

## Building a Main Street Friendly Workforce: The business case for investing in a robust and accessible childcare infrastructure

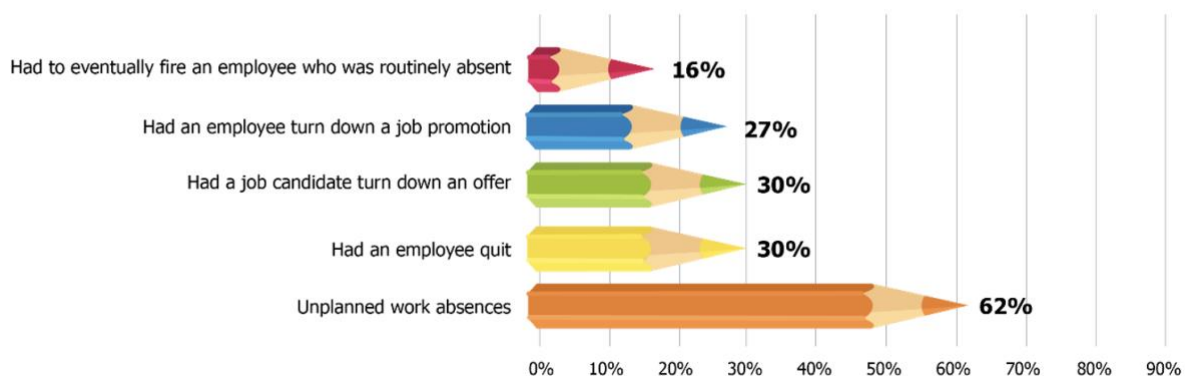
Access to quality and affordable childcare can make or break a business, especially those that are small. Small Business Majority's research found 1 in 3 small employers report that their employees' families and childcare issues have affected their job performance or productivity. At the same time, 36% of small business owners with children report that not having access to childcare was a barrier to starting their own business. What's more, many childcare providers are small business owners themselves, the majority of whom are women and people of color who already struggle to access funding and resources for their businesses. The lack of childcare funding and access to affordable childcare has put a significant burden on working parents and has impeded the ability of small businesses to retain a skilled workforce. Additionally, for entrepreneurs with children of their own, it's preventing many from being able to launch or grow successful businesses. Although several states have taken steps to fill gaps in childcare investments, federal action is needed to solve the childcare funding cliff and ensure more individuals can own or work for a small business.

### Access to affordable childcare can drastically improve operations for small businesses and providers

National polling conducted by Small Business Majority found that small business owners and their employees continue to face barriers in accessing affordable childcare:

- **Lack of access to childcare is a barrier to small business formation and growth:** 58% of small business owners say the lack of affordable, high-quality childcare impeded them from starting a business, and 59% say it hindered growth.
- **Entrepreneurs' childcare issues impact their ability to run their businesses:** Small business owners report that their own childcare challenges have forced them to take significant time away (56%), miss opportunities (39%), hire extra help (28%), and even close their business to rejoin the workforce (26%).
- **When employees experience childcare issues, small businesses struggle:** They report lower productivity (51%), shorter operating hours (44%), lost revenue (31%), and hiring temporary workers (28%).
- **Small business employees frequently experience schedule disruptions:** Nearly three-quarters of entrepreneurs say that their employees adjust their work schedules due to childcare issues at least a few times a month.

#### Employees' childcare issues negatively affect business operations



## Small business owners are looking to policymakers to act on childcare

As the nation's childcare crisis continues to hit Main Street businesses and their workers, more than two-thirds (68%) of small business owners believe that **policymakers need to take action to address the rising cost of childcare**. Small Business Majority urges federal lawmakers to prioritize the following recommendations to invest in childcare infrastructure that supports the small business economy.

- Strengthen federal support and funding to states and local providers through grants and technical assistance awards to provide for increased investments in local childcare infrastructure. Increased federal funding for childcare is essential for building provider capacity and expanding available childcare slots to meet the growing demand for affordable childcare nationwide.
- Expand access to capital for childcare providers by enacting the *Small Business Child Care Investment Act (S. 273)* which would allow non-profit childcare providers to participate in SBA loan programs, such as the 7(a) and 504 loan programs. Two-thirds of small business owners believe **nonprofit childcare providers should be eligible for SBA-backed loans** to improve their access to responsible financing options for working capital and real estate expansion.
- Strengthen and expand the Child Care and Dependent Tax Credit (CDCTC), which remains the only tax credit specifically created to help working families offset the cost of childcare. While modest improvements have been made to the CDCTC, Congress must guarantee full refundability for low-income families to expand access to the full credit.
- Protect and increase investments in critical federal programs, including Head Start and the Child Care and Development Block Grant (CCDBG), that help low-income working families access childcare and early childhood education services. **70% of entrepreneurs support extending Head Start eligibility to more families.**

## How Small Business Majority has advocated for access to childcare across the nation

- Worked to pass a law in Colorado that ensured undocumented entrepreneurs could obtain occupational and professional licenses, such as childcare licenses
- Educated established and aspiring childcare entrepreneurs across the country about how to obtain licenses and grow their businesses; established a four-part series to educate childcare entrepreneurs on best business practices
- Empowered childcare providers and groups to use their voices in policy conversations about small business ownership
- Co-created a childcare cooperative model to remove barriers to purchasing supplies while providing continuing education for immigrant and refugee childcare business owners
- Supported policies that improve business and working conditions in the childcare ecosystem

“I’m a small business owner and employer with a two-year-old who’s in daycare, so I know first-hand that when your childcare situation falls apart, your entire life falls apart. My ability to grow my own small business and create jobs in Colorado is dependent on access to affordable, high-quality childcare. Due to a change in my childcare situation last year, I was nearly forced to close my business. After weeks of calling dozens of childcare providers, we were finally able to find a spot, which saved my business. Every working parent needs access to affordable childcare in order to continue contributing to the economy: our child.”

- Emilie Aries, owner of Bossed Up,  
Denver, Colo.

“The lack of affordable childcare continues to threaten small businesses, especially in rural communities like mine in Virginia. One of my employees recently had a child, and their childcare provider was an hour drive out of town. He lost two hours daily traveling to reach the childcare center while his wife’s salary barely covered the cost. As a rural small business owner who struggles greatly to retain a quality workforce, access to childcare is a concern for maintaining our business operations and promoting employee well-being. We need legislative solutions to this childcare crisis so that my employees and business can better succeed.”

- Shirley Modlin, 3D Design and Manufacturing  
LLC, Powhatan, V.A.