

ECONOMIC RECOVERY & CHILD CARE

POLICY PRIORITIES 2022

"When we remove the obstacles to high-quality, affordable child care, our families can nurture their kids while maintaining maximum freedom to enter and remain in the workforce."

- Governor Kim Reynolds

Iowa has the highest labor force participation rate in the country, yet every community in the state struggles with workforce issues, affecting:

FAMILIES

Nearly one in four Iowa families lives in a community with a shortage of child care providers. The average Iowa family also spends more on monthly child care costs—\$1,031—than they do on housing.

BUSINESSES

According to a report by the National Chamber of Commerce Foundation, child care-related absences and employee turnover cost Iowa employers an estimated \$781 million per year.

COMMUNITIES

Together, with lost tax revenue, Iowa's economy loses almost a billion dollars a year because of the child care crisis.

Iowa is facing both a child care crisis and a workforce shortage—these issues are intertwined and must be addressed together.

THE THREE ELEMENTS OF SUCCESSFUL COMMUNITY CHILD CARE

ACCESSIBILITY: Child care slots are readily available to support ALL working parents and students in their own community.

"When we moved from Cedar Rapids to Vinton, child care was impossible to find—we even considered driving back to Cedar Rapids everyday just to keep our kids in daycare. We know that wouldn't work, so we tried a few in-home child care options nearby that were either unaffordable or didn't feel safe. After bouncing between home providers, we finally bit the bullet and enrolled our kids in a daycare center that costs nearly twice what we were paying before. Start to finish, it was an incredibly stressful process."

- Heather Hansen, Vinton, IA

AFFORDABILITY: A mix of sliding scales, public-private partnerships, and subsidies make child care affordable for ALL working parents.

"When our family transitioned out of active-duty military service, we learned I could no longer be a stay at home mom and would have to work outside the home to make ends meet. That's when we discovered how expensive child care is. Because we're ineligible for state assistance, I now work 12-hour days, five days a week just to afford it. Having a child with a brain injury and being auto-immune myself, this is extremely hard for our family. Affordable, safe child care doesn't seem to exist for middle class families like ours."

- Erin Turner, Hudson, IA

QUALITY: Centers and registered child development homes qualify for tiers 3-5 on the state's quality rating system or another nationally accredited program.

"Knox was just 3.5 months old when we went down for a nap at his child care home provider and never woke up. The Palmer's have advocated for quality child care and support to programs that care for children. A foundation in Knox's honor was created to help educate parents, communities, and child care providers on the importance of safe sleep."

- Elisha Palmer, LaPorte City, IA

WHAT HAPPENS WHEN PARENTS LACK ACCESS TO AFFORDABLE, QUALITY CHILD CARE

When residents cannot access quality, affordable child care close to where they live, they make decisions based on what is best for their family, including:

- 1** Withdrawing from the workforce, worsening the labor shortage.
- 2** Reducing the available number of hours worked and productivity.
- 3** Moving to a community with better access to both child care and employment.

WHAT HAPPENS WHEN BUSINESSES LACK ACCESS TO A RELIABLE WORKFORCE?

When businesses are affected by the availability of child care, they make financially based decisions to meet their needs, including:

- 1** Reducing local investments and outsourcing work.
- 2** Closing locations within the community.
- 3** Relocating to another community where workforce needs are more readily available.

The Iowa Child Care Coalition congratulates Governor Kim Reynolds for strategically addressing Iowa's child care needs by establishing the Governor's Child Care Task Force. The task force report includes recommendations centered around businesses, child care providers, families, and the workforce.

Specifically, we prioritize the following task force recommendations that impact the accessibility, affordability, and quality of child care:

1 FUND CAPITAL NEEDS OF PROVIDERS AND ORGANIZATIONS TO UPGRADE AND EXPAND EXISTING CHILD CARE CENTERS

- Identify a sustainable funding source for Child Care WAGES® IOWA and T.E.A.C.H. Early Childhood® IOWA statewide beyond SFY24.
- Implement tax cuts and credits to incentivize participation in the child care workforce.

2 SUPPORT FOR CHILD CARE BUSINESSES

- Implement tax cuts and credits to strengthen child care business—facilities as a residential property, exempt child care from income taxes, exempt child care from sales tax, and expand teacher supply tax credit to child care workers.

3 QUALITY CHILD CARE FOR FAMILIES

- Increase the Child Care Assistance entrance income limits to 185% incrementally at 5% annually.

4 CHILD CARE SOLUTIONS FOR BUSINESSES

- Implement tax cuts and credits to incentivize businesses to increase investments in child care.

NEXT STEPS:

The coalition members, along with our statewide partners, look forward to supporting these recommendations to create a more accessible, affordable, quality child care system sustained by a professional, competitively compensated workforce.

