

Market Overview

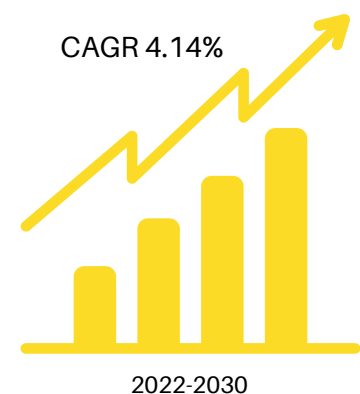
The US Child Care Market

"The US child care market size was valued at USD 33.5 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 4.15 % from 2022 to 2030. The key factor driving the growth is the increasing demand for early day-care & education services, as parents are resuming full-time offices post-COVID-19. The increasing number of single mothers, the adoption of new learning technologies for children, and the availability of government funding are propelling the industry's growth.

The expenditure on day-care in the US is very high. As per the Harvard Business Review, 57% of working families in the US spent more than USD 10,000 on day-care. As per the cost of care survey facilitated by the US department of health and human services, the expenditure on these services reached up to 20% of the household income for more than half of American families. Families in the US are willing to spend more on childcare services, indicating the high service demand in the US.

Single-parent families are rising in the US, as per the 2022 single-parent statistics US, around 11 million single-parent families were reported in 2022, of which 80% of single-parent families are mothers. The single-parent families can find it hard to provide the required attention to their children, thus, may need to rely on childcare centers for their kids' early education and well-being. The Southern States in the US have the highest single-parent population. South Carolina, Florida, Georgia, Mississippi, and Louisiana have the highest number of single-parent households. Louisiana reported over 40% single-parent households, the highest in U.S. Hence, the southern region is expected to have the highest demand.

Moreover, favorable government funding is expected to support market growth. The majority of children under the age of five in the US receive government-funded early care and education services each year. The state governments in the US are supporting families to afford day-care services & improve the sustainability of the market. The Department of Social Services California supports day-care by providing families with low-cost or free childcare, depending on the eligibility of the family.



In 2019, 38,843 children received assistance from the state government for day-care services. In North Carolina, The state department of health and human services announced the revision of day-care support plans in March 2022. The North Carolina state government proposed plans to hire an external group for analyzing its day-care subsidy model for designing new ways to improve funding for the services.

Pandemic Impact

The COVID-19 pandemic resulted in the majority of the day-care facilities remaining closed 87% of the facilities in Pennsylvania closed during the pandemic. Washington witnessed the closure of more than 1000 facilities. This resulted in a severe lack of accessibility to services during the pandemic & loss of revenue for the players.

During the second wave of the pandemic, the day-care centers remained open despite the risk of infections. The majority of players had difficulty sustaining due to a lack of finances. The organizations funding the services also were unable to help these facilities. For Instance, Nature Nurtures Farm, funding services in the regions having low access to childcare services, found themselves having no revenue to fund the centers. However, home-based services witnessed increased demand. Employers provided home-based childcare services, enabling employees to work peacefully.

Post COVID Outlook

Child care services are expected to witness higher demand with the full-time resumption of offices. Parents will hence prefer organized day-care settings, as better learning tools will attract parents. However, the service providers are expected to witness a shortage of workforce post-COVID as well. California witnessed a shortage of 10% of the workforce compared to the pre-pandemic situation. Caregivers did not come back due to low wages & lack of benefits.

Post-COVID-19, the adoption of new technologies & initiatives by state governments to improve the accessibility to services. The state governments have taken initiatives to make the service affordable for lower-income families & boosted the launch of new childcare centers. For Instance, In July 2022, the Washington state government announced higher subsidy rates for families with children at day-care centers

According to North Carolina Early Education, more than 5 families compete for every licensed day-care space available. In addition, the extremely high cost of service in some states is affecting the accessibility to the services. Massachusetts and California have the highest day-care cost in the US as per the child care cost by state in 2022. The average cost of day-care in Massachusetts is up to USD 20,913.

Type Insights

The early education & day-care segment dominated the market in 2021, attributed to the development of advanced learning techniques for children. Starfall is one of the top learning tools for children. The tool is based on the latest technology enabling the children to learn languages, art, and math among others through activities and games. The new learning software are transforming the segment. In addition, the government is supporting to children to have access to proper learning tools & day-care services. For Instance, the department of early education and care, Massachusetts provide grants for center-based early education service.

The backup care segment is expected to witness lucrative growth over the forecast period. Backup care is usually a benefit given to employers in applicable situations wherein a regular child attention service plan is disrupted. There are two types of backup services, in-home & in-center services. There increasing no of working single parents is driving growth for the segment.

The COVID-19 pandemic resulted in employers providing more benefits to employees. In some of the states in the US, the state government has laws requiring employers to provide backup service benefits. For Instance, in March 2021, the California state government proposed a new bill making it mandatory for employers to facilitate subsidized backup care service benefits to their employees, thus boosting the growth opportunities for the segment in the region.

