The Economic Dimensions of the Child Care Industry in Indiana

An Invisible Industry

Childcare is an invisible industry in Indiana….. it's not recognized for its critical value and role as essential infrastructure for working parents.

The Economic Dimensions of the Child Care Industry in Indiana: An Invisible Industry

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I. Introduction

Economic development fosters a community's capacity to generate wealth for its residents by focusing on job creation.

When economic development is successful and targets the critical factors of information technology, management, labor, capital, and land, it can maintain a high level of employment and job quality (US Economic Development Administration, 2000). However, economic development is about more than just jobs and income; it seeks to improve productivity of local resources, encourage business profitability, and promote community sustainability and quality of life (Poole, 1999).

This report explores the care of children, or child care, as an important economic sector in our state and considers the economic dimensions of child care in Indiana. As an industry, child care is mostly invisible and under-developed. Working parents know firsthand the value of child care daily as it allows them to support their families and participate in the labor force. Employers increasingly recognize child care as a valuable resource for increasing employee attendance and productivity. Child care providers are being asked to professionalize their businesses and acquire additional training to ensure quality services for children. Communities are becoming more aware of the economic importance of quality child care as it relates to school readiness, long-term investment in human and workforce development, and as critical social infrastructure for economic development.

This report is a culmination of a comprehensive study of the child care industry in Indiana in 2005. It features demographics, a comprehensive analysis of the child care industry, peer industry comparisons, and recommendations for key stakeholders. It is hoped that these findings and recommendations will offer important insights into the child care industry in Indiana and its implications for Hoosier citizens.

Children and the Economy of Indiana

In economics, one basis of value is scarcity—if there isn't a lot of something, what you do have is worth more. Children are becoming scarce in Indiana and, therefore, their value to us should be increasing.

The economic impact of children on a society is often expressed in terms of the money spent on them. The expenditures associated with pregnancy and birth begin that flow. The sums spent for their care and education are discussed in coffee shops, and in board and legislative conference rooms. These are the investments we make in children.

Yet, the real economic impact of children is not realized until they become adults, until they become producers rather than just consumers of goods and services. The nature and magnitude of that impact, however, is determined in large part by the investment made in earlier years. Without proper investment, those children may become low level performers, or like prisoners, remain consumers during their adult years.

We regulate fishing in our state better than childcare…in Indiana you can't fish without a license… but anyone can take care of children in their home without a license.

The basis of all economic development is investment. The well-being of a community depends in large measure on the number of children it has and the investment made in them during their formative years. The sections below look at the number of children in Indiana and the investment being made today in their care that will have consequences for the future.

II. Demographics

The Children of Indiana

The demographic facts about Indiana and its children are startling and clear. Only once during the 20th century, (the 1940s) did Indiana grow faster than the nation. See *Figure 1*. This lackluster performance has hobbled our economy and drained the enterprising spirit of Hoosiers. Population growth and economic opportunity are closely linked, reinforcing each other. Retail trade and service industries are constrained. Home construction, a major driver in the economy, is restricted. Diversity of economic enterprises is reduced compared to other places and citizens with new ideas often leave for markets where growth is the norm.

During the early years of this century the situation has not changed. From 2000 to 2004, the nation grew by 4.1% while Indiana advanced by only 2.4%. See *Figure 2*. This deficit of growth equals nearly 103,600 persons or a city not much smaller than South Bend.

Figure 1

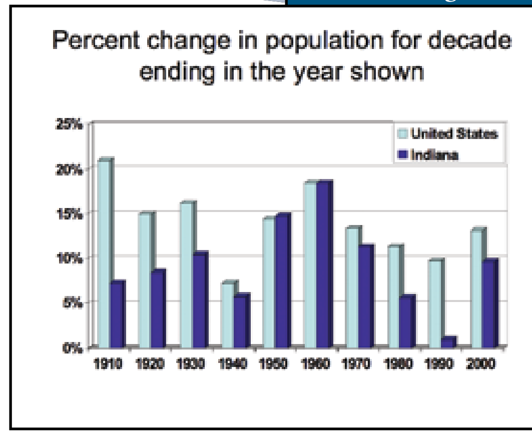
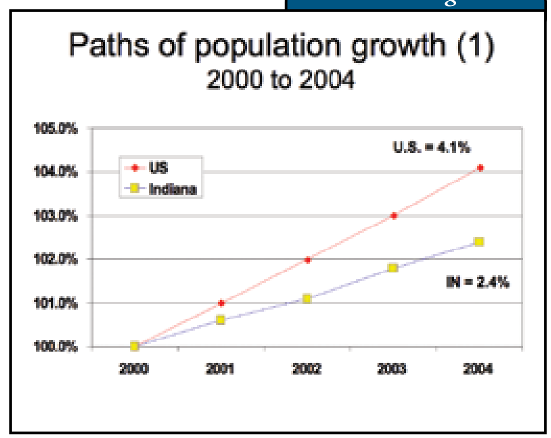


Figure 2



Indiana's 2.4% increase ranked 33rd of the 50 states, just ahead of Illinois and just behind Kentucky. As seen in *Figure 3*, none of the fast growing states were in the Midwest. They were on the coasts or in the mountains.

What contributes to population growth? In fast growing states, it is internal migration, the movement of people from other states who are seeking opportunities or amenities in those growing environments. In slow growing states, it is most often natural increase, the excess of births over deaths.

Figure 4 shows the components of population change for Indiana during the first four years of this decade. Births are between 85,000 and 87,000 per year, deaths are tightly clustered around 56,000 per year. International migration is a positive 11,000 per year, while domestic migration varies wildly from negative 9,600 to positive 700.

When these numbers are summed up for the four year period, as in *Figure 5*, it is clear that Indiana's population growth is driven by births. For the period we had an increase in population of 146,000. Natural increase was 120,000 (344,000 births minus 124,000 deaths). Migration was a positive 25,200 (44,200 international minus 19,000 internal).

