

# Child Care in State Economies

TALKING POINTS

2019 Update



## Iowa

For FY2018 and FY2019, Congress approved large increases in child care funding allocated to states. For example, FY2018 funding for Iowa was an increase of \$19.1 million – providing an opportunity to both strengthen the quality of child care and to increase access for low-income families with children. The FY2018 increase was maintained in FY2019 (with a slight increase for states).

### Quality Child Care Matters!

- Quality child care is essential to the safety and healthy development of children, particularly in the school readiness of low-income children. In Iowa, 15.5% of children under age 5 (about 30,160) live in poverty.
- Child care is not just a key work support for parents, but it is also critical for the healthy development of children to ensure they start school ready to learn.
- Child care as an industry has an economic impact on states – for example, in Iowa, industry revenue combined with spillover effects (additional spending) have a \$953 million impact on the state economy.

### The Child Care Industry Affects the State Economy

- Throughout Iowa, there are 11,586 market-based child care providers with revenue of \$518 million. This includes 10,746 sole proprietors (family child care home-based providers) and 840 child care centers.
- In terms of jobs, 22,155 home-based providers and wage and salary employees in the child care sector are estimated to support about 5,479 workers in other industries for a total jobs impact of 27,634 throughout Iowa.
- The \$320 million in employee compensation and home-based child care provider earnings supports about \$162 million in additional earnings across the state for a total earnings impact of \$482.2 million.

### Child Care Usage in Iowa

- About 56.6% of children birth to 5 in Iowa are in some type of non-parental care for at least 10 hours every week.
- About 202,698 children under age 15 are in paid care – 82,476 (41.4%) under age 5 and 120,223 (29.4%) between the ages of 5 and 14.
- The average annual cost of care for an infant is \$10,131 in a child care center and \$7,070 in a family child care home. Center-based infant care is 18.6% of state median income.
- Since 2010, family child care homes have declined from 13,500 to 10,746 in 2016 – a decline of 20.4%. For working families, the decline in home-based care reduces the availability of the least expensive care option for families.

### Child Care Link to the State Economy

- Access to affordable child care increases labor force participation and supports state and local economic growth.
- Access to affordable child care supports parents seeking additional education and training, which contributes to higher earnings over an individual's lifetime.
- Increased subsidy payments trigger state level responses in wage rates, the mix of low- and high-skilled labor used in the state, prices of goods and services, and access to high-quality programs for children.

Sources: Committee for Economic Development of The Conference Board, *Child Care in State Economies: 2019 Update*; 2016 U.S. Census Bureau Economic Census and County Business Pattern data and non-employer statistics data; Current Population Survey for the 2015-2017 period; 2016-2017 National Survey of Children's Health (NSCH), U.S. Department of Health and Human Services; Child Care Aware of America 2017 child care rates, *the U.S. and the High Cost of Child Care* (2018); and FY2018 Child Care and Development Block Grant (CCDBG) funding, U.S. Department of Health and Human Services.



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