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The Investing in America Child Care Partnership

Lessons Learned and Considerations for Future Policy

Contents

This document is meant to provide an overview of child care's importance to economic growth, a summary of model programs and stakeholder contributions, and policy recommendations on how to continue centering child care as a pillar of economic development.

The Investing in America Agenda and the Role of Child Care In It

Beginning in 2021, the United States committed to advancements in industrial policy through federal legislation such as the Inflation Reduction Act, the CHIPS and Science Act, and the Infrastructure Investment and Jobs Act. These laws, which were part of an initiative called the Investing in America agenda, represented hundreds of billions of dollars of new investment to mitigate the effects of climate change, rebuild our roads and bridges, and regain global dominance in semiconductor manufacturing.

The federal government also used these laws to advance a vision of integrating care infrastructure into economic development by expanding labor force participation, particularly among parents of young children, and ensuring inclusive benefits from these new investments. The most notable example of this was the requirement that major grantees of CHIPS and Science Act funds create plans to provide safe, reliable, and affordable child care to their employees. The federal government also pushed agencies to identify and issue guidance on which federal funds could be used for child care and long-term care as a supportive service for workers who were being trained for and working on federally funded projects.

While federal policy established a framework for integrating child care into economic development, many stakeholders were necessary for on-the-ground implementation. This included teams of place-based leaders (providers, financial institutions, technical assistance experts, and local county and city officials) who operationalized priorities locally by aligning workforce investments with child care supply strategies, leveraging county land-use and facilities authorities, coordinating across economic development and human services departments, and engaging employers within their jurisdictions, among other activities. In many communities, counties served as the primary entities capable of sustaining this work amid shifting federal guidance.

Changes in the political landscape have led to the rescission or freeze of some of these federal funds. But the case for child care as a foundational pillar of economic development remains strong and the current moment makes the need for a coordinated infrastructure of resources and institutional commitment more urgent.

Philanthropy has already played a critical role in advancing this vision through the launch of the Investing in America Child Care Partnership. Initially, the Partnership funded collaborations across the country working to align child care expansion with workforce priorities driven by new federal funding. Despite changes at the federal level, the Partnership's implementation partners are working to expand supply, reshape financing models, and change how employers and workforce intermediaries think about child care.

This alignment between federal and philanthropic investment reflects a promising shift in how economic and workforce development should be approached. It places greater emphasis on equity, acknowledges the role of caregiving in shaping labor force participation, and responds to the real-world needs of working families. It also builds on a growing understanding that child care should be seen as part of the infrastructure necessary for economic growth.

At the same time, if we are unable to show progress in advancing care as a supportive service crucial to workforce development, we will have missed a historic opportunity, and risk losing the ability to advance similar work in the future. For instance, if we are unable to show how child care can strengthen workforce outcomes, such as helping to recruit and retain workers or expanding equitable access to training, future efforts may not prioritize this integration.

Further, if promising models are not tracked and shared, there is a risk that important lessons will go unnoticed or unrecognized by policymakers.

Supporting and documenting this work now can help ensure that successful approaches endure, and that we have the opportunity to build upon them when the next policy window opens. Clear examples, practical insights, and evidence of results can inform future policy, shape how additional funds are used, and strengthen the case for ongoing public and private investment.

This report aims to provide some of that documentation.

Policy Shifts

In the period when the Investing in America Child Care Partnership was launched, there was intense interest at the federal level in increasing investment in child care and working toward policy improvements where possible.

For instance, in March of 2023, Congress passed a $1.86 billion increase for the federal child care subsidy program, one of the largest one-year increases in that program's history. A month later, President Biden signed the Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers. This order, described as the most comprehensive set of actions on care in history, issued over 50 directives across nearly every cabinet-level agency. Following one such directive, in February of 2024, a regulation was finalized that would formally cap family co-payments at 7% of household income and mandated that states pay providers in a manner that provided financial predictability, such as being paid on-time as opposed to retrospectively.

The federal government had also leveraged the CHIPS and Science Act to expand child care supply. The Department of Commerce established a landmark requirement that semiconductor manufacturers seeking more than $150 million in direct federal funding must provide a plan to ensure their facility and construction workers have access to affordable, high-quality child care. This policy signaled a shift in federal strategy, treating child care not just as a social service but as essential economic infrastructure.

Circumstances are markedly different today. Major aspects of the 2024 child care rule have been set for rescission, and while Congress continues to make bipartisan funding increases in child care they are far more modest. Although implementing the child care requirement in the CHIPS and Science Act appears to have lost political momentum, the communities receiving funding under that legislation will still need workers to build and staff new semiconductor facilities, and those workers will need child care.

While there has been a positive marker of progress on improving certain child care tax credits, the federal government has also increased volatility into the sector through recent action on the treatment of funding.

Why Child Care Remains Critical to Economic Development

Issues relating to child care affordability and supply are relevant not only to families, but the broader economy.

- The St. Louis Federal Reserve analyzed census data and found that in 2024, 16% of mothers with young children (under the age of 6) wanted to work but were not actively searching for work due to challenges in arranging child care.
- ReadyNation released an updated report estimating that child care challenges cost the U.S. economy $172 billion in lost earnings and productivity each year.
- The U.S. Chamber of Commerce Foundation conducted original research through its "Untapped Potential" series that found that states like Indiana lost $4.2 billion in economic activity due to child care challenges.
- Recent estimates from the Bipartisan Policy Center and partners show gaps in child care could cost the economy as much as $329 billion over the next 10 years in lost productivity, workforce shortages, and decreased income and revenue.

Despite these challenges, we know that:

- Families spend between 9% - 16% of their median income on full-day child care for one child, and the average annual cost of child care for one child has risen to $13,128.
- Wait lists and enrollment freezes for child care slots are increasing, with the Dallas Federal Reserve noting that access to subsidized child care is a significant barrier to employment, with a waitlist of 11,000 in their community.
- While the number of child care workers has rebounded since the pandemic, the wages for these workers remain among the lowest paid for any type of work, making it difficult to draw sufficient workers to the field so that there is sufficient supply to meet demand from families.

Leaders across sectors have a role to play in addressing these issues of child care supply and affordability in order to address the broader economic impacts that will result with prolonged inaction.

