

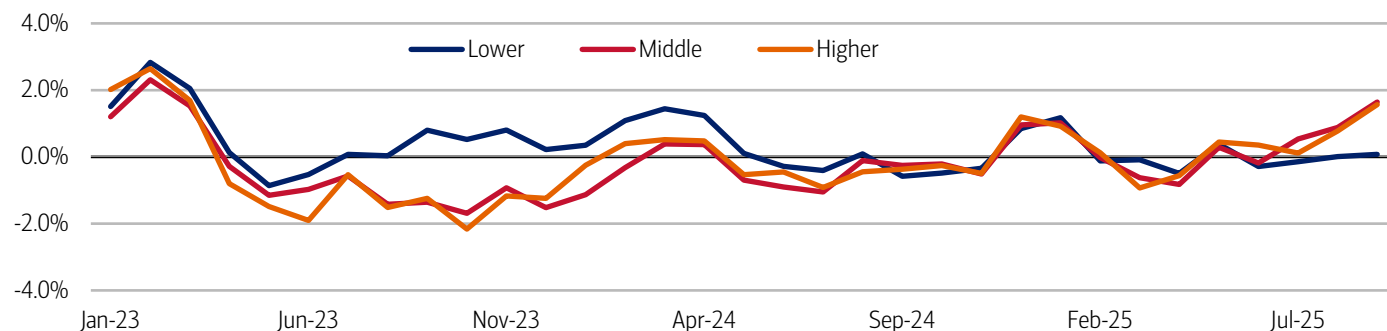
## Daily Insights

# High childcare costs curb families' ability to spend elsewhere

28 October 2025

### Spending per household for lower-income families with childcare payments has considerably lagged that of higher- and middle-income

Aggregated average credit and debit card spending per household of those making childcare payments by income (monthly, 3-month moving average, year-over-year (YoY)%)



Source: Bank of America internal data

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Average monthly childcare payments per household have increased steadily over the past four years, and US childcare costs are rising 1.5 times faster than overall inflation, increasing 5.2% year-over-year (YoY) in September. These higher childcare costs may be weighing on overall spending growth and curbing those families' spending elsewhere.

Furthermore, this trend may have a disproportionate impact on lower-income households. Among families incurring childcare costs, spending growth has been significantly slower for lower-income families compared to middle- and higher-income cohorts. In addition, this group's wage growth has also softened in recent months — making the cost of childcare a growing share of their total expenses.

For more, see the Institute's latest publication: [The many costs of childcare](#).

## Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Bank of America credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards is excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

If applicable, the consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level.

If applicable, any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Any reference to aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

### Census Bureau Regions are defined as follows:

New England: Connecticut, Maine, Massachusetts, Vermont, Rhode Island, New Hampshire

Middle Atlantic: New Jersey, New York, Pennsylvania

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin

West North Central: Iowa, Kansas, Missouri, Minnesota, Nebraska, North Dakota, South Dakota

South Atlantic: Delaware, District of Columbia, West Virginia, Virginia, Florida, Georgia, Maryland, North Carolina, South Carolina

East South Central: Alabama, Kentucky, Mississippi, Tennessee

West South Central: Arkansas, Louisiana, Oklahoma, Texas

Mountain: Colorado, Wyoming, Montana, Utah, New Mexico, Nevada, Idaho, Arizona

Pacific: Alaska, California, Hawaii, Oregon, Washington

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Additional information about the methodology used to aggregate the data is available upon request.

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# Disclosures

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