



RETURN ON INVESTMENT

Impact Assessment of Investing in Community Childcare in Siouxland

...and Beyond

In 2023, childcare expenses in the Siouxland Area represented a significant financial burden on families, which in turn has a ripple effect on local economic growth. In Woodbury County, IA, households spent an average of 29% of their income on childcare for two children. In Dakota County, NE, this rose to 38%, and in Union County, SD, it was 18%. **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024.** The cost of child care to families has risen and can now amount to thousands of dollars per month—equal to and sometimes more than the average mortgage payment, more than twice the average car payment, and nearly 17 times the average electrical bill in the United States. **Source: Center For American Progress, 'Child Care Spending Generates Massive Dividends', 2022.** These figures indicate a heavy reliance on childcare, leaving families with significantly less disposable income to spend on other goods and services, which limits the potential for supporting local businesses and the economy. According to a 2023 study by the U.S. Chamber of Commerce Foundation, in partnership with the IABI and the IAECY, Iowa loses an estimated \$935 million annually due to disruptions caused by the childcare crisis. In addition, the state loses \$153 million in tax revenue as a result of these challenges. **Source: U.S. Chamber of Commerce Foundation, Untapped Potential: Iowa, October 14, 2023.** Businesses suffer from decreased workforce productivity as a result of childcare difficulties. Iowa, which has one of the highest percentages of working families with young children, is especially vulnerable to the economic consequences of childcare shortages. In fact, Iowa parents lose over \$241 million each year in wages due to the lack of affordable, accessible childcare. Furthermore, businesses in the state lose \$82.8 million annually in earnings as a result of these challenges. **Source: Early Childhood Iowa, 2020.** By investing in solutions to the childcare crisis, Iowa can help alleviate the financial strain on families, boost productivity for businesses, and stimulate broader economic growth across Siouxland and the state.

Access to affordable childcare enhances workforce stability by reducing absenteeism and turnover, which helps companies retain skilled employees and reduces recruitment costs.

According to a study published in 2023 by the U.S. Chamber Foundation partnered with the IABI and the IAECY, Iowa employers lose \$781 million annually due to childcare-related absenteeism and turnover. **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. A large proportion of single-parent households is concerning primarily because it can significantly impact the local workforce; being a single parent often reduces one's productivity and stability due to the challenges of balancing job responsibilities with finding and managing childcare and parental responsibilities compared to their partnered counterparts, often leading to increased absenteeism, decreased productivity, and higher stress levels. In Woodbury County, IA, single-parent households made up over a fourth of households in the county (26%), and in Union County, SD and in Dakota County, NE, it was just under a fifth of households (17%). **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024.** Meanwhile, 52% of Iowa parents who left jobs voluntarily reported they did so when their child was under one year old, indicating caregiving responsibilities as a major factor in Iowa parents leaving the workforce. **Source: U.S. Chamber of Commerce Foundation, Untapped Potential: Iowa, October 14, 2023.** And in 2020-21, 14% of Iowa children ages birth to 5 had a family member who quit, changed or refused a job because of problems with child care, compared with 13% nationwide. **Source: Anne Discher, Common Good Iowa, 2023.** With a large proportion of single-parent households in Siouxland, combined with over a tenth of the workforce in Iowa with children under five refusing or changing work and over half of the Iowa's parental workforce who voluntarily left doing so due to child caretaking responsibilities, much of Siouxland and Iowa's parental workforce is left inactive or underutilized and without a means of taking care of themselves and their family financially, a trend likely to continue in Iowa, and nationally, as childcare becomes increasingly unaffordable, further impacting businesses' ability to maintain a stable, productive workforce.

Childcare access increases parental productivity by minimizing work interruptions due to childcare issues, ensuring parents can fully engage in their roles and advance their careers.

High-quality childcare fosters early childhood development, building the foundational skills for a capable future workforce and reducing the need for later remedial education.

