

“Employee compensation adds to the overall economy. Employees within the child care industry create additional revenue generated by their earnings and salaries.”

CREATIVE SOLUTIONS FOR NEWBORN AND INFANT CARE

Reducing the need for infant care, which is very expensive and often difficult to provide, is imperative to the economic success of working parents. Child care rates for infants' cost families as much, if not more than \$5,800 per year for one child. Similarly, early care and education policy makers could explore methods to reduce the need for infant care by supporting parental leave or new strategies that draw relatives, friends and neighbors who provide early care and nurturing into the broader early childhood care and education system. By promoting early learning and nurturing, Florida is ensuring that children from low-income families have ample opportunities for optimal growth and development in the early years, as well as school-age years and beyond.

Currently in Florida, 34 percent of infants and toddlers participate in in-home care settings (14 percent family child care and 18 percent relative care) and 33 percent are cared for by their parents. Additionally, 24 percent are enrolled in center-based programs, while a nanny or alternate caregiver accounts for the remaining 9 percent.

LEVERAGE PRIVATE AND STATE FUNDS

Well-focused investments in early childhood development yield high public, as well as high private returns. The private sector should be an active partner in building and maintaining a high-quality service delivery system for child care—from private sector employers to foundations and philanthropies.

Health care, higher education and transportation fields effectively encourage private sector investment towards common goals.

Institutions of higher education attract billions of dollars in investments and research grants each year—investments that are used to build endowments, help pay operating costs, and provide financial stability for colleges and universities.

Housing and transportation subsidies are utilized to create economic incentives and forecast long-term investment returns. Current housing policy rewards investors that rent space to low-income families and maintain it in good repair. Policies such as this recognize that economic development is closely tied to social advancements.

Direct aid should be made available as “special purpose funding” and used to support specific child care initiatives such as: staff development, facility improvement, special equipment and supplies, and on-site social services. Funding that channels resources to programs and providers to address critical work force development challenges such as availability, affordability, and quality also are important.

To achieve a system of financing that supports quality early care and education for all children, there is a need for greater public investment and better resource allocations. It is frequently said that all child care is local. Supply, demand, price, and third party financing is crucial to the overall implementation and maintenance of early care and education service.

2003

The Economic Impact of Child Care in Florida



To receive a copy of the *2003: The Economic Impact of Child Care in Florida* call (850) 681-7002 or visit www.flchild.com to download a free copy.

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Executive Summary

Nationwide, lawmakers are struggling to meet the needs of citizens and fund vital children's programs. At the same time, Florida's decreasing tourism dollars and exploding health care costs have placed great strains on the state's budget and on our lawmakers. As demands on Florida's early care and education systems increase, policy makers and business leaders must reframe the business of caring for children from a social, private policy, to a broad public responsibility that greatly impacts Florida's collaborative economy.

The Florida Children's Forum is a statewide network of child care professionals, business and political leaders, government entities, families, children, and individuals who share a common vision to make Florida a quality child caring state. This first-ever study of Florida, commissioned by the Florida Children's Forum, analyzes the economic impact of the child care industry on local and statewide economies. The study challenges businesses, financial leaders, and policy makers to discuss the child care industry as a vital component of Florida's economy.

What is the Economic Impact of Child Care?

CHILD CARE ENABLES PARENTS TO WORK

The child care industry provides the infrastructure that enables parents to work and earn money to support their families. Providing parents with a system of quality child care and early education for their children allows parents to enter the labor force and contribute to the economy.

Researchers have found that when working parents feel confident that their child is receiving optimal care, the businesses they work for experience less absenteeism and turnover, increased productivity, improved work quality, as well as better employee morale.

- Parents identify child care as essential to their ability to maintain employment.
- Child care not only affects a parent's ability to work, but also increases the total amount of income available to a family.

A SIGNIFICANT CONTRIBUTOR TO THE STATE'S ECONOMY

The overall contribution of the child care industry is measured in three ways: measuring the revenue generated within the child care industry and the numbers of jobs that exist (direct), revenue and purchases generated in related industries and jobs created as a result (indirect), and purchases made and jobs created from spending by both the child care industry and related industries employees (induced). In 2000, Florida's working families with children younger than age six earned \$5.6 billion. The child care industry:

- Generates \$3.87 billion in total revenue to industries (including the child care industry itself).
- Employees 46,561 child care providers and related employees—supporting 626,483 children.

