Framing Child Care as Economic Development:

Lessons From Early Studies

By Louise Stoney

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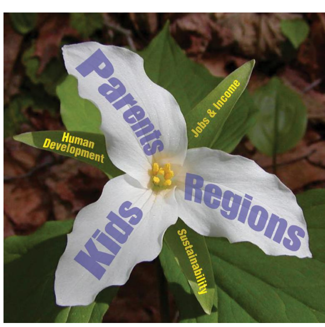


Linking Economic Development and Child Care Research Project
Dept. of City and Regional Planning
W. Sibley Hall Cornell University Ithaca, NY 14853-6701
Email: childcare_econ@cornell.edu
Website: http://economicdevelopment.cce.cornell.edu

INTRODUCTION

If early care and education leaders and practitioners saw themselves as an industry that contributes to economic prosperity, an industry with common needs and contributions, would it make a difference in how they interact with one another? If policy makers and the public understood just how much child care supports our economy -- would it make them more willing to spend tax dollars on early care and education? Is it possible to convince planners and economic development leaders to include child care in their work?

In the fall of 2002, Cornell University was awarded a three-year research grant from the US Department of Health and Human Services, Administration for Children and Families, Child Care Bureau to help build a new policy framework for child care that addresses the sector's importance from an economic development perspective and to develop a better theoretical and empirical understanding of how care work contributes to the broader economy. The project has three key goals: 1) to explore the regional economic importance of the child care industry; 2) to examine how the economic linkage effects of child care differ across place - from rural to urban localities, and across states; and, 3) to track how states use an economic development frame to promote new approaches to child care policy and administration.

This paper represents a brief, early look at how child care economic studies are being implemented. The research is based on a review of studies and resource materials that have been completed to date as well as interviews with over a dozen individuals engaged in conducting and implementing child care economic studies throughout the United States. (A list of the individuals interviewed is included in Appendix A.)

A social movement

In 2002, when the Cornell project began, only two states and a handful of local governments had conducted child care economic analyses. By September of 2003–less than two years later--thirty-one studies had been completed (9 states, 21 local governments and 1 national) and more than a dozen additional studies were underway (7 more states and 6 local governments). In short, we found that early care and education leaders were eager to explore a new economic development framework.

Staff from the Linking Economic Development and Child Care Research Project worked directly on five studies (Kansas, Massachusetts, New York, Long Island and Tompkins County), served on the advisory committee for the Vermont study, and provided technical assistance and short-term consultation to many of the others. We spoke with planning teams and researchers on the phone -- helping them think through who to engage in the project, how best to gather and analyze data, and to share the most up-to-date thinking on methods. We referred many states and cities to consultants (like the National Economic Development Law Center and/or university-based economic development experts) who could help complete the analysis. We reviewed and commented on draft studies. And we participated in conferences, workshops and meetings across the country.

The Linking Economic Development and Child Care Research Project has received support from the U.S. Department of Health and Human Services, Administration for Children and Families - Child Care Bureau, the US Department of Agriculture Hatch Research Program NYC 121449 administered by Cornell Agricultural Experiment Station, the Rauch Foundation, and the Kansas Department of Social and Rehabilitation Services.

LESSONS FROM EARLY STUDIES

Early care and education leaders report that their interest in framing child care as economic development initially stems from two concerns--the need to strengthen financial support for early care and education services and to move away from viewing child care as a welfare issue. The recent economic downturn has forced states to cut budgets in many areas. Early childhood advocates are seeking ways to show that cutting child care, even in a poor economic climate, is "penny wise and pound foolish." Studies that quantify the economic contributions of the child care industry help to make that case.

Funding for early care and education has historically been viewed as a welfare issue and responses have largely focused on the poor. Even when an early education frame is used to drive funding the strongest arguments are for boosting the early learning opportunities for disadvantaged children, and public early education funds are often limited to school districts in low-income communities. Additionally, an early education frame may alienate proprietary child care programs and home-based providers, who are often ineligible to participate even if state pre-kindergarten funds are not limited to school districts. When child care is viewed through the lens of economic development, however, the response need not be limited to poor families, school districts or center-based care only. The frame embraces the industry as a whole—all types of providers in all settings. An economic development frame encourages investment in child care as an *industry* that generates jobs, contributes to the economy through the purchase of goods and services, and supports working families at *all* income levels.

There are many ways to frame child care —as early education, support for working families, and economic development for communities as a whole. No single frame is right or wrong; each is important. The bottom line is that there are many reasons for America to invest in caring for and educating young children. Each frame has value and each needs a body of research to back it up. This project seeks to provide a strong research base for the economic development frame.

What is the Child Care Industry?

