

The child care industry is a significant component of local, regional and state economic infrastructures. However, planning for and investing in a strong child care industry in rural areas of the North Central region should not be the responsibility of providers alone. A diverse group of stakeholders has a role in the vitality of this industry. This policy brief presents strategies for increasing the supply of quality, accessible and affordable child care. A regional learning community of stakeholders is also recommended to share successes and lessons learned.

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Increasing the Supply of Quality, Accessible, Affordable Child Care: An Economic Development Strategy for the North Central Region

by Saskia Traill and Brentt Brown

The child care industry has not been fully integrated into economic development activities despite its growing importance in the economy. This is, in large part, because child care is not usually thought of as an element of economic development. As a result, states in the North Central region are not maximizing the economic benefits from quality, accessible and affordable child care. This policy brief presents strategies to increase the supply of quality, accessible and affordable child care



by integrating it into the planning and policy procedures of various sectors, including community and economic development, workforce development, transportation and education. Implementing these strategies will benefit the North Central region's economy, as well as benefit families, communities, businesses, and local and state governments.

How the Child Care Industry is Driving the Economy

The National Economic Development and Law Center, through a grant from the W.K. Kellogg Foundation, conducted child care economic impact studies in a number of North Central states to quantify the economic impacts of the child care industry to the state's economy.^{1,2,3} Other researchers conducted similar studies for Kansas⁴ and North Dakota.⁵ Studies of Illinois, Indiana, Iowa and Missouri's child care industries are underway.⁶

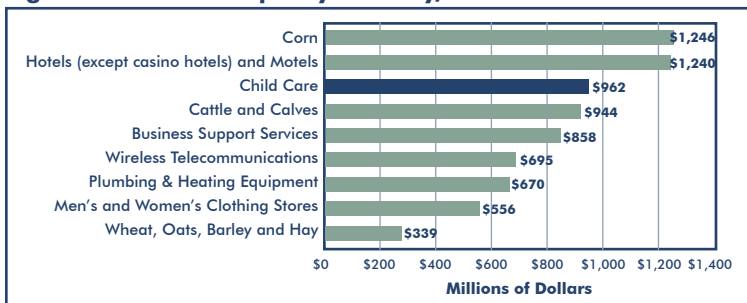
Across all of the studies, the child care industry was found to be a significant component of local, regional and state economic infrastructures. The industry is driving the economy by:

1. Contributing more annual gross receipts and employing more people than other important and recognized industries in the region. In Minnesota, for example, the licensed child care industry generates \$962 million in gross receipts annually. This figure is 77 percent of the gross receipts of the state's corn industry, for which it ranks third in the nation based on crop production² (see Figure 1).

The formal child care industry also employs a significant number of people in the North Central region. In Ohio alone, the industry employs 57,000 people, which is more than motor vehicle brake system manufacturing in the state¹ (see Figure 2).

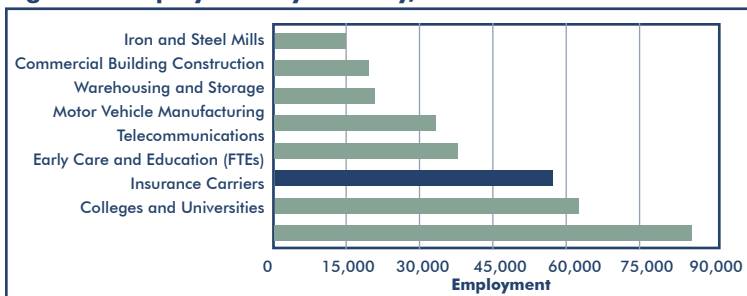
2. Enabling parents to participate in the labor force and/or access job training and education. The majority of children under age six in the North Central region live in families where all parents work⁷ (see Figure 3). This proportion increased from 59 percent in 1990 to 63 percent in 2000, indicating a notable increase in parents' labor force participation and an increased need for child care for parents to be able to work.
3. Increasing business productivity through improved recruitment and retention, and reduced absenteeism and turnover. In Minnesota, 23 percent of parents indicated that they have been late for work, left work early, or missed an entire day of work in the last six months due to child care problems.⁸
4. Preparing the future workforce by providing age-appropriate care and education to children so they are more likely to succeed in school and life. Frequently child care is overlooked as a critical component of the educational system; therefore, investments meant to improve the educational system are not directed at child care. Long-term studies also show significant reductions in crime, remedial education and welfare for low-income children who receive high-quality early education programs.

