

Supporting childcare subsidies improves D.C.'s economic competitiveness

Affordable childcare is one of the most direct and effective levers the District has to support working families, strengthen its labor force, and remain competitive. Without it, fewer families will choose to stay—and fewer workers will be able to participate fully in the economy.

What the budget proposes

The FY 2027 budget allocates \$114 million for DC's childcare subsidy program, which currently supports approximately 7,500 families. Estimates suggest the proposed funding level is insufficient to meet demand and roughly 1,300 families could lose access to subsidies.

What we found

The subsidy program is effective but underfunded. Approximately 1,300 families could lose support under the proposed budget. Research shows that when childcare becomes unaffordable, parents, especially mothers, reduce their hours or leave the workforce altogether. Access is also constrained by supply because there simply aren't enough childcare slots to meet demand, and the cost and regulatory difficulty of opening new facilities makes that hard to fix quickly.

Why it matters

DC is already losing young families faster than it is gaining them. Population growth slowed from 1.3 percent in 2024 to 0.3 percent in 2025. The number of people leaving DC for other parts of the country increased tenfold in just one year. Births are declining. And childcare affordability is a factor in all of it. When families can't afford care, parents either leave the workforce or leave the city. At a moment when DC's employment growth has lagged the region and wages have declined, cutting childcare subsidies for 1,300 families makes an already difficult demographic and economic picture even worse.

Recommendations

To strengthen childcare as both family support and economic infrastructure, the D.C. Policy Center recommends DC Council:

- Fully fund childcare subsidies to protect the 1,300 families at risk and eliminate the waiting list.
- Expand the number of available childcare spots by: cutting red tape that makes it harder to open or run a childcare facility, opening up unused public buildings for childcare use, and directing public investment toward creating more slots.



A city that works requires fiscal discipline, economic growth, and effective government services. Following the release of the D.C.'s 2027 budget proposal, experts from the D.C. Policy Center are sharing key insights for policymakers to consider as they review the budget proposal and prioritize investments.

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