

# Helping Local Governments View Child Care

*Nam Douglass*

**C**hild care is a vital and growing industry in North Carolina. Generating more than \$1.5 billion annually in gross receipts, providing more than 46,000 jobs, and accounting for roughly 8,500 small businesses, it has a significant impact on North Carolina's economy.<sup>1</sup>

North Carolina's working parents with children in licensed child care also have a significant impact on the state's economy, earning more than \$6.1 billion each year. Roughly 12 percent of the state's workforce consists of parents with children under school age.<sup>2</sup> More specifically, 56 percent of children newborn through age five are in households in which both parents are in the labor force. Seventy-three percent of children living with a single mother and 83 percent of children living with a single father also are in households with working parents.<sup>3</sup>

High-quality child care is increasingly becoming a critical component of the economic infrastructure of North Carolina. The demand on the state's child care industry will continue to grow. In 2003, North Carolina's population included almost 700,000 children newborn through age five. The state ranks fifth in the nation in population growth of children newborn through age twelve. Population trends indicate that although the average age of North Carolina's population is increasing, the percentage of children will not significantly decrease, making children newborn through age twelve roughly 17 percent of the population. Given these trends, child care is expected to be among the top ten fastest-growing occupation

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*The author is economic development consultant to the North Carolina Partnership for Children. Contact her at namdouglass@bellsouth.net.*



areas in North Carolina over the next five years.<sup>4</sup>

In 2004 the National Economic Development and Law Center released the report of a study on the economic impact of the child care industry in North Carolina. The study calculated a total economic impact of \$7.5 billion.<sup>5</sup> The study's findings underscore the importance of viewing child care as a critical component not only of the state's social

infrastructure but also of its economic infrastructure. As well as preparing children for school, child care creates jobs, purchases goods and services in the economy, generates tax revenues, and supports the employment of working families, regardless of race or income.

This article highlights the findings of the 2004 study and summarizes the ongoing efforts in North Carolina to ensure that all children have access to high-

# as Economic Development

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quality child care. The article focuses on child care outside the home and deals only with child care programs licensed and regulated by the state. It provides examples of how local governments are supporting child care both across the country and in North Carolina. Finally, it describes some creative approaches that local governments can use to leverage resources and strengthen the child care industry in their communities.

## **Child Care as Economic Development**

Historically, support and funding for child care and early childhood education have been viewed as a welfare issue, with significant emphasis placed on providing opportunities for disadvantaged children. Only recently have early care and education begun to be understood and evaluated as economic development

issues. As an increasing number of states quantify the value and the impact of the child care industry, people in the industry as well as people in business and economic development are more clearly able to articulate the critical role that child care plays in a community's economic infrastructure.

With this new framing, early care and education can move out of a welfare context and into an economic development context. As a result, child care leaders are beginning to think of their industry differently and to collect data not only on outcomes for children but also on number of businesses, number of employees, gross receipts, and the like.

## **Child Care and Rates of Return**

Business and economic leaders have aided discussion by conducting studies that quantify rates of return on investments in early childhood education programs. For example, a study conducted by the Federal Reserve Bank of Minneapolis estimated that high-quality early childhood education programs generate a 16 percent rate of return, 12 percent to the public and 4 percent to children.<sup>6</sup> More simply put, child care investments benefit the public at large as well as children.

Another study investigating the costs and the benefits of high-quality care, conducted by the Frank Porter Graham Child Development Institute, The University of North Carolina at Chapel Hill, found that at age twenty-one, children who had participated in an early intervention program had a greater likelihood of attending college and being employed in a high-skilled occupation than children who had not participated in such a program.<sup>7</sup>

The High/Scope Perry Preschool Study found that children who benefited



from high-quality child care were more likely than children who did not benefit from such care to graduate from high school, be employed at age forty, own a home, have a savings account, and have higher median annual earnings—all critical components in creating economically strong communities and families.<sup>8</sup>

A 2003 study by the Frank Porter Graham Child Development Institute found that children participating in the state's Smart Start–funded programs arrived at school with a higher level of readiness than other children, and that readiness was sustained through the third grade.<sup>9</sup> Also, a national study published in *Child Development* found that children entering elementary school who had attended higher-quality child care were more likely than other children to have improved math and language ability, better cognitive and social skills, and fewer behavioral problems.<sup>10</sup> Given that nationally, more than one-third of children entering kindergarten are considered not ready for school, early childhood education is becoming increasingly important in preparing children for future opportunities.<sup>11</sup>

