

2004

INVESTING IN NEW YORK CITY

An Economic Analysis of the Early Care and Education Sector

A high quality early care and education system, like roads and bridges, is part of the infrastructure for economic development.



Prepared by Child Care, Inc. as a companion to the New York State report "Investing in New York. An Economic Analysis of the Early Care and Education Sector" prepared by the Cornell University Department of City and Regional planning for the New York State Child Care Coordinating Council.



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Child Care:

A VITAL ECONOMIC SECTOR FOR NEW YORK CITY

The New York State Child Care Coordinating Council recently released “Investing in New York. An Economic Analysis of the Early Care and Education Sector”.¹ This report is based on New York City specific information and data provided in their report and focuses on the economic impact of the early care and education sector in New York City.

To most consumers, taxpayers, and political leaders, child care means a vital service for families and a meaningful experience for children. However, child care is also an important building block for the New York City (NYC) economy, enriching the city in many ways. The NYC child care industry supports businesses and workers, and contributes to economic activity through its own sectoral linkages. The numbers on the child care industry tell the story of the economic importance of the sector.

✓ 10,000 SMALL BUSINESSES

Child care is a significant small business sector in New York City. The sector includes not-for-profit and for-profit child care and preschool centers, Head Start, Universal Prekindergarten (UPK) programs and family child care providers.

✓ \$1.9 BILLION INDUSTRY

The early care and education sector generates \$1.9 billion dollars annually in New York City. This includes \$882.7 million in parent fees, \$956.3 million in government subsidies, and \$85.7 million in industry supports paid by the government.

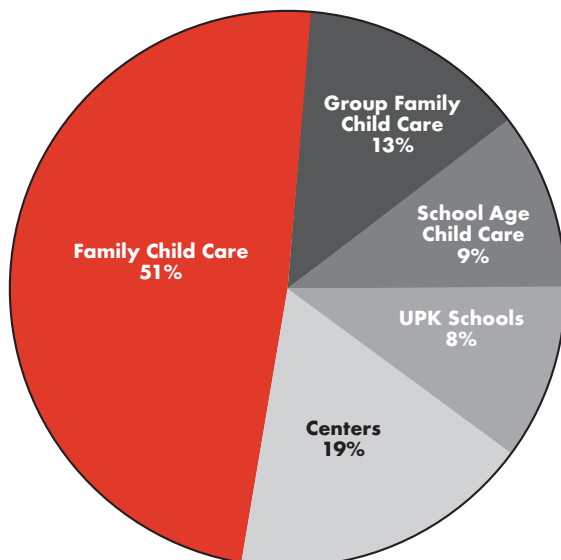
✓ 313,000 PARENTS

Child care is part of the social infrastructure that keeps New York City working. By caring for children, the child care sector enables 313,000 parents to work. These working parents are estimated to collectively earn more than \$15.4 billion dollars per year -dollars which are then spent in the NYC area on goods and services.

✓ 44,900 WORKERS

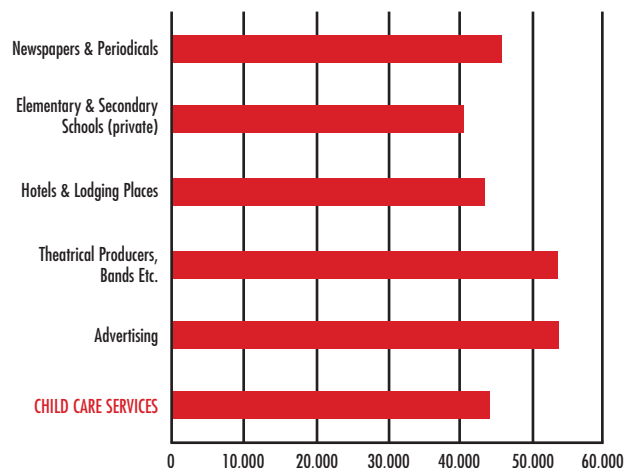
The child care sector is comparable in size to other important local industries such as hotels and lodging and newspapers and periodicals. Collectively, these employees earn \$1.03 billion per year, which in turn is spent in the NYC economy.

10,000 Regulated Child Care Establishments



Source: OCFS Licensing Data
New York State Department of Education, 2003

Employment Comparison for Selected NYC Industries



Source: From IMPLAN 2000 database -the IMPLAN data is generated from several sources including Bureau of Labor, U.S. Census, and Bureau of Economic Analysis; the NYC specific data was generated for us by Mildred Warner, PhD at Cornell University; Child care expanded numbers based on NYS OCFS estimates, 2002

¹ Report was prepared by the Cornell University Department of City and Regional Planning for the New York State Child Care Coordinating Council. Copies of both the Executive Summary and the full report are available at www.nysccccc.org or by contacting NYSCCCC at 230 Washington Avenue Extension, Albany, NY 12203, 518-690-4217.

