



POLICY BRIEF 2021

ECONOMIC RECOVERY AND CHILD CARE

Without child care there is no economic recovery for Iowa's families, businesses and communities. Child Care is an essential workforce support. A core economic issue that impacts both workers and employers.

Before COVID-19, we had a child care crisis. In rural and urban areas across Iowa, child care had become unaffordable, inaccessible, or simply nonexistent. Pre-COVID, 75% of Iowa families with children under the age of six had all parents working outside of the home. On average, one in two children went without access to quality, affordable child care. And in the five years leading up to the pandemic, Iowa lost 33% of its child care businesses.

In February 2020, the US Chamber of Commerce Foundation, along with Iowa Association of Business and Industry (ABI), released the study: "Untapped Potential – How Child Care Impacts Iowa's State Economy" which found:

- Annually, child care issues result in an estimated \$935 million loss for Iowa's economy.
- Iowa loses an estimated \$153 million annually in tax revenue due to child care issues.
- Absences and employee turnover cost Iowa employers an estimated \$781 million every year.

In a matter of months, due to COVID-19, the situation became even more dire as both licensed centers and in-home providers closed their doors at alarming rates. The economic destruction we are living through now spotlights how vulnerable and essential the child care sector is to Iowa's economic recovery.

RECOMMENDATIONS

- Provide funding for a public private partnership with the purpose of stabilizing and growing the child care industry.
- Increase funding to adequately support sustained funding for WAGES® statewide.
- Reinstate the Before and After School Grants program that was established in 2007 to create a state funding stream for before and after school, and summer programs.
- Increase child provider reimbursement rates to the 75% percentile of the 2020 Market Rate Survey (MRS) for all providers participating in the QRS program.
- Increase Child Care Assistance entrance income limits to 185% incrementally at 5% annually.

IOWA CHILD CARE COALITION

To address Iowa's child care crisis, the Iowa Women's Foundation (IWF) along with 9 child care advocacy organizations have formed the Iowa Child Care Coalition (ICCC). The Coalition, through nonpartisan legislative recommendations seeks to increase access, affordability, and quality of child care while increasing the stability of the child care workforce across Iowa.



75% of children under age 6 in Iowa have all parents working outside of the home

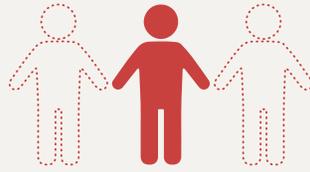
CHILD CARE AND BUSINESS DATA

Child Care issues result in an estimated



\$935 million

loss annually for Iowa's economy



Absences and employee turnover cost Iowa employers an estimated

\$781 million

per year



When companies provide child care, employee absences decrease by up to

30%

and job turnover declines as much as

60%



Iowa loses an estimated **\$153 million** annually in tax revenue due to child care issues

CHILD CARE AND THE WORKFORCE DATA



85%

say they would leave their jobs for one with more **family-friendly benefits**



Working parents are absent from work for nearly **two weeks per year** because of child care issues



63% of parents

say child care costs influence their careers



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

CHILD CARE IN IOWA DATA



Almost **25%** of Iowans

live in a child care desert where there is a shortage of licensed or registered child care options.

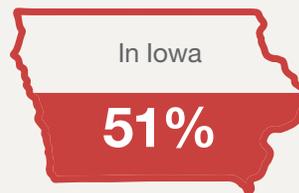
That number is even higher when looking at the shortage of infant, toddler and 2nd and 3rd shift child care options



Iowa has lost **33%**

of its child care providers over the past five years

Estimates show there is currently a shortfall of more than **350,000 child care slots**



In Iowa

51%

of our child care supply could be lost due to COVID-19, impacting an additional **78,013 slots**



1.56 children per slot pre-COVID-19



3.18 estimated children per slot, post COVID-19