (2025 Q1)

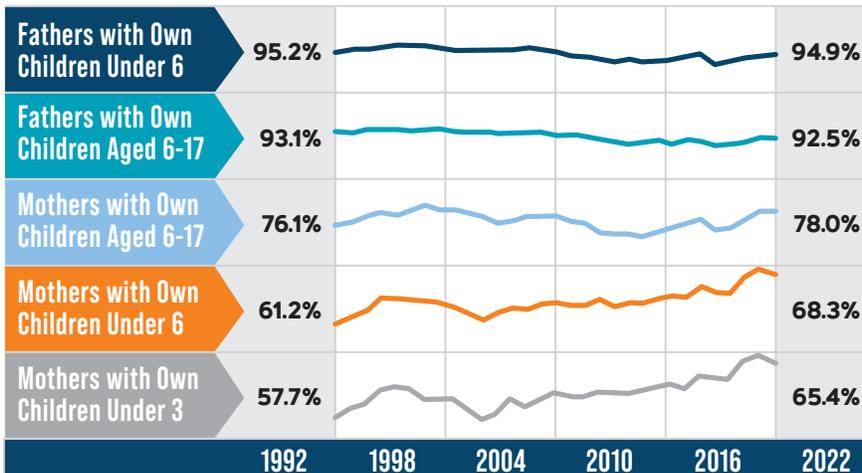
⁶ Lightcast (2025.1)

Child Care Costs and Labor Force Participation

For many families, especially those with multiple children, the high cost of child care can be a significant barrier to employment. Parents may find that child care expenses outweigh potential earnings, that care is unavailable, or that work schedules are incompatible with child care options. These barriers disproportionately affect mothers, often causing them to leave the workforce or miss out on job opportunities. Research from the Women's Bureau shows that a 10% reduction in child care costs leads to a 1% increase in maternal employment.⁷ For Allegheny County the employment rate of mothers in 2023 was 73.7%, so a 10% reduction in child care costs could increase the rate to 74.7%⁸

Using national data, the chart below highlights how having children, especially those under 6, impacts mothers more than fathers when considering entering the labor force. It also shows how women are more likely to participate in the labor force when children are in school (aged 6-17), indicating about 10-13% of mothers stay home to care for children and return to work once their children enter school full-time.

Labor Force Participation Rates of Mothers and Fathers by Age of Youngest Child



Source: U.S. Department of Labor, Women's Bureau. Updated April 2025.



Child Care Costs and Income

In 2022, the median family income was \$102,710 in Allegheny County. Average annual child care costs for one child in Allegheny County in 2022 ranged from \$8,221 to \$11,943. The chart below shows child care costs as a share of median family income, ranging from 8.0% (for home-based care for toddlers or pre-school aged children) to 11.6% (for center-based care for infants).⁹

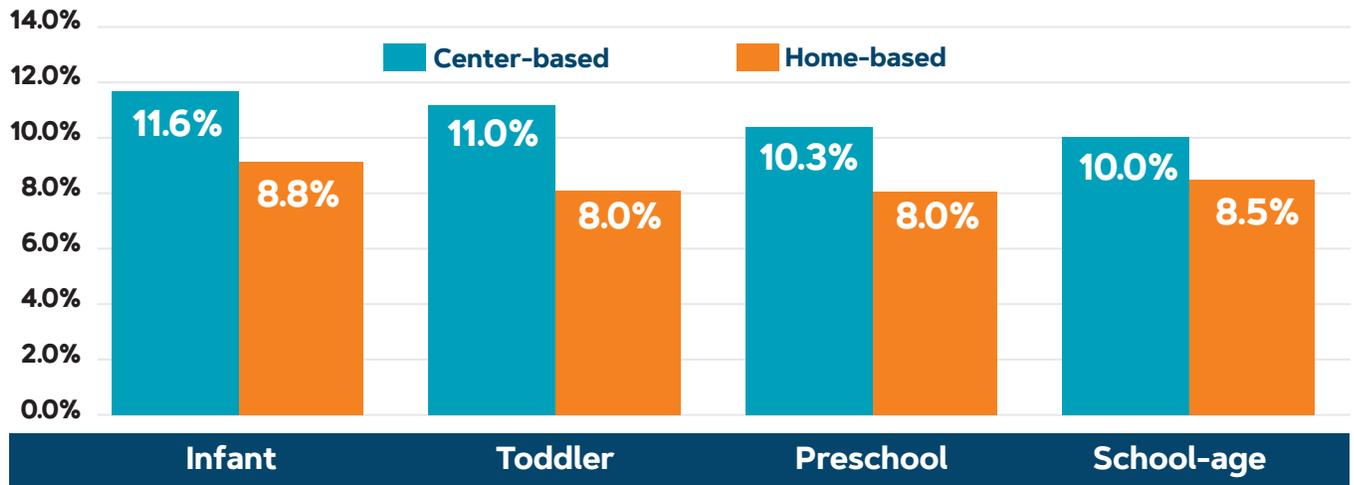
⁷ Women's Bureau. Department of Labor. <https://blog.dol.gov/2024/05/06/mothers-employment-has-surpassed-pre-pandemic-levels-but-the-child-care-crisis-persists>

⁸ US Census. 5-Year Estimate 2023.

