

a report

from the

Mississippi

Low-Income

Child Care

Initiative

Investing in Futures:

The Business of
Child Care
in Mississippi

This document is provided as a resource to persons involved in economic development and policy-making. The statistics cited are from sources identified on the back cover. In every case, the most recent data available is used.



Mississippi Low-Income
Childcare Initiative

Child Care: A Valuable Industry

Unlike commodities futures, the value of child care is not speculative. It is valuable not only to the families who depend on it and the children who receive services but to employers and the state's bottom line, as well.

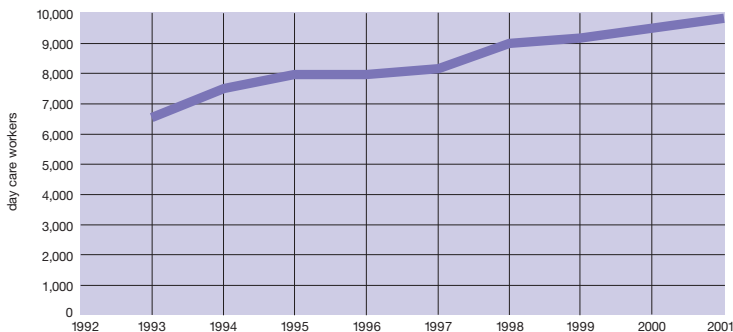
Child care in Mississippi is a big business. It creates jobs, enables citizens to work, generates tax dollars, and contributes to local economies.

In October 2003, some 93,400 children were enrolled in 1,790 licensed child care centers in Mississippi, and many more were served by informal providers and family members. The licensed centers alone permitted an estimated 51,400 working-age women with children to work outside the home.

According to the Mississippi Institutions of Higher Learning, the child care industry in Mississippi in 2001 directly generated or indirectly facilitated:

- 37,900 to 55,700 jobs
- \$571 to \$830 million in personal income
- \$33.7 to \$49 million in state general fund revenue.

This industry has shown significant growth in recent years. The number of workers employed in day care grew 58% from 1993 to 2001 — from 6,655 to 10,521.



Likewise, wages earned in the child care industry increased 100%, from \$69 million to \$138 million during this time. As women in the workforce increase, so will this service-sector industry. As wages continue to increase, so will state revenue, through increased individual income tax collections.

In addition to the direct impact on the economy through increased wages of workers, the secondary impact is also significant — it comes in the form of purchases these increased wages generate in the community. But the real story is in actually how much increased productivity there is in the state through the jobs created and sustained because working parents have access to day care for their children.

Child Care: A Necessary Resource

Working families must have dependable, safe, convenient, and affordable child care. Like transportation and training, the availability of child care makes it possible for people to get and keep jobs.

Mississippians have acknowledged that providing quality education helps prepare skilled workers. Likewise, the availability of child care enables employers to have access to a dependable workforce in the short term. Quality child care also helps to provide a skilled workforce for the future. Many studies have shown the benefits to children from early childhood education and socialization. Children who have quality early child care experiences have improved school readiness. School-aged children who have after-school care benefit from organized activities and homework help.

Some businesses have found it advantageous to provide child care as a benefit for their employees. Others have established day care centers in the workplace.

“Since the opening of its Collins Child Care Center, Sanderson Farms has enjoyed the benefits of improved employee attendance and productivity. Furthermore, the availability of affordable, quality child care has made Sanderson Farms more effective in recruiting and retaining employees in Collins. The most satisfying benefits of the center, however, have not been economic. They are the positive difference the employees of the center have made on the young people of Collins.”

Brian P. Romano, Director of Administration
Sanderson Farms, Inc.

Child Care: A Growing Need

The economic growth this country has experienced is due in large part to both parents working and the increased number of women in the workforce. This trend is expected to continue.

- The percentage of women in the workforce has jumped from 28% in 1940 to 40% in 1966 to 60% in 2001.
- By 2010, 85% of the labor force will consist of parents, and the number of working women is expected to exceed working men.

Of the 2001 Mississippi workforce, 53.9% were women:

- 64% of mothers with children under six are working.
- 73% of mothers with children between 6 and 17 are working.

Many of these women are single parents who often hold low-wage jobs. For them, child care is especially critical. In Mississippi, however, appropriate child care is neither widely available nor within the economic means of many.

Child Care: A Costly Necessity

Child care is expensive:

- The monthly cost of child care for a family with two children—a pre-schooler enrolled full-time and a school-aged child in after-school care—ranges from \$454 in Itawamba County to \$514 in Harrison County.
- The annual cost of enrolling a four-year-old in a full-time child care center is more than annual state university tuition.

For low-income families, child care is especially costly:

- A single parent with one child can spend upwards of 20% of his or her monthly income on child care.
- A single parent making minimum wage will pay 70% of the family income to send two pre-schoolers to child care at the average Mississippi rate.

