

# 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)

2/10/16

# 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



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

**- \$1,156.00**