



Cultivating Connections...

Between Economic Development & Child Care

Economic Development Planning

Purpose

This brief provides an overview of the process of economic development planning and highlights the specific points where child care can intersect with the planning process. Existing economic development tools can be applied to strengthen the child care sector while promoting local economic development. Child care can also play an integral role in developing a skilled labor force. Planners and child care advocates can work together to collect more comprehensive data, make use of underutilized public resources, and form community-wide collaborations to strengthen child care – a critical social infrastructure for economic development.

Integrating child care in economic development planning

Cornell University has taken the lead in developing a strategy guide to link economic development and child care. (Warner et al, 2004) According to the guide, *Economic Development Strategies to Promote Quality Child Care* (<http://government.cce.cornell.edu/doc/pdf/EconDevStrat.pdf>), economic development planning is the process by which a community's goals are linked with available physical and social resources to achieve three main goals: increasing equitable employment opportunities, encouraging business development, and enlarging the tax base in the community. It has been proven that child care supports economic development significantly by investing in our children, providing choices to working parents, and fueling our regional economy. Across the nation municipalities and states have realized the importance of child care in local economic development. This has led to new collaborations between the child care sector and the business community as child care is recognized as an important component of local economic development.

In Vermont, child care has been a mandatory component of economic development planning since 2003. Regional planning commissions and municipalities are required to ensure availability of affordable child care as well as recognize the child care sector as an economically important industry by providing business assistance and workforce development for child care providers.

(The Municipal and Regional Planning and Development Act 24, Ch. 117 (4302(c)(13)).

As a result, child care is one of the 13 goals that needs to be addressed in all town plans. Not only has this changed the way planners view child care but it also has encouraged new partnerships between child care advocates and planning commissions.

Partnering for success:

The Windham Child Care Association partnered with their regional commission to produce a child care planning guide to aid planners in addressing the child care goal in their towns. The guide highlights ways to integrate child care in municipal planning such as how to gather information regarding child care goals and ways to finance them (Windham Regional Commission & Windham Child Care Association 2004).

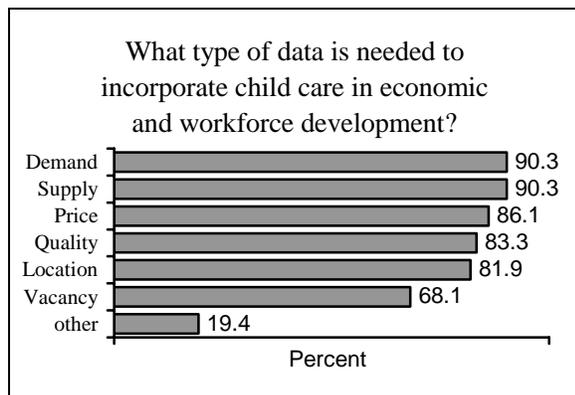
www.windhamchildcare.org

Data is key to more successful collaborations

Data on demand and supply of local child care is key to more successful collaborations. Repeatedly, conversations with business association leaders and planners have revealed that while there is interest in developing child care, they are unable to take action because they are not sure what the child care need is for their city.

Cornell University conducted a survey of economic development professionals, Chambers of Commerce, and Empire Zones during April-May 2006. Eighty percent of respondents believed that child care should be a part of local economic development policy. Our survey also revealed that:

76% of the respondents feel that better data on child care sector is needed to incorporate child care in economic development and workforce planning.



Source: Cornell 2006 Survey

The survey respondents identified data on demand and supply as the most necessary, followed by data on price, quality, location, and vacancy rate of available care. It is important that data systems attempt to measure the role of informal care and develop information on parent preference. (For further discussion on measuring accurate supply and demand of child care, see “Labor Force Trends and the Role of Child Care in New York” issue brief found at

<http://economicdevelopment.cce.cornell.edu>)

A child care needs assessment can be done at the local level to obtain accurate data. Child Care Resource and Referral Agencies have comprehensive, up-to-date data on child care demand and supply. Local Chambers of Commerce can contribute information regarding businesses and employers in the region. Economic development planners can provide additional information and links to available local planning resources, ranging from tools such as Geographic Information Systems (GIS) software to financial resources such as economic development funds.

The Rochester Early Childhood Assessment Partnership (RECAP) has helped attract new donors and collaborators in developing child care. RECAP, an initiative of Children’s Institute, is a collaboration of community organizations that gathers and analyzes data on early childhood programs to promote informed decisions. The annual RECAP evaluation produces data and information which is shared with school, government, health, and policy makers. This assessment gives child care providers, planners, and community leaders concrete information to help them evaluate, plan and make decisions regarding investments in child care in Rochester. <www.rochesterschild.org>

In Vermont, the Windham Regional Commission conducted a child care assessment in 2002. Windham County wanted to increase the overall supply of high-quality child care for all families in the county but did not know what the specific needs were. They approached this project as a way to identify the most pressing child care needs in the region as well as a means to connect different actors and institutions to create long-term community collaborations. The needs assessment identified that while most child care facilities are located in town centers, population growth is occurring outside of these central locations. Furthermore, increasing employment in the service sector signaled a need for more non-traditional hours care. These findings provided clear and concrete information to guide child care development in Windham County.