“More than 1.37 billion is generated in the overall economy by the child care industry—solely in total employee compensation including direct, indirect, and induced effects.”

CHILD CARE GENERATES RIPPLE EFFECTS IN THE STATE'S ECONOMY

The ripple effect caused by the child care industry creates economic momentum by directly and indirectly generating jobs and producing indirect revenue at state and local economic levels.

Indirect and induced benefits occur through purchases made by child care owners/operators (i.e., food, supplies, toys) and again when employees in any related industry spend their earnings—creating additional jobs.

From wholesale industries such as children's games, toys, and dolls to cleaning materials and book publishing, Florida's child care industry supports related industries and more than 67,000 statewide jobs—adding an estimated \$138 million in tax revenue.

- For every \$1 million generated by Florida's child care industry, approximately 22 jobs are created in the child care industry and 32 total jobs in the overall economy.
- For every \$1 million in child care revenue, \$863,000 of additional revenue is generated in the regional economy.

The child care industry spends \$27 million on cleaning materials, sanitary paper, and plastic products and additionally purchases \$23 million in books and magazines.

THE FUTURE OF FLORIDA IS QUALITY CHILD CARE

Investment in human capital can bring about economic success to Florida's economy. While child care enables Florida families to work and contribute directly to economic stability, quality child care offers children an opportunity to learn during development—helping foster a future work force with the potential to reduce reliance on social service programs. Investments in quality early child care could break the cycle of poverty.

High quality child care is indispensable during the most critical stage of a child's development—the time from birth to age five. Approximately 63 percent of Florida's “dual-working” parents have children younger than age six.

Researchers of the High/Scope Perry Preschool Project, a study that has continued for more than three decades, found that children enrolled in high-quality preschool programs showed higher achievement scores, graduation rates, and even higher monthly earnings—potentially reducing future costs spent on retention and the juvenile justice system. Researchers who conducted the study found that for every dollar invested in quality care for children, more than \$7 is realized by society.

Realizing the potential of Florida's future work force is imperative to growth and progress. Skilled, educated employees attract new industries and increase economic activity. State leaders must adequately fund quality child care programs and resources to ensure the success of the future work force.

A Call to Action: Leverage Child Care and Create a Stronger Economy

As supported by research, policy makers and business leaders should develop funding solutions that make child care widely available to Florida's working parents, support early education and training, and improve the quality of child care. While not easy, realistic solutions exist.

LEARN FROM THE HIGHER EDUCATION MODEL

Assist families with scholarships and low-interest loans to pay for child care. The quality of life for a child and the future contributions the child makes to society as an adult can be traced back to birth. However, without support during these early years, a child is more likely to drop out of school, require welfare benefits, and commit crime. Achieving a system of financing that will support quality early care and education for all children is a great public investment that delivers high community returns.

There is no stigma associated with applying for higher education financial aid—an appropriate public investment. Families with young children should have the opportunity to apply for financial aid to support quality child care. Repayment could be delayed until the

family's income increases. Another alternative is to extend the loan to 15 years so monthly payments are small and manageable. The loan program could be financed privately and administered by a private sector entity, similar to the kinds of loans that are currently available through lenders such as Academic Management Services.

ECONOMIES OF SCALE, A NEW WAY TO ORGANIZE

Child care providers should be encouraged to develop partnerships with one another to share administrative and operation costs.

Even in the private sector, where competition is fierce, companies are becoming more efficient by combining shared resources and developing new alliances similar to the way banks share ATM networks or hotels jointly own reservation systems.

Currently, the majority of child care providers operate independently from one another and spend valuable time and money duplicating efforts. Instead, providers should form alliances to consolidate operations such as billing and fee collection, accounting, purchase of equipment and supplies, staff development, janitorial services, food services, transportation, social services, and marketing. Additionally, forming this type of alliance might allow a select group of providers to negotiate together to provide services for the public sector, and employer, or group of employers. A collective approach to child care investment helps develop accessible child care and will streamline costs.

