POLICY WISE in Iowa

Affordable, quality child care
Our fundamental challenge

Many families can’t afford quality care – even as child care businesses often operate with little to no margins and workers are among the lowest paid.

Good news: There are policies that work.
Top workforce priorities

- Expand child care assistance
- Increase provider pay
- Boost tax credits for families
- Add more all-day Pre-K
Expand child care assistance
Child Care Assistance

- CCA is a federal-state partnership covering part or all child-care costs for low-wage parents while they work or attend school.
- In 2021 CCA served an average of about 20,000 Iowa children each month.
Iowa relies on federal funds for CCA

Child Care Assistance
Estimated Budget FY 22

Total budget $206.8M
State appropriation: $40.8M

Federal funds as share of CCA budget: 80%

Source: Legislative Services Agency, July 2002

Not pictured: State carry forward funds (.0045%)
Iowa’s CCA entrance eligibility limit

145% FPL

$33,394

Annually for a family of 3
Iowa’s entrance eligibility level is among the nation’s lowest

43rd

Among the states

Ahead of only:
- Alabama
- Indiana
- Idaho
- Michigan
- Missouri
- Nebraska
- Nevada
- Ohio

Source: National Women’s Law Center
In 2019, the state established **CCA Plus** to shrink the “child care cliff”

CCA Plus is available to families already on CCA who get a raise that puts them over the regular limit.

It excludes otherwise identical families entering the system with the exact same income.
Family A
1 parent
2 children

Gets a job paying $32,242 (140% FPL)
Qualifies for help paying for child care through regular CCA.

Family B
1 parent
2 children

Gets a job paying $34,545 (150% FPL)

Gets a raise to $34,545 (150% FPL)
Qualifies for continued help by moving to CCA Plus, with a higher co-pay to reflect higher wages.

Does not qualify for help paying for child care because family is over income for regular CCA.

The only path to CCA Plus is through regular CCA.
Lawmakers should:

- Raise CCA entrance eligibility cutoff
  - To at least 185% of poverty to start
  - Eventually to CCA Plus level
Increase provider pay
Increase provider pay

- Child care is among the lowest paid work available
  - Average hourly wage for child care workers: $10.73 (May 2021).
  - Not coincidentally mainly done by women, and disproportionately women of color.
- Even after 2021 CCA rate increase, Iowa’s rates remain below national standards and below current market rates.
Increase provider pay

- About the minimum wage
  - This essential workforce would overwhelmingly benefit from $15 minimum wage — and we should raise it!
  - But unless we put in more resources to help keep families' costs down, a higher minimum wage will cause chaos:
    - Parents paying more
    - More children in lower-quality or less reliable care
    - Some parents leaving the workforce
Lawmakers should:

- Raise CCA provider reimbursement to the federal standard for all registered or licensed providers
  - Go to 75th percentile of current market rate (up from the 50th)
- Support WAGE$ and T.E.A.C.H.
- Opt into possible federal initiatives that help fill gap between what a quality program costs and what parents can pay
Boost tax credits for families
Tax credits

- Lawmakers have approved a smattering of **tax credits and matching grants** to encourage communities or employers to build child care facilities or expand services.
- Such efforts are helpful only if you happen to **live in a certain town or work for a certain employer** who chooses to participate.
- We should focus on **credits for families** that aren’t dependent on where they live or work.
Lawmakers should:

- Increase state child and dependent care credit
- Adopt a *state child tax credit* that helps offset the high costs of raising children.
  - modeled on federal CTC
Add more all-day Pre-K
- **1 in 2** SWVPP students attend fewer than 14 hours per week.
- **2 in 3** attend fewer than 18 hours.
- Part-day programs are inaccessible for many working families needing full-time care.

Source: Iowa Department of Education, Student Reporting in Iowa, Fall 2021 data files.
Children with no preschool experience in year before kindergarten

- **27%** All children
- **28.9%** Asian children
- **29.5%** Children of mothers w/o H.S. diploma
- **29.7%** Children of immigrants
- **30.9%** Multiracial children
- **31.1%** Children in urban areas

Iowa preschools serve lower shares of children facing barriers and discrimination.

Source: I2D2 (Iowa’s Integrated Data System for Decision-Making), Iowa State University and Early Childhood Iowa
Lawmakers should:

- Connect more children, particularly those underserved by current programs, to full-day preschool
  - Expand 4-Year-Old Preschool and Shared Visions
  - Invest state dollars in Head Start
Thank you

Sheila Hansen
shansen@commongoodiowa.org

Find us online at
www.commongoodiowa.org

And on social
@commongoodiowa

Facebook
Twitter
Instagram
Support our work today

$28
Promote an action alert online

$72
Print a fact sheet for legislators at a union shop

$125
Travel out of town to host an advocacy training

$500
Launch a targeted issue campaign

505 5th Avenue, Ste 404
Des Moines, IA 50309

commongoodiowa.org/donate
Fact sheets, slides and recordings at www.commongoodiowa.org
Next week: Public schools

September 14

- September 21 | Supporting Iowans' health and well-being
- September 28 | Gaps in the Economy: Ensuring support for Iowans in times of need
- October 5 | Examining Taxes: Steps to a fair, equitable tax system
“We live in a world in which we need to share responsibility. It's easy to say, ‘It's not my child, not my community, not my world, not my problem.’ Then there are those who see the need and respond. I consider those people my heroes.”

- Fred Rogers