Nearly 70% of Iowa parents depend on family for at least some childcare. **Source: U.S. Chamber of Commerce Foundation, Untapped Potential: Iowa, October 14, 2023.** Considering Woodbury County reported 79% of families with children under the age of 6 had all parents working. **Source: Iowa CCR&R, January 7, 2025.** This is not a far-fetched idea as families turn to an affordable and convenient option for childcare. The concern that arises is that family-provided childcare varies in quality depending on factors such as the caregiver's experience, understanding of child development, and ability to provide a stimulating and safe environment. While family care can offer love and emotional support, it often lacks the training and resources needed to fully support a child's optimal development. High-quality early childhood education (ECE) not only promotes cognitive and social-emotional development but also offers societal benefits. It enables parents to participate in the workforce, creating immediate economic and social advantages for families, and positions children for long-term success in education, careers, and overall health. **Source: Schoch, et al., U.S. Department of Health and Human Services, 2023.** The heavy reliance on family care in Iowa points to not only gaps in access to formal early learning programs, which are critical during the rapid brain development that occurs from birth to age five, but family-friendly workplace policies that give parents higher quality childcare options, critical for a growing local economy that relies on access to a stable, well-developed, and educated future workforce.

Investing in childcare promotes educational equity by giving children from all backgrounds an equal start, helping to close the achievement gap and creating a diverse, well-prepared workforce.

53.5 percent of children under age 6 were children of color, while people of color comprised just 42.3 percent of the overall U.S. population. **Source: Steven Ruggles and others, "Integrated Public Use Microdata Series, U.S. Census Data for Social, Economic, and Health Research, 2022.** Meanwhile, children of color experience especially high rates of poverty, an effect driven by a long history of systemic racism that has perpetuated racial wealth gaps and cycles of generational poverty. 30% of Black children, 29% of American Indian children, and 22% of Hispanic or Latino children under 18 lived in poverty as of 2022, compared with just 16% of all children under the age of 18. **Source: Kids Count Data Center, "Children in Poverty by Race and Ethnicity in United States," 2022.** Given that currently a majority of young children are minorities and that children of color experience poverty at disproportionately high rates, investing in accessible and affordable childcare is more essential than ever to breaking down systemic barriers that hinder minority success while, for business owners, simultaneously investing in a majority of the future workforce. High-quality childcare not only supports early childhood development but also enables families to pursue stable employment or educational opportunities, reducing the financial strain being experienced currently by much of the workforce. **Source: Center for American Progress, "Growing the Economy Through Affordable Child Care," May 24, 2021.** According to the U.S. DHS, while all young children can benefit from high-quality ECE, it can be especially helpful for children from families experiencing low household income, children with disabilities served in inclusive classrooms, and dual language learners. **Source: Schoch, et al., U.S. Department of Health and Human Services, 2023.** By addressing disparities in access to early learning environments, such investments help ensure that underrepresented children are not left behind during crucial developmental years, creating a pathway toward greater equity in education and long-term economic stability for the current and future workforce.

The average annual price of child care in America has increased over 220% over the past three decades — considerably faster than other essential family expenses — with significant annual increases in more recent years. **Source: Fillion, "Child Care Prices Rose Significantly in 2020, Continuing Decades-Long Trend of Major Annual Increases", February 9, 2022.** The average monthly cost of Child Care in Iowa is \$865. That means that the average yearly cost of Child Care for infants in Iowa is \$10,380. This figure is over \$2000 more than the national average cost of Child Care, which is currently at \$6355. If we compare further, the average cost of Child Care is over \$1200 more expensive than the average cost of housing in Iowa, at \$936. **Source: Eric Cutler, "Cost of Child Care in Iowa: A Breakdown For 2022",** Today's, 2024 low-income families are now allocating, on average, 30% of their income to childcare expenses, which significantly limits their capacity to cover other essential costs. **Source: U.S. Census Bureau, 2013.** Childcare's financial burden frequently compels parents to reduce their work hours or leave their jobs altogether, choosing to care for their children themselves in an effort to alleviate a major financial strain. According to a 2020 U.S. Chamber of Commerce Foundation study, 58% of working parents reported leaving work because they were unable to find childcare solutions that met their needs. **Source: Melhorn, Understanding America's Labor Shortage: The Impact of Scarc and Costly Childcare, June 26, 2024.** For business owners, the financial strain felt by employees can translate to higher absenteeism, increased turnover, workforce instability, and even to a rise in homelessness among the workforce, further straining the local economy and community resources. According to Common Good Iowa, 1 in 6 working Iowa households earn too little to meet a basic needs budget, meaning that at anytime, these households could face homelessness due to adverse situations, that may or may not be in their control, like health concerns, property damage, legal problems, etc. **Source: Finn and Tamborski, "The Cost of Living in Iowa | Narrative", March 2024.**

The U.S. Department of Housing & Urban Development 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 notable proportion of children facing poverty, that being children who are either already homeless or most susceptible. In Woodbury County, IA and Dakota County, NE, nearly 1 in 5 (16%) children are facing poverty, and in Union County, SD, it stood at 6%. **Source: University of Wisconsin Population Health Institute, County Health Rankings, 2024.** The youth to adult homelessness pathway accounts for approx. 35% of the homeless adults, the largest contributing factor to adult homelessness, and most of these adults (85%) were in the long-term homeless group. **Source: Colin, PH.D., From Homeless Teen to Chronically Homeless Adult: A Qualitative Study of the Impact of Childhood Events on Adult Homelessness, McMaster University.** Suggesting that a large number of youth in Siouxland are statistically going to face adult homelessness if not given the proper caretaking and educational learning that children require to develop into competent and reliable workers.