Figure 3

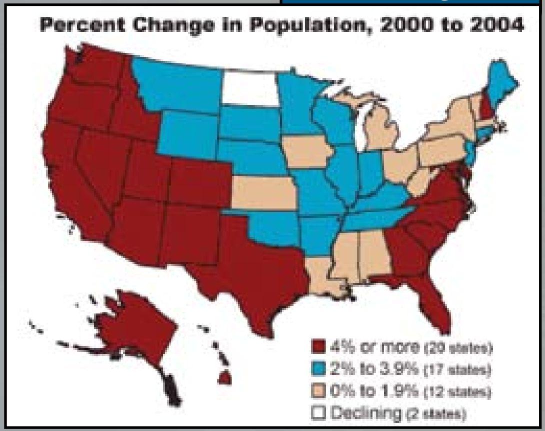


Figure 4

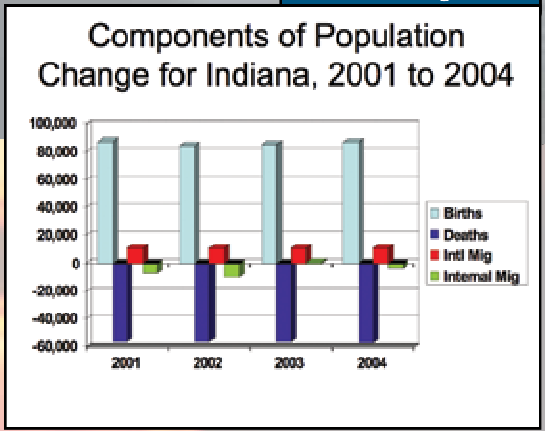
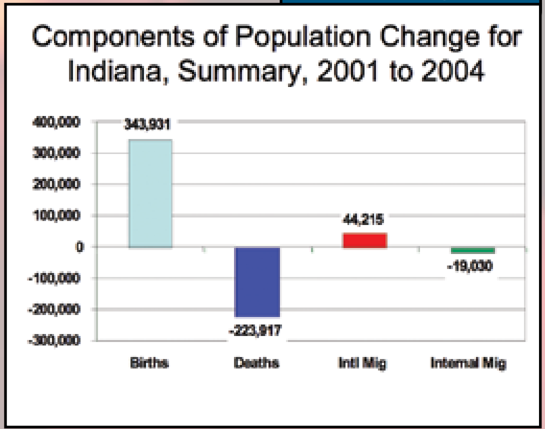


Figure 5



The childcare plan for sick children is to give them Tylenol and send them off with hope that they don't call you.... Employers are not very kind when an employee can't come to work because of an ill child....policies vary....but most working class people can't miss work... so many get fired!

Between 2001 and 2004, natural increase (the excess of births over deaths) exceeded total population growth in ten states. See *Figure 6*. In these states, significant out-migration reduced the population growth that could have been achieved from natural increase alone. Indiana was among the next 19 states in which natural increase accounted for more than half of total population growth. Indiana's percent was 82%, (15th highest in the U.S.), with migration accounting for 18% of our growth. With net in-migration a small factor, the state depends heavily on births for population growth and the benefits it brings.

While births are driving population increases, children under five are occupying a smaller proportion of the population. It is not that the number of children under age five is decreasing, but moreover, that the rate of increase is falling rapidly. See *Figure 7*. From 2000 to 2004, that number increased by 7,200 from 423,400 to 430,600.

As a percent of the Indiana population, children under age five are in decline. *Figure 8* shows that percent dropping from 6.95% in 2000 to 6.90% in 2004. What difference does 0.05% of Indiana's population make? It amounts to nearly 3,120 children. Couple that with Indiana's growth deficit of 103,600 (referred to above), and there are another 5,100 children not present in the state, a total of 8,220 future Hoosiers who are missing from demographic causes.

Figure 6

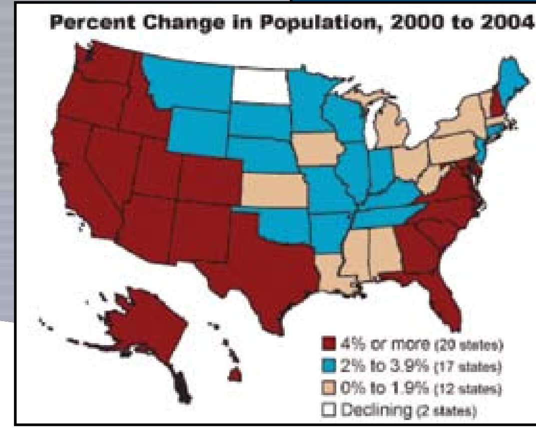


Figure 7

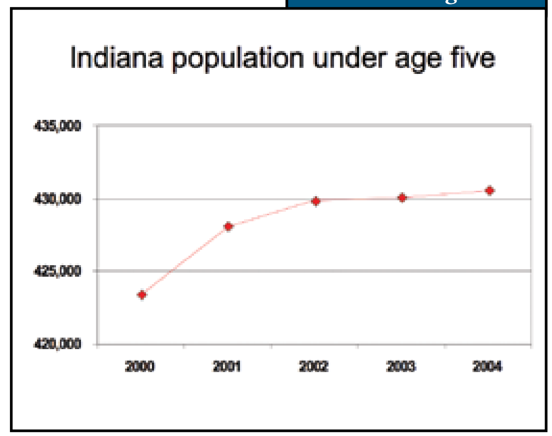
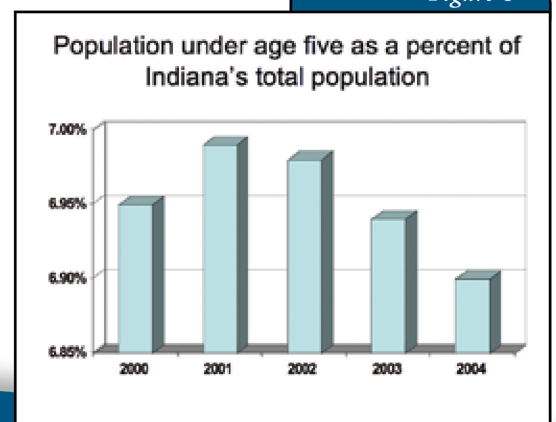


Figure 8



The growth rate differences that lead to these results are shown in *Figure 9*. While the national population was growing at 4.1% rate between 2000 and 2004, Indiana grew by just 2.4% and children under five in Indiana increased by just 1.7%.

Not only are children becoming a smaller portion of the Indiana population, they are losing in numbers to another age group with whom they compete for resources. As seen in *Figure 10,* the ratio of children under five to persons age 85 and older in Indiana is declining.

This is an important element for the future of Indiana. Families and our society are conflicted in how to use scarce resources for persons who are dependent on the larger population for support. Whether it be public programs or private uses of time, children and older adults put stress on limited resources. Do we attend to the needs of our children and grandchildren or do we focus more on our elderly parents and other older relatives? Daycare for toddlers or for seniors is just one of the choices we must make.

The declining ratio of children under age five to persons 85 and older is due to the dramatic difference in growth rates in these two groups as shown in *Figure 11*. Where the younger group grew by only 1.7%, the older group advanced by 13.2% in Indiana during the first four years of this decade.