Key Stakeholders & Demonstrated Impact

Across the Investing in America Child Care Partnership, implementation partners consistently found that durable progress depended on structures and strategies that could withstand federal policy shifts. The movement away from implementing the CHIPS child care requirement revealed how much early engagement with employers had been shaped by compliance rather than a desire to include child care as a part of their workforce efforts, and it underscored the need for systems that do not rely on federal mandates to sustain momentum.

The change in priorities particularly impacted place-based implementation partners. Counties emerged as stabilizing anchors, working to provide continuity amid federal policy changes, aligning child care strategies with long-term economic development and workforce priorities, and sustaining cross-sector collaboration beyond compliance-driven timelines. The role of CDFIs also proved crucial. Historically, the child care facilities finance field has lacked a coordinating entity capable of operating across programs, administrations, and funding cycles; a gap that has entrenched siloed, time-bound approaches. The CDFI partnership addressed this structural weakness by activating a durable facilities and finance ecosystem that transcends any single policy, program, or political moment.

Further, the shift at the federal level made clear that early alignment on roles, goals, and geography is essential; where partners entered without shared expectations or where geographies were selected before local engagement, progress slowed and opportunities for synergy were missed. In contrast, places with strong alignment between partner goals and local leadership priorities moved quickly, demonstrating how political context, leadership transitions, and local governance structures shape feasibility and pace.

Partners emphasized that gaining authentic employer engagement required streamlined, repeatable processes and translation across sectors. Many employers needed support in understanding child care in industry terms. Also, partners expressed that long-term progress depended on grounding strategies in the expertise of those closest to the work, such as state and local leaders, providers, and community coalitions, while leveraging the perspectives and experiences of those from national offices when necessary.

Across geographies, partners found that peer learning and in-person convenings were among the most powerful accelerants. These gatherings built trust, clarified roles, and helped participants understand how strategies translated across different contexts. Many noted that earlier convenings would have strengthened alignment from the outset. Partners observed that templates and resources were not enough on their own; counties, employers, and communities made the most progress when they received tailored, hands-on support from those with deep subject matter expertise. Limited local capacity (usually expressed as few or no staff dedicated to the work) often slowed implementation, and several partners pointed to the value of dedicated staff or stipends to sustain activity between cohort meetings.

Partners agreed that sustainable child care solutions require integrating financing and facilities expertise from the beginning. Expanding supply depends on capital, infrastructure, and long-term financial planning, and CDFIs played a central role in grounding the work in these realities. Taken together, these lessons point to the importance of clear roles, strong local ownership, cross-sector participation, and capital-driven strategies that can adapt to changing federal conditions while remaining anchored in community needs.

Across the work, implementation partners agreed: (a) selecting geographies with strong interest and readiness supported progress; (b) peer learning and convenings were central to participant engagement; (c) partnerships with organizations such as the Bipartisan Policy Center, the Chamber Foundation, and Executives Partnering to Invest in Children (EPIC) added expertise, particularly with respect to employer engagement. Future considerations include continuing the work through a streamlined cohort model with clear selection criteria for participants and adapting to evolving local priorities. Find a closer look at the work of the Investing in America Child Care Partnership's implementation partners, below:

Community Development Financial Institutions

Philanthropy engaged a set of CDFIs to facilitate and provide technical assistance to a set of counties and cities identified by the National Association of Counties (NACo) and the National League of Cities (NLC). These CDFIs, with deep relationships across the geographies, all had shared responsibility to leverage their subject matter expertise on facilities and financing to shore-up child care supply in those areas identified by city and county partners.

IFF

IFF is a Midwest-based CDFI focused on facilities and finance, emphasizing capital and facilities strategies for child care preservation and expansion rather than just programmatic interventions. Within the Partnership, IFF helped local leaders understand the feasibility of different facility models, assess capital needs, and integrate child care into long-term community development plans. IFF collaborated closely with other members of the partnership, including EPIC, LISC, and NACo in Wayne County, MI, and Cuyahoga County, OH, to align technical assistance and ensure that employer-focused strategies were grounded in realistic facility and financing pathways. In Wayne County, Michigan, including county-level and employer stakeholders has allowed IFF and its partners to explore economic development strategies used in other sectors, such as transportation and workforce housing, and apply them to child care. Several place-based efforts illustrate this lesson, such as in Cuyahoga County, Ohio. IFF's deep engagement (alongside CDFI partners like LISC) in the county demonstrated what a CDFI can achieve beyond traditional lending. The county developed six action items, including guiding principles for stakeholders, and now views CDFIs as long-term partners on facilities and finance. Looking ahead, IFF is considering additional counties for future sponsorship, signaling opportunities to deepen and expand place-based work.

Low Income Investment Fund (LIIF)

LIIF is a national CDFI that works to preserve and build supply of child care. It served as the primary facilities and financing expert in specific counties, co-leading a County Learning Cohort with NACo to help counties assess supply gaps, understand capital needs, and identify feasible pathways for expanding child care facilities. While changes to the CHIPS requirement influenced the framing of the work, LIIF's core focus remained on harnessing government investments for child care inclusion within an economic development lens and understanding the local regulatory environments, which allowed for engagement with additional communities like Columbus-Muscogee County, Georgia, Multnomah County, Oregon, and two regions of the State of New Hampshire. In those regions, LIIF collaborated closely with partners such as, NLC, and EPIC to align technical assistance, clarify roles, and support counties in integrating child care into broader economic development strategies. In the future, LIIF plans to strengthen and scale the model by integrating financing components tied more explicitly to supply-building and securing stronger participation from local (city-level) governments.

Local Initiatives Support Corporation (LISC)

LISC is a national CDFI that provides technical assistance on facilities, financing, and capital access to governments and coalitions. LISC's work focuses on strengthening local infrastructure and expanding economic opportunity, which includes providing financing and technical assistance for early childhood facilities and supporting local governments in planning for child care supply expansion. LISC co-led the County Learning Cohort alongside LIIF, IFF, and NACo. The cohort model, adapted from prior NACo and NLC programs, was designed to strengthen local strategic readiness and expand child care supply. Although the model was developed in the context of the CHIPS requirement, it was intentionally designed to focus on local strategic readiness and supply-building rather than compliance with the CHIPS requirement. LISC engaged deeply in Pima County, Arizona, and Cleveland, Ohio, using these sites to test approaches and surface lessons for future cohorts. With local office presence, LISC continues to staff and work across both these geographies. LISC Phoenix is currently administering the Bright Future Arizona program in partnership with the Arizona Department of Health Services, which will provide a total of $575,000 in grants to help home-based child care providers become certified, expand, or maintain their child care businesses.