“Small businesses are not only vital to our economy but are an integral part of the very character of our City.”

— Mayor Michael Bloomberg

Child Care SHOULD BE A PART OF NEW YORK'S ECONOMIC DEVELOPMENT STRATEGY

INVESTMENTS IN EARLY EDUCATION REAP LONG TERM BENEFITS AND BUILD THE FUTURE WORKFORCE

Like roads and bridges, a high quality child care system is part of the infrastructure for economic development. New York City requires that regulated child care settings meet minimum quality standards including appropriate group sizes, staff education requirements, and staff/child ratios. These regulations are designed to provide safe, stimulating, quality environments for young children while their parents work. Many studies have found that high quality early care and education promotes school readiness and greater educational and social development, thus building a strong foundation for later success in life. In fact, research studies have shown that for every \$1 invested in quality early care and education, \$4-7 are saved in reduced grade retention, criminal activity, protective service expenses, and welfare dependency². In addition to savings in social service costs, investments in quality early care and education also promote New York City's long-term future because quality early education is the first step in preparing skilled workers to fuel the city's future economy.

INVESTMENTS IN THE CHILD CARE SECTOR PROMOTE ECONOMIC DEVELOPMENT

The child care industry is a local industry, which buys most of its supplies and materials in New York City and employs many New York City residents who spend their paychecks in neighborhoods across the five boroughs. Therefore, the economic linkages for child care is greater than for other industries. The total effects of a dollar spent on child care in NYC produces \$1.89 for the New York City economy, compared to other industries such as hotel and lodging (\$1.66), apparel and accessories (\$1.59) and insurance agents and brokers (\$1.63³).

In sum, the child care industry supports the local economy, parents, and children so that they can succeed in life. Investments made in the child care industry will benefit the city, prepare our future workforce, and improve the quality of life in New York City. Just as NYC makes investments in other industries to strengthen business management practices, job retention rates and economic efficiency, investments should be made in the early care and education sector.

This industry needs a qualified and appropriately compensated workforce, investments that can make child care services affordable for working families, and strategies for expanding the accessibility of services across the city.



RECOMMENDATIONS:

MAKE CHILD CARE MORE AFFORDABLE

Regulated child care services are not affordable for New York's working families. A family earning \$30,000 per year could have to pay more than a quarter of their gross income for child care for one child at current market rate fees. Increase public subsidy dollars for child care and raise the income eligibility levels so that more families can afford child care.

STRENGTHEN PUBLIC INVESTMENT IN QUALITY

Improve industry supports that promote a better experience for children and teachers. Expand work with local higher education institutions, the NYC Professional Development Institute, Child Care Resource and Referral (CCR&R) agencies and public agencies to develop an approach to early childhood teacher training and education that will maintain and grow a field of high quality teachers. Promote recruitment, retention, and wage compensation programs that will reduce teacher turnover and enhance teachers' skills. Invest in program mentoring and continuing education to improve outcomes for children.

² NIEER Steve Barnett presentation to Mid-Atlantic Early Childhood Education Network Forum. December, 2003. <http://nieer.org/docs/index.php?DocID=86>.

³ IMPLAN, 2000 database, generated by Mildred Warner, Department of City and Regional Planning, Cornell University. See methodological appendix.

"Our top priority is to secure the future of our children"

— Gifford Miller

INTEGRATE CHILD CARE INTO ALL LOCAL PLANNING

Encourage developers to include child care in residential housing plans. Work with local economic development agencies to further explore ways to strengthen the child care industry.

Require all new developments supported with public dollars to assess the need for child care. Provide tax incentives to developers to create child care facilities where the need is documented.

STRENGTHEN PRIVATE INVESTMENT IN CHILD CARE

Encourage businesses to explore ways in which they can make child care more available and affordable for families — on-site child care, partnering with other business in the community to share child care resources, creation of Flexible Spending Accounts where employees can set aside pre-tax earnings for child care, dependent care assistance plans, and child care subsidies.

DEVELOP SMALL BUSINESS SUPPORTS FOR CHILD CARE

Promote economies of scale such as streamlined billing and purchasing, and promote entrepreneurship, business management, and marketing skills so that the child care sector can maximize its resources and promote quality care.

Provide grants to increase the technology capacity of programs to better access and manage resources on the internet.



ABOUT CHILD CARE, INC.

Child Care, Inc. strives to make high quality child care and early education opportunities a reality for every child in New York City. We carry out our mission through diverse, well-integrated programs and policy initiatives. Each year, Child Care, Inc. assists thousands of parents to make informed decisions about early care and education. Child Care, Inc. is recognized as a leader in the field as a public advocate and purveyor of policy discourse on improving the quality of care and ensuring access to quality child care options for all children from infancy through school age. Through our work on the local, state, and national levels, Child Care, Inc. serves as a catalyst for strengthening public policies that support early care and education.

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