Figure 9

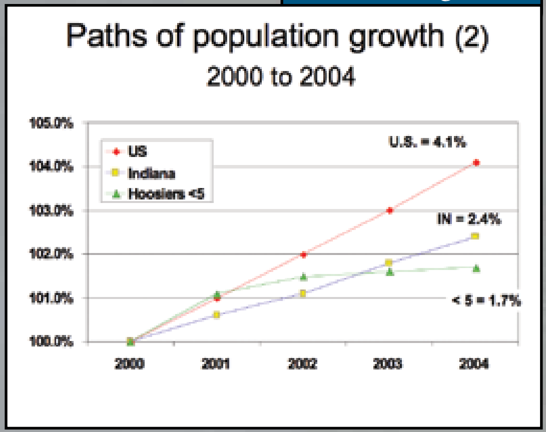


Figure 10

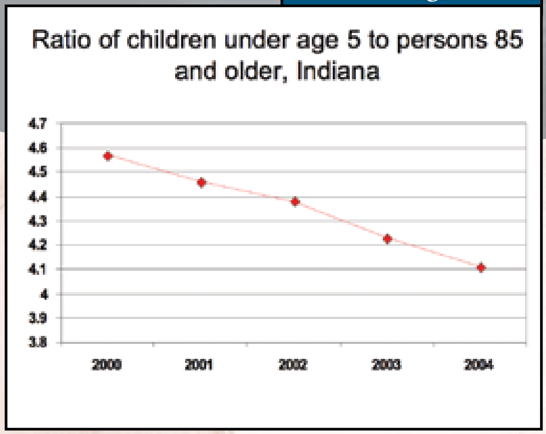
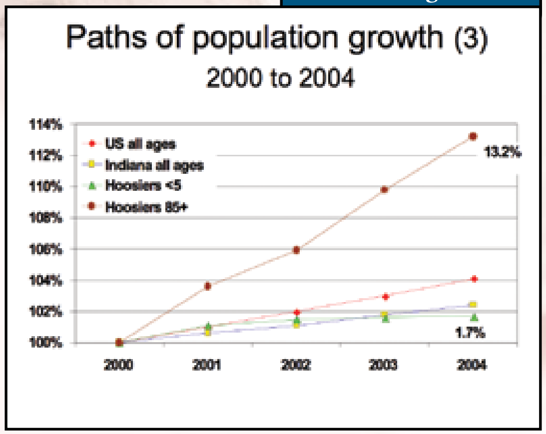
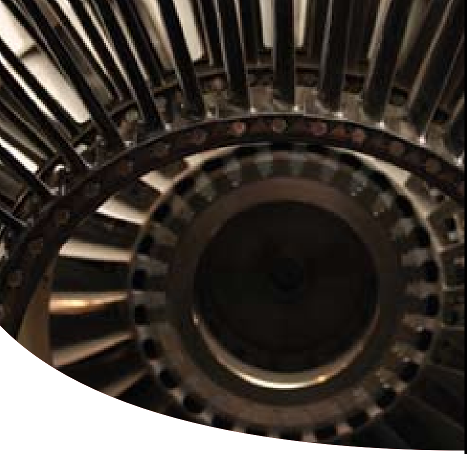


Figure 11





Differences among Indiana counties

In 2004, 6.9% of Indiana's total population was under age five. The variation among counties was not very great. The median county had 6.3% of its population under age five. The maximum values were found in LaGrange, Adams, Marion, and Elkhart counties; each exceeded 8.0%. Most counties are clustered between 6% and 7% as seen in *Figure 12*. The lowest percentages are to be found in Posey, Parke, Monroe, and Brown counties.

Although the percentages of children in Indiana counties do not differ very much, the experience of those counties in the past four years is considerable. The first element to be noticed in *Figure 13* is that 62 of Indiana's 92 counties had fewer children in 2004 than they had in 2000. The state average increase of 1.7% was strongly influenced by the simple fact that Marion County, the state's most populous, had an increase of 12.8%. In fact, without the increase of 8,143 children in Marion County, the state's 7,166 increase would not exist. Instead we would have seen a decrease of nearly 1,000 children.

Not only did Indiana have 62 counties with a loss in the number of children under age five between 2000 and 2004, in 72 counties the growth rate of the younger population was less than that of the total population. This means that in these counties the percent of the population under age five decreased. See *Figure 14*.

It's almost impossible to find childcare for infants and when you do…it's almost not affordable…. unless you have a Grandma close by… and these days most Grandmas are working or live someplace else.

Figure 12

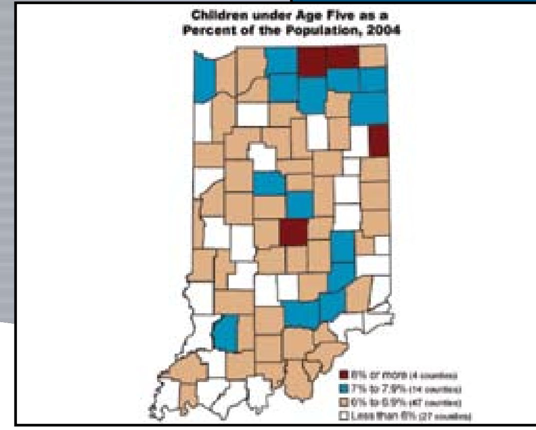


Figure 13

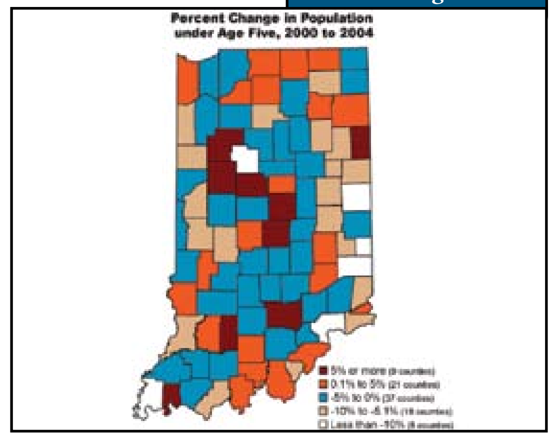
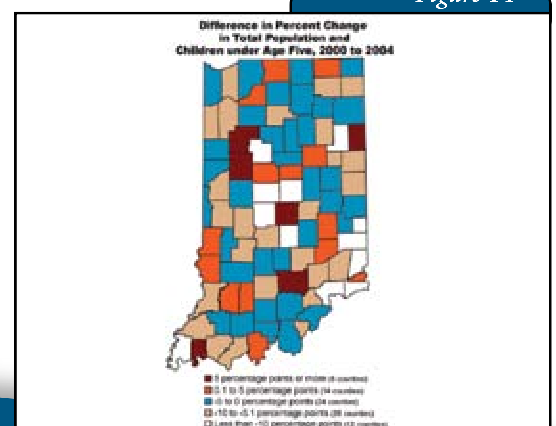


Figure 14



Additional examples are as follows: in Union County on the Ohio border, there was a decrease of 103 in the number of children under age five while the entire population declined by 127. In suburban Dearborn County, the total population increased by 2,230, but the number of children declined by 284. Even where there is dramatic suburban growth, young children are not proportionately represented. For example, Hamilton County is the population growth leader in Indiana adding 46,400 in the past four years. But fewer than 1,200 (2.5%) of that increase was in the age group under five. While the general population was growing by 25%, the population under age five was increasing by only 7%.

