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Child Care Usage in Iowa:

- There are 602,101 children under age 15 (194,726 under age 5 and 407,375 between the ages of 5 and 14) in Iowa who may require paid child care services.
- About 192,930 children under age 15 are in paid care— 83,130 (42.7%) under age 5 and 110,189 (27%) between the ages of 5 and 14.
- The average annual cost of care for an infant is \$9,185 in a child care center and \$6,785 in a family child care home.
- The average annual cost of care for a 4 year old is \$7,904 in a child care center and \$6,521 in a family child care home.
- The average annual cost of infant center-based care is 117.1% of the cost of tuition and fees at a 4-year college.

Child Care Industry Impact in Iowa:

- There are 13,260 child care establishments with revenue of \$447.6 million. This includes 12,426 sole proprietors (family child care home operators) and 834 child care centers employing 10,290 individuals.
- \$447.6 million in direct output generated within the organized child care industry is estimated to support about \$280 million in additional indirect and induced output in other industry sectors, for an estimated combined total of

approximately \$730 million in output in Iowa's economy.

- In terms of employment, 22,716 proprietors and wage and salary employees working in the child care sector are estimated to support about 5,100 jobs in other industry sectors through indirect and induced effects.
- The \$291.7 million in employee compensation and proprietors' earnings generated directly within the child care industry is estimated to support approximately \$150 million in additional indirect and induced earnings across the state.
- Total federal and state child care assistance (both direct subsidies and tax credits) represents 32.6% of child care industry revenue.

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

- The cost of organized care is a significant challenge for many parents with children.
- Access to the organized child care market can increase labor force participation and support state and regional economic growth.
- 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.





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Following enactment of the Child Care and Development Block Grant Act of 2014 ([CCDBG](#)), states have an opportunity to strengthen the quality of child care – important for families and for employers.

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, 19.1% of children under age 5 (about 40,000) 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 can be an economic driver – for example, in Iowa, industry revenue combined with spillover effects (additional spending) have a nearly \$730 million impact on the economy.

Child Care Affordability Affects Families and Employers

- In Iowa, with the average annual cost of center-based infant care at \$9,185, low-income families can be priced out of the licensed market and middle class families struggle with the cost – particularly for families with more than one young child.
- The ability to attract and retain a qualified workforce, who reliably comes to work and shows up focused on the job, is critical. However, the workforce reliability of parents with young children is affected by the child care setting they are able to arrange.
- The cost of care is often related to the quality of care and the quality of care is related to a child's healthy development. Investing in quality child care today so that children start school ready to learn pre-empts a lifetime of remediation at a far higher cost.

The Child Care Industry Affects the State Economy

- Throughout Iowa, there are 13,260 child care programs with revenue of \$447.6 million.
- The child care industry employs 22,716 individuals supporting an additional 5,100 jobs in other industry sectors across Iowa.

A Well-Educated Workforce is Required to Support a Strong Economy

- Investing in early learning and development is the best foundation for human capital. These investments have both immediate and long-term benefits to the individual child and society at large.
- For example, low-income children who have access to high quality child care are less likely to be retained in grade, less likely to be referred to special education, less likely to go to jail, more likely to graduate high school, and more likely to attend college – all leading to higher earnings.
- Research shows that a child's earliest experiences affect brain development, that brain development is cumulative, and that the architecture of the brain can impede later language, cognitive, social, and emotional capacity.
- Business leaders know that it is more cost-effective to get products or services right at the beginning than to fix problems later.

CCDBG Implementation as a Springboard for Support

- The child care industry has a distinct impact on our state's economy.
- Access to high quality child care leads to a more skilled workforce.
- Families and employers depend on quality child care: for more stability for today's employees and to lay the foundation for tomorrow's workforce.

