



**The High Cost of Child Care:  
State Funding for Pre-K Would Benefit Montana Families  
May 2014**

State funding for pre-Kindergarten is an opportunity to strengthen our state's economy and help Montana's hard working families.

The cost of high-quality child care is a significant obstacle for many working families. Nearly two-thirds of children in Montana under age six have all parents in the labor force.<sup>1</sup> Many parents face frustrating choices: pay an excessive portion of their income in child care costs, choose lower-quality care, or quit their jobs. For families working hard to build an economically secure future, none of these choices are good options.

Quality, state-funded pre-K programs can help offset some of the child care costs that Montana families struggle to afford. Today, Montana is one of only eight states that does not provide any state funding to help pay for pre-K classroom programs. Such programs have long been proven to provide children with significant educational and social benefits, and at the same time, they enable parents to work. Quality pre-K can also save the state millions of dollars by reducing the number of children who have special education needs, and in the long run, by lowering incarceration rates.<sup>2</sup>

**At a Glance: Child Care in Montana**

- Cost of child care for four-year-old: **\$7,518**
- Median family income: **\$58,087**
- Percent of family's income to send one four-year-old to childcare: **13%**
- Average income for single mother: **\$26,610**
- Percent of single mother's income to send one four-year-old to childcare: **28%**
- Income for family of three to qualify for child care subsidies: below **\$27,468**

**High costs of child care**

The average annual cost for a family to place an infant in a child care in Montana is \$8,475; and for a four-year-old, \$7,518.<sup>3</sup> The cost of child care is even greater than a year of tuition at a Montana university, over a thousand dollars more per year for care of a four year old.<sup>4</sup> For many families, child care costs exceed all other expenses except for housing.<sup>5</sup>

Montana's median family income is \$58,087 a year; therefore a typical family would spend nearly 13% of its yearly pay for one four-year-old to attend child care.<sup>6</sup> **The steep cost of child care, combined with a median income lower than the national average, make Montana the 11<sup>th</sup> least affordable state for families with a four-year-old in child care.**<sup>7</sup>

**Greater cost burden for low-income and single parents**

For some families, the costs are even harder to bear. One in five families with children under five live in poverty in Montana; for a family of four that means making less than \$23,850 a year.<sup>8,9</sup> Additionally, over half of families with children under five headed by single mothers live in poverty.<sup>10</sup> Not only do single parents have only one income out of which to pay child care costs, but their incomes are often much lower. The average income for a single mother is \$26,610, compared to \$39,367 for a single father.<sup>11</sup> For many low-income and single parent families, having a parent stay home to care for children is a financial impossibility.

For some Montana families, federally subsidized child care is an option.<sup>12</sup> Through the Best Beginnings scholarship program, a family of three making less than \$27,468 a year – less than half of the state median income – qualifies for a subsidy.<sup>13</sup> An average of 4,619 Montana children benefitted from these subsidies in 2013.<sup>14</sup> Nearly 90% of these children came from single-parent households.<sup>15</sup> But these subsidies are not available to many Montana families that need assistance with pre-K costs. Many families have incomes too low to afford child care yet too high to qualify for a subsidy.

### Benefits of pre-K add up

The high cost of child care can prevent parents from seeking a job or keeping one. Parents with more than one child can find the costs of quality child care exceed their earnings, causing them to leave their jobs. This departure can significantly reduce the lifetime earnings of a parent, and also increase the likelihood of needing some form of public assistance, such as food stamps.<sup>16</sup> Alternatively, parents might make the undesirable compromise of leaving their kids in substandard or unsafe child care situations.<sup>17</sup> A state investment in pre-K would increase safe and enriching options for working families.

### Conclusion

For these reasons, it is clear that pre-K would be a worthy investment of resources in Montana. Pre-K will pay dividends today and long into the future. Parents will be able to do more to help their families, and their children will have a better chance of being full participants in a growing economy for years to come. Montana should move forward with state funded pre-K and invest in our children, our state, and our families.

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<sup>1</sup>American Community Survey, "2010-2012 American Community Survey 3-Year Estimates, Selected Economic Characteristics," United States Census, 2012, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_DP03&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_DP03&prodType=table)

<sup>2</sup> Montana Budget and Policy Center, "Pre-Kindergarten: An Investment in Montana's Future," 2013, <http://www.montanabudget.org/wp-content/uploads/2014/01/MBPC-Pre-K-FINAL.pdf>.

