

## 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 to make affordable, high-quality child care and preschool a reality for families and providers.

Number of children under the age of 6 <sup>1</sup>	<b>238,671</b>
Percent of children under the age of 6 with all available parents in the workforce <sup>2</sup>	<b>75.20%</b>
Average annual child care tuition for two children <sup>3</sup>	<b>\$18,559</b>
Percent of median income the average family spends on child care for two children <sup>4</sup>	<b>25%</b>
Percent of population that lives in a child care desert <sup>5</sup>	<b>23%</b>
Number of parents making career sacrifices due to issues with child care <sup>6</sup>	<b>26,216</b>

## 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 families 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 under the age of 6 meeting federal income requirements who receive child care subsidies <sup>7</sup>	<b>8.90%</b>
Percent of 4-year-olds served by public preschool <sup>8</sup>	<b>68%</b>
Gap between the true cost of high-quality infant care and the current subsidy rate <sup>9</sup>	<b>\$17,007</b>
Percent of income the median family would pay to cover the true cost of high-quality child care for two children <sup>10</sup>	<b>58%</b>
Median hourly wage for child care workers <sup>11</sup>	<b>\$9.20</b>
Median hourly wage for preschool teachers <sup>12</sup>	<b>\$11.12</b>

## 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 an expanded child care subsidy system would serve <sup>13</sup>	<b>192,637</b>
Amount the median family with two children would save if child care costs were capped at 7 percent of family income <sup>14</sup>	<b>\$16,509</b>
Estimated annual state economic benefit of affordable child care <sup>15</sup>	<b>\$1.7 B</b>
Estimated annual state economic benefit of universal preschool <sup>16</sup>	<b>\$501 M</b>

