



**SMALL BUSINESS
MAJORITY**



Opinion Poll: Small businesses support policy solutions to address our nation's childcare challenges

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Introduction

Small business owners and their employees need affordable and accessible childcare to thrive and participate fully in the workforce. It's well-documented that access to childcare has been a particular challenge, especially due to the industry's issues stemming from the COVID-19 pandemic. The childcare industry is still struggling to rebound and is recovering lost jobs slower than other pandemic-affected sectors due to low worker wages.¹ The industry's challenges are also exacerbated by the expiration of the Child Care Stabilization Grants included in the America Rescue Plan Act. Since its expiration on September 30, 2023, 28% of childcare providers who ran out of the stabilization funding reported they were cutting wages or were unable to sustain salary increases and 24% reported they were serving fewer children.²

The childcare industry's struggles impact the parents who rely on them, which includes many small business owners and their employees. In the month after the expiration of the stabilization funding, nearly one-third of families reported that their childcare tuition had increased.³ Along with rising costs, finding and accessing childcare is a struggle, as half of Americans live in childcare deserts where no care is available.⁴ This puts working parents in a precarious position of having to choose between leaving the workforce or leaving their communities to find affordable, quality childcare.⁵

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.⁶ Small Business Majority's new national opinion poll of small business owners reveals they believe that policymakers should take steps to address the cost of childcare, and that they strongly support a variety of legislative solutions.

Key findings

- **Lack of access to childcare is a barrier to small business formation and growth:** The vast majority of poll respondents (92%) are parents. A significant number of these small business owners agree that a lack of access to affordable, high-quality childcare for their own children created an impediment for them to start their business (58%) and grow their business (59%).
- **Entrepreneurs' childcare issues impact their ability to run their businesses:** Small business owners report that their own childcare issues have forced them to take substantial time away from the business (56%), lose out on business opportunities (39%), hire additional help (28%) and shut down their own business and rejoin the workforce (26%).
- **When employees experience childcare issues, small businesses struggle:** Small businesses report that they've experienced lower productivity (51%), been unable to operate longer hours (44%), lost revenue or earnings (31%), and had to hire temporary workers (28%) when their employees are facing childcare issues.
- **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 impact small business operations:** Small business owners say that they've experienced unplanned employee work absences (62%), had an employee quit (30%), had a job candidate turn down an offer (30%) and had an employee turn down a promotion (27%) due to childcare issues. More than 6 in 10 (61%) agree that their employees' childcare issues

have negatively affected their ability to do their job as efficiently as both the employer and employee would like.

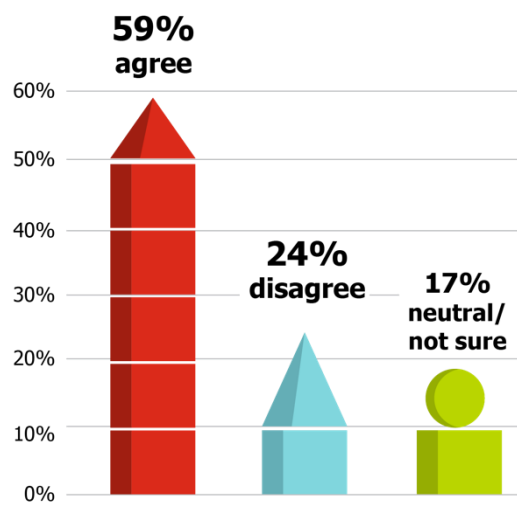
- **Small businesses want policymakers to act on childcare:** More than two-thirds (68%) of small business owners believe that policymakers need to take action to address the cost of childcare. They support a number of policy solutions to expand access and address costs, including:
 - More than two-thirds (67%) support renewing \$16 billion in funding for the Child Care Stabilization Program, a federal program that provided additional support to childcare providers and expired last fall.
 - Two-thirds believe that nonprofit childcare providers should be allowed to access the Small Business Administration's main loan programs for working capital and real estate expansion.
 - 71% support doubling the amount of money that can be saved by a family in a tax-exempt Dependent Care Flexible Spending Account to cover childcare expenses, up to \$10,000 annually.
 - 70% support expanding eligibility to more families for the national Head Start program.
 - 73% support expanding a tax credit aimed at helping businesses provide childcare to their workers by increasing the credit's rate and caps, allowing businesses to jointly create and operate a childcare facility for their employees, and adding in-home services as an eligible use.