Subsidized Child Care: A Scarce Commodity

In addition to Head Start programs, a limited amount of subsidized child care is available on a sliding fee scale to families who meet certain requirements of income. They must also be working or enrolled in education or training activities.

Families who qualify receive certificates that may be used in any child care setting they choose. Unfortunately, in many communities those choices are very restricted. And the red tape associated with the certificate program is complicated—for parents and center operators alike.

A survey conducted by the Stennis Institute of Government in 2002 reported that 90% of the child care providers experienced problems with the program's administration. Parents reported waiting an average of 13 weeks for their applications to be approved or denied.

Mississippi has no state-funded early childhood program. Less than \$3 million of the Department of Human Services (DHS) budget is used for Mississippi's Child Care and Development Fund (CCDF) match. Most funds that assist Mississippi's low-income families are federal:

- Head Start
- Early Head Start
- Temporary Assistance to Needy Families (TANF)
- CCDF Block Grant

These programs are not adequate to meet the need for subsidized child care assistance.

- Public funds serve only about 30% of the children in Mississippi eligible for subsidized care.
- Over 12,000 families who qualify for this assistance are on a waiting list.
- The lack of available affordable or subsidized child care contributes to the fact that Mississippi has the second lowest female work participation rate in the nation.

Subsidized Child Care: A Sound Investment

Just as investing in education makes good economic sense, so does investing in child care. In Mississippi each dollar invested in our CCDF state child care match leverages more than three dollars in federal funds. Each new federal dollar would generate additional economic activity. The net impact would be approximately six dollars for every dollar invested.

The long-term savings are also great. For every dollar spent on quality child care for disadvantaged children, society saves over seven dollars in welfare expenditures, justice system and crime victim expenses, and overall schooling costs due to fewer grade retentions and special education placements.

Subsidized Child Care: An Action Plan

If we are to improve the ability of all working Mississippians to have access to child care, we must take steps now.

- Advocate for increased state funding for child care
- Advocate for increased federal funding for child care
- Improve the operation of the child care certificate program

Supporters of economic development in Mississippi can:

- Support the actions outlined above in the state legislature and Congress
- Encourage business and trade organizations to support these agendas
- Incorporate child care into the state's economic development agenda
- Provide child care in the package of benefits offered to employees
- Provide an on-site child care center
- Contact the Mississippi Low-Income Child Care Initiative for more information.



Mississippi Low-Income Childcare Initiative

P.O. Box 204
Biloxi, Mississippi 39533-0204
Tel 228-374-2218
Fax 228-374-2219
www.mschildcare.org

Child Care: A Benefits Summary

How do businesses benefit from the availability of child care for their employees? How does Mississippi's economy benefit from child care? Research from several sources shows that available, affordable child care is an economic benefit to everyone.

Benefits to the State

- Encourages small business growth
- Creates jobs for child care workers
- Helps workers get and retain jobs
- Contributes to income tax revenues
- Contributes to sales tax revenues
- Contributes to property tax revenues
- Stimulates local economies
- Attracts new business to Mississippi
- Reduces reliance on public support
- Enhances the state's image

Benefits to Business:

- Lowers employee absenteeism
- Improves employee satisfaction
- Increases employee productivity
- Reduces employee turnover
- Creates a larger labor pool
- Builds a dynamic business climate

Benefits for Everyone

- Helps children develop cognitive skills
- Helps children develop social skills
- Gives families choices for child care
- Eliminates cycles of poverty



The statistics cited in this report came from and more information may be obtained from the following sources:

The Child Care and Development Fund: An Overview

Mark Greenberg, Joan Lombardi, and Rachel Schumacher Center for Law and Social Policy, June 2000

Estimated Impacts of the Child Day Care Industry on the Mississippi Economy

Bob Neal, Ph. D., Institutions of Higher Learning, Policy Research and Planning, February 2001, updated October 2003

Key Facts: Essential Information about Child Care, Early Education, and School-Age Care

Children's Defense Fund, 2003 Edition

Mississippi State Tax Commission

General Fund Receipts, Fiscal Year Ending June 30, 2002

The National Economic Impacts of the Child Care Sector

M.Cubed for the National Child Care Association, Fall 2002

The Self-Sufficiency Standard for Mississippi

Diana Pearce, Ph. D., with Jennifer Brooks for the Enterprise Corporation of the Delta, March 2003

Sound Investments: Financial Support for Child Care Builds Workforce Capacity and Promotes School Readiness

The Southern Regional Task Force on Child Care, The Southern Institute on Children and Families, December 2000

Overview of Mississippi Low-Income Child Care Initiative Survey Results

The John C. Stennis Institute of Government, 2002