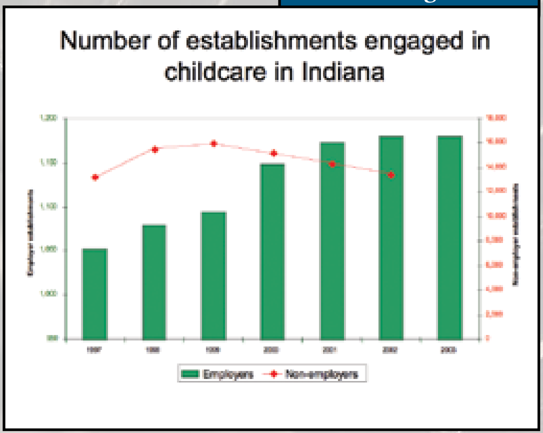
What does this trend portend for the future? Fewer children today could mean fewer adults in future years to sustain a vigorous workforce. But if we value today's children by investing in them today, they may become the most productive generation our state has yet to see.

III. Profile Of The Child Care Industry

The child care industry is complex. Care is offered in private for-profit and not-for-profit centers, in homes, in churches. Some are licensed, some are not. The hours of service are varied, the ages of children accepted are different, the services and facilities offered are as differentiated as the qualifications of the persons offering care.

The U.S. Bureau of the Census categorizes establishments as employers and non-employers. A non-employer does not have enough employees to be covered by the unemployment compensation system. These are often family-run enterprises with fewer than five persons at work. Employers are normally larger entities, either for- or not-for-profits, subject to unemployment compensation taxes.

Figure 15

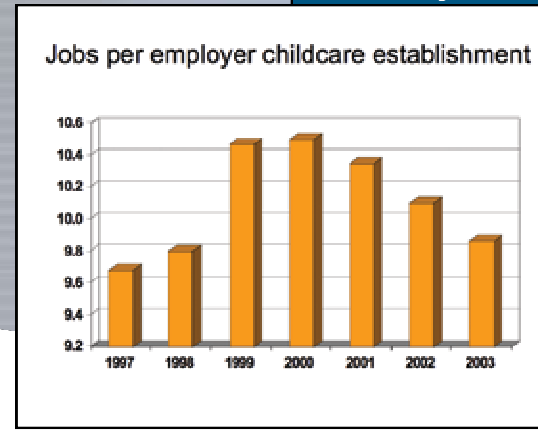


The number of establishments of each type is shown in *Figure 15*. The first observation to be made about these numbers is their huge difference. In 2002, there were eleven times as many non-employer child care establishments as there were employer establishments (13,228 to 1,180).

Quality childcare makes a difference for school success…. and we wonder why children aren't ready for school?

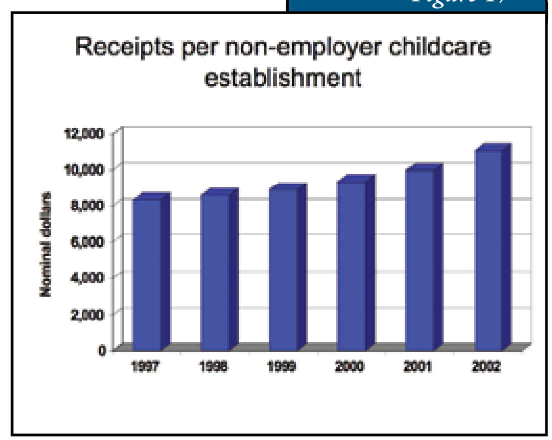
Second, the recession of the early years of this decade took its toll on non-employer establishments, cutting their numbers by 17%, from a high of 15,928 in 2000 to 13,228 in 2002. By contrast, there was no decrease in the number of employer establishments during this period. Non-employer establishments, appear less stable as business establishments compared to the more developed employer establishments. As economic conditions deteriorate, fewer households are able to afford compensated child care. They will rely on family, friends, or neighbors in an informal arrangement rather than a for-pay relationship. Employer establishments may be supported by firms that offer child care as a benefit to their workers or may be favored by persons less subject to the vagaries of business cycles. These factors would help explain the stability of the employer child care establishments. Nonetheless, the recession did have an impact on the number of jobs at employer child care establishments as seen in *Figure 16*. As the recession progressed, the number of jobs per establishment declined. Thus, although the number of establishments remained stable, employers cut staff either in response to reduced numbers of children in attendance or to meet budgetary constraints.

Figure 16



How large are child care businesses? For non-employer establishments the Census Bureau offers data on receipts. Since these are small businesses, highly labor intensive, receipts are probably close to labor income or wages. In 2002, they were reported as nearly $147 million. This is, without question, a great deal of money, but when considered from a per establishment basis as in *Figure 17*, we see that the annual compensation for child care is at a very low level. Unless we are able to say that these are seasonal or part-time occupations, and that each establishment represents only one full-time equivalent job, the returns to labor in child care are among the lowest of all jobs in the state. Lack of parent funds and demand for quality child care, high staff turnover, lack of business skills, and lack of professionalization in the child care workforce contribute to low compensation rates.

Figure 17



With employer establishments, we have data on average annual wages. It is clear in *Figure 18* that the level of compensation is, as we would expect, higher for those who work in employer establishments. Over the time period for which we have data, the average wage in employer establishment is 32% higher than receipts per establishment in non-employer settings.

The reasons for this difference could be that employer establishments

- have more qualified workers,
- are open longer hours,
- have workers who rely on child care jobs for their income and not just as a supplement to income as might be the case in non-employer settings.

But all these factors pale when we consider *Figure 19*. Here, child care compensation is contrasted with wages for all non-farm employment in Indiana. It is most evident that child care employment pays far less than the average of all employment in Indiana. Employer child care establishments offer wages that were no higher than 42.5% of the statewide average for all non-farm employers between 1997 and 2003. Again, there may be major, substantial, perhaps unique, differences between the workforce and the working conditions of the child care industry and those of all firms in the Indiana economy.