Investing in childcare boosts economic growth by enabling more parents to work, which drives higher consumer spending and reduces future costs on social programs.

Investing in childcare strengthens community well-being by supporting stable families and creating a safer, more supportive environment that benefits businesses and residents alike.

Investing in early childhood education (ECE) has proven to be a powerful tool in reducing criminal behavior later in life. Research consistently shows that children who attend high-quality ECE programs are significantly less likely to engage in crime as adults. For instance, research on Chicago's government-funded Child-Parent Centers tracked 3 and 4 year olds enrolled in the program for 15 years. Children who did not participate in the preschool program were 70% more likely to be arrested for a violent crime by age 18. This confirms similar results from the High/Scope Perry preschool program. A 22-year study of this program showed that leaving at-risk children out of this program multiplied by five times the risk that they would become chronic lawbreakers as adults. **Source: Economic Opportunity Institute, "The Link Between Early Childhood Education And Crime And Violence Reduction", 2002.** Similarly, a study published in the American Economic Journal found that the Head Start program reduced conviction rates by approximately 20% in high-poverty areas. **Source: Tyler Smith, AEA, 2023.** These findings underscore the critical role of ECE in shaping positive behavioral outcomes and reducing future criminal activity.

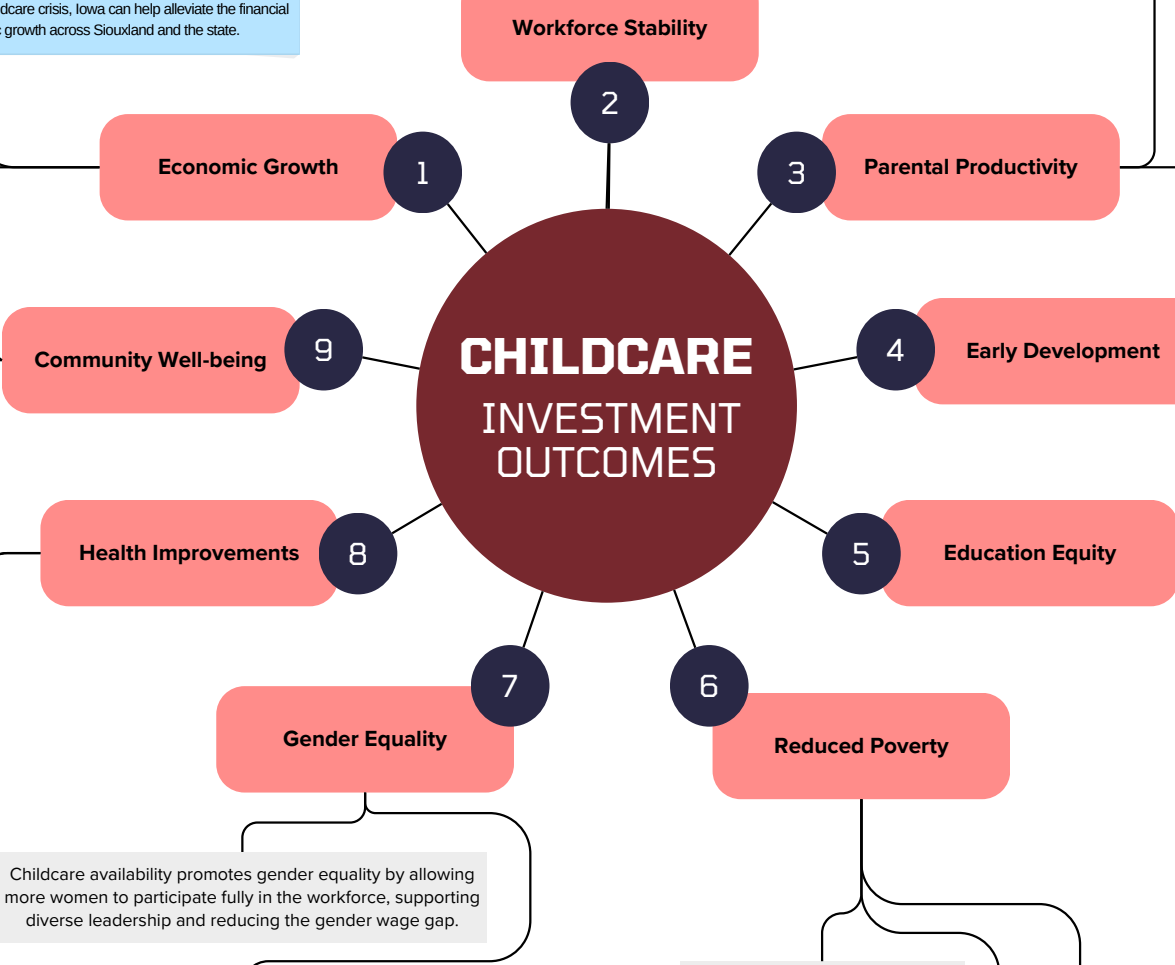
In addition to reducing violent crime, ECE has been linked to lower rates of substance abuse. Children without access to ECE are 28% more likely to abuse drugs and alcohol compared to those who participate in early education programs. **Source: Reynolds, University of Minnesota Institute of Child Development, 1985-2013.** This demonstrates how ECE not only fosters cognitive and social-emotional development but also reduces risk factors associated with substance abuse and related crimes.

