



Brief assessment of commercial investment in community childcare in Siouxland

Monetary Incentives

Iowa Employer Child Care Tax Credit

The Iowa Employer Child Care Tax Credit incentivizes businesses to support employee recruitment and retention by offering childcare benefits. The program provides up to \$2 million in annual tax credits statewide, with a cap of \$150,000 per employer. Eligible expenses include costs for building, expanding, or renovating childcare facilities; operating such facilities; contracting with providers for employee childcare services; and improving access through resource and referral services.

<https://www.iowaeda.com/employer-child-care-credit/>

Iowa Child Care Business Incentive Grant

The Child Care Business Incentive Grant Program, in conjunction with Iowa Workforce Development (IWD) and the Iowa Department of Health and Human Services (HHS), is targeted at helping employers offer or expand child care options as a benefit to their employees. Funds support local infrastructure investments to build or expand child care capacity, or support arrangements between employers and child care facilities to expand and reserve child care slots.

<https://workforce.iowa.gov/opportunities/grants/child-care>

Economic Growth

The Department of Health and Human Services has historically considered child care unaffordable if the expense consumes more than 10% of household income, and more recently proposed an affordability threshold set at 7% of household income.

Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024

Furthermore, according to a study published in 2023 by the U.S. Chamber Foundation partnered with the IABI and the IAEYC, Iowa loses \$935 million annually as a result of childcare breakdowns and loses \$153 million annually in tax revenue due to childcare issues. **Source: U.S. Chamber of Commerce Foundation, Untapped Potential: Iowa, October 14, 2023**

In 2023, the Siouxland Area spent a significant proportion of its income on childcare. In Woodbury County, IA, the average household spent 29% of its income on child care for two children, in Dakota County, NE, it was 38%, and in Union County, SD, it stood at 18%. **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024**



Primary Business Concern:

Leaves significantly less free cash to be spent on other local businesses and industries in Siouxland, hindering the economic growth of Siouxland.

Reduced Homelessness

Since 1990, child care expenses have more than tripled, outpacing wages, groceries, and even housing.

Source: Joughin, Economic Data Underscores the Need for Significant, Sustained Investment in Child Care and Early Learning, December 17, 2021

Due to historically high and rising childcare costs, approximately 134,000 families are pushed into poverty annually. This exacerbates housing instability, as families must allocate a disproportionate amount of their income to childcare instead of rent or mortgage payments. **Source: Center for American Progress, Child Care Expenses Push an Estimated 134,000 Families Into Poverty Each Year, October 31, 2024**

And the U.S. HUD recently reported a 16% increase in homelessness among families with children

and a 15% increase among homeless youth. **Source: Baldari, Child and Youth Homelessness Continues to Increase – We Know What Works, Will Congress Act?, January 16, 2024**

As homelessness increases among youth, the Siouxland Area had a large number of children facing poverty. In Woodbury County, IA, 16% of children were in poverty, in Dakota County, NE, it was 16%, and in Union County, SD, it stood at 6%. **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024**

Furthermore, in 2024, the Sioux City Community School District identified 133 homeless youths in their schools. **Source: Sioux City Community School District, 2024** The youth to adult homelessness pathway accounts for approx. 35% of the homeless adults, the greatest pathways to homelessness, and most of these adults (85%) were in the long-term homeless group. **Source: Colin, PHD., From Homeless Teen to Chronically Homeless Adult: A Qualitative Study of the Impact of Childhood Events on Adult Homelessness, McMaster University**

This leaves a significant proportion of the Siouxland population susceptible to future homelessness.

Workforce Stability

According to a 2020 U.S. Chamber of Commerce Foundation study, 58% of working parents left their jobs due to lack of childcare, while 32% of women cited caregiving responsibilities as a barrier to returning to work. **Source: U.S. Chamber of Commerce, Piecing Together Solutions: The Importance of Childcare to U.S. Families and Businesses, October 14, 2023**

Furthermore, according to a study published in 2023 by the U.S. Chamber Foundation partnered with the IABI and the IAEYC, Iowa employers lose \$781 million annually due to childcare-related absenteeism and turnover. Nearly 70% of parents depend on family for childcare, and over half report missing work because of childcare challenges. Additionally, 52% of parents who left jobs voluntarily did so when their child was under one year old. **Source: U.S. Chamber of Commerce Foundation, Untapped Potential: Iowa, October 14, 2023**

In 2023, the Siouxland Area's workforce consisted of a large proportion of single-parent households. Being a single parent can significantly impact work due to the challenges of balancing job responsibilities with finding and managing childcare, often leading to increased absenteeism, decreased productivity, and higher stress levels. In Woodbury County, IA, single-parent households made up over 1/4th (26%) of households in the county, and in Union County, SD and in Dakota County, NE, it was nearly 1/5th (17%). **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024**



Primary Business Concern:

Without affordable childcare options or family friendly workplace policies like childcare stipends, a significant proportion of the workforce is either unavailable or unreliable in Siouxland due to parental responsibilities; meanwhile businesses and the community face broader financial loss.



Primary Business Concern:

Rising childcare costs force families to spend more on childcare instead of housing, increasing the risk of homelessness. This financial strain leads to higher absenteeism and turnover, disrupting Siouxland businesses and contributing to regional homelessness. Furthermore, without support, children currently facing homelessness are more susceptible to experience adulthood homelessness.

