

# The Economic Impact of Child Care Shortages in Missouri

**A**ccess to quality, affordable child care is an important issue with far-reaching implications. Most importantly, children of working parents benefit from high-quality early care that promotes healthy development.<sup>1</sup> At the same time, access to child care enables parents to find and keep jobs that support their families financially. Businesses benefit when parents of young children can work, as they expand the labor force. Employed parents also contribute to local and state revenues through taxes.

This guide outlines the significant economic toll that inadequate child care access imposes on Missouri's economy. Each year, businesses across the state incur an estimated \$951 million in lost productivity and employee turnover costs due to child care-related work disruptions (Table 1). The resulting wage losses among affected parents also lead to a \$194 million reduction in state and local tax revenues. Together, the annual cost to businesses and governments is estimated to exceed \$1.14 billion.

**Table 1. Annual Missouri economic impact due to child care access issues.**

Category	Losses
Missouri businesses	\$950,923,799
State tax revenue	\$101,657,628
Local tax revenue	\$92,591,354
<b>Total</b>	<b>\$1,145,172,781</b>

By quantifying these economic impacts, this guide aims to help business and community leaders understand that investments in accessible, quality child care are indispensable to workforce and economic development.

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## Background

Child care access is a pressing issue both nationally and in Missouri. Recent research, including [reports from Child Care Aware of Missouri](https://mochildcareaware.org/news-reports) ([mochildcareaware.org/news-reports](https://mochildcareaware.org/news-reports)) and a [University of Missouri Extension analysis \(PDF\)](https://extension.missouri.edu/media/wysiwyg/Extensiondata/Pro/ExCEED/Docs/MissouriEconomy_ChildCare_v6i4_10Mar2025.pdf), ([extension.missouri.edu/media/wysiwyg/Extensiondata/Pro/ExCEED/Docs/MissouriEconomy\\_ChildCare\\_v6i4\\_10Mar2025.pdf](https://extension.missouri.edu/media/wysiwyg/Extensiondata/Pro/ExCEED/Docs/MissouriEconomy_ChildCare_v6i4_10Mar2025.pdf)) demonstrates that access to child care remains a significant issue in the Show-Me State. Many parents must quit their jobs because they can't find child care that's nearby or affordable. In Missouri, child care can cost almost 14% of what a typical family earns. Missouri businesses also feel the impact, as four out of five employers agree that the high cost and limited availability of child care keep many Missourians out of the workforce.<sup>2</sup>

Missouri businesses have long identified workforce shortages as an obstacle to growth.<sup>3</sup> This ongoing challenge is reflected in the state's persistently tight labor market, with unemployment rates remaining below 4% for several years. Multiple factors contribute to the shortage, including an aging population and declining birth rates, and these trends show no signs of easing. Expanding access to child care is a key strategy for helping more Missourians enter and remain in the workforce.

## Behind the numbers

This economic impact analysis builds on the methodology used in a 2021 U.S. Chamber of Commerce Foundation survey and analysis, which estimated that breakdowns in Missouri's child care system resulted in \$1.35 billion in lost economic potential.<sup>4</sup> The survey assessed costs to employers stemming from worker absences and turnover. When parents miss work due to child care challenges, businesses incur costs through lost productivity or by paying overtime and hiring temporary workers. If a parent leaves the workforce entirely, employers face additional turnover costs, including productivity losses and expenses related to recruiting and training new

employees. To estimate lost tax revenue, the Chamber assumed that reduced parental income leads to lower income, sales and property tax collections.

Our analysis expands on this foundation with updated data, where applicable, and county-level estimates to better understand how child care access issues impact local businesses and governments in Missouri.

**Business cost calculations**

When child care is unreliable or unavailable, working parents miss work, which can lead to substantial financial consequences for businesses. For instance, a working parent who relies on a family member for child care may have to stay home if that caregiver becomes ill or suddenly unavailable. According to the Chamber’s 2021 survey, 61% of Missouri employed parents missed an average of 12 workdays per year due to child care issues.

When employees miss work, the cost to businesses is often equal to what they would have paid in wages during that time. That’s because the work still needs to get done, so a business may lose sales or productivity due to an employee’s absence, or pay for temporary or overtime help, which often adds up to a similar cost. To estimate the business cost per worker, the calculation assumes 12 missed workdays and multiplies that by the median hourly wage.<sup>5</sup> That per-worker cost was multiplied by the nearly 238,000 parents (61% of Missouri employed parents), resulting in a total absenteeism-related cost of \$610 million.