Research on public expenditures also is finding that early childhood education is becoming increasingly important in decreasing future public costs. In 2002 the cost to North Carolina for holding back children in kindergarten through third grade was more than \$170 million.<sup>12</sup>

### Child Care and Employee Productivity

The competitiveness of the global economy requires that businesses recruit and retain the highest-skilled workers. The business community is growing increasingly aware of the importance of family-friendly work policies in general and child care in particular. Some businesses are using child care as a benefit, both to increase employee retention and to reduce absenteeism. Studies examining the ties between child care and employee productivity have produced these findings:

- Child care issues that result in employee absences cost U.S. businesses \$3 billion annually.<sup>13</sup>
- Unscheduled absences cost small businesses an average of \$60,000

## General Characteristics of North Carolina Child Care Enterprises



### Center-Based Child Care

Median enrollment	36
Percent enrolling children who receive a child care subsidy <sup>1</sup>	80
Median number of employees (teachers and assistants)	
Full-time	5
Part-time	1
Self-reported median hourly wage of directors	\$12
Self-reported median hourly wage of teachers	\$8
Percent providing fully paid health benefits for employees	14

### Family Child Care

Median enrollment	5
Percent enrolling children who receive a child care subsidy <sup>1</sup>	65
Percent caring for provider's own children	3
Median age of the business (in years)	5.4
Average workweek (in hours)	53
Estimated net yearly earnings	\$16,725

### Notes

All data are from WORKING IN CHILD CARE IN NORTH CAROLINA: THE NORTH CAROLINA CHILD CARE WORKFORCE SURVEY 2003 (N.C. Early Childhood Needs and Resources Assessment; Child Care Services Ass'n and Frank Porter Graham Child Dev. Inst., Univ. of N.C. at Chapel Hill, 2004), available at [www.childcareservices.org/\\_downloads/NC2003wfreport.pdf](http://www.childcareservices.org/_downloads/NC2003wfreport.pdf).

1. A center or a home has to enroll with the North Carolina Division of Child Development to be a subsidized child care provider.

annually, and large businesses, \$3.6 million annually.<sup>14</sup>

- Turnover costs for salaried employees are as much as 150 percent of their base salaries.<sup>15</sup>
- Turnover among employees using business-sponsored child care centers is 50 percent less than turnover among other workers.<sup>16</sup>

## Child Care's Impact on the North Carolina Economy

Until recently, evaluations of early childhood education programs have focused primarily on their impact on school readiness and child health. Although interest in understanding the economic impact of the child care industry was growing, no data existed. As noted earlier, the 2004 study by the National Economic Development and Law Center found that the child care industry in North Carolina is a significant part of the economy, with a total economic impact of \$7.5 billion. In terms of gross receipts, child care ranks above wireless communications and wholesale leaf tobacco.<sup>17</sup>

The study includes data on licensed and regulated, formal, full- and part-time programs of early care and education. The data cover both center-based child care and child care based in the provider's home, typically called "family child care." Head Start, More at Four, other public preschool programs, and after-school programs are represented. From an economic perspective, the report offers a conservative estimate, at best, of the child care industry's role in North Carolina's economy. Care given to children at home by parents, family members, or others, and programs that fall outside the parameters cited earlier, are not included. Research efforts to quantify the economic value of these "nonmarket" child care services are currently under way. According to one estimate, the cost of raising a child through age eighteen, in terms of what a caregiver could have earned outside the home, can range from \$600,000 to \$1 million.<sup>18</sup>

### North Carolina's Child Care Market

Currently the child care market in North Carolina can serve roughly



24 percent of all children newborn through age twelve at any one time in formal child care programs.<sup>19</sup> The market consists of both family (4,900) and center-based (3,600) regulated facilities.

More than 50 percent of centers identified themselves as independently owned and not part of a chain. The next-largest group identified themselves as religious child care centers, followed by those connected to educational institutions, including public schools, community colleges, universities, and private schools.<sup>20</sup> (For some general characteristics of center-based and family child care in North Carolina, see the sidebar on page 6.)