Entrepreneurs' own struggles with childcare have impacted their businesses

Most poll respondents (92%) are parents, many of whom have experienced firsthand how childcare can hinder one's ability to further a career. In fact, small business owners report that a lack of access to affordable, high-quality childcare for their children created an impediment for them to start their own business (58% agree) and grow their business (59% agree).

Small business owners' childcare issues also impact their ability to run their business. Entrepreneurs say they've had to take substantial time away from their business (56%), lose out on business opportunities (39%) and hire additional help (28%). Notably, more than one-quarter (26%) of small business owners were forced to shut their business down and rejoin the workforce due to childcare issues. Nearly 6 in 10 (58%) also believe that their childcare issues have negatively affected their productivity. The impact of childcare issues on the owners' productivity was more acutely felt by women, with 55% strongly agreeing with this statement compared to 45% of men. Unsurprisingly, younger entrepreneurs were also more likely to report disruptions to their productivity, with two-thirds of owners in the 30-44 age range agreeing that their childcare issues negatively impact their productivity.

Lack of access to affordable childcare is an impediment to business growth



Furthermore, the vast majority of small business owners have had to adjust their work schedules due to childcare issues. Thirty-five percent adjust their schedule on a weekly basis, 38% adjust their schedule a few times a month and 20% adjust their schedule a few times a year. Only 8% of entrepreneurs have never had to adjust their work schedules due to childcare issues.

Women were slightly more likely than men to report disruptions to their schedules; however, the results reveal that these challenges greatly impact entrepreneurs across the gender divide. Three-quarters of women entrepreneurs said they had to adjust their schedules at least a few times a month due to childcare issues, with 4 in 10 saying they had to adjust their schedules weekly. For men, nearly 70% said they adjusted their schedules at least a few times a month, with 3 in 10 saying they had to do so weekly.

“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 for my child, which saved my business. Every working parent needs access to affordable childcare in order to continue contributing to the economy: our child.”

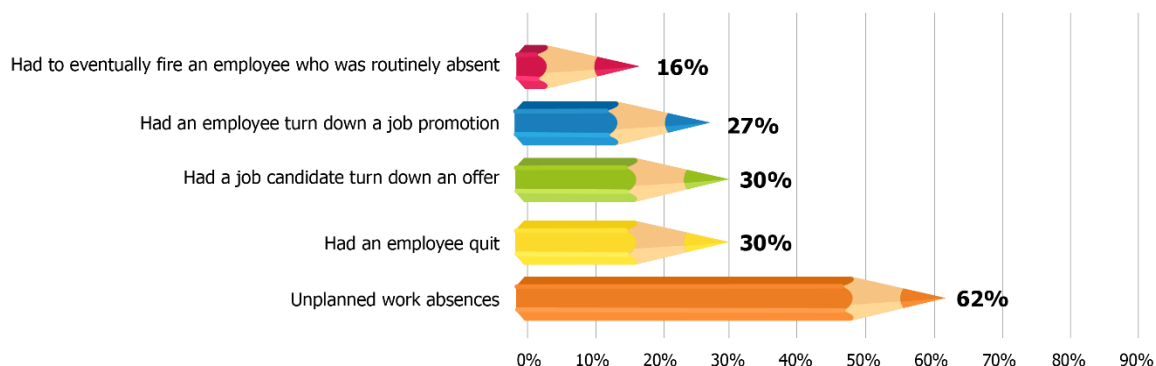
- Emilie Aries, owner of Bossed Up, Denver, Colo.

Lack of access to quality childcare creates disruptions for the small business workforce

An overwhelming majority (94%) of small employers report that at least one of their employees has a child, with one-third of small employers saying that at least half of their employees have children under 18. Consequently, the small business workforce is greatly affected by a lack of access to quality childcare. Employees frequently adjust their schedules due to childcare issues, with more than a quarter (26%) experiencing disruptions on a weekly basis and nearly half (49%) experiencing disruptions a few times a month.

These disruptions impact the workplace, with 61% of entrepreneurs agreeing that employees’ childcare issues have negatively affected their ability to do their jobs as efficiently as they would like. Small business owners also say that due to employees’ childcare issues, they’ve experienced unplanned work absences (62%), had an employee quit (30%), had a job candidate turn down an offer (30%), had an employee turn down a promotion (27%) and had to eventually fire an employee who was routinely absent (16%).