Regional economic analyses typically include data on full and part-day child care and early education programs, including: child care centers, Head Start, pre-kindergarten, nursery schools, after-school programs and family child care homes. (Most studies have excluded unregulated home-based care because it is difficult to count.) In New York State, these programs represent:

- **22,000 small businesses**
- **119,000 employees**
- **a $4.7 billion dollar industry**
- **623,000 children**

A New Approach: Describing Child Care as an Industry

The first step in conducting an economic analysis of the child care industry is gathering data on the number of establishments, employees, gross receipts and customers served. This requires that data be collected in an entirely new way. Most currently available early care and education data are linked to: regulatory status, funding (e.g. the number of children who receive public subsidies, the number of providers who participate in the subsidy program, and so forth), rate-setting (the price of child care in a local market, typically capped at the 75th percentile) or parent referrals. Some data are available from state or national sources like the Bureau of Census or state commerce, labor or tax departments. While each data set is important, no one source of data is comprehensive enough to accurately describe the child care industry as a whole. Thus, an entirely new data set must be built—based on information from an array of key informants. Typically, study teams create a small team of advisors to help with data collection that includes individuals with knowledge about the following sources: child care resource and referral data, state licensing data, market rate survey data, government finance and tax data, education data, and economic and demographic data.

> ***We just didn't realize how little we knew about our industry or our customers until we were asked to produce comprehensive data for this research. We now have a full-time person who focuses on data management and is tracking trends.***

Study teams report that the process of gathering and reconciling data from these various sources has resulted in a tremendous learning curve. Staff in the agencies responsible for collecting data from the individual sources often believed that their information was comprehensive and accurately reflected the field – until they started to use it in an economic analysis and realized how many providers or dollars or children were missing. "As a result of our experience working on the economic analysis, we have elevated the role of data collection and management to a number one priority in our agency," said Leadell Ediger, Executive Director of the Kansas Association of Child Care Resource and Referral Agencies. "We just didn't realize how little we knew about our industry or our customers until we were asked to produce comprehensive data for this research. We now have a full-time person who focuses on data management and is tracking trends. I wish we had a person like this in every local CCR&R agency" (Ediger, 2003).

Describing the organizations that provide early care and education services as an industry is not only a unique approach, but an empowering one. All too often the field of early care and education focuses on individual parts of the system--how Head Start is different from child care, or how both are different from preschool. Early childhood leaders frequently point out that the public resources available to the system are very limited, yet it is difficult to see these limitations in the context of the system as a whole (e.g. what percentage of total industry revenues come from government sources?) A child care economic study has the capacity to address both of these concerns. Framing child care as an industry shifts the focus to what early care and education establishments have in common, and the myriad resources that are leveraged by these businesses.

The bottom line is that the field is much larger than most anticipate, and more alike than different. "This is very powerful stuff for child care providers," noted one key informant. "They have never viewed themselves as an industry, so for them to see how important they are -- in terms of number of employees and gross receipts -- is very empowering" (Kahle, 2003).

New Partnerships

Successfully framing child care as an industry requires the field to forge new partnerships--with all of the various sub-sectors (child care, Head Start, preschool, etc.) as well as with those outside the field (academics, employers, economic development experts, etc.) These partnerships occur in myriad ways: through the advisory committees that are established when conducting the study, through the process of seeking new venues for disseminating findings from the study, and through crafting new teams to work on implementing results.

In general, study teams report that efforts to reach early care and education practitioners and policy makers have been fairly effective. One key informant shared stories of policy makers whose "heads really turned when they saw these numbers; they never thought about how much money child care contributes to the economy" (Walerstein, 2003).

"If we just keep talking about child care and economic development in the same sentence, pretty soon it will not seem like a strange concept at all."

Many study teams have found, however, that effectively reaching the business community as well as leaders in economic and community development has not been easy. Local groups appear to have had more success in this area. The Tompkins County study was commissioned by a public/private partnership led by the local Chamber of Commerce. The Rhode Island study was led by Options for Working Parents, the state's child care resource and referral agency, which is a program of the Greater Providence Chamber of Commerce. In both cases, the study was instrumental in helping business leaders understand the broader economic importance of public dollars spent on child care subsidies.

Perhaps one reason why statewide study teams struggle to effectively reach leaders in business and economic development is that there is not always a clear, coordinated way to communicate with these leaders. Vermont decided to address this concern directly. After completing its study, the Vermont study team asked Ellen Pratt, Windham Child Care's Marketing Director, to lead the dissemination efforts. Ellen began by making "cold calls" to organizations that were sponsoring related events -- a business exposition, an annual conference of economic developers, or a meeting of the local Chambers of Commerce. She also briefed policy makers, targeting legislators interested in planning or who sat on key committees. Later, the Vermont House Commerce Committee requested testimony on the economic importance of the child care industry, and ultimately included language in the commerce bill requiring municipal and regional planning organizations to integrate child care issues into the planning process.[1] This outreach has paid off. "Just last week our Governor

[1] For a copy of Title 24, Chapter 117 of the Vermont Statutes, go to: http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=24&Chapter=117&Section=04302

