

# Why Child Care Matters to Iowa Communities



*The structure of the American family is changing.*

Iowa leads the nation in the number of families with parents working outside the home, with three-fourths of households with children under age 6 having all parents at home in the labor force.<sup>i</sup> But in many Iowa communities, child care has become unaffordable, inaccessible, or nonexistent. As a result, working parents miss work, drop shifts, are less engaged on the job, switch employers, or leave the workforce altogether.

Work benefits related to child care can be a valuable tool for communities to develop, grow, and sustain a reliable workforce. Research consistently shows that increasing parent's access to affordable, high-quality child care options isn't just a great perk for parents; it can have a positive impact to the bottom line of Iowa companies and can play a critical role in a strong workforce and economy.

***Why should communities consider child care as a workforce and economic development strategy?***

## **Stronger Local Economy**

Communities benefit and prosper when parents have access to affordable, high-quality child care by:

- Attracting and retaining qualified employees and new businesses
- Increasing employee earnings and tax revenues
- Producing short- and long-term savings by decreasing social program spending
- Reducing crime rates for juveniles and adults
- Building a stronger future workforce
- Leading to a greater degree of home ownership
- Building greater participation in civic activities

Studies show that investments in high-quality early learning programs result in higher wages later in life, increased tax revenue, more effective public schools, improved personal and public health, less crime, and more educated, skilled workers. Investments in high-quality early learning programs mean significant public savings due to a strong return on investment: 13% ROI<sup>ii</sup>.

Iowa's child care industry **employs 22,716 individuals** who support **an additional 5,100 jobs** with **revenues of \$447.6 million** and an additional **\$280 million in spillover impact** in local economies.<sup>iii</sup>

## **Stronger Local Workforce**

### ***Increased workforce productivity***

Unreliable child care can follow parents from the home to the workplace. Research has shown the consequences of these options:

- Issues stemming from the lack of viable child care options result in chronic employee absenteeism. Over a six-month period, almost half of parents are absent from work at least once due to child care issues, **missing an average of 4.3 days.**<sup>iv</sup>
- **65 percent of parents are late to work or leave work early because of child care issues** – an average of 7.5 times in a six-month time frame.<sup>v</sup>

When children are provided for in a safe, nurturing setting, parents are able to give more attention to their jobs, and work with fewer interruptions, equating to more scheduling consistency for employers and increasing earnings and tax revenue for the state.

### ***Increased number and quality of job applicants***

Mothers in the workforce are the norm in Iowa. In 2015, **77.6% of women age 16 and over with children under the age of six were in the labor force**<sup>vi</sup> – compared to 29.9% in 1970.<sup>vii</sup> Parents want steady employment opportunities, but often quality job applicants are forced to decline offers that conflict with the basic care needs of their families.

- Child care problems prevent parents from working full time. In July 2017, **12,773 Iowa women reported that they were not working full time due to child care issues.**<sup>viii</sup>
- **63% of parents nationwide say that child care costs influence their careers, with a majority of working parents (85%) saying they wish their employer offered child care benefits**, such as discounted child care and access to back up child care.<sup>ix</sup>
- To attract the largest number of quality applicants, communities cannot afford to exclude working parents from the labor pool.

### ***Increased workforce retention***

- Employees cannot remain on the job in the face of ongoing child care problems. In 2016, **17,915 parents in Iowa quit a job, did not take a job, or greatly changed their job because of child care issues.**<sup>x</sup>

Access to affordable, reliable high-quality child care can help increase work availability for parents, limiting instances in which parents must choose between their work and their family. It helps businesses by reducing employee turnover and absenteeism, factors that impact their bottom line.

### **Iowa parents with young children need your help.**

- The average cost of full-time center-based infant child care in Iowa is \$10,131 a year for one child—higher than the cost of in-state public college tuition.<sup>xi</sup> This expense is an insurmountable barrier for many families, especially for single-parent households. A family earning the median household income in Iowa would spend 11.7% of their income on infant child care. For a **single-parent family median income in Iowa, infant child care costs 40.3% of their earnings.**<sup>xii</sup>
- Currently there are not enough child care spaces to meet the needs of working families in some communities in Iowa. **Almost one-fourth of Iowans** live in areas that have an undersupply of licensed or registered child care options.<sup>xiii</sup> That number is even higher when looking at the undersupply of infant and toddler child care options in many communities.

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<sup>i</sup> U.S. Census Bureau. (2016) Table B23008: Age of Own Children Under 18 Years in Families and Subfamilies By Living Arrangements By Employment Status of Parents. 2012-2016 American Community Survey.

<sup>ii</sup> Garcia, J.L., Heckman, J.J., Leaf, D.E., & Prados, M.J. (2017) The Life-cycle Benefits of an Influential Early Childhood Program. University of Chicago, Retrieved from [https://heckmanequation.org/assets/2017/12/abc\\_comprehensivecba\\_JPE-SUBMISSION\\_2017-05-26a\\_sjs\\_sjs.pdf](https://heckmanequation.org/assets/2017/12/abc_comprehensivecba_JPE-SUBMISSION_2017-05-26a_sjs_sjs.pdf)

<sup>iii</sup> Regional Economic Forecasting and Analysis. (2015) Child Care in State Economies. Committee for Economic Development. Retrieved from <https://www.ced.org/pdf/Report%20-%20Child%20Care%20in%20State%20Economies.pdf>

<sup>iv</sup> Child Care Aware. (2018). The US and the High Cost of Child Care. Retrieved from <http://usa.childcareaware.org/advocacy-public-policy/resources/research/costofcare/>

<sup>v</sup> Ibid.

<sup>vi</sup> U.S. Census Bureau. (2015). Table S2301: Employment Status. American Community Survey.

<sup>vii</sup> U.S. Census Bureau. (1970). Table 53: Employment Status by Race, Sex, and Urban and Rural Residence.

<sup>viii</sup> U.S. Census. Current Population Survey

<sup>ix</sup> Bugbee, K. (2017, August 1). How much does child care cost? Retrieved from <https://www.care.com/c/stories/2423/how-much-does-child-care-cost/>

<sup>x</sup> Schochet, L. and Malik, R. (2017, September 13). 2 Million Parents Forced to Make Career Sacrifices Due to Problems with Child Care. Center for American Progress. Retrieved from <https://www.americanprogress.org/issues/early-childhood/news/2017/09/13/438838/2-million-parents-forced-make-career-sacrifices-due-problems-child-care/>.

<sup>xi</sup> Child Care Aware. (2018). The US and the High Cost of Child Care Appendices. Retrieved from <http://usa.childcareaware.org/advocacy-public-policy/resources/research/costofcare/>

<sup>xii</sup> Ibid.

<sup>xiii</sup> Malik, R. and Hamm, K. (2017, August 30). Mapping America's Child Care Deserts. Center for American Progress. Retrieved from <https://www.americanprogress.org/issues/early-childhood/reports/2017/08/30/437988/mapping-americas-child-care-deserts/>