Figure 1. Gross Receipts by Industry, Minnesota 2003



Source: Traill and Wohl, 2003

Figure 2. Employment by Industry, Ohio 2004



Source: Brown, Johnson, Traill and Wohl, 2004

Policy Activities

There are comprehensive economic benefits of quality, accessible and affordable child care. However, planning for and investing in a strong child care industry in the North Central region should not be the responsibility of providers alone. A diverse group of stakeholders has a role in the vitality of this industry, including

leaders and representatives from government, business, community and economic development, workforce development, transportation and education.

Working together, these stakeholders can improve the quality, accessibility and affordability of child care by incorporating it into the planning and policy procedures of these various sectors.⁹ Following are specific examples.

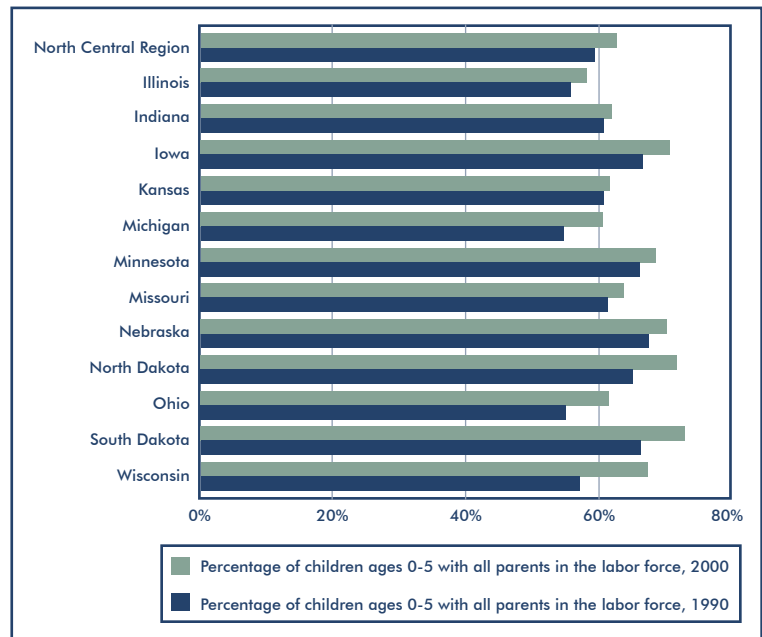
Community Economic Development

- Hold hearings to demonstrate the linkages between child care and economic development.
- Review and amend existing community planning and zoning documents to remove barriers for the child care industry.
- Provide incentives for developers to incorporate facilities for child care in their plans.
- Create special incentives for businesses wishing to relocate to the region that provide child care and work/family benefits.

Supporting the Child Care Industry

- Offer technical assistance for small rural employers to identify cost-efficient child care solutions for their employees.
- Collaborate with Small Business Development Corporations, the Small Business Administration and other regional technical assistance providers to help child care providers access technical assistance, training, loan products and other resources for small businesses.
- Create loan funds and resources using public/private dollars to ensure that providers can access loans and increase sustainability.
- Provide funding incentives for the construction and renovation of houses that do

Figure 3. Children with All Parents in the Labor Force, North Central Region, 1990-2000



Source: Brown, Johnson, Traill and Wohl, 2004

not meet statewide standards for licensed family child care homes.

Workforce Development

- Develop affordable child care options for parents attending higher education or job training.
- Offer child care on college campuses and at job training sites.
- Ensure that child care is offered during hours when working parents attend classes.

Transportation

- Promote public and school transportation plans that incorporate the child care accessibility needs of parents and children, and recognize rural child care transportation barriers.
- Assist child care providers in planning child care facilities' locations with transportation in mind and leverage transportation funds to build child care capacity near transit centers.

- Offer free or reduced-price transportation for children and families in rural areas who are trying to access child care.

Education

- Incorporate child care into economic development strategies designed to improve the education system.
- Include child care leaders in education planning committees and boards.
- Help child care providers gain the same educational degrees that are required of kindergarten teachers.
- Locate child care centers near elementary schools to facilitate a seamless transition to kindergarten.
- Educate parents about the educational importance of quality child care.

For More Information

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