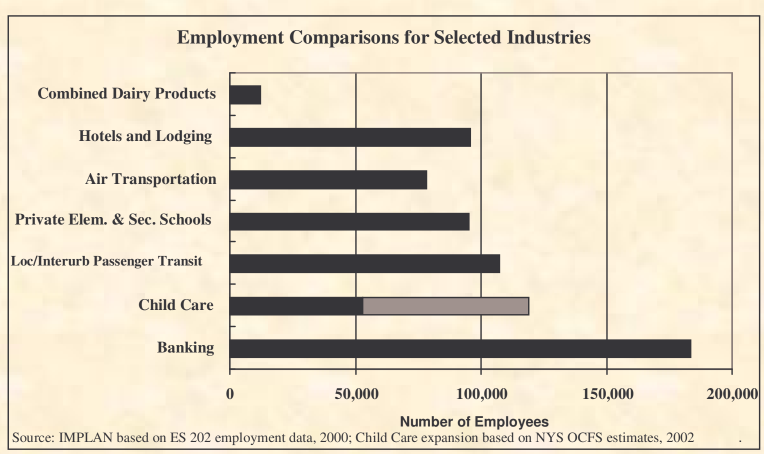
talked about child care as an economic issue," noted Ellen. "Our Workforce Investment Boards are starting to talk that way. Our Child Care Services Division described child care as an industry when it released its market rate survey data. We see this work as a 'drip, drip, drip' approach. If we just keep talking about child care and economic development in the same sentence, pretty soon it will not seem like a strange concept at all."

Kansas tried to reach business and economic development leaders by encouraging staff from its network of child care resource and referral (CCR&R) agencies to participate in a series of Prosperity Summits that were sponsored by the Lieutenant Governor to discuss the potential for economic growth. Prior to the Summits, the study team briefed the CCR&Rs on key findings from the study, and shared a powerpoint presentation that could be used to support their presentation. CCR&R participation in the Summits met with varying degrees of success. A key ingredient was the degree of confidence that CCR&R staff had in speaking about the study. "Some of them felt completely comfortable talking about the economic importance of child care, and could easily toss around statistics about gross receipts and multipliers," commented Sally Kahle, staff to the state agency that sponsored the study. "But other CCR&R staff really struggled to speak this new language" (Kahle, 2003.)

Framing Reports for Multiple Audiences

A key goal in conducting a child care economic analysis is engaging non-traditional partners - business leaders and experts in economic and community development, banking, housing, workforce development and so forth - in building new strategic alliances aimed at strengthening investments in child care. Study teams have attempted to build these alliances in different ways. Perhaps the most salient factor in how state and local study teams approached new partnerships stems from where they began: who initiated the study, what the key funding sources were, and which issues or groups dominated the advisory committee.

The Vermont study grew out of a concern for ensuring affordable child care services and decent wages in this small, rural state. The economic analysis was jointly sponsored by the Windham Child Care Association, a resource and referral agency that helped parents find affordable quality child care, and the Peace and Justice Center, a non-profit organization working for livable wages and workers' rights. Academics served on the advisory committee and a policy analyst who had previously worked on the livable wage campaign conducted the analysis. Vermont’s final report not only summarizes the child care industry’s contributions to the economy, but also the percentage of family wages spent on child care, the growing demand for child care assistance, and the wages of child care staff (Windham Child Care Association, 2002).



Source: Economic Analysis of the Early Care and Education Sector in New York State: Cornell University Technical Report (2003). Ithaca, NY: Cornell University.

In New York, the study team was a partnership of the New York State Child Care Coordinating Council (the statewide child care resource and referral agency) and the New York State Office of Children and Families (the government agency responsible for administering federal and state child care funds). Framing child care as an industry was a key goal for this group. The final report shows that child care is a substantial industry, with more employees than other key industries such as hotels and lodging, air transportation and dairy products and with two-thirds as many employees as banking (see graph on page 6) (Warner et al., 2003).

Rhode Island took a different approach. They began with a business audience in mind, and engaged two marketing professors from Bryant College to conduct the study. The final report is quite brief, and focuses squarely on an economic analysis of the industry – the number of jobs and revenue contributed to the economy and the number of families that were able to work as a result (Notarantonio & Quigley 2003). A powerpoint presentation that accompanies the report stresses the importance of state child care subsidies as a tool for creating jobs and economic activity for the State (see box, above).

Quick Facts About Child Care Subsidies

Subsidies created 2,304 jobs in the Rhode Island child care industry in 2002

Subsidies created 3,007 jobs in all industries in RI in 2002

Subsidies directly contributed almost $125 million of total output to the Rhode Island economy in 2002.

