

The Costs of Deregulating Child Care

Decreased Supply, Increased Turnover, and Compromised Safety

Increasing child care access, quality, and affordability must be a national, state, and local priority. Decades of research, data, and experience make clear that the solution to growing the supply of quality child care supply is not through deregulation that lowers health, safety, staffing, and qualification requirements. In fact, certain deregulation efforts have the opposite effect: they increase the challenges and drive up the costs related to operating child care programs—costs which are then borne by educators and families.

Regulations are Necessary for Safety and Quality

*“There are important dimensions of early childhood education and child care that just can’t be deregulated away. Young children need close adult supervision, and thus early-childhood education will always be a labor-intensive process... We can’t deregulate our way out of that one.”—Frederick M. Hess and Michael Q. McShane, American Enterprise Institute, **Three Principles for Conservative Early Childhood Policy**, March 2024*

Regulations provide **important safety protections** for children and uphold the quality of early education and care. Regulations such as staff to child ratios and maximum group sizes ensure adequate supervision and interaction with children to keep them safe and engaged in learning, while requirements regarding qualifications and professional development recognize and uplift the depth of knowledge, skills, and competencies it takes to deliver on the complex science of early learning in the early years.

“I had children napping when smoke started to drift up the stairs. There was no alarm or notice and I had to get them out of the building immediately. The assistant teacher was a new substitute that had never practiced a fire drill at my school. I can’t imagine how I would have safely gotten more kids out of that building.”—Kristy Ritz, West Virginia

Deregulating Drives Up Insurance Costs

While child care programs across many states and settings are facing substantial increases in the costs of their liability insurance—49% of programs in NAEYC’s 2024 survey reported an increase—deregulation is making a bad situation worse. Allowing more children per teacher, for example, increases risks to children’s safety; insurers are taking note, and educators and families are paying the price.

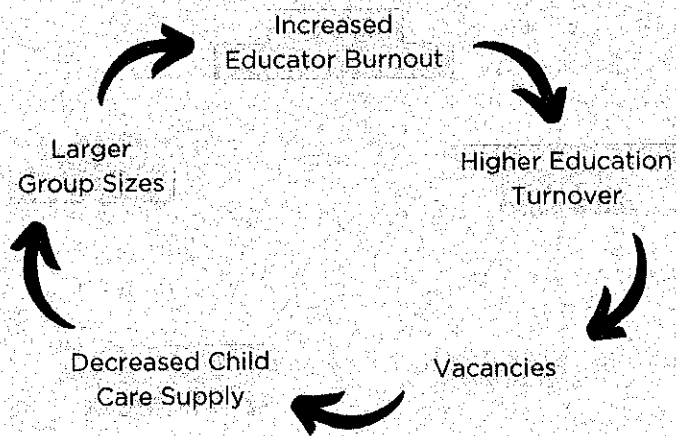
“Montana child care providers are facing an uphill battle to secure, afford, and maintain liability insurance for their businesses following changes in state law that have raised staff-to-child ratios. These regulatory adjustments have prompted numerous insurance providers to either substantially hike premiums or outright refuse to cover child care businesses. This has left many providers grappling with uncertainty and financial strain, threatening the stability and sustainability of the child care industry in our state.”—Alex DuBois, Montana

Low Ratios and Group Sizes Prevent Educator Burnout and Turnover

Maintaining low ratios and group sizes are also key to early childhood educator success and well-being. **Research** has shown that when early childhood educators are responsible for “more children than they can manage,” it increases their stress and can result in negative outcomes for them and the children in their care.

NAEYC's most recent **ECE workforce survey** found that 46 percent of educators were more burned out in January 2024 than they were at the same time the previous year, and that the workforce shortage was the primary factor driving under-enrollment at programs. Adding to the existing stress early childhood educators are facing is not a solution for growing supply.

Efforts to loosen regulations, driven by a goal of increasing supply and program revenue, will actually have the opposite effect by driving educator burnout and turnover even higher.



“Having worked in settings with different ratios, I can assure you that the lower the ratio, the better the quality of care. To increase ratios would not only be detrimental to the developing child, it would increase burnout rates for a workforce that already carries a heavy load for minimal pay and benefits.”
— Jenn Boisvert, Maine

Increased Regulations Don't Mean Decreased Supply

Regulations are often scapegoated for the high price and limited availability of licensed child care. However, previous **analysis** has found no correlation between the strictness of state regulations and state levels of child care supply, indicating that more stringent regulation is unlikely to have a large impact on child care supply.

Right Sizing Regulations in Support of a Professional Early Childhood Education Workforce

Outside of group sizes, ratios, and qualifications, there are ways to relax, align, and modernize regulations that reduce costs and administrative burdens to build supply without harming quality or accessibility.

States and advocates can and should seek opportunities to streamline and lessen paperwork burdens, and target the revision of regulations that undermine the expertise and autonomy of early childhood educators.

They can, for example:

- › improve zoning and HOA regulations that impact the ability of child care centers and family child care homes to open and operate.
- › align requirements across licensing, quality rating systems, accreditation, and other regulatory systems to reduce programs' confusion and frustration caused by conflicting standards and work with the field to ensure that these standards are designed to effectively work across programs of varying sizes and settings.
- › improve hiring procedures, including reducing and eliminating backlogs on background checks, to get new hires into programs more quickly.
- › cover the costs of facilities improvements and help providers meet licensing standards through resources and technical assistance.

Solutions Require Public Investment

Ultimately, deregulation policies that make child care less attractive to educators by making their jobs harder (particularly via increased ratios and group sizes) will worsen the supply problem those policies are trying to solve.

The foundational problem underlying the child care crisis is the lack of adequate public funding; without substantial and sustainable investments, our nation will continue to struggle to address the scale and urgency of the challenges of high child care prices, limited supply, and low compensation. Quality child care is resource-intensive, but unlike in the K-12 education system or the ECE system in many other countries, parents in the U.S. must shoulder the brunt of the cost, along with the educators who subsidize the system through their own low wages. Unfortunately, this cost is more than most working families can afford, and far beyond what most states pay providers who participate in the child care subsidy system.

The solution is to increase public investment in child care to cover the cost of providing quality care. This by definition must include competitive compensation that recognizes the skill, competency, and value of early childhood educators, and allows for the recommended ratios and group sizes that are needed for educators to want to do their jobs, and to do them safely and well.

As states attempt to address critical child care supply issues, policymakers must remember that regulations promote safety and quality in child care providers, and efforts to undermine them won't solve the supply problem—but will cause harm. Solving our child care crisis will require a large-scale public investment that allows providers to meet regulations based on best practices and do right by children and families.

This is especially true for infant and toddler care, where the science of early learning is just as complex as in the older years, and where parents expect and educators need low ratios and group sizes to keep children safe and thriving.

- › On average, before the pandemic, infant care cost 60% more to provide than pre-K, yet subsidy rates were just **27% higher**.
- › At the same time, provider compensation accounts for **almost 70%** of the cost of providing child care for infants, yet early childhood educators working with infants are earning disproportionately low wages within an already underpaid field.