Figure 18

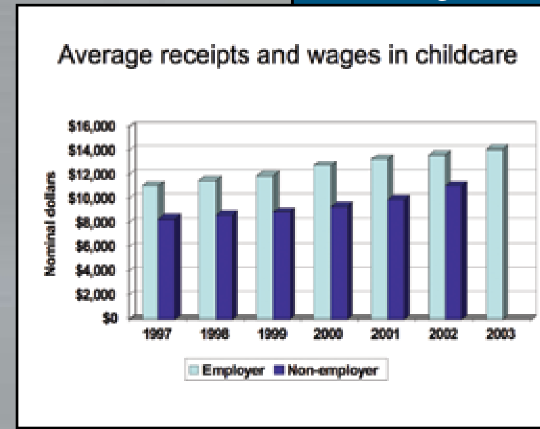
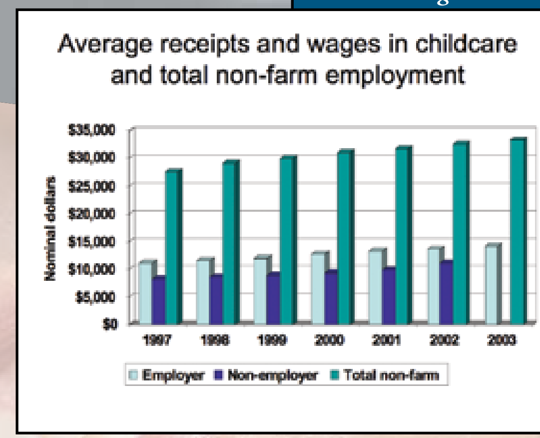
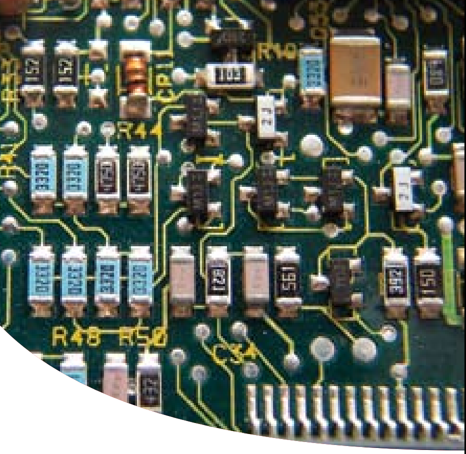


Figure 19





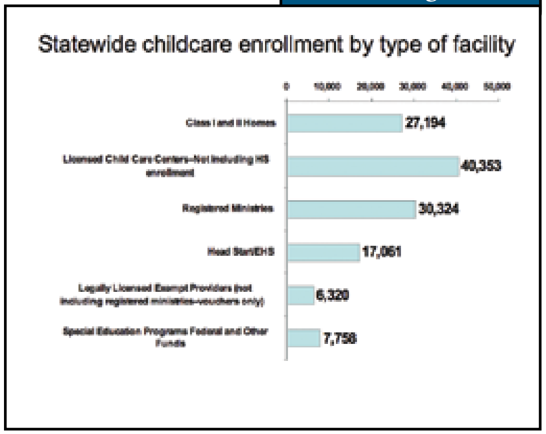
IV. Child Care And The Indiana Economy

To this point we have been using data published by the U.S. Departments of Commerce and Labor. These are reliable numbers, but they do not offer us the full picture of the child care industry.

The National Economic Development and Law Center (NEDLC) has extensive experience working with data from state agencies to develop comprehensive economic measures of the child care industry. The data evoke a strong picture of child care as it exists in Indiana. There are, however, significant differences in the data. For example, NEDLC estimates 25,204 employees or twice as many as in the Census data. The difference is the more comprehensive data base used by NEDLC derived from information provided by the Indiana Department of Family and Social Services Administration (FSSA), the Indiana Association of Child Care Resource and Referral (IACCRR), the Indiana Business Research Center/IU Kelley School of Business, and the Indiana Department of Education.

According to NEDLC data, total Indiana enrollment in regulated child care programs exceeded 129,000 in 2004 (or 24.2% of all children under age 5.) See *Figure 20* Based on the latest 2004 American Community Survey data for Indiana, the need for child care is estimated to be close to the 297,302 children under age 6 whose parents (whether single or couple) are all working. The large difference in the NEDLC data and the American Community Survey data relates to the number of children in child care that we can actually count in licensed child care settings. Children in non-licensed child care homes or church programs that are not registered with the state (i.e., not required by law to register), or in families where parents share child care by working different shifts, etc. are not included in this study. Child care for these working families is an unknown quantity. For this study, child care has been defined below.

Figure 20



If we are trying to attract a quality labor force…. then we are going to have to have quality childcare. Businesses would never build an office without a parking lot for their employees…what about childcare… how can parents work without it?

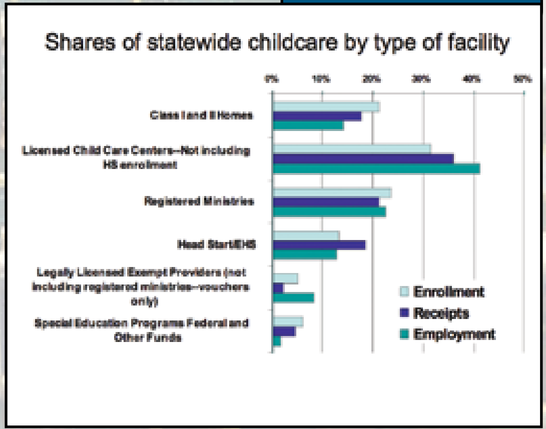
Universe Of The Child Care Industry

The formal child care industry in Indiana is defined for this report as programs that provide care and education for children between the ages of birth and age 12.
This includes:

- Licensed family child care homes (Class I and Class II)
- Licensed child care centers (including Head Start/Early Head Start programs)
- Registered ministries
- Non-center-based legally license-exempt providers
- Public special education preschool programs

Note: Data is not available for unlicensed child care homes or non-registered ministry programs.

Figure 21



Of these children, nearly one-third were enrolled in licensed child care centers. See *Figure 21*. Registered Ministries and Licensed Class I and Class II programs each had more than 20% of all enrolled children. These four types of programs represent 76% of all programs. Data by county are included below.