County & City Leaders

As a part of the Investing in America Child Care Partnership, NACo and NLC supported local leaders by leading learning cohorts to build strategic readiness and expand child care supply. Their work emphasized leveraging county authority in planning and financing, while helping city leaders navigate fiscal and political constraints through peer learning.

National Association of Counties (NACo)

The National Association of Counties (NACo) represents county governments nationwide and supports local leaders in advancing policies that strengthen community well-being and economic development. County governments play a vital role in translating federal and philanthropic investments into on-the-ground impact. As major implementers of workforce systems, administrators of public funds, land-use authorities, and trusted conveners of employers and community partners, counties are uniquely positioned to integrate child care into economic development strategies that reflect local labor markets, governance structures, and community needs, and NACo supported these efforts in certain counties. Within the Investing in America Child Care Partnership, NACo co-led the County Learning Cohort (known as the Child Care Supply Network) and provided structure, coordination, and communication across participating counties. Through the Partnership, NACo helped counties translate child care challenges into actionable economic development strategies grounded in county authority over planning, financing, and cross-agency coordination. As part of this work, NACo also advanced small business support strategies, particularly those that strengthen home-based child care providers as key contributors to local economies and workforce participation. Their role centered on convening, aligning partners, and helping counties integrate child care into broader priorities such as workforce development, economic mobility, and community infrastructure.

While the removal of the CHIPS child care requirement caused frustration among some partners, NACo's core work continues, grounded in actionable county priorities like supply building and financing. Key insights gleaned during the active period of the Child Care Supply Network included the essential role of CDFIs for technical assistance, the effectiveness of in-person convenings, and the strong correlation between progress and alignment with county leadership priorities. NACo's future work will emphasize the importance of early, clear delineation of roles and responsibilities among coalition partners to strengthen coordination as well as building awareness with county policy makers on the contribution of reliable, accessible, quality child care and increased workforce participation.

National League of Cities (NLC)

NLC was the primary municipal engagement partner, representing city leaders and supporting them in navigating child care challenges. NLC helped design and facilitate opportunities for municipal leadership and engagement within the Child Care Supply Network alongside NACo. Recognizing the current local landscape, the organization's strategy evolved to focus on identifying small, practical, and incremental steps for mayors to support child care, reflecting the constraints of political pressures and limited fiscal capacity at the city level. Peer-to-peer learning emerged as a highly valued component of the work, with city leaders seeking opportunities to learn directly from one another. Partnerships and regional expertise have also been essential, providing access to expertise resources that cities do not typically have in-house, particularly financing expertise from CDFIs and LIIF. NLC anticipates that 2026 will be a defining moment for deepened alignment of resources both within city government and among community stakeholders as partner expertise, especially in creative financing, becomes crucial for cities facing constrained budgets.

Business Community Leadership & Advocacy

The business community played a vital role in pushing child care as essential economic infrastructure and engaging employers directly in solution design. As a part of this effort, EPIC worked with companies to tailor child care solutions to workforce needs and develop practical tools. Additionally, groups such as the SEMI Foundation and the Chamber of Commerce Foundation drove policy and awareness by quantifying the economic costs of child care breakdowns and successfully advocating for enhanced employer-provided child care tax credits.

Executives Partnering to Invest in Children (EPIC)

EPIC is a national nonprofit that works with employers to design child care solutions tailored to workforce needs. Within the Investing in America Child Care Partnership, EPIC expanded its work beyond Colorado for the first time, engaging with employers and regional partners in Arizona, Michigan, and New Hampshire. EPIC's work varied across geographies, shaped by differences in local infrastructure, partnerships, and employer priorities. In Arizona, EPIC launched an Employer Child Care Design Lab with the Arizona Chamber of Commerce and Industry and First Things First. In New Hampshire, EPIC initially partnered with stakeholders in the Upper Valley of the state. There, EPIC worked with the New Hampshire Charitable Foundation and the Couch Family Foundation, led employer workshops, and collaborated with a local research team to explore a regional solutions fund. Coordination with LIIF and NLC also supported clear roles across partners.

EPIC has since expanded its New Hampshire work to Manchester and the ReGen Valley, partnering with Community Development Finance Authority (CDFA), NH Businesses for Social Responsibility (NHBSR), and the Greater Manchester Chamber of Commerce to help plan for an employer-informed child care pilot that will launch in Fall 2026. Through the synthesis of employer and ecosystem insights, and the upcoming development of a decision-making framework and pilot opportunity roadmap, EPIC is helping partners move from exploration to a clear, actionable pilot. In Michigan, progress was driven by strong partnerships: IFF facilitated EPIC's introduction to key stakeholders and convened a roundtable that led to an engagement with the Detroit Regional Workforce Partnership. EPIC and IFF are supporting the Detroit Regional Workforce Partnership in conducting a needs assessment and developing a pilot for health care employers exploring child care solutions. Across all locations, EPIC emphasized the importance of local partnerships, clear communication, actionable steps, and tailoring employer strategies to regional conditions. First-hand experience and input from employers were shared with other national partners to inform design efforts and revisions to tax credits, including the 45F.

EPIC also worked closely with the U.S. Chamber of Commerce Foundation to develop the Employer Child Care Navigator, a publicly accessible platform that integrates readiness assessments, solution pathways, success models and decision-support tools into a cohesive experience. The Navigator tool was launched at a national summit event co-hosted by EPIC and the U.S. Chamber of Commerce Foundation in December 2024. EPIC also collaborated with IFF and LISC in Cuyahoga County and participated in NACo's peer exchange. Across all locations, EPIC emphasized the importance of local partnerships, clear communication, and tailoring employer strategies to regional conditions.

