

Why Child Care Matters to Iowa Businesses



The structure of the American family is changing.

Iowa leads the nation in the number of families with parents working outside the home, with three-fourths of households with children under age 6 having all parents at home in the labor force.ⁱ But in many Iowa communities, child care is often unaffordable, inaccessible, or nonexistent. As a result, working parents miss work, drop shifts, are less engaged on the job, switch employers, or leave the workforce altogether.

The impact of the lack of affordable, accessible, high-quality child care on employers is written in the bottom line: adjusted for inflation, U.S. businesses lose approximately \$4.4 billion annually due to employee absenteeism as the result of child care breakdowns.ⁱⁱ

Child care-related work benefits can be a valuable tool for businesses looking to develop, grow, and sustain a reliable workforce. Research consistently shows that increasing your employee's access to quality, affordable child care options isn't just a great perk for employees—it's good for your bottom line and can play a critical role in your workforce retention strategy.

Why should your company consider offering child care benefits to employees?

Increase your productivity.

Burdensome, unreliable child care policies can follow parents from the home to the workplace. Research has observed the consequences of these options:

- Issues stemming from the lack of viable child care options result in chronic employee absenteeism. Over a six-month period, almost half of parents are absent from work at least once due to child care issues, **missing an average of 4.3 days.**ⁱⁱⁱ
- **65 percent of parents are late to work or leave work early because of child care issues** – an average of 7.5 times in a six-month time frame.^{iv}

When children are provided for in a safe, nurturing setting, parents are able to give more attention to their jobs, and work with fewer interruptions, equating to more scheduling consistency for employers.

Increase the number and quality of job applicants.

Working mothers are the norm in Iowa. In 2015, **77.6 percent of women age 16 and over with children under the age of six were in the labor force**^v – compared to 29.9 percent in 1970.^{vi} Parents want steady employment opportunities, but many of these job applicants are forced to decline offers that conflict with the basic care needs of their families.

- Child care problems prevent parents from working full time. In July 2017, **12,773 Iowa women reported that they were not working full time due to child care problems.**^{vii}
- **63% of parents nationwide say that child care costs influence their careers, with a majority of working parents (85 percent) saying they wish their employer offered child care benefits**, such as discounted child care and access to back up child care.^{viii}
- To attract the largest number of quality applicants, businesses cannot afford to exclude working parents from the labor pool.

Increase employee retention.

- Employees cannot remain on the job in the face of ongoing child care problems. In 2016, **17,915 parents in Iowa quit a job, did not take a job, or greatly changed their job because of child care problems.**^{ix}

Access to affordable, reliable child care can help increase work availability for parents, limiting instances in which parents must choose between their work and their family.

Strengthen your community & future workforce.

Studies show that investments in high-quality early learning programs result in higher wages later in life, increased tax revenue, more effective public schools, improved personal and public health, less crime, and more educated, skilled workers.

- Investments in high-quality early learning programs mean significant public savings due to a strong return on investment: **13% ROI**^x.

Your employees need your help.

The average cost of full-time center-based infant/toddler child care in Iowa is \$9,967 a year for one child—higher than the cost of in-state public college tuition.^{xi} This expense is an insurmountable barrier for many families, especially for single-parent households.

- A family earning the median household income in Iowa would spend 11.9% of their income on infant/toddler child care. For a **single-parent family median income in Iowa, infant/toddler child care costs 40.7% of their earnings.**^{xii}

There are not enough child care spaces to meet the needs of working families in some areas of Iowa.

- **Almost one-fourth of Iowans** live in areas that have an undersupply of licensed or registered child care options.^{xiii} That number is even higher when looking at the undersupply of infant and toddler child care options in many communities across Iowa.

ⁱ U.S. Census Bureau. (2016) Table B23008: Age of Own Children Under 18 Years in Families and Subfamilies By Living Arrangements By Employment Status of Parents. 2012-2016 American Community Survey.

ⁱⁱ Child Care Aware. (2017). Parents and the High Cost of Child Care. Retrieved from https://usa.childcareaware.org/wp-content/uploads/2017/12/2017_CCA_High_Cost_Report_FINAL.pdf

ⁱⁱⁱ Ibid.

^{iv} Ibid.

^v U.S. Census Bureau. (2015). Table S2301: Employment Status. American Community Survey.

^{vi} U.S. Census Bureau. (1970). Table 53: Employment Status by Race, Sex, and Urban and Rural Residence.

^{vii} U.S. Census. Current Population Survey

^{viii} Bugbee, K. (2017, August 1). How much does child care cost? Retrieved from <https://www.care.com/c/stories/2423/how-much-does-child-care-cost/>

^{ix} Schochet, L. and Malik, R. (2017, September 13). 2 Million Parents Forced to Make Career Sacrifices Due to Problems with Child Care. Center for American Progress. Retrieved from <https://www.americanprogress.org/issues/early-childhood/news/2017/09/13/438838/2-million-parents-forced-make-career-sacrifices-due-problems-child-care/>.

^x Garcia, J.L., Heckman, J.J., Leaf, D.E., & Prados, M.J. (2017) The Life-cycle Benefits of an Influential Early Childhood Program. University of Chicago, Retrieved from https://heckmanequation.org/assets/2017/12/abc_comprehensivecba_JPE-SUBMISSION_2017-05-26a_sjs_sjs.pdf

^{xi} Child Care Aware. (2017). Parents and the High Cost of Child Care Appendices. Retrieved from https://usa.childcareaware.org/wp-content/uploads/2017/12/2017_CCA_High_Cost_Appendices_FINAL.pdf

^{xii} Ibid.

^{xiii} Malik, R. and Hamm, K. (2017, August 30). Mapping America's Child Care Deserts. Center for American Progress. Retrieved from <https://www.americanprogress.org/issues/early-childhood/reports/2017/08/30/437988/mapping-americas-child-care-deserts/>