

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.



1530 Wilson Blvd., Suite 400, Arlington, VA 22209 www.ced.org