GAME CHANGERS
Economic Policies for a Working America

POLICY BRIEF

Fully-Universal Federally-Funded Child Care Services

BY NANCY FOLBRE

JULY 2026

The Problem

Our existing system of public child care provision is inadequate, unfair, and inefficient. Parents in the U.S. are raising the next generation of workers and taxpayers, but many cannot afford to pay for the care services they need in order to earn the money necessary to support their families.

Past Failures

Bipartisan complacency regarding the economic value of parental commitments has framed federal child care policies as part of a "welfare" program to alleviate poverty rather than public support for invaluable contributions to the nation's future. Our means-tested system of federal subsidies has consistently failed to reach many eligible families, imposed high administrative costs, and punished employed parents who reach the "phase-out" level of income. These inadequacies have harmed child welfare, reduced the ability of mothers to contribute to family income, and penalized parenting itself. As a result, several states and local communities are beginning to address these problems on their own.

Game Changer: Fully-Universal Federally-Funded Child Care Services

Provision of fully-universal child care and early education services in the United States would reduce economic stress on families and strengthen the valuable contribution that parents make to sustainable economic development. Such a policy would build on existing public education infrastructure but would spread the costs across the nation as a whole rather than increasing the burden on local communities. It would follow clear precedents set by many European nations, Canada, and several states and cities within the U.S., as well as the U.S. military.

The author is grateful for comments and criticisms offered by the Care Economy Working Group, including Kate Bahn, Jennifer Glass, James Heintz, Julie Kashen, Katherine Moos, Laura Valle-Gutierrez and Jaimie Worker.

POLITICAL ECONOMY RESEARCH INSTITUTE
PERI
University of Massachusetts Amherst

Key features of this proposal include universal access, high-quality standards, a robust workforce training and compensation strategy, and enrollment/attendance flexibility. Its major components include (a) subsidies to non-profit child care centers and private family care businesses for children under age 3, to be administered in partnership with states and local communities; (b) expansion of pre-school programs for 3- and 4-year olds; and (c) development of "wrap-around" services for both after-school and non-standard employment hours.

Workforce training and compensation should include a child-care industry minimum wage and development of job ladders that provide opportunities for advancement and generous benefits coverage.

Enrollment/attendance flexibility is key. While many parents need coverage during standard 9-5 working hours, others are working only part-time or benefiting from the assistance of family members. Programs should be designed to accommodate parents and children who prefer shorter hours and/or have special needs.

Combined with our proposals for paid family and medical leave and direct transfers for unpaid caregiving, this universal child care program would "change the game" by giving all parents a full range of choices while delivering important developmental benefits to all children.

Rationale & Feasibility

One recent study estimates that current inadequacies in child care provision are costing our country $122 billion in lost earnings, productivity and revenue every year. Even more important, however, are the public benefits of reducing economic stress on parents and improving opportunities for children to develop social, emotional, and cognitive skills. The real payoffs will come through increased family formation and stability, enhanced physical and mental health, and a renewed sense of collective commitment to the next generation.

Current proposals benchmark the potential costs. The Child Care for Working Families Act introduced in 2025 proposed funding universal preschool for 3- to 4-year olds, and subsidizing child care costs for younger children at 7% of income for more working families, at an estimated cost of $60 billion per year. If expanded to all children ages 1-4, it is estimated to cost at least $191 billion annually.

While this number may initially seem daunting, it represents only slightly more than 20% of the total U.S. military budget of about $900 billion for fiscal year 2024 (which dwarfs that of any other country). Also, by way of comparison, the White House's own estimate of the proposed purchase of Greenland from Denmark comes close to $700 billion, enough to fund universal child care for more than three and one-half years.

Universal child care services could also be funded by new taxes that would not reduce the income of most families. For instance, the wealth tax proposed by Senators Elizabeth Warren, Pramila Jayapal, and Brendan Boyle, would collect 2% for every dollar of wealth over $50 million, for a total of about $3 trillion over 10 years, or about $300 billion annually.

*For more information on this topic, including the **Background Paper**, please visit our policy page.*

Contact: Nancy Folbre: nancy.folbre@gmail.com