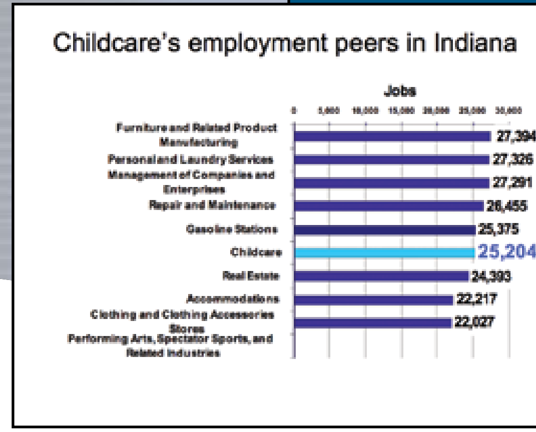
The preeminence of licensed child care centers is obvious in Figure 21. Their shares of enrollment, receipts and employment exceed all other types of facilities. Next in line are the Registered Ministries with just more than 20% in each category. Class I and II homes are handling higher shares of enrollment than they enjoy receipts or employees. This is just the opposite of the Licensed Centers. Interpretation of these differences, however, is difficult. Although attempts have been made to adjust for full-time vs. part-time employment, one can not guarantee the accuracy of that data manipulation. Similarly, receipts and enrollment can have different meanings in different settings.

The Child Care industry in Perspective

Child care has been a virtually invisible industry. We do not see smokestacks, silos, or towers rising above the horizon where child care is provided. We do not see trucks and boxcars making deliveries to child care facilities or hauling away vast loads of product and waste. *Nonetheless, child care provided more than 25,200 jobs in Indiana during 2004.* This alone is a substantial number although small compared to the nearly three million employed persons in the state. If we added informal or unlicensed employment, the figure for child care would be considerably higher.

When seen in the light of other, better known industries, child care is significant. Of 95 business sectors, child care ranks 36th in the state in employment. That is just behind gasoline stations and just ahead of the real estate sector. See *Figure 22*.

Figure 22



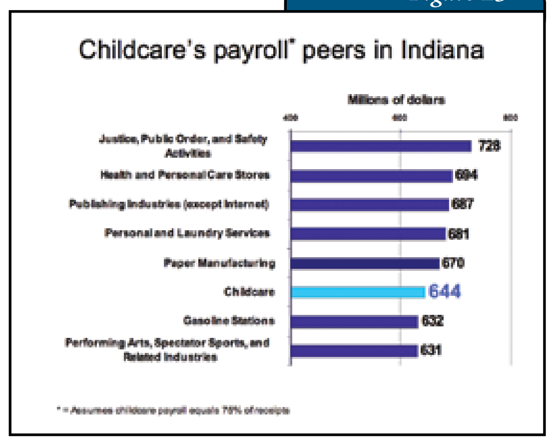
There are more jobs in child care than in Indiana's hotels and motels or in Indiana's clothing and accessory stores. Furniture, one of our leading manufacturing industries is less than 10% larger than child care.

As a manager, I look at all of the lost wages, absenteeism, productivity, and turn-over because of the problems with childcare and wonder…what are the solutions?

When we consider payrolls, child care ranks 52nd of 95 business sectors. Here we assume, based on other similar studies, that payrolls are just 75% of receipts. This could be an understatement but remains consistent with our conservative approach to these estimates.

In *Figure 23*, child care is to be found amid many well-known sectors. Publishing and paper manufacturing are basic industries that would export products or services to other states and nations. Health and personal care stores, laundry services, and gasoline stations are ordinary parts of the local economy used regularly. Both performing arts and spectator sports are considered magnets for economic development. These are sectors the state has targeted to encourage and advance. But child care remains neglected and anonymous.

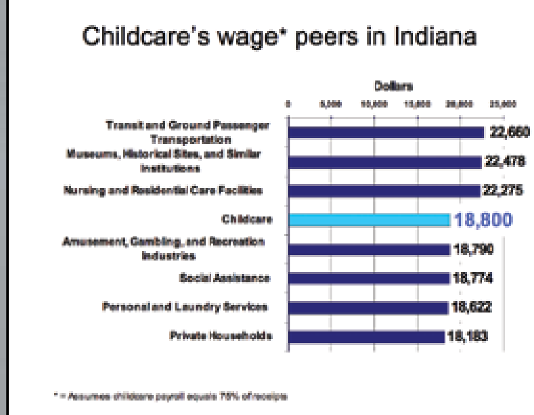
Figure 23



When we divide annual payroll (75% of receipts for child care) by employment, we derive an average annual wage. In the case of child care that figure is $18,800 (80th of 95 sectors).

Figure 24 shows that this level of compensation is about $3,400 less than that of nursing and residential care facilities. Child care workers earn less than local transit bus drivers and taxi drivers. Both are important, but child care involves an early educational function that will have implications for many years to come. In the past, child care was considered "babysitting" by many parents and the community. No special training or skills were presumed needed. Today we know that child care providers play a significant role in enhancing the cognitive, social, emotional, and physical needs of the child. They support parents as "first teachers"…helping to prepare children for early school success.

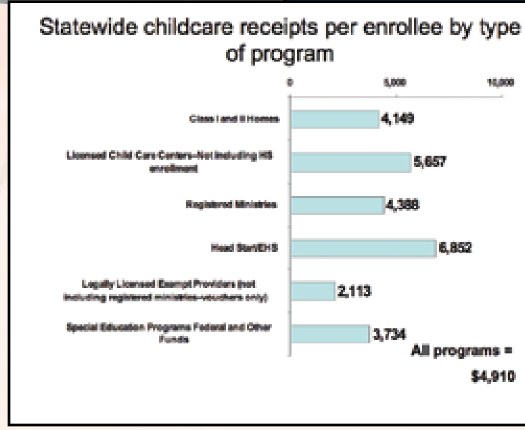
Figure 24



What does child care cost in Indiana?

NEDLC has indicated that Hoosiers spent $633 million on licensed child care in 2004. That amounts to $4,910 average per enrollee, which is $409 per month, or $18.60 per day (assuming 22 days in a month). The receipts per enrollee by program are shown in *Figure 25*. Each program has its different characteristics, often serving different clients. It would be an error to assume that one is more efficient or of greater quality because one is more costly than another.

Figure 25



Is $4,910 expensive? If one parent in the household is released to work because the child is being provided with care, and that parent is able to earn at the average wage level for the state ($38,060 in 2003), child care absorbs 12.3% of gross earnings. *For parents, that is nearly an eight to one return on their child care investment (ROI) each year*.