Source: Child Care in Rhode Island: Impact on the State's Economy, presentation by Elaine Notarantonio, Ph.D. & Charles Quigley, Ph.D. Bryant College. April 25, 2003

Kansas made a concerted effort to reach out to the economic development community when it built the advisory committee for its study. The project was sponsored by the Mid-America Regional Council, who worked closely with state agency staff and the Cornell Linking Economic Development and Child Care Research Project to conduct the research and analysis. The final report includes a profile of the child care industry, a discussion of economic linkages, and a recommendation section that stresses the need to support "the knowledge economy." Links to economic development policy and perspective are found throughout the report. Public funds for child care subsidies are framed in two unique ways—as a strategy to support businesses that need to stay competitive (and therefore cannot afford to subsidize child care without government help) and as an economic strategy to draw new, federal funds into the state. Perhaps the most unique aspect of the Kansas report is that it uses input-output analysis to estimate the economic impact of lowering eligibility for child care subsidy from 185% to 150% of the poverty level (Stoney, Warner & Woolley, 2003.)

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Maine's study was supported by an Early Learning Opportunities Grant, which was sponsored by Cumberland County ACCESS and the Cumberland County Commissioners, and was focused on improving child care in Cumberland County, Maine. Although the project began with a local focus, strong interest from leaders in other parts of the state convinced the group to expand the inquiry and produce a statewide report (Reidt-Parker, 2003 and Hildebrand, 2003). The final document reflects these roots: it has a strong focus on the business community and includes examples of both local and statewide "best practices" as part of the recommendations section.

Although Maine's report includes information on many aspects of the child care industry, it pays particular attention to the needs of employers. Research on the role child care plays in improving employee productivity is described, and increased productivity is linked to lower absenteeism and turnover, as well as higher parent wages. Child care investments are framed as a way to fuel economic growth and make the state "an attractive destination for businesses and residents alike" (Hildebrand, 2003).

> *Investing in the child care infrastructure of Maine will have direct positive benefits for the state's overall economic competitiveness…without a well-maintained highway system, Maine's manufacturing sector would be unable to effectively transport their raw materials nor bring in a skilled workforce from surrounding areas. Likewise, without a healthy child care industry, businesses face substantial obstacles in attracting and retaining workers (pg 9.)*

The report stresses that the state's manufacturing sector is declining while retail, health and services sectors are leading state job growth. These service sectors are, the report points out, precisely the jobs most likely to be affected by child care supply.

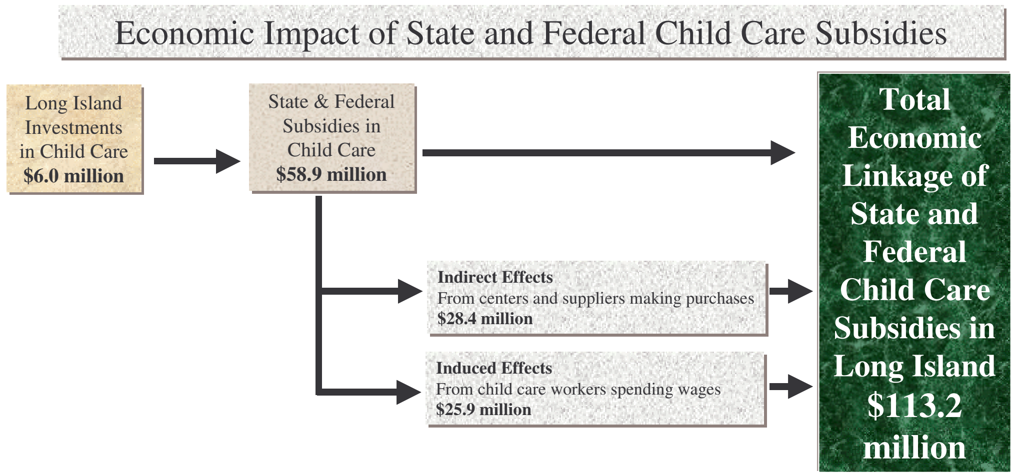
Minnesota Jobs Supported by Child Care Subsidies

	Percent of Total Workforce	Percent of Jobs Supported by CCAP
Administrative and Support	6.2%	16.4%
Health care	10.1%	23.1%
Retail Trade	10.3%	13.7%
Accommodation & Food Service	6.6%	8.9%

Source: "The Child Care Industry: Supporting Jobs and Economic Development in Minneapolis: Report and Recommendations" (2003). Minneapolis, MN: Greater Minneapolis Day Care Association.

The Minneapolis study (GMDCA, 2003) included an Advisory Group comprised of state and local policy makers and academics in labor, economics and human services. In addition to framing child care as an industry that supports jobs and economic development, this report makes a direct link between employers and public child care assistance by including data on the industries that are most likely to employ parents who use child care subsidies (see box, left). The Minneapolis study also includes a section entitled "Who Needs Help" that describes the many local jobs that do not pay enough to cover basic necessities for a family, and compares these earnings to the average price of child care in the Twin Cities Metropolitan Area.

