



# Iowa

## THE CURRENT SITUATION

Child care and preschool are necessities for working families, but the high price of care puts them out of reach for most. Parents are faced with impossible choices and are left weaving together a patchwork of care or making career sacrifices that affect their families’ economic security. Iowa needs to increase public investment in order to make affordable, high-quality child care and preschool a reality for families and providers.

Number of children under six <sup>1</sup>	225,551
Percent of children under 6 with all available parents in the workforce <sup>2</sup>	75.1%
Average annual child care tuition for two children <sup>3</sup>	\$18,186
Percent of median income the average family spends on child care for two children <sup>4</sup>	25%
Percent of summer income the average family spends on summer child care <sup>5</sup>	19%
Number of parents making career sacrifices due to issues with child care <sup>6</sup>	17,915

## HOW IOWA IS FALLING SHORT

Existing early learning supports are inadequate. Child care subsidies do not cover the cost of high-quality care, and they fail to reach the majority of those in need. State preschool programs are underfunded and rarely provide universal access for 3- and 4-year-olds. The limited revenues available to early learning programs leave the early childhood workforce woefully underpaid and restrict access to high-quality care to only the highest-income families.

Percent of children in low-income families that receive child care subsidies <sup>7</sup>	19.4%
Percent of 4-year-olds served by public preschool <sup>8</sup>	67%
Gap between the true cost of high-quality infant care and the current subsidy rate <sup>9</sup>	\$17,007
Percent of income the median family would pay to cover the true cost of high-quality child care for two children <sup>10</sup>	60%
Median hourly wage for child care workers <sup>11</sup>	\$9.20
Median hourly wage for preschool teachers <sup>12</sup>	\$11.12

## OPPORTUNITIES

Expanding the child care subsidy system to cover all low- and middle-income families and providing universal preschool for all 3- and 4-year-olds are two critical steps Iowa can take to support working families. Increasing public investment in the early learning system in this way would lead to substantial benefits for children, families, and the broader state economy.

Number of young children that would be served by an expanded child care subsidy system <sup>13</sup>	190,770
Average annual family savings if child care costs were capped at 7 percent <sup>14</sup> of family income <sup>15</sup>	\$13,132
Estimated annual state economic benefit of affordable child care (in millions) <sup>16</sup>	\$1,179
Estimated annual state economic benefit of universal preschool (in millions) <sup>17</sup>	\$891.84