Child care in Indiana Counties

Figure 26

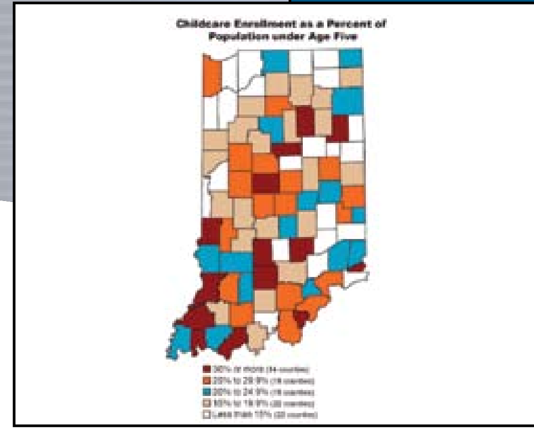
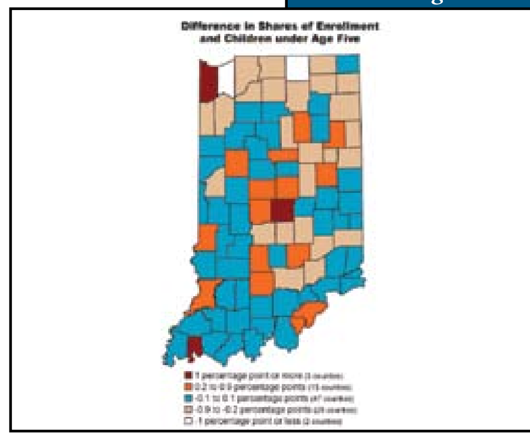


Figure 26 shows the ratio of enrollment to population under age five. Some of the results cannot be explained from what we know. For example, Blackford, Newton, and Jasper counties have the lowest percent of children in child care. If this is true, is it because these counties have few employment opportunities within their boundaries? It seems reasonable to believe that parents with children do not wish to commute far to jobs and counties with fewer job opportunities will have a lower incidence of child care.

The statewide value of enrollment to population is 24.3% with a median of 21.1%, indicating that about one-quarter of all children under age five are in regulated child care. The top quartile of 23 counties starts at 28%. The bottom quartile of 23 counties runs from 15.3% down to 4.2%. Urban and rural counties alike can be found in each quartile.

We must remember that licensed child-care only has to meet minimum state standards….. it doesn't guarantee quality care….. but unlicensed care doesn't have to meet any standards.

Figure 27



A different measure to assess the utilization of child care involves the share each county has of total enrollment and its share of total population under age five. If the percent of enrollment exceeds the percent of population under age five, then we might conclude that the county is a comparatively strong user of child care. If that calculation yields a negative number, then the share of population is greater than the share of enrollment and the county may be considered a lesser user of child care services.

Figure 27 shows the results. The top ten counties are largely urban and suburban counties, which is what we might well expect. Marion, Vanderburgh, Lake, Vigo, Floyd, Monroe, Tippecanoe, Hendricks, Hamilton, and Boone are the top ten counties. Again this tends to support our employment opportunity hypothesis above.

The Benefits of Child Care

We have established that child care in Indiana:

- employs more than 25,000 persons.
- circulates a minimum of $633 million through the economy.
- provides care for more than 129,000 children.

We can also estimate the value of child care in terms of adding to the output of society by freeing parents to enter the job market. How many parents are enabled to go into the job market as a result of using child care? We can say that that number is equal to the enrolled children in the county.

What would the parents earn? Multiplying the number of children enrolled in child care in the county by the average annual wage in that county will give us the total earnings of these parents (i.e., This assumes that they would be able to earn the average wage level in their county. Since many people commute from low wage counties to higher wage locations, this lowers our earnings estimate).

Adding county-level receipts for child care facilities to the earnings calculation gives us 76.9% of the total for all programs, and thus our numbers again have a downward bias. The addition is necessary since both the earnings of the parents and the child care providers are to be counted. Some may think this is double counting, but that is how we measure income in the U.S. You earn $50,000 and spend it all at the bakery. The baker now has $50,000 in income, which is added to your $50,000 to derive a total income figure of $100,000 for the community. It is one of the many miracles of economics.

Thus our method of estimating the county income derived through child care is:

Average annual earnings x enrolled children = Total earnings of parents

Plus	Receipts of child care facilities reported at the county level
Equals	Total increase in earnings in the county as a result of child care.

For the state as a whole

Total earnings of parents =	$ 3,971,761,958
Receipts	487,502,309
Total increase in county income	$ 4,459,274,267

This $4.5 billion figure is equal to 3.3% of the total earnings of Hoosier workers in 2004. This same percentage is shown for each county in *Figure 28*.

Following this thinking, in six counties, child care makes it possible for residents to generate more than five percent (5%) of their earnings. Another ten counties derive less than two percent (2%) of their earnings from parents who are able to find released time for employment as a result of child care.

The expenditures of parents for child care varies from $ 6,661 per enrolled child in Hamilton County to a low of $2,978 in Crawford County. Hamilton is the wealthiest county in the state and Crawford frequently is ranked as the poorest. These data are shown in *Figure 29*.

Looking at the cost of child care compared to the earnings of the parents of those children across the state reveals some geographic disparities. Those data are shown in *Figure 30*. Residents of Brown, Benton, Johnson, Fulton, and Hendricks find child care expensive relative to what they can earn in their counties. The first three of those counties have child care costs (assumed equal to receipts per enrollee) as more than 20% of the average wage in the county. This contrasts with less than 10% in seven counties. The lowest (best) relationship is 5.5% in Martin County.

Our business believes in sustainability as a way of doing business… doing the right thing now….so that our community thrives longterm. We call it the "grandchildren test"….sustaining our community for our grandchildren.

