



# Child Care is an Economic Sector

## Child Care is a Critical Component of Our Local Economy

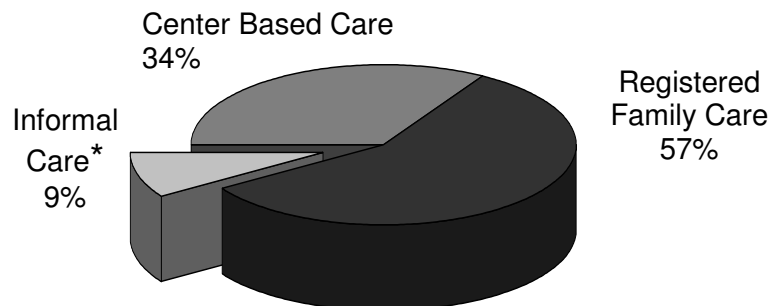
The Child Care Services sector provides multiple benefits to our local economy:

- **Stimulates economy:** Child Care Services employ 700 workers in Tompkins County and contribute \$14 million to the local economy.
- **Creates jobs:** The sector employs teachers from all ethnic backgrounds and education levels, who work for government, non-profits and private centers. The 250 centers and home establishments are important small businesses in our community.
- **Supports workers:** 64% of mothers with young children in Tompkins County participate in the labor force. Parents must have affordable child care to work.
- **Improves quality of life:** Child care is part of the social infrastructure that attracts businesses and provides the services they need to function well and profit.

## More Formal Care Is Needed

Formal child care consists of child care centers and regulated home-based care. Formal care contributes to a child's cognitive and social development because it is provided by professional early childhood educators. In both regulated homes and centers, children benefit from low staff-child ratios, educational training, and nutritious meals. Formal care requires health and safety regulations. As Tompkins County grows, demand for care grows.

### Who Cares for Tompkins County Children? Percentage of Children in Each Type of Care



\* The total number of children in informal care is **more** than shown here. Many providers of this type are uncounted.

- **Child care centers** offer age specific curriculum, standard hours, and in some cases, sliding fee scales.
- **Family care homes** are preferred by many families because of the home setting, mixed age groups and flexibility.

### High Turnover is a Problem

Centers need large staffs and have difficulty retaining workers due to their inability to pay competitive wages. Most children are in family care homes, but hours are long and returns are low. Some 30% of family care providers close each year.

## Informal Care Helps Fill the Gap

Informal child care providers, in contrast, typically are not trained educators. They often are doing a favor for family or friends. Many parents choose informal care due to financial constraints. However, these arrangements may be unstable, it is hard to predict group size, and regulatory oversight of nutrition and safety is limited. Informal care absorbs the overflow of children from the formal system by caring for children whose parents cannot afford formal care, or who need evening or weekend care. With welfare reform, more parents have to work and many rely on informal care. We need to identify ways to encourage these providers to enter the formal system.

**Early Childhood Educators Earn Less than Retail Workers**

Family care providers and center teachers, many of whom have degrees in early childhood education, earn less than retail workers in Tompkins County. Their salaries are more than \$10,000 less than the county average. Due to such inferior salaries, an estimated 30% of child care providers in centers and family homes leave the field each year in Tompkins County. Turnover of providers greatly affects the stability and quality of care children receive.

**High Cost of Early Childhood Education – Limited Parental Capacity to Pay**

Every year, each family with young children in Tompkins County spends between \$3,640 and \$10,920 per child for child care, which can take up to 35% of a family’s monthly budget. In contrast, the average family spends only 13% of its budget for food and 27% for housing.

**How Much Do Families Pay for Child Care?**

(Percentage of Yearly Household Income – Based on average cost of \$6000/year/child)

<u>Family Income</u>	<u>Number of Children in Family</u>			
	1	2	3	
\$12,000	X	X	X	Pay less than 20% with Federal Subsidy or can not Afford regulated care.
\$20,000	30%	X	X	
\$28,000	21%	43%	X	
\$37,000 *	16%	32%	49%	Pay more than 20%
\$50,000	12%	24%	36%	
\$75,000	8%	16%	24%	Pay less than 20%
\$100,000	6%	12%	18%	

\* New York State median income.

In Tompkins County, low- and middle-income families pay the highest percentage of their incomes for child care. Parents of young children often are just beginning their careers and do not command high salaries. A typical young family with two children in care may spend 30 – 40% of its income on child care, more than the average family spends on housing. Only the lowest-income families are eligible for Federal subsidies. We need new sources of support, both public and private, to reduce the burden on middle income families with young children and to increase the financial returns to the Child Care Services sector in order to reduce the turnover of early education providers.

**Early Education More Expensive than College**

Early education is now recognized as the critical foundation for a child’s future learning. While there is governmental support for public education and college, the costs of early education rests primarily on parent fees. Tuition accounts for 88% of revenue for the typical child care center. By contrast, tuition only represents 41% of private college revenue. The yearly cost of child care typically exceeds tuition in a public four year college.

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The Early Education Partnership is a collaborative project of the Day Care and Child Development Council of Tompkins County, Inc. and the Tompkins County Chamber of Commerce. Research assistance provided by the Cornell University Department of City and Regional Planning.

For more information please contact the Day Care and Child Development Council of Tompkins County at (607) 273-0259 or the Tompkins County Chamber of Commerce at (607) 273-7080.