The Long Island, NY study team was interested in showing how much state and federal money the child care industry drew to the Island (a two-county region outside New York City.) After gathering data on child care revenues, the study team used these data to estimate how much state and federal money was leveraged by the industry (about $10 for every local tax dollar invested.) Then, input-output analysis was used to calculate the ripple effects of these dollars in the local economy -- approximately $1.92 of economic activity for every dollar spent. The Long Island study found that child care subsidies return substantial tax dollars to Long Island, as well as stimulate the Long Island economy (see graphic below) (Klockowski & Stoney, 2003).



***Child Care Subsidies Return Tax Dollars to Long Island*:**
Every $1 Long Island invests in child care helps ensure almost **$10** in additional federal and state funds are returned to the regional economy.

***Child Care Subsidies Stimulate the Long Island Economy*:**
Each of these state and federal dollars generates a total of **$1.92** in the Long Island economy.

Outreach Materials

While most child care economic study teams elected to release a full report of their findings, a few chose to only prepare short, one-page fact sheets or simple brochures. The rationale for a shorter approach was that few people read detailed reports. Indeed, even the projects that opted for a full report also prepared short summaries, fact sheets or visual displays. Our experience has been that all are important. The academic research community – and others who need hard data to be convinced – want to see a carefully constructed, methodologically sound report. But most policy makers, business leaders and early childhood providers prefer a more accessible executive summary or visual that simplifies the data and message.[2]
Many of the study teams created power point presentations to describe their findings graphically. The Vermont implementation team used a power point presentation when speaking with local Chambers of Commerce and other business groups, and found it to be a helpful tool (Pratt, 2003). The Director of the City of San Antonio Human Resources Program (which administers child care funding for low-income families) has used a power point presentation of the study in city budget hearings, as well as meetings of the City Council. He has found this tool – and the economic impact study in general – to be

[2] Web links to copies of full reports are located at: http://economicdevelopment.cce.cornell.edu

extremely valuable in building support for child care assistance (Campa, 2003). The Kansas study team developed a power point presentation for multiple purposes, but found it most helpful with child care providers and child care resource and referral agencies (Kahle, 2003).[3]

Spreading the Word: Media and Networking

Study teams used many strategies to distribute information about the economic importance of the child care industry. Some focused on the media. Others relied on networking and used professional associations and other 'unlikely messengers' to help disseminate their research findings.

The Florida Children's Forum developed an extensive media campaign to roll out their report. The target was business leaders, and their goal was to keep the message simple. A lead story on the research was published in the Forum's glossy, in-house magazine, *Florida's Child* (Fiore, 2003). Additionally, press releases were distributed to many media markets, with particular emphasis on local business journals. Additionally, child care leaders were encouraged to write letters to the editor of their local newspaper and to reach out to their local Chamber of Commerce (Binder and Schroeder, 2003).

The Tompkins County Early Education Partnership also used their study as a tool for reaching the business community, but they used a networking approach. The Chamber of Commerce sent fact sheets (that summarized findings) to all its members. The Society for Human Resource Managers (SHRM) volunteered to speak to local employers about how they could help their employees with child care. Additionally, the Chamber helped to distribute information on the public child care subsidies available to working families, the potential benefits of the Dependent and Child Care Tax Credit and the steps involved in establishing an employer-sponsored Dependent Care Assistance Plan (Warner et al, 2003).

In addition to holding a press conference, widely distributing their Executive Summary, and hosting several briefing sessions for the CCR&R network, the Kansas study team decided to target early childhood students. To reach this group they distributed the report to faculty at key colleges and volunteered to give classroom presentations on the economic importance of child care. "We believe that reaching our next generation of child care teachers is a crucial step" (Kahle, 2003).

Many states used existing networks or meetings to distribute information on the study. Minnesota early care and education leaders felt is was essential that parents understand the economic importance of the child care industry. To this end, they presented information on the study findings at a series of statewide forums on state budget cuts. The economic frame proved to be a helpful way to present the potential gains from child care investments (Otis, 2003). Florida has found that the economic approach also works well with grandparents, who not only understand the important role that child care plays in the lives of their children but are also key voters and taxpayers in many communities (Binder, 2003 and Schroeder, 2003).

[3] Links to available powerpoints are located at: http://economicdevelopment.cce.cornell.edu

Vermont early childhood leaders report that the law enforcement community has endorsed their agenda, and the economic study was a helpful tool in garnering this support (Pratt, 2003).

CHALLENGES: EMBRACING A NEW FRAME

While engaging new, non-traditional partners is a key goal in all of the state and local studies, building these partnerships is not always easy. Two issues that frequently arise early in the process include conflicts over the overall focus or tone of the report, and different perspectives on how – or if – regional economic analysis can be applied to a service industry like child care.