⁹ "County Fact Sheet". Women's Bureau. Department of Labor. Retrieved 2/20/2025.

Child Care as a Share of Median Family Income (2022)

Source: 'County Fact Sheets' for Allegheny County, PA. Women's Bureau - Department of Labor. (January 31, 2025).

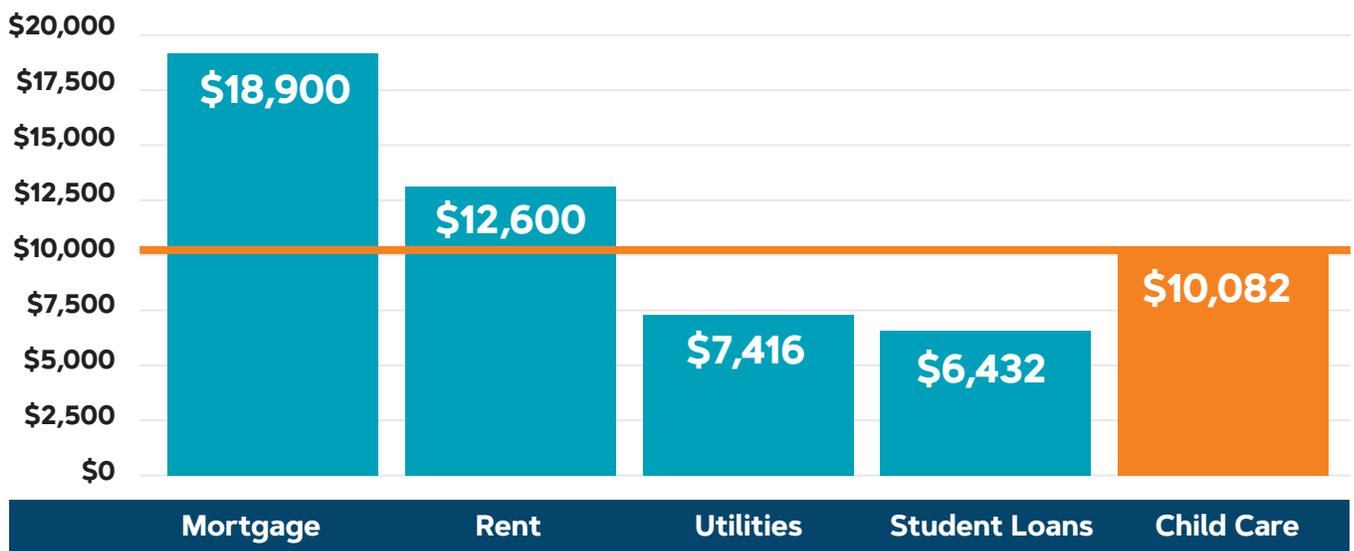


For many households, child care costs are comparable to, or even exceed, housing expenses. Below is a graph comparing the average annual cost of child care to other typical costs for households.

Note: To learn more about child care costs in Allegheny County, the Department of Labor has an interactive map to compare, which is linked in the end notes.

Average Annual Costs for Allegheny County Households (2022)

Source: 'County Fact Sheets' for Allegheny County, PA. Women's Bureau - Department of Labor. (January 31, 2025).