Figure 28

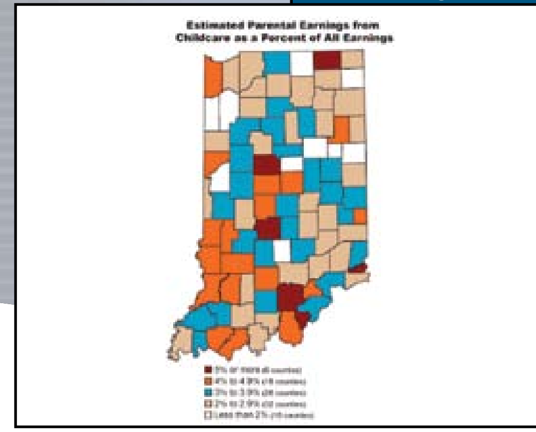


Figure 29

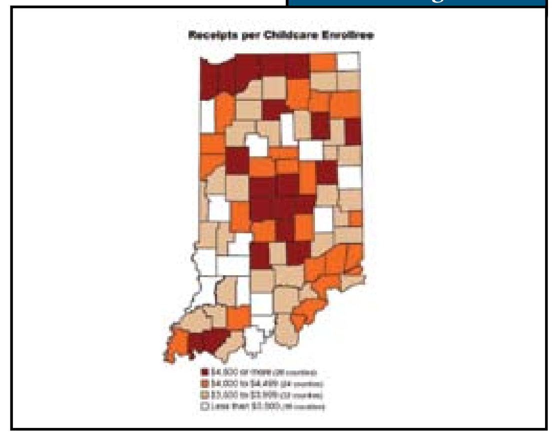
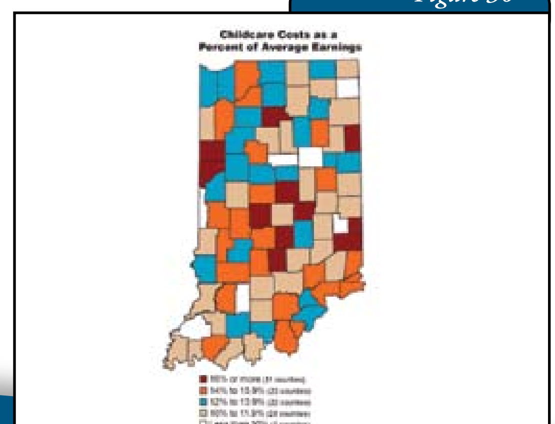


Figure 30



V. Conclusions & Recommendations

Child care is linked to the economy in various ways….but in its current state it remains mostly invisible. As an industry, it represents an under-developed economic sector, providing care and education to children, our most precious resource. Without affordable child care, many parents can't go to work. A healthy child care industry ensures that the current labor force can access jobs and career advancement opportunities. It also helps businesses attract and retain the best employees. In the same way that local government and the private sector collaborate to attract new industry and a skilled workforce (i.e., increasing the availability of capital, technology, housing), private and governmental partners benefit from investing together in the child care infrastructure.

Investment in quality child care benefits all stakeholders:

- Hoosier taxpayers benefit through reduced K-12 spending and a better tax base when children grow up to become educated and skilled adults successfully employed.
- Businesses benefit when quality and affordable child care options attract and retain skilled workers to the area, and help prepare children for future skilled employment.
- Communities benefit when child care operates as small businesses around the state, allowing parents to work and know that their children are receiving quality care.
- Children benefit because they enter school ready to continue learning and are more likely to graduate with the skills to become responsible, involved community members.

Four main challenges constrain the child care industry from growing and maximizing the impacts of investment by families, employers, and state and municipal governments:

- Lack of integration with economic development
- Insufficient investments from business, community and government
- Economic barriers to improving quality
- Financial limitations of consumers

The following recommendations are proposed to address these challenges and ensure that the industry meets the needs of Indiana's economy. These recommendations cannot be implemented by a single stakeholder. Business, government, communities, and the child care industry itself are critical to advancing these recommendations. By partnering together, these stakeholders can create low- and no-cost solutions and cost-effective policies. Other stakeholders, including higher education, communities, parents, labor unions, and financial institutions are also important, and must be included in various ways to strengthen the industry.

Childcare providers must begin to view themselves as a business…. not babysitters. Indiana is one of three states in America that will provide government voucher dollars for unlicensed child-care….what message does that send?

Recommendation #1: Incorporate child care as a formal economic development component in state and local planning

Child care and economic leaders need to communicate with each other. By sitting side by side at planning tables, they can begin to understand each other's language, value, perspectives, and needs. Child care leaders can begin this effort by first viewing their work as an industry sector that supports both economic and child development. State and regional business, community, and economic development leaders can promote the child care industry as an important sector for economic success. Quality child care provides significant returns. The child care industry should be involved or specifically targeted in formal economic development activities, such as neighborhood revitalization, community planning, and economic stimulation initiatives.

Recommendation #2: Create incentives for employers to promote and support the child care industry

Employers need to invest in the child care industry by becoming involved…providing benefits to employees, supporting on or near-site facilities, offering referrals to quality licensed child care, disseminating marketing materials that define "quality child care", and engaging in long-term planning around labor force development. Donations to local United Way funds and charities that provide quality not-for-profit child care are another important way that businesses and organizations can support this under-developed industry. Tax incentives could also positively influence employers to address workforce needs in their communities.

- The Indiana Child Care Fund provides an on-line Tool Kit for Employers and Community Planners at www.inchildcarefund.org.

Recommendation #3: Promote increased quality in the child care industry

Improving quality in the child care industry is, as in any industry, a key to workforce and economic development. The majority of children in our state go to unlicensed child care homes. Little is known about these child care settings….whether or not they meet minimal standards for health, safety, nutrition, and early developmental needs of children. Increased state subsidies could help child care providers to meet state standards. We do know that licensed child care centers and homes meet minimal state standards, but many parents and communities are not aware of the requirements (or the value) of licensed care.

We know of no communities in Indiana which publish local reports listing facilities which meet the state standards and which do not (although this information is available through the Child Care Resource and Referral system). Accountability and monitoring of the state licensing system for child care has also been questioned. Does Indiana adequately promote and monitor licensed child care? We must also understand that licensed child care does not ensure quality care…only minimal standards. Longitudinal national research indicates that quality preschool experiences are related to academic success, increased graduation rates, reduced criminal behavior, increased employment rates, and higher wages (High Scope Educational Research Foundation). A public campaign would help parents, business, and community leaders promote these compelling benefits. Additional studies are needed to assess the current status of the quality of child care in our state.

Recommendation #4: Increase accessibility to quality programs

The basis of all economic development is investment. Ensuring that children in all income brackets have equal access to quality programs strengthens the future economy. Given that the benefits of quality child care are not limited to children and their families alone, but communities as well, increased investment from additional stakeholders is appropriate. Investing in a strong child care industry can not be the responsibility of parents and providers alone. A diverse group of stakeholders -- business, government, and community leaders -- has a role in the vitality of the industry and must work and plan together to reach innovative solutions to industry challenges. By engaging key stakeholders, partnerships may then be formed to successfully implement solutions that incorporate the interests and needs of each group. This is the only way that we will be able to maximize the returns that the industry clearly has to offer.

VI. Afterword

The Economic Dimensions of the Child Care Industry in Indiana: An Invisible Industry was a collaborative effort involving a strong state and national research team, business, government, community partners, and over three-hundred Hoosier citizens involved in focus groups across the state. We wish to give special thanks and recognition to the individuals below for their contributions to the study. Thanks for making a difference!

Many parents have no idea that sitting kids in front of a TV all day at a neighbors' house while they go to work isn't acceptable....parents need to be aware of what quality childcare looks like.

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