## ENDNOTES

- 1 Kids Count Data Center, "Child population by single age in the United States" available at <https://datacenter.kidscount.org/data/tables/100-child-population-by-single-age?loc=1&loct=1#detailed/2/2-53/false/871/42,43,44,45,46,47/418> (last accessed July 2019).
- 2 U.S. Census Bureau American FactFinder, "Selected Economic Characteristics, 2013-2017 American Community Survey 5-Year Estimates," available at [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_17\\_5YR\\_DP03&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_DP03&prodType=table) (last accessed July 2019).
- 3 Based on the cost of center-based care for one infant and one 4-year-old from Child Care Aware of America, "The US and the High Cost of Child Care: A Review of Prices and Proposed Solutions for a Broken System" (Arlington, VA: 2018), available at <https://usa.childcareaware.org/advocacy-public-policy/resources/research/costofcare/>. For Montana and South Dakota, the cost of center-based care for one child is multiplied by two, using the estimates from Care.com, "The Care Index," available at <https://www.care.com/care-index> (last accessed August 2019).
- 4 Author's analysis based on the price of care for an infant and preschooler from Child Care Aware of America, "The US and the High Cost of Child Care"; for Montana and South Dakota, on Care.com, "The Care Index,"; and the 2017 median income for families with children from Kids Count Data Center, "Median family income among households with children in the United States," available at <https://datacenter.kidscount.org/data/tables/65-medi%C2%ACan-family-income-among-households-with-children?loc=1&loct=2#detailed/2/2-53/false/871,867/any/any> (last accessed July 2019).
- 5 Center for American Progress, "Child Care Deserts," available at [childcaredeserts.org](http://childcaredeserts.org) (last accessed July 2019).
- 6 Author's analysis using Data Resource Center for Child and Adolescent Health, "2017 National Survey for Children's Health, Indicator 6.17: Job change because problems with child care, age 0-5 years," available at <https://www.childhealthdata.org/browse/survey/allstates?q=6783> (last accessed August 2019).
- 7 Author's analysis based on data from Office of Child Care "FY Preliminary Data Table 1- Average Monthly Adjusted Number of Families and Children Served," U.S. Department of Health and Human Services, February 4, 2019, available at <https://www.acf.hhs.gov/occ/resource/fy-2017-preliminary-data-table-1>; Office of Child Care, "FY 2017 Preliminary Data Table 9 – Average Monthly Percentages of Children in Care By Age Group," U.S. Department of Health and Human Services, February 4, 2019, available at <https://www.acf.hhs.gov/occ/resource/fy-2017-preliminary-data-table-9> (last accessed July 2019); and Kids Count Data Center, "Child population by single age in the United States."
- 8 Public preschool includes state pre-K programs and Head Start. Allison H. Friedman-Krauss and others, "The State of Preschool 2018: State Preschool Yearbook" (New Brunswick, NJ: National Institute for Early Education Research, 2019), available at [http://nieer.org/wp-content/uploads/2019/04/YB2018\\_Full-ReportR2.pdf](http://nieer.org/wp-content/uploads/2019/04/YB2018_Full-ReportR2.pdf).
- 9 Author's analysis of Simon Workman and Steven Jessen-Howard, "Understanding the True Cost of Child Care for Infants and Toddlers" (Washington: Center for American Progress, 2018), available at <https://www.americanprogress.org/issues/early-childhood/reports/2018/11/15/460970/understanding-true-cost-child-care-infants-toddlers/>; Karen Schulman, "Overdue for Investment: State Child Care Assistance Policies 2018" (Washington: National Women's Law Center, 2018), available at <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/11/NWLC-State-Child-Care-Assistance-Policies-2018.pdf>.
- 10 Author's analysis based on Workman and Jessen-Howard, "Understanding the True Cost of Child Care for Infants and Toddlers"; Kids Count Data Center, "Median family income among households with children."
- 11 Marcy Whitebook and others, "The Early Childhood Workforce Index 2018" (Berkeley, CA: Center for the Study of Child Care Employment, 2018), available at <http://cscc.berkeley.edu/early-childhood-workforce-2018-index/>.
- 12 Ibid.
- 13 Author's analysis is based on the number of children under the age of 6 served by the proposed Child Care for Working Families Act, which supports children in families earning up to 150 percent of the state median income. Eligibility numbers calculated using Kids Count Data Center, "Child population by single age in the United States" and the Office of the Administration for Children and Families, "LIHEAP IM 2018-3 State Median Income Estimates for Optional Use in FY 2018 and Mandatory Use in FY 2019," U.S. Department of Health and Human Services, June 15, 2019, available at <https://www.acf.hhs.gov/ocs/resource/state-median-income-estimates-for-optional-use-in-fy-2018-and-mandatory-use-in-fy-2019>. 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/issues/early-childhood/reports/2018/09/13/457518/proposed-bill-help-american-families-afford-child-care/>.
- 14 Author's analysis based on the price of care for an infant and preschooler from Child Care Aware of America, "The US and the High Cost of Child Care"; U.S. Administration for Children and Families, "LIHEAP IM 2018-3 State Median Income Estimates for Optional Use in FY 2018 and Mandatory Use in FY 2019." For methodology details, see Schochet, "Proposed Bill Would Help American Families Afford Child Care."
- 15 Economic Policy Institute, "The cost of child care in Iowa," available at <https://www.epi.org/child-care-costs-in-the-united-states/> (last accessed July 2019).
- 16 Author's analysis using Friedman-Krauss and others, "The State of Preschool 2018"; Kids Count Data Center, "Child population by single age in the United States"; Washington State Institute for Public Policy, "State and district early childhood education programs," (Olympia, WA, 2018), available at <http://www.wsipp.wa.gov/BenefitCost/Program/270>; U.S. Census Bureau, "Current Population Survey: Mean Person Earnings in 2017," available at <https://www.census.gov/cps/data/cpstablecreator.html> (last accessed August 2019); and Stephen Q. Cornman and others, "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2015-16 (Fiscal Year 2016)," Table 4, p. 10 (Washington: National Center for Education Statistics, 2018), available at <https://nces.ed.gov/pubs2019/2019301.pdf>. For methodology details, see Cristina Novoa and Katie Hamm, "Methodology for 'The Cost of Inaction on Universal Preschool'" (Washington: Center for American Progress, 2017) available at [https://cdn.americanprogress.org/content/uploads/2017/10/30/144447/103017\\_Costofinaction-methodology.pdf](https://cdn.americanprogress.org/content/uploads/2017/10/30/144447/103017_Costofinaction-methodology.pdf).