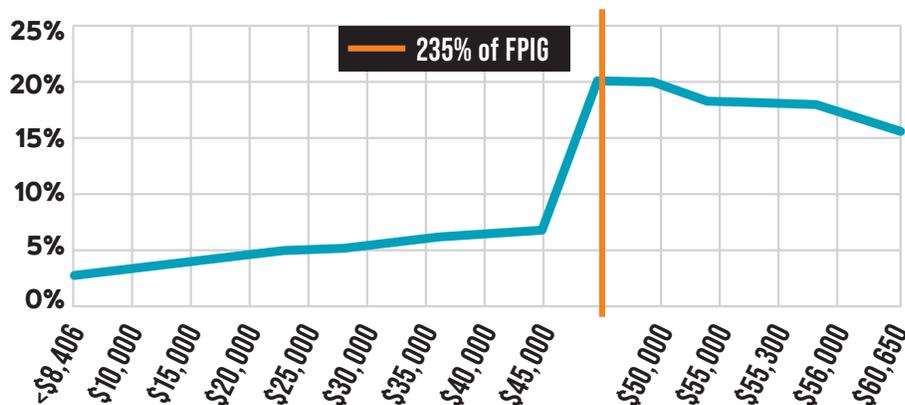
Child Care Benefit Cliffs

While publicly-subsidized child care programs are available, many families face “benefit cliffs”, which occurs when a slight increase in income pushes a household over the eligibility threshold, resulting in a sharp increase in out-of-pocket expenses. This can make higher wages or new employment opportunities financially counterproductive for an individual or household. Parents receiving subsidized child care benefits may be forced to turn down raises, limit work hours, or decline better jobs to avoid losing critical support, trapping families in cycles of low-wage employment and hindering long-term economic mobility.

The chart below illustrates this for a single-parent household with one child (32% of children in Allegheny County live in a single-parent household¹⁰). Families who are currently receiving subsidized child care benefits must have their eligibility redetermined annually. At redetermination, these families would become ineligible for benefits if their household income exceeds 235% of the Federal Poverty Income Guidelines (FPIG), or \$49,573 in 2025. A household earning \$49,573 would pay just 7.6% (\$3,767) of its income toward child care with subsidies. But earning just one dollar more (\$49,574) raises the cost burden to 20.3% (\$10,063).

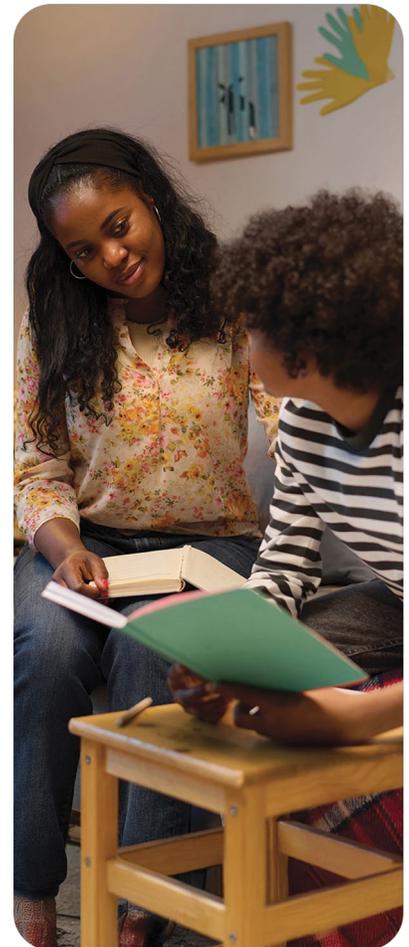
Percentage of Income Going to Child Care (Single Parent, One Child)

Source: PA Code and Bulletin, Chapter 3042. ‘Subsidized Child Care Eligibility’.



Looking Ahead: Policies to Remove Child Care Barriers to Employment

Affordable, high-quality child care is essential for workforce participation and economic growth, yet families in Allegheny County and nationally face rising costs, limited access, and challenging benefit structures. At the same time, child care providers struggle to retain staff due to low wages, and employers face challenges recruiting and retaining working parents. The following recommendations outline policy actions to reduce child care costs for families, strengthen the child care workforce, address benefit cliffs, and support employer-led solutions for working families.



¹⁰ US Census. 5-Year Estimate 2023.

Child Care Costs & Workforce Participation: To help mitigate child care costs as a barrier to workforce participation, policymakers should focus on expanding access to affordable care through increased public investment, targeted subsidies, and universal early education options that support working families. Studies of public early care programs show a return of \$4 to \$16 for every \$1 invested, accounting for increased earnings/tax revenue and reduced need for public assistance over time.¹¹

The following policies should be considered:

- Increasing investment and broaden eligibility requirements for the federal **Child Care and Development Block Grant (CCDBG)**, which helps to fund Pennsylvania's Child Care Works program. Increasing resources available through this program would expand the number of households that can benefit and reduce lengthy waitlists to access programming.
- Passing the **Child Care for Working Families Act**, which would significantly expand access to affordable child care by capping out-of-pocket costs at 7% of a family's income.
- Strengthening support for comprehensive early learning programs such as **Head Start and Early Head Start** to expand access for eligible infants, toddlers, and preschoolers. These programs provide not only early education but also critical health, nutrition, and family support services, which are especially important for low-income families and those facing multiple barriers to workforce participation. The Head Start program, the oldest and largest of government child care programs, generates a ROI of \$7-\$9 for every \$1 spent.¹²
- Increasing **state-level investments** into affordable child care programming. New Mexico offers a powerful example of how states can transform early childhood outcomes by investing in universal child care. By making child care free for nearly half of children in the state and funding it through a sustainable trust fed by oil and gas revenues, New Mexico significantly reduced poverty. These investments lifted approximately 120,000 people above the poverty line and improved wages for child care providers. This holistic approach demonstrates that public investment in child care not only empowers families and strengthens the workforce, but also yields long-term social and economic returns.¹³