Quality childcare promotes better health outcomes for children, leading to a healthier future workforce and reducing parents' work absences due to child health issues.

Private investment in high-quality early childhood education (ECE) programs yields substantial health benefits not only for children (i.e., the future workforce) but also for their families and the broader community (i.e., the current workforce and employers). Research highlights that children who attend ECE programs had lower rates of risk factors for cardiovascular and metabolic diseases, including prehypertension, cholesterol, and prediabetes measures. Effects were particularly strong for males. **Source: Campbell, et al., "Early childhood investments substantially boost adult health", March 29, 2014.** Furthermore, for male children ages 12 and 13, Head Start participation reduced the likelihood of being obese and of having a health condition that requires the use of special equipment (e.g., a breathing mask, a wheelchair) by 29% for each outcome. Head Start participation was also reported to reduce depression and obesity for adolescents ages 16 and 17. **Source: Carneiro & Ginja, "Long-Term Impacts of Compensatory Preschool on Health and Behavior: Evidence from Head Start", November 2014.** In fact, there was a large drop in child mortality rates due to causes addressed as part of Head Start's health services, estimated that a \$0 to 100 percent increase in Head Start funding reduces child mortality rates from relevant causes by 33 to 50 percent of the control mean. **Source: Ludwig & Miller, "Does Head Start Improve Children's Life Chances? Evidence from a Regression Discontinuity Design", February 1, 2007.** Moreover, stable and nurturing childcare environments improve preventative healthcare access for children. Vaccination requirements to attend school and daycare are a common, important strategy for maintaining high vaccination coverage among children. According to the CDC, the majority (75.6%) of parents/guardians somewhat or strongly agreed that school and daycare vaccination requirements are important and necessary. **Source: CDC, "Parental attitudes and behaviors toward school and daycare vaccination requirements", October 16, 2024.** The health benefits of ECE extend to parents, as dependable childcare alleviates the stress and anxiety often associated with balancing caregiving responsibilities and work obligations. Reduced parental stress not only fosters healthier family dynamics but also directly impacts children's emotional and mental well-being. Research has shown that children of parents with lower stress levels exhibit fewer behavioral issues and are more likely to thrive in school and social settings. **Source: Porenteau, et al., "Parenting Matters: Parents Can Reduce or Amplify Children's Anxiety and Cortisol Responses to Acute Stress", July 2, 2022.** On a community level, robust childcare systems address broader public health challenges, such as food insecurity. In a five-city sample of 3,084 children aged 13 to 48 months from low-income households and attending child care, children receiving child-care provided meals and snacks had significantly lower odds of living in food-insecure households, being in fair/poor health, and being admitted to the hospital from the emergency department, compared with children receiving parent-provided meals and snacks. **Source: Ettinger de Cuba, et al., "Child Care Feeding Programs Associated With Food Security and Health for Young Children From Families With Low Incomes", October 2023.** Additionally, access to affordable childcare allows parents to allocate resources toward nutritious meals and healthcare, further improving overall family health outcomes. When considering 1 in 8 U.S. children aged 2 to 5 have obesity and that children who are overweight in kindergarten are four times more likely to have obesity by 8th grade than those who are not overweight in kindergarten. **Source: Center for Disease Control, Early Care and Education Overview, 2023.** Healthy food access during pre-school age becomes a significant factor in improving the health of the future workforce. By investing in local childcare, these interconnected health and societal challenges can be mitigated. Comprehensive childcare systems not only reduce toxic stress for families but also provide children with the resources and environments they need to thrive. This ripple effect strengthens public health, enhances workforce stability, and promotes healthier communities, showcasing the far-reaching impact of prioritizing early childhood education.

