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CSI and U.S. Chamber of Commerce Foundation Find Child Care Shortages Cost Arizona Families and the Economy Billions

PHOENIX, Ariz. – A new report from the Common Sense Institute (CSI), in partnership with the U.S. Chamber of Commerce Foundation, reveals the substantial economic impact of Arizona's growing child care shortage on working families, employers, and the broader state economy.

As Arizona's population has surged over the past two decades, the number of licensed child care providers has fallen by nearly half, leaving families struggling to find affordable, reliable care. Rising costs and labor shortages have pushed many parents, particularly mothers, out of the workforce, limiting both household income and state economic growth.

"This report reinforces what employers across Arizona already know: child care shortages limit workforce participation and hold back economic growth," **said Danny Seiden, president and CEO of the Arizona Chamber of Commerce & Industry.** "Expanding access to quality care is one of the most practical ways Arizona can strengthen its workforce and stay competitive in a fast-growing economy. We hope this study will serve as a roadmap for policymakers to pursue solutions that support working parents and the employers who rely on them."

Key Findings

- **Provider Decline:** Arizona has lost nearly half of its licensed child care providers over the past two decades. Down from **5,126** licensed providers in 2002 to just **2,779** in 2024.
- **Severe Gaps in Access:** The state has capacity for approximately 256,000 children under six, leaving an estimated gap of up to 87,800 licensed slots.
 - In Maricopa County, there are licensed slots for only 13% of infants.
 - But in rural Santa Cruz County, **that figure falls to just 1%.**
- **Rising Costs:** The cost of licensed infant care has risen 42% since 2018, now averaging \$61 per day statewide.
 - Minimum and low-wage workers would need to work up to 90 hours per month just to afford child care.

- Families in Maricopa County must dedicate nearly 38 hours of work each month to cover care for one infant.
- In Santa Cruz County, the share of median family income spent on child care reaches nearly 19%.
- Using REMI's dynamic economic modeling, CSI estimates that expanding affordable child care access could yield major economic benefits in the first five years, including:
 - Adding up to 233,600 new jobs
 - Increase of between \$4.1 billion to \$24.1 billion in new personal income
 - Increase state GDP between \$5.4 billion and \$34 billion

“Even as demand remains high, the number of licensed providers has fallen sharply — limiting supply, driving up costs, and constraining labor force participation,” said **Glenn Farley, Director of Policy and Research at the Common Sense Institute**. “These pressures ripple through the broader economy, reducing productivity and household income. Based on our analysis, expanding access to affordable, quality care is not only good policy, but a necessary step for sustaining long term economic growth in the state.”

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