Employees’ childcare issues negatively affect business operations



When this occurs, small businesses report that they've encountered lowered productivity (51%), been unable to operate longer hours (44%), lost revenue or earnings (31%) and had to hire temporary workers (28%). To help ease employees' childcare burden, small employers offer several workplace policies. More than half (57%) of small employers offer flexible scheduling and remote work, half (50%) allow employees to bring their children to work and nearly one-third (29%) offer on-site childcare.

"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 each day 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.

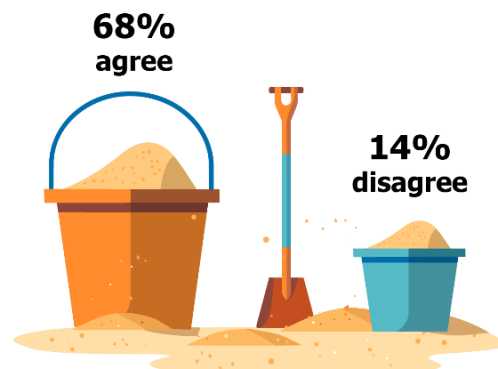
Small business owners support policy solutions to improve access to affordable childcare

More than two-thirds (68%) of small business owners agree that policymakers need to take action to address the cost of childcare. They support several proposals that the government is considering addressing the lack of affordable, high-quality childcare. Firstly, more than two-thirds (67%) support renewing \$16 billion in funding for the Child Care Stabilization Program, a federal program that provided additional support to childcare providers and expired last fall. A majority (66%) of entrepreneurs also believe that nonprofit childcare providers should be allowed to access the Small Business Administration's main loan programs for working capital and real estate expansion. Moreover, 71% think that the amount a family can save in a tax-exempt Dependent Care Flexible Spending Account to cover childcare expenses should be doubled to \$10,000 annually.

Additionally, 7 in 10 support expanding eligibility to more families for the national Head Start program, which provides early education and childcare at centers throughout the country. Nearly three-quarters of small business owners (73%) support the expansion of a tax credit aimed at helping businesses provide childcare to their workers by increasing the credit's rate and caps, allowing businesses to jointly create and operate a childcare facility for their employees, and adding in-home services as an eligible use.

There is also broad support (70%) among small business owners for providing grants to states to better recruit and train childcare workers and help workforce training program participants with childcare costs. Finally, 55% of entrepreneurs also believe that complex state licensing requirements and other red-tape for childcare providers should be reduced.

Policymakers need to take action to address the cost of childcare



Conclusion

America's small businesses are struggling with workforce disruptions due to a lack of childcare, which also creates barriers for many entrepreneurs to start and expand their businesses. The report shows that entrepreneurs are strongly supportive of legislative solutions that would increase access to affordable childcare. As Congress considers proposals to expand access to childcare, it's critical that small businesses' views are included in these conversations.

Methodology

This poll reflects a survey of 566 small business owners nationwide who are parents and/or have employees with children. The poll was an online survey conducted Jan. 30-31, 2024 via SurveyMonkey's online panel. The margin of error is +/- 4% at 95% confidence level.

Download report topline from our website: <https://smallbusinessmajority.org/our-research/workforce/opinion-poll-small-businesses-support-policy-solutions-address-our-nation-s-childcare-challenges>

¹ "The Child Care Sector is Still Struggling to Hire Workers." 2023. Center for American Progress. Khatter & Coffey. <https://www.americanprogress.org/article/the-child-care-sector-is-still-struggling-to-hire-workers/>

² "Going Over the Child Care Cliff." 2023. National Association for the Education of Young Children. https://www.naeyc.org/sites/default/files/globally-shared/nov_survey_brief.pdf

³ "Going Over the Child Care Cliff." 2023. National Association for the Education of Young Children. https://www.naeyc.org/sites/default/files/globally-shared/nov_survey_brief.pdf

⁴ "The Coronavirus Will Make Child Care Deserts Worse and Exacerbate Inequality." 2022. Center for American Progress. Malik et al. <https://www.americanprogress.org/article/coronavirus-will-make-child-care-deserts-worse-exacerbate-inequality/>

⁵ "Relocating for Child Care an Unfortunate Reality for Many Working Families." 2024. Bipartisan Policy Center. Smith & Osborn. <https://bipartisanpolicy.org/blog/relocating-for-child-care-an-unfortunate-reality-for-many-working-families/>

⁶ "With Arrival of Child Care Cliff, Some States Have Stepped in to Save the Sector." 2024. The Century Foundation. Kashen & Valle-Gutierrez. <https://tcf.org/content/report/with-arrival-of-child-care-cliff-some-states-have-stepped-in-to-save-the-sector/>