Learn more: www.sourceforsiouxland.com

Economic Growth

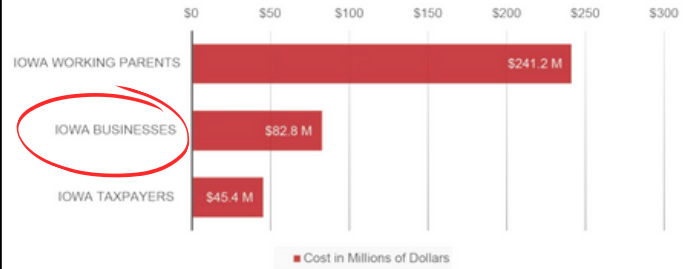
The economic impact of insufficient or unavailable child care is a problem facing not only those parents with young children, but for Iowa businesses and taxpayers as well. Given that Iowa has one of the largest percentages of families with young children with both (or the only) parent(s) in the labor force, there is a significant need to address this crisis to support Iowa families and the future vitality of Iowa's economy. Iowa parents lose over \$241 million dollars annually while businesses lose \$82.8 million in annual earnings attributed to the child care shortage.

Source: Early Childhood Iowa, 2020

ESTIMATES OF IOWA'S ECONOMIC BURDEN

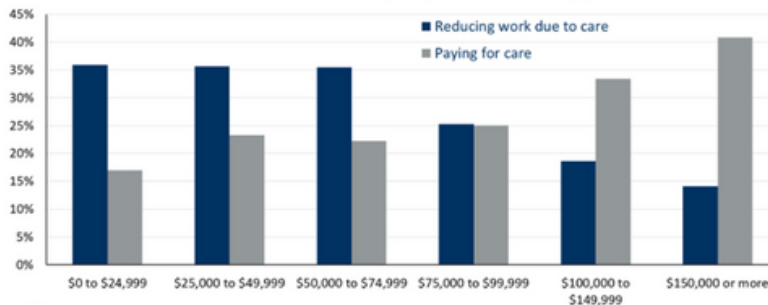
Iowa parents lose over \$241 million in annual earnings that can be attributed to the child care shortage. See Figure 2 for more information on aggregate yearly burden.

Figure 2. Aggregate Yearly Burden to Iowans from the Child Care Shortage



Source: 2017 American Community Survey Tables B090023, S11014, 2018 Economic Impacts of Insufficient Child Care on Working Families

Figure 1. Among households with young children, low earners are more likely to reduce work to care for children, while high earners are more likely to pay for care
Percent of individuals with youngest child under 13 (%)



"Reduced work" means one or more parent listed child care as a reason for not working or working fewer than 25 hours. Some families reduced work and paid for care - they are counted in both bars.
U.S. Department of Commerce Office of the Under Secretary for Economic Affairs (OUSEA) analysis of data from the Federal Reserve Board of Governors.

Workforce Stability

A significant percentage of low-income workers reduce their work hours or leave jobs entirely due to childcare responsibilities. This results in higher turnover and absenteeism rates, increasing hiring and training costs for businesses.

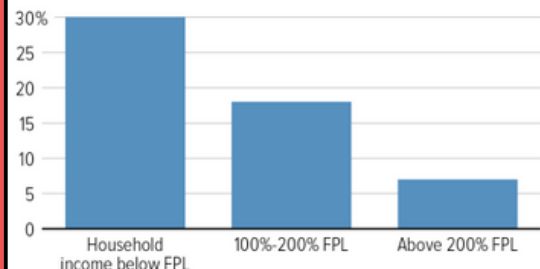
Source: U.S. Department of Commerce

Reduced Homelessness

Low-income families spend an average of 30% of their income on childcare, limiting their ability to cover other essential expenses and often forcing parents to reduce work hours or leave their jobs entirely. For business owners, this leads to higher absenteeism, increased turnover, workforce instability, and contributes to a rise in homelessness, further straining the local economy and community resources.

Source: U.S. Census Bureau, 2013

Poor Families That Pay for Child Care Spend an Average of 30 Percent of Their Income on It



Note: Calculations include only households with child care expenditures. FPL = Federal poverty level.

Source: US Census Bureau 2013: "Who's Minding the Kids? Child Care Arrangements: Spring 2011"

Possible Action Steps

- **On-Site or Nearby Childcare:** Establish childcare centers at or near the workplace.
- **Childcare Subsidies:** Provide financial support for childcare expenses.
- **Flexible Work Options:** Offer remote work or adjustable schedules (if possible).
- **Paid Parental Leave:** Implement comprehensive leave policies for new parents.
- **Backup Childcare:** Provide access to emergency childcare services.
- **Discounted Childcare Partnerships:** Collaborate with providers for reduced rates.
- **Pre-Tax Savings Programs:** Offer dependent care assistance accounts.
- **Childcare Referral Services:** Help employees locate trusted childcare options.

Information brought to you by the SFS Leadership Team:

Catholic Charities• Great Plains ToP• Growing Community Connections• Helios Foundation• One Siouxland• SHIP• Siouxland CARES• Siouxland Community Foundation• Siouxland District Health Department• United Way of Siouxland