Very early in the process, Vermont's economic advisory committee raised concerns about the internal conflicts of the various perspectives presented in the report. How could the team write about child care as a strong industry that contributes to the state's economy and at the same time point out its weaknesses - low wages, high turnover, poor quality? How could the private sector be convinced that this was an industry worthy of investment when the report also described an industry that was so weak it couldn't grow, or pay decent wages, or reach the thousands of Vermont families that needed services? In the end, Vermont elected to include a discussion of the industry's strengths as well as its weaknesses, and to refrain from making specific policy recommendations. The report concludes with a series of statements about the role that child care plays in the state's economy (Windham Child Care, 2002.)

Similar internal conflicts appear in many of the state and local economic impact studies. Over time, however, early childhood leaders are beginning to find new ways to describe the industry's challenges as opportunities. The Massachusetts study team, for example, has begun to talk about the importance of ensuring that early care and education is a sustainable industry with a strong workforce. The Kansas report stresses the links between child care quality and the knowledge economy, and points out that child care is not a dead-end job, but a career:

> *..unlike many low-wage jobs, child care is a field which not only offers employees the opportunity to obtain the training and education they need to advance into higher-paying positions, but also continually seeks to improve professional qualifications, wages and benefits.*[4]

The Kansas Smart Start initiative provides funds to supplement the wages of child care staff in many communities. Continued state funding for this initiative was a key recommendation of the report.

Framing child care as economic development is an entirely new approach for most early childhood leaders, who typically do not understand regional economic analysis or economic development policy. The early childhood community looks to economists, planners and economic development experts to assist them with the industry analysis. Yet these experts have little experience with the child care sector. Challenges with sector definition, reconciling

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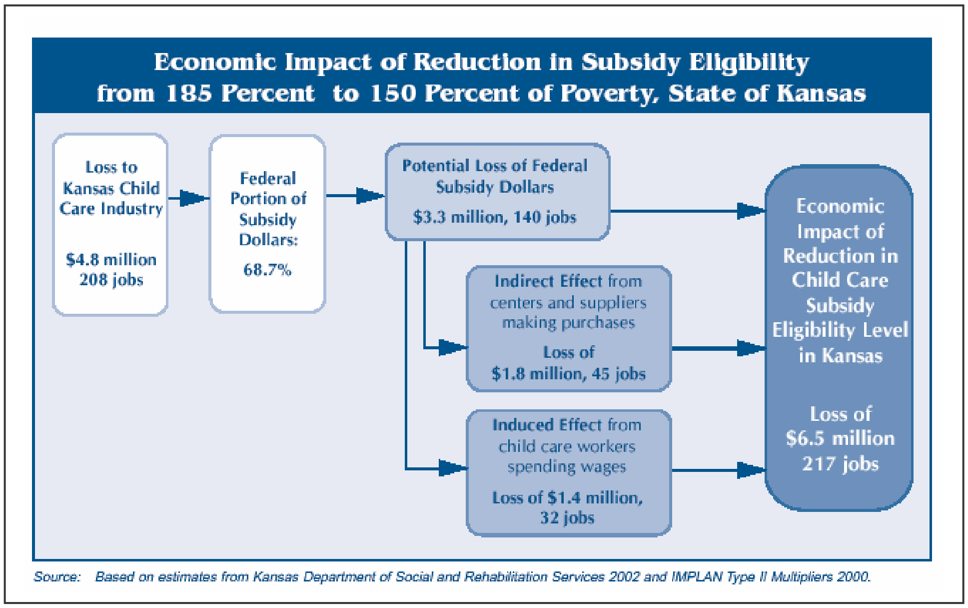
[4] Page 2 of the Kansas Report (Stoney et al., 2003).

conflicting data and determining how to best measure the economic linkage of the sector require more thoughtful team discussion. To help facilitate this discussion, the Linking Economic Development and Child Care Research Project has recently released a methodology guide (Ribeiro & Warner, 2004.)

IMPLEMENTATION: NEW PARTNERSHIPS FOR CHANGE

Implementation has proven to be the biggest challenge for all of the state and local groups engaged in this work. While a child care economic study can provide a better understanding of the child care industry, to effectively produce results it must be part of a larger effort for change. Indeed, interviews conducted for this report indicate that if linked to an existing policy proposal, a child care economic study can be a key element in building support for change. When Kansas launched its study, the legislature was evaluating the child care budget. To save funds, eligibility for child care assistance had been reduced from 185% to 150% of the poverty level -- a reduction that saved the state approximately $1.5 million dollars. Using input-output analysis the study team was able to show that the cuts resulted in an economic loss to the state of approximately $6.5 million in federal funds. This analysis helped policy makers see that cutting child care was 'penny wise and pound foolish'. The cuts were restored.



Source: Based on estimates from Kansas Department of Social and Rehabilitation Services 2002 and IMPLAN Type II Multipliers 2000.