SEMI Foundation & The Policy Equity Group (PEG)

The SEMI Foundation and PEG worked to advance employer-led child care solutions, including partnering to develop CHIPS-compliant child care plans. The SEMI Foundation, as the workforce development arm of the semiconductor industry association, served as a key connector and translator, bridging industry expectations with the realities of the child care sector and supporting regional planning efforts in Arizona, Michigan, and Ohio. PEG, a consulting firm with expertise in policy and fiscal modeling, complemented this by providing content expertise, conducting landscape analyses, and advocating for community-owned care models and flexible funding structures. The removal of the federal CHIPS mandate shifted the work for both organizations from compliance-driven demand to a more authentic, needs-driven engagement. This transition has led to a focus on translating child care needs into industry-specific language, customizing solutions for each employer, and identifying opportunities like "latent capacity" (i.e., licensed providers with available classroom space but insufficient investment to fully utilize) in markets such as Phoenix. Looking ahead, the SEMI Foundation sees a need to build an advocacy movement among employers for broader, systemic impact, and PEG is focused on addressing core, underlying challenges that limit employer investment, such as financial risk and liability concerns.

Chamber of Commerce Foundation

The U.S. Chamber of Commerce Foundation partnered with the U.S. Department of Commerce to host an innovation summit on child care in 2024 to mobilize private and public sector partnerships around child care. Over the years, the foundation has also built a substantial body of work treating child care as economic infrastructure essential to American workforce competitiveness. The Foundation launched its state-by-state "Untapped Potential" report series, quantifying the economic costs of child care breakdowns across more than a dozen states finding, for example, that Indiana's child care gaps cost the state $4.22 billion annually.

These focused analyses help local stakeholders to communicate the economic imperatives of investing in child care in their communities. In partnership with the Bipartisan Policy Center, the Foundation also established the Early Childhood and Business Advisory Council, expanding to more than a dozen states to convene local chambers with early childhood advocates on policy and action planning. The Foundation has also pursued a legislative agenda focused on three tax programs: the Employer-Provided Childcare Credit (45F), the Dependent Care Assistance Program (DCAP), and the Child and Dependent Care Credit (CDCTC). These efforts contributed to the enhancement of all three programs, enacted as part of the tax reconciliation package in July 2025. Following enactment, the Foundation launched a national road show to educate businesses on leveraging the expanded 45F credit, partnering with local chambers to deliver guidance on stacking federal and state incentives and proven implementation models.

Advocacy & Research

This group of partners provided crucial policy, research, and systems expertise to anchor local innovations within broader federal and state contexts.

Bipartisan Policy Center (BPC)

As a Washington, D.C.–based think tank, BPC brings a federal vantage point to the Partnership, anchoring its work in the Early Childhood Business Advisory Council. Through the Council, BPC convenes employers, chambers, and policymakers to support cross-state learning and connect local innovation to federal policy. The initiative prioritized engaging a broad set of state and local chambers. BPC also contributed federal and state policy expertise, providing technical assistance to federal policymakers, sharing state-level developments with Congressional offices, and facilitating bipartisan conversations on child care and workforce supports. Their participation in the Partnership deepened their understanding of the work of CDFIs and other implementation partners, strengthening coordination across research, advocacy, and on-the-ground efforts.

Child Care for Every Family Network (CC4EFN) / The Century Foundation

The Child Care for Every Family Network (CC4EFN) and the Century Foundation (TCF) work to advance equitable, publicly supported child care systems by bringing together advocates, researchers, and state partners to strengthen policy design and implementation. Within the Investing in America Child Care Partnership, CC4EFN served as a policy and systems-level advisor, helping states understand how employer engagement strategies could align with broader child care financing and governance reforms. CC4EFN drew on its national network of advocates, researchers, and state partners to share lessons from early pilots, elevate emerging models, and support states in navigating the intersection of employer interest, public funding, and long-term system design. TCF tracked CHIPS Act implementation by monitoring Intel and Micron as test cases, arguing that subsidies must be paired with supply-building to avoid worsening existing shortages. On Tri-Share, TCF concluded that while the model reduces family costs, it fails to address supply constraints and may leave eligible families unable to use the benefit. Across both areas, TCF argues that demand-side interventions without corresponding supply-side investment are inadequate policy responses. CC4EFN’s involvement also strengthened coordination across the partnership by connecting state insights to national conversations and ensuring that employer-focused strategies remained grounded in equity and system sustainability.

County and State Leadership

The Investing in America Child Care Partnership originally sought to focus on communities in Arizona, Michigan, New Hampshire, and Ohio as pilot efforts to expand the supply of high-quality child care. Over time, implementation partners began conducting work in other states, including Oregon, particularly as local governments integrated child care policy into their industrial policy. As volatility may persist at the federal level, governors, and state legislatures in partnership with local governments have an opportunity to bring together government, employers, child care providers, families, and other local partners to advance child care as a pillar of economic development. Below are recent examples of counties and states that have led in promoting access to child care as a supportive service to the workforce, some of which were supported by implementation partners of the Investing in America Child Care Partnership.

County and Municipal Models

The Investing in America Child Care Partnership brought together a diverse cohort of counties as part of its inaugural Child Care Supply Network. These counties, which range from urban, suburban, and rural counties, represent a broad political spectrum. Through the Partnership, these communities piloted a range of innovations to center the role of municipalities to convene, facilitate and implement cross-sectoral solutions that leverage both the role of local governments and employers to expand and sustain the supply of high-quality, affordable child care.

Across geographies, counties used their unique roles as conveners, funders, and system integrators to advance child care solutions tailored to local labor markets. These efforts demonstrate how county authority over planning, public funding, land use, and partnerships can be leveraged to treat child care as essential economic infrastructure rather than a standalone social service.

Examples include:

- **In Lebanon, New Hampshire**, the local government developed a fund to cover the cost of health care for early educators and provided seed funding to incentivize employers to provide child care as a workforce benefit. In March 2026, voters approved the development of a 50-seat child care center located on city and school district land.
- **In Columbus-Muscogee, Georgia**, the county government developed a child care supply building plan and partnered with the local United Way which served as a convener to issue a call to action for employers to support the child care needs of their employees, including providing extended-hour care for employees working second or third shifts.

