Iowa Impact of the Child Care Industry in Iowa

- There are 11,586 market-based child care providers with revenue of $518 million in Iowa. This includes 10,746 sole proprietors (family child care home-based providers) and 840 child care centers.

- $518 million in direct revenue generated within the market-based child care industry is estimated to support about $435 million in spillover or related productivity in other industry sectors for an estimated combined total economic impact of about $953 million in Iowa.

- In terms of jobs, 22,155 sole proprietors 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.

- The $320 million in employee compensation and proprietors’ earnings generated directly within the child care industry is estimated to support about $162 million in additional earnings across the state for a total earnings impact of $482.2 million.

Child Care Usage in Iowa

- There are 608,299 children under age 15 (198,996 under age 5 and 409,303 between ages 5 and 14) in Iowa who may require paid child care services.

- 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.

- About 56.6% of children birth to age 5 in Iowa are in non-parental care for at least 10 hours every week.

Cost of Child Care & Labor Force Participation

The cost of care in Iowa remains a hurdle for many parents seeking to enter or stay in the labor force.

- The average annual cost of child care for an infant is $10,131 in a child care center and $7,070 in a family child care home.

- The average annual cost of infant center-based care is 115.7% of the cost of tuition and fees at a 4-year Iowa college.

- 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.

The Link Between the Paid Child Care Sector and the State Economy

- Access to affordable child care can increase labor force participation and support state and regional economic growth.

- Access to affordable child care can support parents seeking additional education and training, which contribute 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 trade flows.