In spite of the essential service provided by the child care industry, it continues to struggle to afford decent wages and benefits for its employees and to decrease staff turnover. Like all other small businesses, child care facilities face increasing costs for benefits and goods, with little opportunity for achieving economies of scale.

Projects such as WAGE\$ and T.E.A.C.H. that provide education-based salary supplements and education scholarships to low-paid teachers are two efforts of North Carolina's early care and education system to help address these conditions. In addition to increas-

ing the number of high-quality (4- or 5-star) child care facilities, the two projects aid in pushing up wages. However, as long as the child care industry remains a group of small businesses largely dependent on fees paid by parents, the two projects may not be enough to make significant gains. (For more information on the projects, see the sidebar on page 8.)

### **North Carolina's Working Families**

Almost 70 percent of children in North Carolina are in households in which all adults work. This statistic includes both single- and dual-parent households. About 170,000 children are currently in licensed child care. As noted earlier, North Carolina's working parents with children in licensed child care earn \$6.1 billion annually. Also, they pay nearly \$1.8 billion in local, state, and federal taxes.<sup>21</sup>

The financial burden of child care forces many working parents to choose unregulated care for their children, or care that is less than high quality. The 2004 study reported these findings:<sup>22</sup>

- One in ten workers has a child under age six who needs care.
- Center-based care for an infant costs almost \$13,000 per year in urban counties and \$9,000 per year in rural counties.
- The annual cost of child care for a three-year-old in a rural county is more than twice the cost of in-state tuition at North Carolina's public universities.
- Child care expenses for a single mother with two children in an urban county are more than 50 percent of the total family income.

### **High-Quality Child Care in North Carolina**

In the early 1990s, North Carolina's child care standards were among the lowest in the country, the state ranked forty-ninth in SAT scores, and the General Assembly was debating the issue of corporal punishment. Child advocates persuaded the General Assembly to create a study commission to raise awareness of young children's needs. Subsequently, the General Assembly established the Smart Start Initiative with a mission to

## WAGE\$ and T.E.A.C.H.

Smart Start, the North Carolina Division of Child Development, and the nonprofit Child Care Services Association support two projects to increase educational attainment, decrease teacher turnover, and bolster the wages of the child care workforce.

### The Child Care WAGE\$ Project

The Child Care WAGE\$ Project provides education-based salary supplements for low-paid teachers, directors, and family child care providers who work with children newborn through age five. Eligible teachers in centers and family child care homes must earn less than \$14.60 per hour, and directors, less than \$15.00 per hour. Also, they must work at least ten hours a week with children newborn through age five in a licensed child care program and have some formal child care credential or education beyond a high school diploma. Participants must increase their education within three years to remain eligible for the program.

Salary supplements are tied to the education level of the child care worker and vary on the basis of the position that he or she holds and the county in which he or she works. For example, a teacher who holds an early childhood certificate may be eligible for \$600 in annual supplements and can earn \$1,500 or more if he or she completes an associate degree in early childhood education.

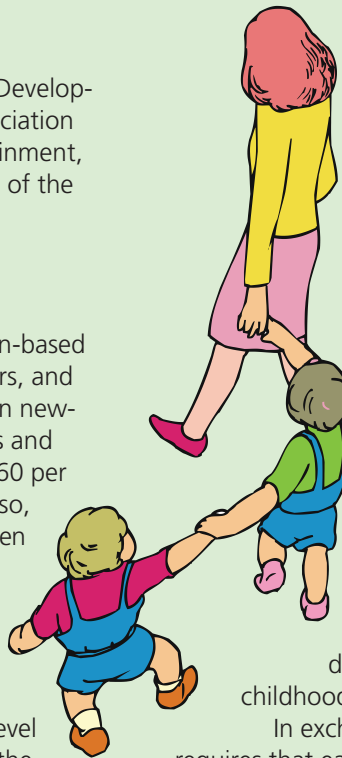
Supplements are paid in six-month increments, and eligible workers must verify that they have worked for the same child care provider during the prior six months. Moving to another provider resets the six-month eligibility criterion.

Following are some important WAGE\$ statistics for 2004–05:<sup>1</sup>

- The annual turnover rate was 16 percent for WAGE\$ participants versus 24 percent statewide.
- Sixty percent of participants had taken college-level coursework since applying.
- Eighteen percent of participants had moved up a level on the supplement scale because of continued education.
- The average six-month supplement was \$574 (or \$1,148 per year).