The early care segment is expected to have lucrative growth during the forecast period. There are 19.7 billion children below age 4 in the US These children require extreme attention; hence day-care centers are in high demand for these children. The federal government is focusing on enhancing infant day-care services in the US. The child care and development Fund (CCDF) provides subsidies to assist low-income families.

Furthermore, the cost of early care service is influencing the opportunities for the segment. The Southern States in the US have lower costs of infant day-care services. South Carolina has the lowest cost of USD 584 per month. The affordable cost and high single-parent population in the Southern States are boosting the segment's growth opportunities. However, the Northern States have a high cost of early care services. Massachusetts has the highest early care services costs, wherein the cost of the service is USD 1,666.67 per month, nearly double compared to southern states. The high cost & scarcity of service providers in the northern region restrict growth opportunities.

Delivery Type Insights

The organized care facilities segment accounted for the highest revenue share of the US child care market in 2021. The segment is expected to witness the highest growth rate during the forecast period. The rising number of working parents, technological advancements, and growing funding for supporting quality early education are some of the key factors expected to drive the growth of the segment.

Organized childcare services include the larger, center-based licensed day-care services. Organized settings have better facilities, learning equipment, and caregivers. These settings are managed professionally and offer programs tailor-made for the child, thus resulting in parents preferring the services over home-based day-care. Governments across the states are supporting organized child care.

In South Carolina, the state government facilitates a voucher program, to make the services affordable for families. Over 1500 child care providers accept the vouchers. The organizations facilitating day-care are collaborating to enable large-scale organized day-care. For Instance, The First Steps 4K, an organization facilitating early education for 4-year-old children collaborated with 200 non-profit day-care centers for facilitating high-quality early education as per the requirements of the child.

The home-based settings are expected to have lucrative growth during the forecast period. According to the US department of health & human services, billions of families in the US rely on home-based day-care (HBCC). Home-based caregivers supervise a small group of children per day, which may vary depending on state & local regulations and the caregiver's personal preferences.



For instance, In Georgia, the state government has limited the no of children in a home-based setting to 12 children under 13, each 35 sq ft. The small private residential home day-care can facilitate care for only 3-6 children at a time. Home care services are beneficial as they enable better management of child routine & care by having a smaller group of children at a time. Home-based service providers allow the optimization of motor skills development in the child. These benefits are boosting demand for child care in the segment.



Key Companies & Market Share Insights

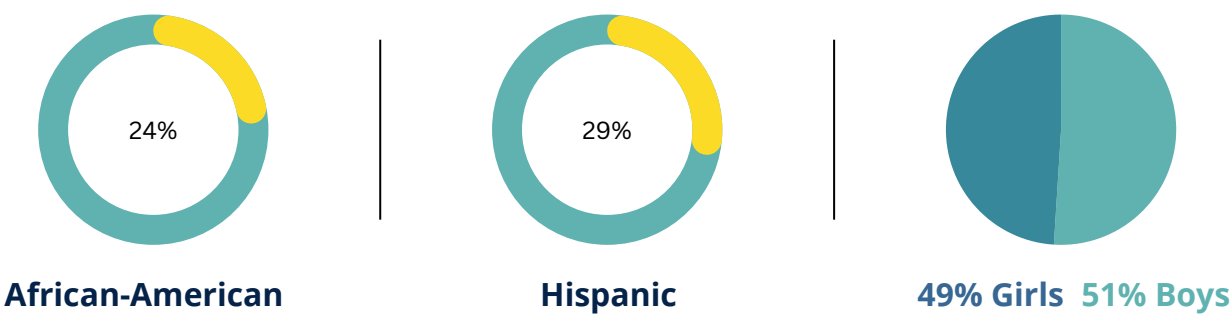
The industry is very competitive with the presence of several large and small players. The launch of new early development and education programs and collaborations are the key strategies adopted by the market players. For instance, in Aug 2022, Kinder Care launched a tuition benefit+ program designed for employers to facilitate affordable day-care service for working families. Some prominent players in the US child care market include:

- Bright Horizons Family Solutions, Inc.
- KinderCare Education
- Primrose Schools
- Learning Care Group, Inc.
- Spring Education Group.
- Cadence Education
- The Learning Experience
- Childcare Network
- Kids 'R' Learning Academies
- Goddard Systems" (U.S. Child Care Market Size, Share & Trends Analysis Report By Type (Early Care, Early Education & Daycare, Backup Care), By Delivery Type (Organized Care Facilities, Home Based Settings), And Segment Forecasts, 2022 - 2030, 2022)