- **In Multnomah County (Portland), Oregon**, the county government leveraged county-controlled revenues and governance authority to work with the local United Way to develop a county-led Preschool for All program and provided local funding to raise educator wages to $29 per hour. The county government has been implementing Preschool for All as the result of passage of a local tax. PFA has provided local funding to raise educator wages and support development of new child care facilities.
- **In Pima County (Tucson), Arizona**, the county with its participating cities, school districts, and philanthropic partners, funded the Pima Early Education Program scholarships to lower the cost of care for income-eligible families in over one hundred locations including empty elementary school classrooms converted to child care spaces. They also adopted long-term early care and education policies in their county comprehensive plan, Pima Prospers.
- **In Wayne County (Detroit), Michigan,** the intermediate school district partnered with the State of Michigan and IFF to develop innovative financing models and coordinate employer engagement through Regional Child Care Plans, supported by state funding. Start-up investments helped providers launch State-funded Pre-K classrooms by covering critical upfront costs and accelerating the opening of new seats. Tools such as the Breaking Barrier Series also engaged employers and community partners in identifying barriers facing working families and aligning around solutions that strengthen the local early childhood system, resulting in the development of an employer-based toolkit.
- **In Cuyahoga County (Cleveland), Ohio**, the county government partnered with philanthropy to provide tuition subsidies and created a fund to match corporate contributions that support child care. Additionally, a robust asset mapping convening identified development resources and partners across the county, with considerations for economic and community development opportunities, which can help support the next phase of work, increasing the availability of financial capital and strategic support for childcare partners.

State Models

While not specifically a part of the Investing in America Child Care Partnership, states also led efforts to use the CHIPS Act's child care requirement to promote durable infrastructure and drive complementary state investments. As noted above, while the federal requirement is no longer in place, states' efforts to leverage federal resources are notable, as are the approaches they took to create inclusive workforces around these new federal opportunities. The below describes the efforts of governors in New York and Oregon. Together, these two states illustrate how executive leadership can advance child care as a core part of workforce development and offer instructive lessons for other states seeking to do the same.

Oregon: The CHIPS Child Care Fund Model

Oregon's legislature and governor took a proactive approach to linking semiconductor industry growth with workforce supports through the creation of the Oregon CHIPS Child Care Fund under House Bill 4098, enacted in April 2024.

The fund was established as a key part of the state's strategy to support workers in the semiconductor supply chain, including construction apprentices and journey workers, by addressing child care affordability and availability as a workforce barrier. Rather than requiring individual employers to develop their own child care solutions, the fund leverages a shared finance model that allows companies benefitting from CHIPS-related incentives or federal semiconductor funding to support a collective child care resource.

In practice, the program is deploying resources in two complementary ways: direct child care subsidies for apprentices and recent journey workers, and planning grants to expand child care provider capacity in regions where semiconductor and related advanced manufacturing activity is growing. Early implementation reports indicate that Oregon has already awarded infrastructure planning awards and the state has begun enrolling apprentices into subsidy support, with further rounds of funding anticipated.

Counties play a critical role in implementing this model by administering subsidies, identifying priority regions for investment, supporting provider expansion through zoning and permitting, and aligning workforce and child care investments with local economic development strategies.

To guide future governance, HB 4098 also establishes a CHIPS Child Care Work Group tasked with recommending how and when businesses that receive semiconductor financial assistance should contribute to the fund. The group's findings were submitted to relevant legislative committees by November 15, 2024, and summarizes stakeholder engagement and lays groundwork for recommendations on: (1) Whether businesses receiving CHIPS-related funding should contribute to the CHIPS Child Care Fund; and (2) Recommended contribution amounts and mechanisms for those contributions.

Together, these elements demonstrate Oregon's effort to create a unified model that combines workforce training, direct family supports, and community child care capacity building, positioning the CHIPS Child Care Fund as a practical pilot for aligning industrial policy with economic inclusion and workforce stability.

New York: The Green CHIPS Approach

New York established its own state-level CHIPS-inspired framework through the Green CHIPS Act, which, among other things, ensures that businesses make significant investments in workforce and community development, including through training, education, and child care opportunities.

The most prominent application of this framework has been the state's engagement with Micron Technology for a $100 billion semiconductor manufacturing complex in Clay, New York. As a part of the investment, Micron committed to training in-home care providers to expand flexible options for shift workers with non-traditional hours; invested $500,000 with the YMCA to expand regional child care offerings accessible to all workers in the affected labor market; and established partnerships with local child care centers to provide employee subsidies. This approach acknowledged that no single employer program can address a regional child care shortage. The scale of Micron's investment in the area will require expansion of the entire child care ecosystem.

Considerations for Future Policy Development

The Investing in America Child Care Partnership came about because of an effort by one administration to leverage industrial policy to make progress on child care, and the recognition that philanthropy could build on cross-sectoral relationships rooted in the context of each community to strengthen child care systems as a foundation of economic development strategies in communities. For instance, CDFI partners acting as intermediaries had successfully intermediated hundreds of millions of grant funds for facilities improvements as a precursor to this effort and were in a strong position to bring that expertise to the partnership.

Among the most enduring lessons from the past several years is that while it is helpful to have a strong federal push to catalyze movement among stakeholders and sectors that had previously not worked closely together on child care, the push alone does not necessarily build and sustain momentum in communities.

There are examples of excellent work taking place on-the-ground and among committed partners, like those described here, who are pulling every lever available to build a stronger infrastructure of child care so that families can get connected to the support they need to enter into and remain in the workforce. Additionally, while there remains considerable risk around how the federal government may seek to advance its priorities in the near-term, there are emerging federal opportunities that leaders, particularly in the business community, can use to create greater access to child care.

Below are a few recommendations for governmental leaders, philanthropies, and businesses to consider as they push to include child care as economic development.

Broaden Support for Child Care Investments Among Elected & Business Leaders

Center county leadership and authority

Future policy efforts should explicitly recognize counties as essential partners in economic development and child care systems. Counties bring regulatory authority, fiscal stewardship, and cross-agency coordination capacity that enable child care strategies to move from concept to implementation. Federal and philanthropic initiatives should engage counties early, align with county budget and planning cycles, and provide flexible funding that allows counties to respond to local labor market conditions.

Engage state-level leadership and regional coalitions

Given the considerable influence of state policy on child care licensing standards, funding incentives, and regulatory mandates, future efforts should meaningfully engage state associations of counties. These organizations serve as critical intermediaries between county governments and state policymakers, uniquely positioned to facilitate statewide coordination, ensure local implementation aligns with state frameworks, and elevate county innovations that inform state-level reform. Partnering with state associations will strengthen advocacy, improve policy coherence, and advance sustainable, systemwide progress in expanding child care access and quality.