## Endnotes

- 1 U.S. Census Bureau, "Current Population Survey's Annual Social and Economic Supplement, 2017," available at <https://www.census.gov/cps/data/cpstablescreator.html> (last accessed August 2018).
- 2 U.S. Census Bureau American FactFinder, "Table GCT2302: Percent of Children Under 6 Years Old With All Parents in the Labor Force - United States -- States; and Puerto Rico, 2012-2016 American Community Survey 5-Year Estimates," available at [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_5YR\\_GCT2302.US01PR&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_5YR_GCT2302.US01PR&prodType=table) (last accessed July 2018).
- 3 Author's analysis is based on the price for one infant and one preschooler in a child care center. See estimates from Child Care Aware of America, "Parents and the High Cost of Child Care" (2017), available at [http://usa.childcareaware.org/wp-content/uploads/2017/12/2017\\_CCA\\_High\\_Cost\\_Report\\_FINAL.pdf](http://usa.childcareaware.org/wp-content/uploads/2017/12/2017_CCA_High_Cost_Report_FINAL.pdf).
- 4 Author's analysis is based on the price of care for an infant and preschooler as well as the 2016 median income for families with children. See Child Care Aware of America "Parents and the High Cost of Child Care"; Kids Count Data Center, "Median family income among households with children," available at <https://datacenter.kidscount.org/data/tables/65-median-family-income-among-households-with-children?loc=1&loc=2#detailed/2/2-53/false/870,573,869,36,868,867,133,38,35,18/any/365> (last accessed August 2018).
- 5 Cristina Novoa, "Families Can Expect to Pay 20 Percent of Income on Summer Child Care," Center for American Progress, June 11, 2018, available at <https://www.americanprogress.org/issues/early-childhood/news/2018/06/11/451700/families-can-expect-pay-20-percent-income-summer-child-care/>.
- 6 Leila Schochet and Rasheed Malik, "2 Million Parents Forced to Make Career Sacrifices Due to Problems with Child Care," Center for American Progress, September 13, 2017, available at <https://www.americanprogress.org/issues/early-childhood/news/2017/09/13/438838/2-million-parents-forced-make-career-sacrifices-due-problems-child-care/>.
- 7 Author's analysis is based on data from the National Center for Children in Poverty, "Income levels of children under age 6" available at <http://www.nccp.org/tools/table.php?db=dem&data=per&state=&ids=1&states=&title=50-State%20Data&age=6&unit=Children&inc=Low-Income&denom=char&cat=1> (last accessed August 2018); Office of Child Care, "FY 2016 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served" (2018), available at <https://www.acf.hhs.gov/occ/resource/fy-2016-preliminary-data-table-1>.
- 8 Alison H. Friedman-Krauss and others, "The State of Preschool 2017: State Preschool Yearbook" (New Brunswick, NJ: National Institute for Early Education Research, 2018), available at <http://nieer.org/wp-content/uploads/2018/07/State-of-Preschool-2017-Full-7-16-18.pdf>.
- 9 Author's analysis is based on the cost of child care provided in a child care center setting with teachers compensated at parity with kindergarten teachers. See Simon Workman, "Where Does Your Child Care Dollar Go?" (Washington: Center for American Progress, 2018) available at <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go>; Karen Schulman and Helen Blank, "Persistent Gaps: State Child Care Assistance Policies 2017" (Washington: National Women's Law Center, 2017) available at <https://nwlc.org/wp-content/uploads/2017/10/NWLC-State-Child-Care-Assistance-Policies-2017.pdf>.
- 10 Author's analysis is based on data from Workman, "Where Does Your Child Care Dollar Go?"; Kids Count Data Center "Median family income among households with children."
- 11 Marcy Whitebook and others, "Early Childhood Workforce Index 2018" (Berkeley: Center for the Study of Child Care Employment, 2018) available at <http://csce.berkeley.edu/files/2018/06/Early-Childhood-Workforce-Index-2018.pdf>.
- 12 Ibid.
- 13 Author's analysis is based on the children under 5 served by the proposed Child Care for Working Families Act. For methodology details, see Leila Schochet, "Proposed Bill Would Help American Families Afford Child Care" (Washington: Center for American Progress, 2018), available at <https://www.americanprogress.org/?p=457518>.
- 14 The U.S. Department of Health and Human Services defines child care as affordable when it takes up no more than 7 percent of a family income. See U.S. Department of Health and Human Services, "Child Care and Development Fund (CCDF) Program," Federal Register 81 (190) (2016): 67438-67595, available at <https://www.gpo.gov/fdsys/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.
- 15 Author's analysis is based on the price of care for an infant and preschooler as well as the 2016 median income for families with children. See Child Care Aware of America, "Parents and the High Cost of Child Care"; Kids Count Data Center "Median family income among households with children."
- 16 Josh Bivens and others, "It's time for an ambitious national investment in America's children" (Washington: Economic Policy Institute, 2016), available at <https://www.epi.org/files/uploads/EPI-Its-time-for-an-ambitious-national-investment-in-Americas-children.pdf>.
- 17 Based on analysis from Cristina Novoa and Katie Hamm, "The Cost of Inaction on Universal Preschool," Center for American Progress, October 31, 2017, available at <https://www.americanprogress.org/issues/early-childhood/news/2017/10/31/441825/the-cost-of-inaction-on-universal-preschool/>.