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CONTACT: Mike Owen (319) 338-0773, ipp@lcom.net

Child Care Can Boost Parents' Education, Prospects ***High Cost of Child Care in Iowa Now a Barrier to the Middle Class***

IOWA CITY, Iowa (Nov. 26, 2013) — Iowa's child care assistance programs should encourage parents to further their education and make it more possible to achieve self-sufficiency, researchers say.

"The surest pathway to the middle class is post-secondary education," said Lily French, co-author of a new report for the Iowa Fiscal Partnership. "But the high cost of child care is one of the significant barriers standing between a low-wage worker and better education or a degree."

The report — "*Child's Play: Creating a Path to the Middle Class*" — is at www.iowafiscal.org. French, senior policy consultant for the Iowa Policy Project (IPP), and IPP Research Director Peter Fisher found:

- Iowa's child care and family assistance programs are designed to promote work at any wage, missing a longer-term focus on education that will help families.
- A long-term approach that encourages education will produce a return to the state, with higher taxes paid by parents making greater incomes, and less reliance on public assistance.
- Iowa's maximum reimbursement rates for child care are lower than the federally recommended 75th percentile of market costs; this discourages some providers from accepting the state reimbursement and makes it more difficult for parents in the Iowa program to find a provider.

The authors recommended steps to assure wider access to child care assistance (CCA) while being education-friendly to the parents, including removal of a 24-month cap on education while on CCA, raising reimbursement rates to the 75th percentile of market costs, expanding hours allowed for care to provide the parent more study and/or travel time, and permitting classroom hours to be allowed to count toward work-hours requirements.

"It should not be enough to promote work in what amounts to a dead-end job, and the state should provide enough child care assistance to assure access for all parents who need it," Fisher said. "Child Care Assistance needs to be all about opportunity — for the child, for the parent, and for the taxpayer. If we view CCA as an investment, all of these things can be true."

The report noted that the cost of child care in Iowa can easily be higher than the cost of tuition at the University of Iowa, Iowa State or Northern Iowa.

"Child-care fees are hard enough for low- and even middle-income families to pay, but it's even more of a challenge when one parent is in school and not bringing in income," Fisher said, noting 13 percent of all undergraduates nationwide are low-income parents — the majority being single parents.

Better outreach to parents also could help, French said.

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“Parents who are not on welfare but are pursuing higher education need to know that child care funds are available. When child care is so expensive, these funds can provide a real opportunity,” French said.

The Iowa Fiscal Partnership is a joint public policy analysis initiative of two nonpartisan, nonprofit Iowa organizations, IPP in Iowa City and the Child & Family Policy Center in Des Moines. Reports are available at www.iowafiscal.org.

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