Build bipartisan support for increasing investments to support child care access, quality, and affordability

Child care has historically received bipartisan support both in Congress as well as broad support from organizations representing parents, early educators, and businesses alike. Families' ability to access high-quality, affordable child care is intrinsically linked to their ability to participate in the labor market, and thus to the economic well-being of communities across the country. Solving the challenges facing many families seeking child care today requires sustained public investment, in addition to employer or private contributions. Thus, bipartisan support is needed to increase federal funding in programs like the Child Care and Development Fund (CCDF).

Long-term bipartisan support necessitates elevating the significant role that child care plays in economic development and labor force participation. It is a workforce attraction and retention strategy. By emphasizing the economic importance of child care and benefits to employers and family economic security along with the many other benefits of child care, stakeholders can grow and maintain a broad coalition of support to create sustained political support.

Build on Existing Care Infrastructure and Braid Funding

In most areas of the country, particularly rural communities, demand for child care far outstrips the supply. Businesses can boost the supply of child care available to employees by building on existing infrastructure alongside employer-sponsored options to create choices for families with different needs. Many industries require employees to work non-traditional hours, including early mornings or weekend shifts when many center-based child care facilities are closed. Partnerships with family child care providers can provide additional flexibility and options for parents. Investing in the existing local infrastructure also ensures that employer-sponsored child care does not drive community-based child care programs out of business, which would further compromise the overall supply in the community. Additionally, investing in local community-based programs reflects investments in small businesses that include community representatives and are culturally responsive.

Building the existing infrastructure also provides an opportunity to braid funds together, especially when many families cannot access child care subsidies because CCDF serves just 1 in 7 eligible children. States, communities, and businesses can integrate IIA investments (i.e., BIL, IRA, CHIPs) with existing core funding streams (CCDF, state and local funds, Head Start) and consider how to build private sector contributions. This could include using multiple funding sources to expand the number of slots in a program or layering funds to cover a full working day. For example, a family with a child enrolled in a Head Start preschool program, which often operates on a school day schedule for about 6 hours, would benefit from a child care subsidy provided through CCDF or an employer that can pay for care in the early morning when many construction and manufacturing shifts begin.

Oregon provides a possible model for leveraging public child care funds and grant funds to expand access to child care in growing industries. In Oregon, semiconductor manufacturing is expected to add 6,000 jobs across the state. As referenced above, the legislature passed a law to expand child care capacity near semiconductor sites and provide child care assistance to construction workers through a public–private framework aligned with federal CHIPS requirements.

The bill leverages existing state child care systems, dedicates funds to build supply (including home-based providers who can offer care during non-traditional hours), and creates the Oregon CHIPS Fund for grantee contributions. The bill also established a workgroup to plan for expansion to the broader manufacturing sector and manage contributions from CHIPS grantees.

Forge Community & Local Partnerships

Ensuring that families with access to quality, affordable child care requires multiple stakeholders to work together to serve children and advocate for sustained investment. Families need to have choices across a range of settings in centers, homes, and schools that match their work schedule and family preferences. Communities can best meet the needs of all families when child care providers, schools, businesses and employers, and organizations representing workers, such as labor unions, can work together. Beyond service delivery coordination, these organizations can also partner to build the case for growing the investment in child care over time.

State and local governments are essential partners as implementers of public funds (i.e., CCDF, Head Start, Title I, state/local preschool funds) and have a vested interest in attracting employers and job creation. Such partnerships can help layer funds with public funding streams and create conditions that allow child care providers to meet the demand and expand their businesses.

Including parents and child care workers is an essential part of creating a localized child care system that meets community needs. As end users of child care programs and funding, parents and providers offer invaluable insight into effective approaches.

For example, parents can reflect on policies that enable them to easily access child care programs and subsidies, preferred programmatic and provider characteristics, scheduling and transportation needs, and opportunities to improve existing infrastructure. Child care workers are critical to a successful child care system, without whom programs could not operate. Providers and child care staff can provide insight on effective recruitment and retention strategies, fair compensation and benefits, and strategies for improving quality and professional development in a manner that is responsive to the workforce. Community input can broadly improve child care offerings from employers, the subsidy system, and partnerships between public and private entities.

The Need for Dedicated Funding for Facilities

There are limited federal resources that can be devoted to the renovation or construction of child care facilities and traditional financing can be challenging for providers to utilize. Further, child care operators, the overwhelming majority of whom are under-resourced small businesses operating on razor-thin margins, face structural barriers (e.g., business model fragility, limited or no access to public capital, etc.) that private financing alone cannot resolve. The National Children's Facilities Network has issued a series of recommendations to tackle facilities issues that can lead to increased supply. These include dedicated public funding streams, CDFI-led intermediary structures, alignment with existing community development finance tools, and zoning reform. These changes would create a durable, capitalized infrastructure layer for child care that functions as a foundational input to economic development. Without stable, high-quality physical environments in which care can be delivered, the workforce participation of parents who need access to child care will remain constrained.

Leverage Federal Tax Code Changes

Employer-sponsored child care

H.R. 1, which became law in July 2025, includes significant changes to a provision in the tax code (45F) that allows employers to offset spending on child care facilities and child care resource and referral services. Under prior law, employers could claim up to $150,000 in expenses and receive a tax credit for 25% of expenses for facilities and 10% of resource and referral expenses. For employer-sponsored child care expenses incurred in calendar year 2026, the amount of qualified expenses a small business can claim increases to $600,000 annually and the tax credit amount increases to 50% of qualified expenses. For large businesses, the limit on qualified expenses increases to $500,000 with a tax credit of 40% of qualified expenses. The amounts are also indexed to inflation in subsequent years. This could yield substantial new investment in child care.

Consider a large company that spends $2 million on a child care facility and $50,000 on Child Care Resource & Referral (CCR&R) services for employees. The company thus has $2,050,000 in total expenses and can claim 40% of the facilities costs and 10% of the CCR&R costs, or $800,000 and $5,000, respectively. After applying the cap, the company can claim a $500,000 tax credit. If we assume the company has $10 million in tax liability, their taxes are reduced to $9,500,000. As compared to previous law, the company saves an additional $350,000 in taxes.