### The T.E.A.C.H. Early Childhood Project

The T.E.A.C.H. Early Childhood Project was established in 1990 by the Child Care Services Association to provide educational scholarships for teachers, directors, and family child care workers to complete course work in early childhood education and help increase their income.



Eligible child care workers must meet a minimum number of work hours per week in a regulated child care program and have the sponsorship of their employer. Also, eligible teachers and family child care workers must earn less than \$14.60 per hour, and directors, less than \$15.00 per hour. Participants are offered scholarships to study early childhood education at fifty-eight community colleges and six four-year universities. Participants also can opt to earn the North Carolina Early Childhood Administration Credential, the North Carolina Early Childhood Credential, or a certificate, a diploma, an associate's degree, or a bachelor's degree in early childhood education.

In exchange for scholarships, T.E.A.C.H. requires that each participant complete a certain amount of education or college course work during a contracted period. Also, participants must agree to remain in their child care program or the field for at least six months and as much as a year. After completing their education requirement, participants can receive increased compensation in the form of a bonus of \$100–\$700 or a raise of 4–5 percent.

Following are some important T.E.A.C.H. statistics:<sup>2</sup>

- Between 2001 and 2003, the number of teachers with two- and four-year college degrees increased 27 percent.
- Between 1993 and 2003, the number of licensed family child care providers with degrees increased 43 percent.
- Between 1993 and 2003, turnover rates decreased from 42 to 24 percent.

For more information on these programs, visit the Child Care Services Association website at [www.childcareservices.org/](http://www.childcareservices.org/).

### Notes

1. Child Care Serv. Ass'n website, [www.childcareservices.org/ps/wage.html#2](http://www.childcareservices.org/ps/wage.html#2) (last visited July 28, 2006). Under FAQ, click on What are the benefits/results of the Child Care WAGE\$® Project?
2. TURNING IT AROUND: THE T.E.A.C.H. EARLY CHILDHOOD AND CHILD CARE WAGE\$ PROJECTS (2004–2005 Annual Program Report, Chapel Hill, N.C.: Child Care Serv. Ass'n, 2005), available at [www.childcareservices.org/\\_downloads/TEACH%20annual%20report%2004-05.pdf](http://www.childcareservices.org/_downloads/TEACH%20annual%20report%2004-05.pdf) (last visited Aug. 3, 2006).



## The Smart Start Initiative

North Carolina's Smart Start Initiative began as a demonstration in eighteen counties.<sup>1</sup> Today it serves as a key part of the state's infrastructure for child care and early childhood education, with seventy-nine local Smart Start partnerships responding to the needs of North Carolina children (newborn through age five) and their families in the state's 100 counties.

Each of the local partnerships is a nonprofit organization with a board of directors. By law the board must have a minimum of twenty-one members, who generally include local government officials, business and philanthropic leaders, parents, human service officials, and consumers, among others.

Each local partnership has a strategic plan with measurable goals and accountability standards to ensure that the children in its community have a foundation for a sound basic education. The programs of each local partnership are designed specifically to meet the unique needs of the county or counties the partnership serves.

Since Smart Start's inception, the number of children in high-quality care has increased threefold, to more than 100,000. Other successes of the past ten years are these:

- Increasing the state's rate of children who are immunized, from the lowest in the nation to one of the top three

- Moving from the worst child care standards in the nation to having more than 50 percent of children in the highest-quality programs
- Improving education of early childhood teachers to the extent that more than 80 percent of them now have some college-level education
- Increasing the number of children who receive child care subsidies through Smart Start by 177 percent in the past decade<sup>2</sup>

Through Smart Start's National Technical Assistance Center, North Carolina has served as a national leader and model for other states looking to make strides in early childhood development. The state is again taking the lead in trying to link child care to the economic infrastructure of the state.

### Notes

1. Unless otherwise noted, data in this sidebar are from N.C. PARTNERSHIP FOR CHILDREN, SMART START: THE FOUNDATION FOR A SOUND, BASIC EDUCATION (Raleigh: the Partnership, 2005).

