



Written by [Michael Tennant](#) on October 26, 2024

More Childcare Regulations Equal Fewer Babies, Study Finds

States with more-restrictive childcare regulations have lower fertility rates than states with less-restrictive ones in part because stricter regulations drive up the cost of childcare, according to a recent [study](#) from West Virginia University's (WVU) Klee Regulatory Research Center.

"Childcare workers and parents bear the weight of licensing regulations and administrative costs," study co-author Anna Claire Flowers, a PhD fellow at George Mason University's Mercatus Center, said in a statement to the [Daily Caller](#). "High-quality care is the goal, but some measures have been shown to boost prices much more than quality."



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The Daily Caller reported that "childcare costs rose nationally by 32% from 2019 to 2023, outpacing the 20% rise in overall prices within that same time frame."

For this reason, many consider childcare "a 'classic' example of market failure," the report explains, and thus demand "greater intervention in the form of subsidies" to offset the higher costs. "However," continues the report,

a subsidy approach misses the key role that the regulatory environment of the childcare market plays in raising costs. Though well-intended, the regulatory framework cripples progress towards affordability, availability, flexibility, and quality for American families seeking childcare solutions.

Nanny States

The authors created a childcare regulation index that ranks states on a zero-to-10 scale on the basis of their childcare regulations, with zero being the most restrictive and 10 being the least restrictive. The states with the lowest rankings are, not surprisingly, clustered primarily in liberal New England, though a few Great Lakes-area states including Tim Walz's Minnesota also have highly restrictive childcare regulations. The states with the greatest childcare freedom are mostly in the South and the West. The freest state for childcare is Louisiana, with an index of 9.08, while Massachusetts came in dead last at just 1.73.

The rankings considered 17 variables in four major categories of regulation: "group size and staff-child ratios by age range" and "training hours and educational requirements by position." New York, for example, requires childcare facilities to have one staff member for every eight pre-kindergarten children, while North Carolina, at the other end of the spectrum, allows up to 20 kids per instructor. "Illinois requires preschool teachers to have a high school diploma and 60 college credit hours, plus



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additional training and experience to become licensed, whereas other states only require a GED,” notes the study. Virginia, meanwhile, mandates “75 square feet of outdoor space per child,” a third of which “must be shaded playground space with shock-absorbent surfacing.”

According to the authors:

These indicators ... are also poor indicators of true quality. Rather, they are the only “proxies” that regulators can objectively set. In contrast, through repeated interactions, parents are generally able to determine the value and level of quality on harder to evaluate metrics. However, these easy-to-observe metrics for regulators that do not correlate well with actual quality drive up cost[s] considerably. Childcare providers must invest in meeting the regulatory standards, which can involve hiring more staff, obtaining certifications, upgrading facilities, or purchasing specialized equipment. These compliance costs are typically passed on to parents through higher fees.... In other words, regulation[s] tighten the supply of services in ways that drive up prices[,] which fuels the affordability concerns.

Expensive? No Kidding!

Faced with higher costs for childcare, it is only natural that couples should curtail their childbearing. The authors found this to be the case by comparing each state’s ranking to its “fertility gap,” the difference between the “replacement rate” of 2.1 births per woman and the state’s actual fertility rate:

The inverse relationship between regulation and fertility can be observed ... in some states. The New England region generally demonstrates low index scores (most restrictive regulation) and above average fertility gaps. In our work, we find that a one-point increase in the childcare regulation index (toward more childcare freedom) is associated with a reduction of the fertility gap by 0.025 to 0.029 children.

If Massachusetts’ childcare regulations were to become as loose as Louisiana’s, its fertility rate would increase by 14 percent, the authors assert. And, they add, if all states became as free as Louisiana with regard to childcare, 14 states’ fertility rates would exceed 1.9 births per woman, and two would even exceed the replacement rate.

“While not the only major player, childcare regulation is one piece of the policy puzzle that can make it more or less difficult for families to find compatibility between work responsibilities and raising children,” Flowers told the Daily Caller.

That, in turn, has a direct bearing on how many children are born. Another study cited by the authors concluded:

Where the two [career and family] are easy to combine, many women have both a career and multiple children, resulting in high fertility and high female labor force participation. When career and family goals are in conflict, fewer women work and fewer babies are born.

Vance Virtually Vindicated

By implication, the WVU study vindicates Ohio Senator J.D. Vance’s much-mocked suggestion that [car-seat regulations](#) are to some degree responsible for America’s falling birthrate. The more rules that



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manufacturers must follow — and thus the more they must charge for their products — and the more advanced the age at which children are forced to ride in car seats, the more expensive having children becomes. The more expensive having children becomes, the less of it there will be. As with childcare regulations, car-seat regulations don't explain the entire [birthrate decline](#), but they undoubtedly play a part in it.



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