Child care issues also lead to employee turnover, which brings additional costs to businesses. Employers lose the productivity of an experienced employee and must invest in recruiting, hiring and training a replacement. The Chamber survey cited findings that the median cost of turnover is roughly 21% of a worker’s annual salary.<sup>6</sup>

In the 2021 Chamber survey, 14% of Missouri parents reported voluntarily or involuntarily leaving the workforce due to child care issues, influenced heavily by the COVID-19 pandemic. In 2024, the U.S. Census Household Pulse Survey found that 7.5% of Missouri parents (approximately 29,000) left, lost, or stopped looking for a job because of child care issues.<sup>7</sup>

**Table 2. Missouri business costs due to child care access issues.**

Business category	Losses
Absenteeism	\$609,790,820
Turnover	\$341,132,979
<b>Total</b>	<b>\$950,923,799</b>

To calculate turnover costs, 29,000 workers (7.5% parents leaving the workforce) were multiplied by turnover costs (21% of median annual wages), resulting in a total loss of \$341 million. Costs for absenteeism and turnover can be seen in Table 2.

**Tax loss calculations**

When parents miss work or leave the workforce due to child care issues, the resulting loss in income also affects state and local tax revenues. State governments lose out on income and sales taxes, while lower property and city/county sales tax collections impact local governments. As in the 2021 Chamber survey, we used the Institute on Taxation and Economic Policy’s (ITEP) tax burden estimates to quantify these impacts, focusing on middle-income families.<sup>8</sup> To further break down revenue between state and local sources, we incorporated data from the Tax Foundation.<sup>9</sup>

The ITEP estimates that middle-income families contribute an average of 8.6% of their income to state and local taxes. Separating this figure by the state (4.55%) and local (4.05%) average share, we multiplied parents’ lost income from absenteeism or workforce exits — \$2.2 billion — to derive a total tax revenue loss of \$194 million (Table 3).<sup>10</sup>

**Table 3. Missouri tax costs due to child care access issues.**

Tax category	Losses
State tax revenue	\$101,657,628
Local tax revenue	\$92,591,354
<b>Total</b>	<b>\$194,248,982</b>

**County-level economic impacts**

The estimated loss of \$1.14 billion resulting from child care access issues includes \$951 million in business expenses from absenteeism and turnover and \$194 million in lost tax revenue at the state and local levels.

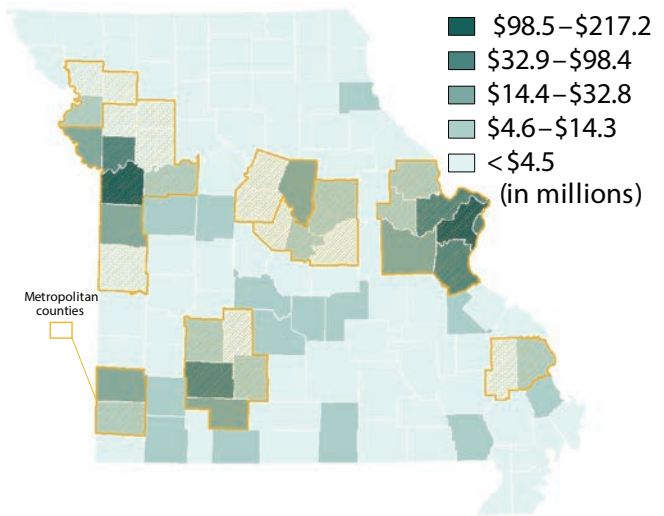
In addition to statewide estimates, our analysis incorporates county-level data on the parental workforce and median wages to estimate localized costs. This approach allows a more detailed look at the economic impact, showing total cost per county and affected worker.<sup>11</sup>

Figure 1 presents the total losses by county. The three most populous counties — St. Louis County, Jackson and St. Charles — account for 40% of the total cost, reflecting the concentration of Missouri’s population in metropolitan areas.