Benefits Cliffs: Reforms should aim to create a smoother transition from public benefits, phasing out assistance more gradually and providing continued support as family incomes increase. **The following policies should be considered:**

- Modernizing child care subsidy programs, such as those funded by CCDBG, to provide for more gradual phase outs of benefits that avoid **cliff effects**. Program eligibility should be structured in a way that prevents a net-loss in benefits for parents who become employed or receive wage increases.
- Workforce development programs, such as the Workforce Innovation & Opportunity Act (WIOA) Adult and Dislocated Worker program, should expand flexibility to provide **supportive services**, including child care support, for individuals during a period (e.g., 6-12 months) after placement into unsubsidized employment. This would help to support longer-term job retention and return-on-investment for program participants.

¹¹ Ibid.

¹² Ludwig, J. and Phillips, D. (2007). The Benefits and Costs of Head Start. Social Policy Report. 21 (3: 4); Deming, D. (2009). Early childhood intervention and life-cycle skill development: Evidence from Head Start. American Economic Journal: Applied Economics, 1(3): 111-134; Meier, J. (2003, June 20). Interim Report. Kindergarten Readiness Study: Head Start Success. Preschool Service Department, San Bernardino County, California; Deming, D. (2009, July). Early childhood intervention and life-cycle skill development: Evidence from Head Start, p. 112

¹³ Nowell, C. (2025, April 12). New Mexico made childcare free. It lifted 120,000 people above the poverty line. The Guardian. <https://www.theguardian.com/us-news/2025/apr/11/childcare-new-mexico-poverty>

- States, such as Pennsylvania, should create accurate and regularly updated benefit cliff calculators to assist case managers, human resources staff, job seekers, and other individuals in navigating the potential net-benefit or loss from obtaining employment at a certain wage.

Child Care Workers Shortage & Job Quality: Policy solutions must prioritize improving compensation, career pathways, and working conditions to attract and retain a stable, skilled early child care workforce. **The following policies should be considered:**

- Passing the **Child Care for Working Families Act** which, in addition to capping costs on working families, would set standards and provide funding to child care providers to ensure staff are paid a competitive wage.
- Increasing public investment into **early childhood educator pipelines**. This should include increased funding to assist local workforce development boards in establishing and scaling strategic partnerships with the child care sector, convening employers and training providers to identify talent needs and to design training programs and curriculum to meet those needs. Additional funding for training initiatives, such as the WIOA Adult/Dislocated Worker program and registered apprenticeship/pre-apprenticeship programs, would further increase the supply of available child care workers.

Employer Role in Supporting Working Parents: Employers play a critical role in helping working parents balance their jobs and family responsibilities. By investing in child care and adopting family-friendly policies for their employees, employers can attract and retain talent, while boosting productivity. Companies that invested in child care for their workers have also begun to announce their ROI for the programs. J.P. Morgan estimates a ROI of 115% and KPMG found its clients earn a ROI of 125%¹⁴. **The following policies should be considered:**

- Employers should implement **family-friendly policies** that help to attract and retain working parents. These policies may include: 1.) Providing on-site or employer-subsidized child care as a benefit; 2.) Flexible scheduling, remote work options, or paid time off to accommodate caregiving responsibilities; and 3.) Establishing paid family leave and return-to-work programs tailored to parents reentering the workforce.
- Federal or state **tax credits** to employers that provide on-site or subsidized child care programming to their employees as a company benefit.
- Building expectations for employer-sponsored child care programming as a requirement or as a part of the scoring criteria for federal and state **contracting and grants**.

Addressing Allegheny County's child care crisis is critical not only for working families but for the broader economy. Rising costs, benefit cliffs, workforce shortages, and limited access threaten parents' abilities to work and children's opportunities to thrive. A coordinated response, rooted in smart policy, strategic investment, and employer engagement, can create a more equitable, productive, and resilient workforce. By expanding affordable, high-quality child care, we can support families, strengthen local labor markets, and unlock long-term economic growth.

¹⁴ Take Action Organization. https://www.child-careaware.org/wp-content/uploads/2020/05/Quality_ROI-1.pdf