The Tompkins County study was commissioned by the Early Education Partnership, a joint project of the Chamber of Commerce and the local child care resource and referral agency. The Partnership was originally focused on raising public, philanthropic and employer dollars for a community-wide child care fund. However, in the process of conducting the study these leaders came to understand the vital role that public child care subsidies played in the local economy. As a result, business leaders from the Partnership traveled to the State capital to request additional public support for child care. Even though funds were tight and many county child care allocations were reduced in SFY2004, the Tompkins County allocation was increased. In both of these cases, policy action occurred because the study was linked to a specific policy proposal and a broader effort to change that policy. In short, success occurred in partnership with others. The research, by itself, could not have produced these results.

Implementation partnerships can take many forms and involve multiple partners. In Maine, the Attorney General is now interested in child care policy and is working with the child care study team to explore the feasibility of issuing bonds for a child care facilities fund (Reidt-Parker, 2003). The Tompkins County Early Education Partnership also reached out to parents, and created a host of resource materials (on child care tax credits and public subsidies) that could be distributed at community events focused on families.[5] Building partnerships that can effectively implement change takes time. Some study teams report that changes occurred long after the study was released.

Using Industry Data to Support New Approaches

Using data on the child care industry to strengthen state and local planning efforts is another important step. Two local child care resource and referral agencies are currently collaborating on a regional economic analysis of the child care industry in Long Island, New York. Working together on data collection and analysis has required that the agencies begin to align data in new ways. As a result, they have not only begun to build a shared perspective on data collection, but also have come to some collective insights. The study team recently realized, for example, that even though the number of Long Island child care centers is small when compared to the number of home-based establishments, total enrollment in center-based care is significant and far exceeds that of home-based care. In short, child care centers dominate the industry on Long Island. But most of the Council's work has been focused on growing and supporting home-based care.

Working with Local Planners

Several studies have led to the incorporation of child care language in local and statewide planning documents. The Vermont Economic Progress Council included a recommendation that child care issues be integrated into regional economic plans funded by the state and that a task force be convened to develop strategies to address issues raised by the child care economic impact study (Vermont Economic Progress Council, 2002).

Following a study conducted in Kern County, California, the City of Bakersfield incorporated child care language in their Consolidated Plan 2005, rated child care as a high priority, and committed to using Community Development Block Grant and other public funds to expand the number of licensed child care establishments (NEDLC, 2003).

LINCC THEORY OF CHANGE

- **Influence Land Use Policy to Encourage Child Care Facilities Development.** (Revise zoning and planning documents, policies, processes.)
- **Integrate Child Care Interests into Economic Development**. (Influence employer policies; participate in economic planning and decisions making; influence local redevelopment planning & use of block grants.)
- **Support Child Care Facilities Development and Improvement.** (Increase available financing, predevelopment & technical assistance.)
- **Enhance Business Skills of Child Care Providers.** (Offer business development workshops; support accessing funds to expand or renovate.)

[5] Links to all of these resources are available at http://economicdevelopment.cce.cornell.edu.

Quite a few study teams have developed resource materials and other tools to support child care planning. Vermont early childhood leaders are now working on a document that can be sent to the local planners who are responsible for implementing the state's new planning law (Pratt, 2003). The Child Care Planning Council in Alameda County, California prepared a child care facilities planning report, as well as a case study for a developer agreement that links land use and child care (Freeman et al., 2002). The Ventura County child care project helped to write a chapter on child care for a report released by the county Workforce Investment Board, created a child care guide for planners, and amended local zoning policies to make it easier to expand the supply of child care (McWaters, 2003).

California's Local Investment in Child Care (LINCC) partners have used local economic studies to develop a new "theory of change". The LINCC approach includes four strategies (see box, right) that are used to guide intermediate and long-term goals and help local child care partnerships plan next steps.

New Fiscal and Administrative Strategies

Child care industry studies often reinforce the need to strengthen the business skills of child care establishments. Indeed, child care business training is not a new idea. Local organizations such as child care resource and referral (CCR&R) agencies and Small Business Development Centers have produced a range of training and technical assistance resources to help start or strengthen home and center-based child care businesses.[6] And, as noted above, business training was a key goal of the California LINCC project.

But this approach has serious limitations. In early care and education, program leadership involves a careful balance between professional management skills (a focus on the bottom line) and a deep understanding of child development. Leaders rarely have both of these skills. In fact, they are often antithetical. What most child care programs need is a *leadership team*, with staff who can focus on program issues (curricula, staff development, supervision, etc.) as well as business issues.

What most child care programs have, however, are independent directors who are trying to be a 'Jack of all trades' and simultaneously focus on child development and business development. Not surprisingly, director burnout and turnover are high.

What will it take to support and nurture a cadre of business professionals who can meet the needs of this growing industry? Significant revenues are needed to support a team approach to management. And in child care, revenues come largely from tuition. But early childhood programs tend to be very small. While the average child care center serves approximately 70 children, it is not uncommon to find centers that enroll only 30 or 40. In many parts of the county, most child care providers are home-based, and serve only a half dozen children. Programs this small simply cannot generate the revenues needed to support a management team at each site.