After-School Programs

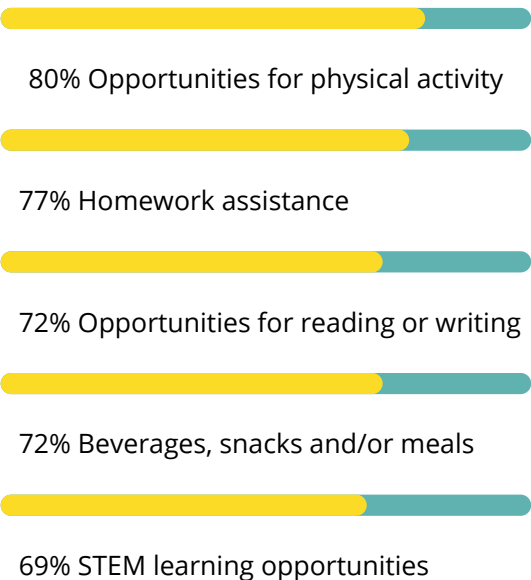
Demand for after-school programs continues to grow. Today, 10.2 million children participate in after-school programs. Another 19.4 million children would participate if a program were available. A majority of school-age children either are, or want to be, in an after-school program.

After-School Programs

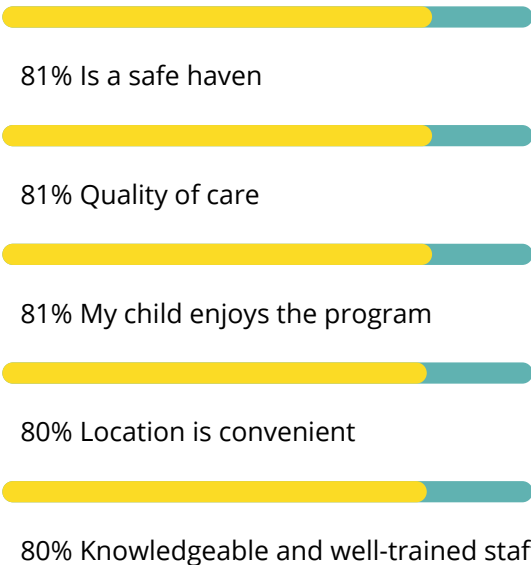


Factors in Choosing an After-School Program

TOP 5 ACTIVITIES/SERVICES OFFERED BY AFTERSCHOOL PROGRAMS



TOP 5 FACTORS IN PARENTS' SELECTION OF AN AFTERSCHOOL PROGRAMS



MOST COMMON NAFTERSCHOOL PROGRAM PROVIDERS

1. PUBLIC SCHOOL
2. BOYS & GIRLS CLUB
3. YMCA

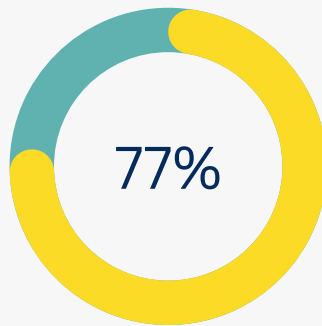
73% OF AFTERSCHOOL PROGRAMS ARE LOCATED IN A PUBLIC SCHOOL BUILDING

Parent Satisfaction with After-school Programs

Top 3 activities/services offered by afterschool programs

- Homework assistance
- Opportunities for physical activity
- Beverages, snacks and/or meals

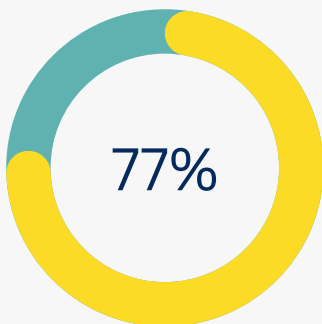
Parents agree that afterschool programs help children gain workforce skills



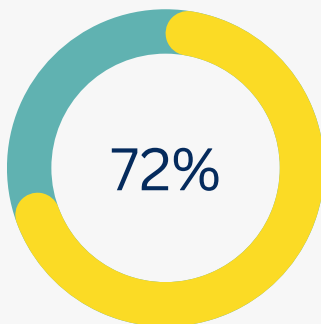
Top 3 factors in parents' selection of an afterschool program

- Is a safe haven
- Quality of care
- Convenient location

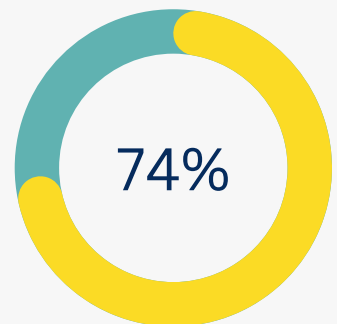
Parents agree that afterschool programs reduce the likelihood that youth will engage in risky behaviors



Afterschool programs are located in a public school building



Parents agree that afterschool programs excite children about learning





Public Support for After-school Programs

91%

of African-American parents support public funding for afterschool programs, while just 22% report government assistance with the cost of afterschool.

80%

of parents agree that afterschool programs help give working parents peace of mind about their children when they are at work.

79%

of parents agree that afterschool programs help parents keep their jobs.