<sup>3</sup> These figures are for a center based child care, where multiple children are cared for by teachers in a facility. The cost for home based care is cheaper, for an infant: \$7,027 and for a four year old: \$6590.

Child Care Aware of America, "Parents and the High Cost of Child Care: 2013 Report," 2013, [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf)

<sup>4</sup> Child Care Aware of America, "Parents and the High Cost of Child Care: 2013 Report," 2013, [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf)

<sup>5</sup> Child Care Aware of America, "Parents and the High Cost of Child Care: 2013 Report," 2013, [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf)

<sup>6</sup> Author's calculations: percent of income determined by cost of enrolling four year old in child care determined by Child Care Aware divided by median Montana family income. American Community Survey, "2010-2012 American Community Survey 3-Year Estimates, Selected Economic Characteristics," United States Census, 2012,

[http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_DP03&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_DP03&prodType=table)

<sup>7</sup> Child Care Aware of America, "Parents and the High Cost of Child Care: 2013 Report," 2013, [http://usa.childcareaware.org/sites/default/files/cost\\_of\\_care\\_2013\\_103113\\_0.pdf](http://usa.childcareaware.org/sites/default/files/cost_of_care_2013_103113_0.pdf)

<sup>8</sup> U.S. Department of Health and Human Services, "2014 Poverty Guidelines," 2014, <http://aspe.hhs.gov/poverty/14poverty.cfm>

<sup>9</sup> American Community Survey, "2010-2012 American Community Survey 3-Year Estimates, Selected Economic Characteristics," United States Census, 2012, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_DP03&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_DP03&prodType=table)

<sup>10</sup> American Community Survey, "2010-2012 American Community Survey 3-Year Estimates, Selected Economic Characteristics," United States Census, 2012, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_DP03&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_DP03&prodType=table)

<sup>11</sup> American Community Survey, "2010-2012 American Community Survey 3-Year Estimates, Selected Population Characteristics," United States Census, 2012, [http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_12\\_3YR\\_S0201&prodType=table](http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_3YR_S0201&prodType=table)

<sup>12</sup> To receive a Best Beginnings scholarship, families' income must be below 150% of the Federal poverty line or be receiving Temporary Assistance for Needy Families. Montana Department of Public Health and Human Services, "Best Beginnings Child Care Scholarships, January 2014, <http://www.dphhs.mt.gov/hcsd/childcare/bestbeginnings/index.shtml>

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<sup>13</sup> National Women's Law Center, "Downward Slide," State Child Care Assistance Policies 2012, 2012, [http://www.nwlc.org/sites/default/files/pdfs/NWLC2012\\_StateChildCareAssistanceReport.pdf](http://www.nwlc.org/sites/default/files/pdfs/NWLC2012_StateChildCareAssistanceReport.pdf)

<sup>14</sup> Montana Department of Public Health and Human Services, "Child Care State Fiscal Year 2013 Managerial Reports," Data on file with author.

<sup>15</sup> Parents paid an average of 7.4% of childcare costs, or \$33.82 dollars a month per child, with the rest being subsidized through the federal CCDF program. Nearly 90% of recipients are in single parent households. Almost 13% are American Indian.

Montana Department of Public Health and Human Services, "Child Care and Development Fund Profile," June 2013, <http://www.dphhs.mt.gov/statisticalinformation/childcaredevelopmentfund/2013/june2013/familyprofilereport.pdf>

<sup>16</sup> Sarah Jane Glynn, Jane Farrell, and Nancy Wu, "The Importance of Preschool and Child Care for Working Mothers," Center for American Progress, May 2013, <http://www.americanprogress.org/issues/education/report/2013/05/08/62519/the-importance-of-preschool-and-child-care-for-working-mothers/>

<sup>17</sup> Sarah Jane Glynn, Jane Farrell, and Nancy Wu, "The Importance of Preschool and Child Care for Working Mothers," Center for American Progress, May 2013, <http://www.americanprogress.org/issues/education/report/2013/05/08/62519/the-importance-of-preschool-and-child-care-for-working-mothers/>