H.R. 1 also made two important policy changes that allow businesses to partner with third parties as they expand child care for employees. First, businesses may count fees paid to intermediaries toward their facilities expenses. This allows businesses to leverage partnerships within the current child care ecosystem, such as Child Care Resource & Referral Agencies or CDFIs. Second, businesses can pool resources to jointly purchase or lease child care facilities. Businesses could potentially deploy an investment to a CDFI that could layer those funds into a capital stack (i.e., a mix of public and/or private debt, equity, or grant funding) to develop an early childhood facility. This may allow businesses to take advantage of economies of scale that are generally an impediment to small and medium sized businesses offering employer sponsored child care.

These changes could incentivize more employers to offer employer-sponsored child care. Building awareness of these changes in 2026 may help encourage more businesses to engage in child care. Further, creating forums for peer-to-peer exchanges and technical knowledge on how to set up employer sponsored child care may also garner more participation. Collecting and publishing administrative data on participation in this tax credit program and research on the impact of tax incentives for employer sponsored child care will help improve upon the policy in the future. Stakeholders should anticipate forthcoming guidance from the U.S. Department of Treasury regarding implementation of these improvements to 45F.

Tax credits for paid leave

H.R. 1 also made changes to tax credits for employers that offer at least two weeks of paid family and medical leave and provide at least 50% wage replacement. These changes could encourage more employers to offer paid leave. While it is unclear whether this change will lead to more employers offering paid leave or offering longer paid leave, more generous parental leave policies can reduce the need for infant child care. Infant care is expensive and can be hard to find in many communities.

Paid leave that covers more of a child's first year of life can reduce pressure on the child care system and stress for families. More awareness and forums to share lessons learned from companies that have leveraged paid leave tax credits may also promote uptake.

Raising awareness among businesses may spur more participation. The Bipartisan Policy Center previously recommended a partnership between the U.S. Small Business Administration (SBA) and Treasury to disseminate materials to employers, which could focus on enhanced tax benefits that will be available starting in tax year 2026. Non-government organizations can also support marketing and awareness campaigns targeting employers and businesses. As with the employer-sponsored child care tax credit, collecting administrative data and conducting research on participation levels can inform future policymaking and provide insight into how the structure of these tax credits incentivize take up.

Opportunity Zones may offer an incentive to invest in economically distressed communities

Opportunity Zones are economically distressed communities that have been certified by the Treasury Department. Individuals or businesses that invest in Opportunity Zones are eligible for tax benefits. Child care programs are one type of investment that individuals and businesses can make in Opportunity Zones to take advantage of tax incentives. According to analysis by the Buffett Early Childhood Institute, approximately 450,000 additional child care spaces are needed in areas designated as Opportunity Zones to bridge the gap between existing capacity and child care needs. Many investments in Opportunity Zones to date have been focused on real estate and affordable housing, which could provide an opening to construct homes that are well-suited for family child care businesses. Investments in facilities can be coupled with child care subsidies to improve access to high-quality, affordable child care in these areas.

The Buffet Early Childhood Institute offers several policy recommendations to further incentivize child care supply building and expand the types of organizations that can accrue tax benefits by investing in child care in Opportunity Zones. This includes offering additional tax benefits to investors who support child care development as part of multi-family housing or commercial projects, or investments that focus exclusively on child care facilities; allowing nonprofits to apply tax credits for spending on construction and renovation toward payroll taxes; and to allow existing child care programs in Opportunity Zones to participate. Designating more rural areas as Opportunity Zones would also expand potential for drawing child care investments to non-urban underserved areas.

Create Sustainability Beyond Federal Initiatives

To be effective, investments in child care require long-term commitments from both public and private partners. Building on the momentum of the CHIPS & Science child care requirement, both companies and state and local partners can take steps to ensure that strategies and initiatives withstand changing political or economic conditions.

Research and evaluation to demonstrate that child care investments are correlated with measurable outcomes (and a clear return on investment), such as recruitment, retention, and productivity, can help ensure that business commitment persists even beyond federal mandates. Voluntary standards, public reporting, and other incentives can further reinforce long-term engagement by making child care provision part of how companies define responsible and competitive operations.

The strategies discussed above to braid CHIPS-related child care investments with public funds and infrastructure also help to strengthen the permanency of these solutions. Collaboration between state and local governments, community-based providers, CDFIs, and workforce systems expands overall supply and quality in the regions where they operate. Building facilities, supporting the child care workforce, and aligning with existing public systems make the child care system stronger and benefit families, government, and employers.

To support durability, policymakers should promote and leverage core federal funding streams with longevity (i.e., CCDF, Head Start); support shared-cost models among employers, employees, and public sources; and blend financing that leverages tax credits, subsidies, and private capital. These approaches can help promote long-term investment and collaboration from private sector employers.

Conclusion

Despite shifts in federal policy priorities, the reality that child care is critical to advancing economic growth remains unchanged. Models in cities, counties, and states across the country demonstrate that community-led, multi-stakeholder approaches can effectively integrate child care into economic development strategy. Further, the roles played by CDFIs, membership organizations of elected leaders like NACo and NLC, business groups, and technical assistance providers have proven essential to implementation.

As the nation continues to make critical investments that drive economic development, child care must remain central to ensuring these investments deliver on their economic potential by attending to the needs of families and leveraging the expertise and capacity of child care providers. The question is not whether child care matters for economic development. The evidence is clear that it does. The question is whether policymakers, business leaders, and communities will maintain the commitment to making child care accessible and affordable for all working families.

