

Child Care in State Economies

FACT SHEET

2019 Update



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.

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; and Child Care Aware of America 2017 child care rates, *the U.S. and the High Cost of Child Care* (2018).