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[6] The Institute for Entrepreneurship on Long Island has created a software tool, "Building Blocks: Child Care Business Planner", specifically designed for child care providers who would like to start their own business. Funded by NYS Small Business Development Center.

Is building bigger child care programs the answer? Some might agree, but others would argue that this is not good for children and families, nor is it a feasible approach in most communities. Another approach might be to create strategic alliances among child care establishments that allow them to share resources, including some management functions. Is this feasible? Would this strengthen the field? To help guide this inquiry, the Linking Economic Development and Child Care Research Project team worked in partnership with the Smart Start National Technical Assistance Center to support research on new fiscal and management approaches in early care and education. A report, *Collective Management of Early Childhood Programs: Approaches That Aim to Maximize Efficiency, Help Improve Quality and Stabilize the Industry* (Stoney, 2004) summarizes lessons learned from that work and suggests next steps for the field.

CONCLUSION

Early care and education leaders are beginning to shape a new way of thinking about their field—as an industry worthy of investment and as an important infrastructure that supports economic growth. By sharing this frame with key leaders in business and economic development, they are beginning to build new partnerships focused on change. This shift is extremely important, and is likely to foster a host of changes within the field, including new approaches to: data collection, planning, professional development, management, finance, and government policy.

The field of economic development offers a number of policy and implementation strategies that could serve as guides for early care and education leaders. For example, economic development initiatives have spawned a host of sectoral workforce development intermediaries who serve as brokers or bridges between practitioners and industry. Some of the strategies used by these intermediary organizations are familiar to early care and education leaders, such as efforts to articulate career paths and advancement opportunities for practitioners. Others, however, are entirely new. Action for Children, a child care resource and referral agency in Ohio, has learned a great deal about how to approach child care employment from a sectoral workforce perspective. The agency has recently launched a new initiative, Centers that Care, which provides integrated employment marketing on behalf of a group of child care establishments. Centers that Care will recruit, screen and assess potential child care employees and provide participating centers with a computerized data base of qualified job applicants that have participated in an assessment profile and initial interview (Stoney, 2004). Efforts such as these build on strategies that economic development experts call Regional Skills Alliances – which are essentially agencies that survey industry needs and develop strategies that promote a collective response to those needs (Rosenfeld, 2002).

Staff involved in the Long Island child care economic impact study are exploring the feasibility of mapping the relationship between child care establishments and the suppliers and vendors they use (Klockowski, 2003.) Would it make sense for child care centers to collectively negotiate for services such as maintenance, accounting or information technology? Could they form new purchasing alliances?

Would it be feasible to think about building relationships between a group of child care centers and an integrated group of suppliers? Mapping strategies such as these are familiar to economic development experts but entirely new to the early care and education field (Rosenfeld, 2002).

The Cornell Linking Economic Development and Child Care Research Project -- in partnership with other national, state and local leaders -- will continue to encourage and support this cutting-edge work.

APPENDIX A: PEOPLE INTERVIEWED FOR THIS REPORT

(Including participants in conference call on Rolling Out Child Care Economic Studies, November 2003.)

Carol Burnett
Mississippi Low Income Child Care Initiative

Dennis Campa
Department of Community Initiatives
City of San Antonio, Texas

Abby Cohen
National Child Care Information Center (NCCIC)
Washington, D.C.

Carolyn Drugge
Maine

Leadell Ediger
Kansas Association of Child Care Resource and Referral Agencies

Pamela Fendt
University of Wisconsin Center for Economic Development

Angie Garling
Alameda County Child Care Local Planning Council
California

Alex Hildebrand
Consultant to People's Regional Opportunity Program and ACCESS
Maine

Nancy Johnson
Greater Minneapolis Day Care Association

Sally Paige Kahle
Kansas Department of Social and Rehabilitation Services

Phyllis Kalifeh
Florida Children's Forum

Keri Klockowski
Child Care Council of Suffolk
Long Island, New York

Patty McWaters
Ventura County Office of Work/Family
California

Marsha Meyer
Santa Cruz Office of Education
California

Emma Mulvaney-Stanak
Vermont Livable Wage Campaign

Todd Otis
Ready 4K
Minnesota

Scott Parker
Minnesota Child Care Resource and Referral Network

Debra Peterson
San Jose LINCC Coordinator
California

Ellen Pratt
Windham Child Care
Vermont

Judy Reidt-Parker
People's Regional Opportunity Program
Maine

Carol Saginaw
New York State Child Care Coordinating Council

Jan Stokley
Child Care Coordinating Council of San Mateo County
California

Saskia Traill
National Economic Development and Law Center (NEDLC)
California

Terry Vasquez
Minnesota Child Care Resource and Referral Network

Shelley Waters Boots
Children's Defense Fund
Washington, D.C.

Jen Wohl
National Economic Development and Law Center (NEDLC)
California

Please note: A complete matrix of all regional economic studies of child care completed and in progress is available at http://economicdevelopment.cce.cornell.edu

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