In Buffalo, a coalition of business, labor, and community leaders has recently completed a survey of employees in the health care sector on supply and demand for child care and labor force projections. This survey will help to assess opportunities for developing higher quality child care in downtown Buffalo.

Applying economic development tools to the child care sector: Empire Zone Tax Credits

It is essential to tap into public sources of economic development funding to complement support from business partners and foundations and to help maintain such collaborations during economic declines.

For example, existing economic development resources such as **Empire Zone Capital Credits can and have been used to fund child care development.** There are 72 Empire Zones in New York State designated to offer special incentives to encourage businesses to grow. Each Empire Zone is allocated \$2.5 million of New York State tax credits to stimulate economic activity.

This tax credit can be used by local empire zone coordinators to offer a 25% tax credit against New York State taxes to individuals or corporations that make contributions to approved community development projects or make direct equity investments in an empire zone certified corporation.

One of out six respondents from Cornell's 2006 survey reported they had identified their child care organizations as Empire Zone community development projects. In Auburn, they have identified child care projects as eligible community development projects since 1994. By doing so, individuals and corporations can make money contributions to child care centers and receive a 25% zone capital credit. For instance, if an individual makes a \$1,000 donation to a child care center, s/he can receive a \$250 credit against his/her New York State income tax. There is a lifetime cap of \$100,000 in credits per taxpayer.

Tapping into available public funding sources!

In 1995 the Child Care Council of the Finger Lakes was granted \$10,500 in Zone Tax Credits through the city of Auburn. With this amount of tax credits the Child Care Council was able to set a fundraising goal of \$42,000 to receive donations from corporations.

The purpose of the fundraising effort was to create an endowment fund for a subsidy program to offer affordable quality child care to low and moderate income families living or working in the City's Empire Zone. This project was able to have a greater impact by receiving \$42,000 in matching funding through the City's Community Development Block Grant.

(For more information on how Zone Capital Credits were used in the City of Auburn contact Cynthia Aikman the Planning & Economic Development Program Manager)

For a child care center to receive these tax credit benefits, it must be a not-for-profit and submit an application which determines its eligibility as a community development project. (Application Form Z6, New York State Dept of Economic Dev.) The application needs to specify how the child care center will serve zone residents and enhance economic development in the zone. The application is initially submitted to the local zone administrative board for approval then sent to the State Department of Economic Development for final approval. For more information, contact the Empire Zone Coordinator in your city.

Integrating child care as part of comprehensive planning

Planners in Vermont are looking for ways to collaborate on a regional level to best meet their child care needs. A feasibility study was completed in 2005 to explore collaboration opportunities between regional planning commissions and the affiliates of the Vermont Alliance for Children, the state's twelve regional Early Childhood Councils. The findings showed that collaborations between regional planning commissions and regional Early Childhood Councils would support local and regional planning agencies by increasing data collection capabilities as well as raising the importance of child care within the state government on par with health and education. (Windham Child Care Association for the Data and Evaluation Committee of the Early Childhood Steering Committee, 2005)

Similarly, collaborative efforts to integrate child care as part of comprehensive planning can be found in New York State.

In fact, Marcia Weber, from the Southern Tier Central Regional Planning Board, explained that the stronger applications for their **Appalachian Regional Commission** funding were those that demonstrated collaborations with businesses and other community organizations, such as a parent resource center or a school district.

For example, the "Wrap Around Program" in Elmira is a collaboration between the Division for Youth, the Community Foundation, The Child Care Council, HeadStart, the Parent Child

Resource Center, and the School District's Pre K program. The "Wrap Around Program" provides child care for families needing care beyond the three hours offered through the HeadStart program.

In Norwich, the city donated land and provided water and sewer installation for a new child care center located in its downtown. **Community Development Block Grant (CDBG)** funds were used to demolish existing structures and to provide landscaping on site (Cornell 2006 Survey). For more examples of successful use of CDBG funds and other available public funds, see "Funding Childcare Issue brief" at

<http://economicdevelopment.cce.cornell.edu>

Eight out of ten economic development professionals responded that child care should be incorporated in local economic development planning. (Cornell 2006 Survey)

There is strong interest in child care development among Chambers of Commerce, Empire Zone coordinators, and local economic development planners. More data on child care will foster better planning and more effective collaborations in New York State.

Improving child care = developing workforce

Child care is viewed as an integral part of comprehensive planning for workforce development in Chemung County. A business survey revealed a need for short-term child care for parents looking for employment or attending job training. This led to the creation of a drop-in child care center in the Academic Career Development Center that will serve parents.

The community has realized the importance of child care in developing a skilled labor force for the County in the future. As a result, they have created the Chemung County School Readiness Project which is a 15 million dollar initiative integrating four different components: parent education, informational home visits to new parents, health care, and child care. This is a community wide collaboration involving community members, business leaders, child care advocates, and economic development planners. This collaborative effort moves beyond realizing the importance of child care and situates child care as an essential component in building healthy, sustainable communities.

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