

Early Childhood Education – Information Sheet

NEED TO KNOW

- **Access to affordable, high-quality early childhood education is essential for children’s development, parental employment and workforce vitality – advancing overall economic health and community well-being**
- **The early childhood education sector in Milwaukee and statewide is in crisis because of a broken business model, rising costs and under-investment**
- **The Greater Milwaukee Foundation and its longtime strategic education initiative Milwaukee Succeeds support three potential public policy solutions for making child care more stable, sustainable and affordable in Wisconsin**

WHY EARLY CHILDHOOD EDUCATION (ECE) MATTERS: We believe every child deserves the best possible start in life, and time is of the essence. Research shows that 80 percent of a child’s brain is developed by age 3, with developmental disparities forming before a child’s first birthday. ECE impacts student outcomes throughout their K-12 education. Participation in high-quality ECE reduces special education placement by 8.1% and increases high school graduation rates by 11.4%.

Early childhood education also fortifies the economy by allowing the parents of young children to participate in the workforce, which in turn helps employers retain staff and recruit from a more robust talent pool. According to the U.S. Chamber of Commerce Foundation, quality, affordable child care “strengthens the current workforce by increasing postsecondary education completion, raising workforce participation and productivity, and helping businesses attract and retain talent.”

High-quality ECE benefits the whole community. It increases participants’ future employment and health outcomes and reduces male participants’ criminal activity. The effects of high-quality ECE are intergenerational. The children of participants in high-quality ECE are more likely than other children to complete high school without suspension and be employed full-time or self-employed.

THE CURRENT CHALLENGE: Rising costs—for both families and providers—as well as limited access to child care are creating significant barriers for parents seeking to remain in or join the workforce. With limited state support, the child care market is unable to meet the demand, leaving families and communities at a critical disadvantage.

Child care in Wisconsin is expensive. National guidelines suggest that only 7% of household income should be spent on care. At the same time, in Wisconsin, “the average price of center-based care for one infant is over \$11,900 per year. That’s 16% of the median household income in Wisconsin and equivalent to an academic year at UW - Madison. Yet, that price doesn’t come close to \$33,715 – the average true cost of care for an infant, and what providers would need to pay their staff fairly and cover all expenses of running their business,” according to the Wisconsin Department of Children and Families.

The Wisconsin Shares subsidy program is designed to help lower-income families afford child care. However, families receiving Wisconsin Shares face the highest co-payments in the country – up to 17% of their household income for a family of three. This compares to co-pays of only 5% in Minnesota and 5.7% in Michigan for families with similar incomes.

For ECE providers, razor-thin financial margins, inflationary pressures and staffing shortages have led to steep declines in the availability of child care across Wisconsin. Currently, more than 50% of the state has only one licensed child care slot for every three children under age five. Families with infants and toddlers are disproportionately in need of access. 34,158 infants and toddlers in Wisconsin don't have access to safe and regulated care.

At the same time, a lack of public investment leads to poverty level wages for early educators (\$12.99/hr.) despite having higher levels of education than most workers. Low pay leads to low recruitment and low retention rates. Currently, providers in Wisconsin report they are under capacity by 33,000 children – meaning low staffing levels caused classrooms closures, reducing the number of children able to be served.

The problem may get even worse. According to a recent survey of Milwaukee child care providers, the overwhelming majority of pandemic relief funds were used to help providers pay for basic operating costs including supplies, food, utilities, and rent. Many providers cited the negative impact increased inflation (most notably in food and rent) have had on their budgets. 15% of providers surveyed stated they expect to immediately close when pandemic funding expires in June 2025.

POTENTIAL SOLUTIONS: To stabilize the Early Childhood Education sector and subsequently, Wisconsin's workforce, we ask the Legislature to prioritize the following actions:

1. **Identify new sources of public funding to help stabilize early childhood education providers and prevent devastating closures.** Stabilizing this essential industry requires a consistent source of financial resources. Securing new sources of funding would minimize provider closures, ensuring families can remain in the workforce, keeping the state's communities and economy growing.
2. **Strengthen Wisconsin Shares subsidies for lower income, working families so more households can afford care.** Wisconsin Shares is a worthwhile program with the potential to have much greater impact if it covered more childcare slots, reduced co-payments for families, increased eligibility to reach more families and simplified the application process.
3. **Advance policies that increase compensation for early educators to reduce high rates of staff turnover.** The staggering rates of turnover experienced in the childcare sector could be mitigated if educators received dignified, livable pay commensurate with their training and experience.

OUR ROLE: The [Greater Milwaukee Foundation](#) is committed to strengthening the early childhood education sector in Milwaukee for families and providers through a focus on increasing quality, access and affordability of services. For years, the Foundation and its strategic education initiative [Milwaukee Succeeds](#), have collaborated with providers, parents and other stakeholders to amplify their voices and demonstrate how early childhood education is essential to a Milwaukee for all. Milwaukee Succeeds brings together a wide range of partners, including child care providers, organizations that support early educators and families, mental health experts, philanthropies, government, and non-profit leaders to support the local ECE sector.