Key Resources

- **Employer Credits for Child Care and Paid Leave: Bipartisan Policy Center (2025)** This explains that federal tax credits Section 45F and 45S are designed to support working families through employer-provided childcare and paid leave, though 45F faces low utilization due to administrative hurdles. The center advocates for policy enhancements, such as those in the Tax Relief for American Families and Workers Act of 2024, to increase credit rates and expand eligibility for small businesses. You can read the full analysis at Bipartisan Policy Center.
- **State Family Tax Supports for Parents and Businesses: Bipartisan Policy Center (2026)** This includes research from all 50 states and the District of Columbia to determine which states offer tax credits in these categories to support parents and businesses, including state-based versions of the CDCTC and 45f.
- **Game Plan: Leveraging Federal Tax Incentives for Business Childcare Solutions: Chamber of Commerce Foundation (2025)** The U.S. Chamber of Commerce Foundation outlines a "Game Plan" for utilizing the enhanced Employer-Provided Child Care Credit, or 45F. The guide highlights key updates, including a 40-50% credit rate and expanded eligibility for third-party contracting, designed to aid in talent recruitment and retention.
- **Building Child Care for a Better Future: The Century Foundation (2024)** This commentary argues that child care is essential economic infrastructure and outlines how sustained public investment can strengthen family economic stability, support workforce participation, and bolster long-term economic growth. It highlights policy strategies, including employer partnerships, public financing, and system modernization, that would create a more resilient, equitable child care system capable of meeting labor market needs.
- **The Tri-Share Model Is Not a Solution to the Child Care Crisis: The Century Foundation (2025)** This commentary argues that Tri-Share models, while politically appealing, do not address the structural underfunding at the root of the child care crisis and risk shifting costs onto families and providers without creating sustainable system capacity. It emphasizes that only robust public investment, not employer-based cost-sharing, can stabilize the workforce, expand supply, and support the economic infrastructure families and employers rely on.
- **Michigan Child Care Facilities Improvement Fund: IFF (2024-2025)** This post elevates one of IFF's recent initiatives in administering Michigan's Caring for MI Future: Facilities Improvement Fund. IFF and MI state leaders emphasize that access to child care allows parents to remain in the labor force, boosting household income and community economic productivity.

- **Stronger ECE Spaces: An SNI Program: Building Stronger Child Care, Stronger Communities: IFF (2026)** This announcement and application launches “Stronger ECE Spaces,” a program helping child care providers improve facilities and stabilize operations in Detroit. The initiative provides facility improvement support and financial stabilization for providers in underserved neighborhoods. The program is framed as critical because families and the local economy depend on access to affordable child care, which enables parents to work.
- **Second Cohort of Cleveland Child Care Providers Transform Their Facilities Through PRE4CLE Program: (IFF) (2025)** This release elevates IFF support in upgrading early learning facilities in an effort to stabilize providers and expand the supply of care needed by working families.
- **Child Care and Capital Access: New Research Highlights a Catalytic Opportunity for Lenders: LISC (2026)** This piece summarizes new research showing that expanding capital access for child care providers, especially small, community-based programs, can unlock significant economic benefits by stabilizing local supply, supporting working families, and strengthening neighborhood economies. It positions child care facilities financing as a high-impact, underutilized lever for economic development, urging lenders and CDFIs to treat child care as essential community infrastructure.
- **Put home-based child care sector on a firm foundation | LISC Phoenix: LISC (2025)** This blog highlights the critical role of home-based child care providers and the housing and financial pressures threatening their stability. It makes the case for strengthening structural supports so these small business owners can remain viable anchors for working families and local economies.
- **Equitable Pathways to Small Business Recovery: LISC (2024)** This policy report and playbook frames child care providers as small businesses and an essential part of local economic ecosystems and presents child care as both workforce infrastructure and a business sector requiring investment, financing, and technical assistance.
- **Building Innovation for Child Care Policy Recommendations: LISC (2025)** Building innovation in child care requires treating facilities as essential infrastructure, similar to transportation or schools. Key recommendations include leveraging public-private partnerships for co-location (e.g., housing, community centers), providing dedicated funds for facility development, elevating child care in community planning activities, streamlining regulations, and investing in providers with access to capital and technical assistance.
- **Georgia’s Child Care Landscape: Challenges and Opportunities for Building Quality Spaces for Young Children: Low Income Investment Fund (2024)** This report provides a detailed analysis of Georgia’s child care supply, demand, workforce conditions, and financing gaps, highlighting how chronic underinvestment constrains family access and limits the state’s economic growth potential. It emphasizes that stabilizing and expanding child care, particularly in underserved communities, requires coordinated public and private capital strategies to support providers, strengthen the workforce, and enable parents to participate fully in the labor market.

- **Innovative State Strategies for Investing in Child Care: A Roadmap to National Solutions to Meet Community Needs (Part 1): Low Income Investment Fund (2025)** This brief highlights emerging state-level financing strategies that treat child care as essential infrastructure, emphasizing how coordinated public investment, facilities funding, and capital access can stabilize providers and expand supply. It positions these state innovations as a roadmap for national solutions that strengthen family economic stability and support workforce participation by ensuring reliable, high-quality child care in every community.
- **Harnessing Innovative State Strategies for Child Care Investments (Part 2): Georgia, California, Washington, D.C., and Iowa: Low Income Investment Fund (2025)** This brief examines how four states and jurisdictions are deploying innovative financing, facilities strategies, and cross-sector partnerships to expand child care supply and strengthen provider stability. It highlights how these approaches, ranging from dedicated facilities funds to integrated economic-development strategies, demonstrate scalable models for national investment that support family economic mobility and workforce participation.
- **City Playbook for Child Care: Low Income Investment Fund (2025)** This playbook offers Georgia city leaders a practical framework for treating child care as core economic infrastructure, outlining strategies to expand supply, strengthen the workforce, and align child care investments with broader economic-development goals. It highlights actionable tools (i.e., financing models, partnership structures, zoning and facilities approaches) that help cities support working families and build a more resilient local economy.
- **Understanding the State & Local Role in Home-Based Child Care: National Association of Counties (2025)** This resource highlights that state and local governments play a crucial role in supporting home-based child care (HBCC), which serves nearly 6.4 million children. Despite a 12% decline in licensed family child care homes between 2019 and 2023, the document provides strategies for counties to strengthen this sector by reducing regulatory barriers, leveraging funding, and supporting both formal providers and "family, friend, and neighbor" (FFN) caregivers.
- **Decades in the Making: How Four Cities are Creating Lasting Early Childhood Impact: National League of Cities (2025)** This highlights how Austin, Dayton, Jacksonville, and Rochester have built enduring early childhood systems through local leadership, dedicated funding, and cross-sector partnerships. The case studies emphasize that establishing permanent backbone organizations and using data to drive equity are critical for long-term municipal investment in early childhood infrastructure.