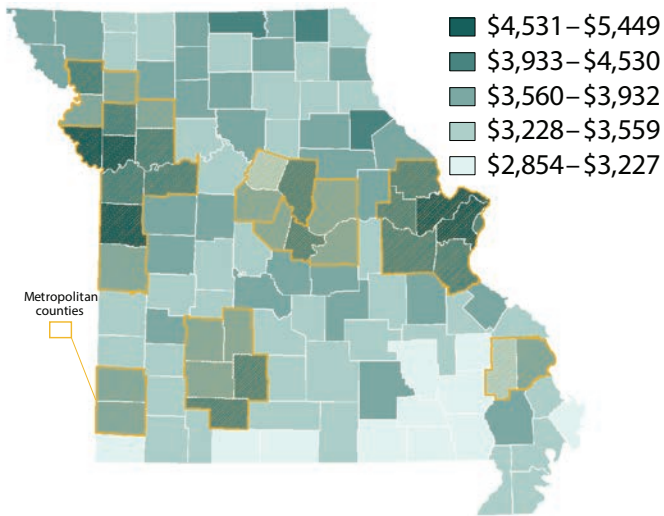
To better illustrate the cost at a job level, total losses are divided by the number of affected parental workers in each county. Statewide, the average loss per affected worker is \$4,286, with \$3,559 attributed to business costs and the remainder to lost government revenue. This cost varies by county, ranging from \$5,449 in St. Charles County to \$2,854 in Oregon County. Figure 2 illustrates

how the economic impact of losing a worker to child care issues differs across the state.

Generally, metropolitan counties bear the highest costs, driven by higher wages, living expenses and population density. Although metropolitan counties account for 76% of Missouri’s population, they represent 81% of estimated losses due to child care shortages. Table 4 provides a full breakdown of county-level estimates.



**Figure 1.** Total losses due to child care access issues by Missouri county.



**Figure 2.** Losses per impacted worker by Missouri county.

**Table 4. Business and tax losses due to child care access issues, by county.**

County	Total business and tax losses	Losses per impacted worker	County	Total business and tax losses	Losses per impacted worker
Adair	\$3,867,476	\$3,578	Camden	\$5,469,266	\$3,705
Andrew	\$3,110,529	\$4,236	Cape Girardeau	\$12,832,038	\$3,787
Atchison	\$444,385	\$3,645	Carroll	\$928,415	\$3,397
Audrain	\$3,681,392	\$3,600	Carter	\$558,283	\$2,860
Barry	\$4,999,031	\$3,447	Cass	\$22,691,385	\$4,715
Barton	\$1,473,955	\$3,352	Cedar	\$2,487,096	\$3,716
Bates	\$2,502,927	\$3,589	Chariton	\$1,236,165	\$3,588
Benton	\$1,550,655	\$3,379	Christian	\$18,417,492	\$4,336
Bollinger	\$1,377,242	\$3,345	Clark	\$1,039,325	\$3,306
Boone	\$32,880,494	\$4,292	Clay	\$55,698,948	\$4,759
Buchanan	\$12,886,114	\$3,721	Clinton	\$3,550,815	\$4,117
Butler	\$5,545,103	\$3,166	Cole	\$13,127,705	\$4,038
Caldwell	\$1,311,904	\$3,777	Cooper	\$3,378,781	\$3,836
Callaway	\$7,020,199	\$3,895	Crawford	\$2,974,948	\$3,531

**Table 4. Business and tax losses due to child care access issues, by county.**
**(continued)**

County	Total business and tax losses	Losses per impacted worker	County	Total business and tax losses	Losses per impacted worker
Dade	\$975,147	\$3,406	McDonald	\$3,025,093	\$3,117
Dallas	\$2,369,339	\$3,672	Macon	\$2,366,075	\$3,535
Daviess	\$1,693,892	\$3,931	Madison	\$1,722,235	\$3,215
DeKalb	\$1,532,609	\$3,932	Maries	\$1,143,155	\$3,604
Dent	\$1,973,537	\$3,393	Marion	\$5,152,648	\$3,435
Douglas	\$2,042,581	\$3,554	Mercer	\$617,332	\$3,649
Dunklin	\$3,430,300	\$3,269	Miller	\$4,187,611	\$3,710
Franklin	\$19,424,547	\$4,241	Mississippi	\$998,872	\$3,076
Gasconade	\$1,864,904	\$3,536	Moniteau	\$2,681,161	\$3,849
Gentry	\$1,126,162	\$3,383	Monroe	\$1,429,727	\$3,747
Greene	\$46,182,354	\$3,738	Montgomery	\$1,939,504	\$3,842
Grundy	\$1,964,614	\$3,839	Morgan	\$3,554,035	\$3,559
Harrison	\$1,525,131	\$3,479	New Madrid	\$2,295,287	\$3,260
Henry	\$3,464,357	\$3,654	Newton	\$10,483,917	\$3,843
Hickory	\$690,873	\$3,296	Nodaway	\$2,720,801	\$3,849
Holt	\$512,583	\$3,615	Oregon	\$1,026,377	\$2,854
Howard	\$1,617,400	\$3,545	Osage	\$1,992,376	\$3,904
Howell	\$5,468,386	\$3,266	Ozark	\$636,057	\$2,995
Iron	\$1,187,151	\$3,412	Pemiscot	\$2,121,697	\$3,306
Jackson	\$145,181,595	\$4,347	Perry	\$2,927,659	\$3,541
Jasper	\$21,656,306	\$3,591	Pettis	\$8,652,959	\$3,682
Jefferson	\$44,891,376	\$4,507	Phelps	\$6,476,677	\$3,727
Johnson	\$8,873,407	\$3,681	Pike	\$2,742,608	\$3,731
Knox	\$831,653	\$3,519	Platte	\$25,805,709	\$5,293
Laclede	\$6,067,715	\$3,358	Polk	\$5,404,827	\$3,773
Lafayette	\$5,437,513	\$4,023	Pulaski	\$8,497,480	\$3,367
Lawrence	\$6,285,361	\$3,518	Putnam	\$910,801	\$4,104
Lewis	\$1,403,000	\$3,632	Ralls	\$1,698,523	\$4,099
Lincoln	\$14,325,607	\$4,477	Randolph	\$3,434,712	\$3,404
Linn	\$1,621,591	\$3,881	Ray	\$4,565,015	\$4,530
Livingston	\$2,197,128	\$3,721	Reynolds	\$446,810	\$2,925

