

Child Care Cliff Effect



100% of FPL*

\$0
monthly
parental cost
for child care

\$9.66
per hour

\$1,675
monthly

\$20,090
annually

145% of FPL*

\$148
monthly
parental cost
for child care
[6% of the
parent's
income]

\$14.01
per hour

\$2,428
monthly

\$29,136
annually

\$1,424

Ave. monthly cost of center-based child care in Iowa for a family with an infant and a preschool-aged child [annually, \$17,089]

At 146% of FPL*

59%

of the parent's income is for child care costs

Annual cost of infant center-based child care is

117.1%

of the cost of tuition and fees at a 4-year college

76% of households with children under age 6 in Iowa have all available parents in the labor force

Iowa ranks #1 among the 50 states
National average 65%

267% of FPL*

Living Wage

\$1,424
monthly
parental cost
for child care
[32% of the
parent's
income]

\$25.81
per hour

\$4,474
monthly

\$53,685
annually

Child Care Assistance Program



Iowa Department
of Human Services

Data based on household size of three:
1 adult, 2 children (one infant and one preschool-aged child) and the adult works 40 hrs./wk.

*Federal Poverty Level (FPL)

12/24/15

Child Care Cliff Example

Single Parent with an Infant and a Preschool-Aged Child

Current Income & on the CCA Program

Parent works 40 hrs. per week at \$12.00 per hour

$40 \times \$12.00 \times 4 = \$1,920$ per month

Parent receives \$500.00 per month in child support

Total Monthly Income: \$2,420

Parent pays \$148.00 per month toward child care costs

Job Promotion Opportunity with a Pay Raise

Parent offered a job promotion at work and a \$.75 per hour pay raise

$40 \times \$12.75 \times 4 = \$2,040$ per month

Parent receives \$500.00 per month in child support

Total Monthly Income: \$2,540

Based on the promotion/pay raise, the family's income is over 145% of FPL and no longer eligible for the CCA Program

Parent pays \$1,424 per month toward child care costs



Net income loss to the family if the parent takes the promotion and pay raise

- \$1,156.00