One of the most vulnerable groups to poverty is female-headed households, which consistently make up approximately 50% of all households living in poverty. **Source: Sano, et al., "Well-Being and Stability among Low-Income Families: A 10-Year Review of Research," October 25, 2020.** This is not unexpected given the significant challenges faced by women, particularly those who are caregivers. In the United States, women are five to eight times more likely than men to experience negative employment consequences related to caregiving responsibilities, which often leads to lower income and career disruptions. **Source: Anne Discher, Common Good Iowa, 2023.** Additionally, women who are not employed often cite the need to be at home to care for family members as a significant barrier to re-entering the workforce. In fact, nearly one in three (32%) women report this as a key reason for not returning to work. **Source: Melhorn, "Understanding America's Labor Shortage: The Impact of Scarc and Costly Childcare," June 26, 2024.** The inability to rejoin the workforce not only affects a mother's well-being, but it also leads to substantial financial consequences to their family due to the loss of income. This phenomenon is referred to as the "Motherhood Penalty," which captures the total financial loss incurred by households when mothers are forced to leave the workforce to care for children. The penalty includes lost wages, lost wage growth, and lost retirement assets. According to an analysis by the Center for American Progress (CAP), even a five-year interruption in a mother's career can lead to a cumulative income loss of \$706,778 over the course of her working life. **Source: Madowitz, et al., "Calculating the Hidden Cost of Interrupting a Career for Child Care," Center for American Progress, June 2016.**

The combined effect of these barriers and the motherhood penalty highlights the economic challenges women face, particularly in households led by single mothers. Addressing the barriers to childcare and supporting women in the workforce by commercially investing in local childcare solutions is critical for reducing poverty and improving the well-being of families while simultaneously stabilizing and increasing productivity among a significant proportion of the local workforce, increasing economic participation and growth, and reducing economic disparities in one of the most vulnerable populations in Siouxland.



LET'S WORK ON THE TASKS!		
Main Idea	Possible Action Item	Stakeholders
Investing in childcare strengthens local economies by allowing more parents to work and reducing future remedial education costs.	Advocate for public-private partnerships to fund affordable childcare options in communities.	TBD
Accessible childcare reduces turnover and absenteeism by helping parents stay in the workforce, boosting retention and stability.	Offer childcare stipends or provide on-site childcare to enhance employee commitment.	TBD
Reliable childcare allows parents to work effectively and pursue career growth, directly benefiting business productivity.	Implement flexible work hours and invest in backup childcare solutions for working parents.	TBD
High-quality childcare promotes early learning, building a foundation for a future workforce with better skills and social adjustment.	Support early education by funding scholarships or quality childcare programs.	TBD
Investing in quality childcare supports educational equity, giving children of all backgrounds a strong start.	Fund or sponsor childcare programs in underserved areas to support a diverse future workforce.	TBD
Childcare access can help break cycles of poverty by enabling steady employment and better education, creating a stable consumer base.	Support childcare assistance programs for low-income employees to help them sustain employment.	TBD
Access to childcare supports gender equality by enabling more women to advance in the workforce, boosting company diversity.	Adopt family-friendly policies, like flexible schedules and parental leave, to support gender equity in career advancement.	TBD
Quality childcare improves long-term physical and mental health outcomes, supporting company wellness initiatives.	Partner with or subsidize high quality childcare programs.	TBD
Accessible childcare strengthens communities, creating a more stable customer base and supporting local business health.	Collaborate with community organizations to create or sponsor local childcare solutions.	TBD

FIND MORE INFORMATION ON IOWA'S EMPLOYER CHILD CARE BENEFITS

Iowa Employer Child Care Tax Credit

<https://education.ced.org/child-care-state-tax-credits>

Iowa Child Care Business Incentive Grant

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