**Table 4. Business and tax losses due to child care access issues, by county.**
**(continued)**

County	Total business and tax losses	Losses per impacted worker
Ripley	\$1,365,303	\$3,144
St Charles	\$98,469,841	\$5,449
St Clair	\$1,239,944	\$3,365
Ste Genevieve	\$3,222,206	\$3,821
St Francois	\$8,616,266	\$3,504
St Louis	\$217,226,439	\$5,061
Saline	\$3,316,605	\$3,291
Schuyler	\$992,839	\$3,855
Scotland	\$1,286,179	\$4,029
Scott	\$6,149,297	\$3,332
Shannon	\$1,086,641	\$3,741
Shelby	\$843,503	\$3,310
Stoddard	\$4,272,111	\$3,586

County	Total business and tax losses	Losses per impacted worker
Stone	\$3,083,411	\$3,471
Sullivan	\$832,988	\$3,535
Taney	\$7,078,304	\$3,170
Texas	\$3,181,234	\$3,245
Vernon	\$3,031,739	\$3,407
Warren	\$6,332,815	\$4,324
Washington	\$3,282,089	\$3,855
Wayne	\$877,653	\$3,227
Webster	\$7,573,712	\$4,084
Worth	\$258,089	\$3,334
Wright	\$2,739,469	\$3,324
St Louis City	\$52,296,176	\$4,272
Missouri	\$1,145,172,781	\$4,286

## Summary

Access to affordable, quality child care is a growing challenge across Missouri and the nation, with far-reaching effects on families, communities and the economy. In Missouri, many parents struggle to find reliable child care, forcing some to reduce work hours or leave the workforce entirely. With annual child care costs nearing 14% of the median household income, affordability is a significant barrier. The shortage of child care options also compounds existing labor shortages, especially in a state where unemployment has remained low and businesses are actively seeking workers.

The economic impacts of child care access issues are significant. Missouri businesses lose \$951 million annually due to employee absenteeism and turnover related to child care needs. When parents miss work or leave jobs, businesses face productivity losses and increased recruitment/training costs. These disruptions also reduce household income, which leads to an estimated \$194 million in lost state and local tax revenue annually. Combined, the total cost to Missouri's economy exceeds \$1.14 billion.

This guide highlights why child care matters — not just for families but also for businesses and communities. Showing the real costs of not addressing child care challenges makes it clear that investing in accessible, quality care is a smart move. It boosts the state's economy by helping parents stay in the workforce, expanding the

labor force for businesses, and making the state more attractive to younger working parents.

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  10. The St. Louis and Kansas City earnings tax of 1% was added to the calculations to account for tax revenues in those cities. Since Kansas City overlays parts of multiple counties, only a quarter of the income in Jackson, Clay and Platte counties was assumed to pay local income taxes for a conservative estimate.
  11. Reporting figures at the county level requires simplifying assumptions, as workers commute across counties and there is likely some overlap of impacted parents who miss work and eventually leave employment altogether. Therefore, the cost-per-worker estimates should be viewed as a general way to understand relative costs to county businesses and government.

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