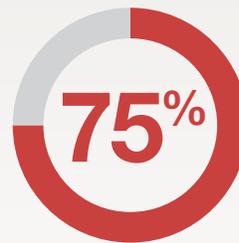




IOWA WOMEN'S  
FOUNDATION

# POLICY BRIEF 2019

*Child care is not just a family issue, it encompasses business success and community viability as well. Iowa leads the nation in the number of families with parents working outside the home.*

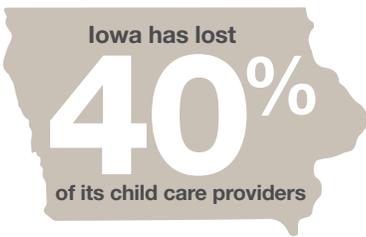


**75% OF CHILDREN UNDER AGE 6 IN IOWA**

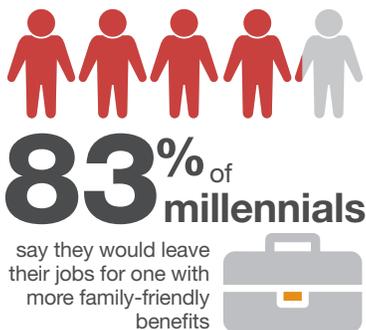
have all parents working outside the home<sup>i</sup>

**IT IS GETTING WORSE**

There is a shortfall of more than **350,000** child care slots across the state.



over the past five years



**In many Iowa communities, child care has become unaffordable, inaccessible, or nonexistent.**

- Almost 25% of Iowans, live in a child care desert where there is a shortage of licensed or registered child care options. That number is even higher when looking at the shortage of infant, toddler and 2nd and 3rd shift child care options<sup>ii</sup>
- Iowa has lost 40% of its child care providers over the past five years<sup>iii</sup>
- Estimates show there is currently a shortfall of more than 350,000 child care slots<sup>iv</sup>

**As a result, working parents miss work, drop shifts, are less engaged on the job, switch employers, or leave the workforce altogether.**

- In Iowa because of child care issues: 17,915 parents quit a job, did not take a job or greatly changed their job (2016)<sup>v</sup> and 12,773 women reported they could not accept a full-time work (2017).<sup>vi</sup>
- 83% of millennials say they would leave their jobs for one with more family-friendly benefits<sup>vii</sup>
- 63% of parents say child care costs influence their careers<sup>viii</sup>
- Working parents are absent from work nearly two weeks per year because of child care issues<sup>ix</sup>
- 65% of working parents have their schedules affected 15 times a year on average causing them to be late or leave early because of problems with child care<sup>x</sup>

**Child care is an essential and under emphasized tool for our state to develop, grow, and sustain a reliable workforce.**

- Because of the child care crisis, \$57 billion in lost earnings, productivity and revenue impacts working parents, employers and taxpayers annually<sup>xi</sup>
- Due to an employee shortfall, there is an estimated \$675MM in unrealized annual GDP for the state of Iowa<sup>xii</sup>
- When companies provide child care, employee absences decrease by up to 30% and job turnover declines as much as 60%<sup>xiii</sup>

Research consistently shows that increasing workers' access to affordable, high-quality child care options isn't simply a benefit for parents; it improves the economy. Providing access to quality affordable child care positively impacts the bottom line of Iowa companies and is critical to sustaining a strong workforce and economy.

## To address Iowa's Child Care Crisis, the IWF has created bold initiatives with community partners.

We created the Building Community Child Care Solutions Collaborative (BCCCS) with Early Childhood Iowa (ECI), Child Care Resource and Referral (CCR&R) and other local partners. Comprised of over 500 individuals from 20 Iowa communities, the BCCCS collaborative's purpose is to improve the availability of quality affordable child care through increased awareness and feasible community-specific solutions.

We created the Child Care Solutions Fund (CCSF). The CCSF is a "field of interest" fund designated to specifically improve the availability of, and access to, quality affordable child care in Iowa. These CCSF funds are invested in organizations and institutions focused on innovative and sustainable strategies/solutions ensuring access to affordable quality child care and demonstrate the ability to increase women's economic security across Iowa.

IWF is now publishing this policy brief, offering four specific recommendations for how the state of Iowa can increase the availability of quality affordable child care, strengthen the Iowa Workforce and continue to make smart investments in Iowa's communities.



### 1. Increase support of Early Childhood Iowa

- Matching funds – Specify government funding \$1 million match for public-private partnerships through ECI to be used for supporting partnerships within communities to support and promote quality child care and its workforce.
- Increase funding to ECI for early childhood programs grant account. To be used by early childhood Iowa areas for the purposes of adding quality child care capacity as gap financing tool for viable renovations or new facility construction.



### 2. Reinstate the Before and After School Grants program that was established in 2007 to create a state funding stream for high-quality before school, after school, and summer programs.

#### 3. Tax credits

- **Business Tax Credit:** Provides a credit for businesses that have donated funds to child care centers to support eligible child care expenses, based on the quality rating of the center.
- **Family Tax Credit:** Supports families based on child care expenses, income federal child care tax credit, state child care tax credit, and the quality rating of the center at 100% deductibility for child care expenses
- **Provider Tax Credit:** Rewards centers based on their quality rating and the number of Child Care Assistance Program or foster care children that are served. Centers become eligible if they participate in the statewide quality rating system, and their benefits increase with the proportion of at-risk children they serve.
- **Teacher and Director Tax Credit:** Recognize teachers and directors for their professional education and commitment to the field
- **Child Care Resource and Referral Tax Credit:** Provides a credit for businesses matched to the amount donated to Resources and Referral agencies up to \$5,000



### 4. Make child care a priority in Future Ready Iowa

- Fund the Employer Innovation fund
- Recognize child care workers as a high demand occupation and a critical workforce within the Future Ready Iowa initiative.



#### Where can the funding come from to support the above recommendations:

1. **Corporate income tax cut** – Work with the business community to preserve some of the corporate income tax revenue for child care investments (e.g., business tax credits, parent tax credits, expand foundation tax credits specific for child care). This would help businesses just as much as the tax cuts.
2. **Increase sales tax** – Monitor penny sales tax increase discussion and if appears to get traction ensure a portion of revenue is earmarked for early childhood opportunities.

Sources available through the Iowa Women's Foundation at [info@iawf.org](mailto:info@iawf.org)



P: 319.774.3813 • [www.iawf.org](http://www.iawf.org)

 [www.facebook.com/iowawomensfoundation](https://www.facebook.com/iowawomensfoundation)

 @IowaWomensFdn

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- <sup>xii</sup> Based on 2016 Bureau of Economic Analysis GDP and IWD job posing and employment data using the following equation: <http://insighttalentsolutions.com/2017/09/08/the-opportunity-cost-of-unfilled-jobs>
- <sup>xiii</sup> U.S. Chamber of Commerce Foundation. (2017). Leading the Way: A Guide for Business Engagement in Early Education. Retrieved from <https://www.uschamberfoundation.org/reports/leading-way-guide-business-engagement-early-education>.