2. Figure derived by the author from a review of data at N.C. Div. of Child Dev.

ensure that every child in North Carolina arrives at school healthy and prepared for success.<sup>23</sup> Leading it are a statewide nonprofit organization, the North Carolina Partnership for Children, and seventy-nine local nonprofit organizations in collaboration with local government officials, child care providers, public agencies, private foundations, and numerous other community- and state-level organizations and volunteers.

A key component of their work is to ensure that every child enrolled in child care will be in a high-quality environment—that is, in a child care center with a 4- or 5-star rating as determined by North Carolina's child care licensing system. The system uses a scale of 1 to 5, with 5 being the highest quality. The system assesses the quality of licensed and regulated child care programs in three areas: program standards, staff education, and regulatory compliance. The most significant characteristics of higher-quality centers are lower child-to-teacher ratios and a more educated staff, with a greater percentage

of teachers having child care credentials and college-level early childhood education.<sup>24</sup>

Through Smart Start, North Carolina has made great gains on behalf of its children. Studies show that the quality of child care in the state has risen substantially as a result of Smart Start programs.<sup>25</sup> Other research shows that children in high-quality programs arrive at school at a higher level of readiness than their peers and have fewer behavioral problems, better math skills, and better cognitive skills through second grade.<sup>26</sup>

Further, more services are reaching young children and their families through Smart Start. In 2003, more than 94,000 families benefited from family support programs, about 100,000 children received health and development screenings, and more than 57,000 children received child care subsidies.<sup>27</sup> (For more information about Smart Start, see the sidebar on this page.)

**Higher-quality child care centers have lower child-to-teacher ratios and more staff with child care credentials and college-level early childhood education.**

Through its Division of Child Development, North Carolina provides a child care assistance program for low-income and other eligible families who are working or engaged

in training leading to employment. Eligibility is limited to families making no more than 75 percent of the state median income. The Division of Child Development allocates subsidy funding to each county on the basis of a set formula. The subsidy amount, which pays a portion of child care costs for eligible families, is based on a market rate survey that provides median cost estimates by county and by the age of the child. The subsidy covers about 75 percent of the cost of care, with the remainder paid for by the parents or absorbed by the child care provider.

The subsidy program is funded largely by federal and state dollars. Smart Start contributes additional funding to it—\$75 million in 2003—to assist in reach-

ing more children and families. Despite these additional resources, today almost 30,000 children are on the waiting list for subsidies. That list will only continue to grow.

In many counties more families are eligible to receive a subsidy than there are funds available. Waiting lists for subsidies vary from county to county in terms of the number of families on them and the average number of months that families spend waiting.

Not only are some children unable to secure the high-quality care that will assist in readying them for school, but their working parents often are unable to secure and retain employment because of a lack of affordable child care. Parents unable to secure a child care subsidy are frequently forced to turn down jobs or make difficult choices between work and public assistance. With the average yearly cost of high-quality care for a three-year-old in North Carolina at \$5,000 in rural communities and \$7,000 in urban communities, child care is out of reach for many low-income families. Working parents with infants often have the most difficult time. With the cost of care the greatest for this age group, parents are sometimes forced to move their children from provider to provider.

### Local Government Support of Investment in Early Care

The Institute for Youth, Education, and Families, a special entity of the National League of Cities, was established to promote the important role that municipal leaders play in improving the future of children and youth and to help them take action on behalf of children in their communities. Local government officials play a critical role in involving the business community, leveraging new resources, supporting creative ideas, and encouraging long-term strategies and investments to support children and families.<sup>28</sup>

### Involving the Business Community

Local government officials actively work to retain and strengthen the existing

businesses in their communities as well as to attract new business investment. Almost all businesses rely on child care to maintain and retain their workforce. For many businesses, operating an on-site child care facility for their workers is not a feasible option. However, local government can encourage the business community to support other child care strategies. Employer coalitions have been effective in leveraging state resources, pooling their own resources to provide referral and information services, and sharing information with the business community at large on effective family-friendly policies. Florida and Virginia have

**Lack of affordable child care undercuts many parents' employment options.**

strong coalitions of employers working on early childhood development issues at the state level. Similar efforts have been successfully launched on regional and local levels. Examples include local

business alliances, business advisory groups, and chamber of commerce committees serving as links between the business and child development communities.

Local government can support local businesses coming together to consider other creative strategies such as the following:

- Creating a pool of funds for new employees who need assistance with the first month or two of child care expenses until receiving a full paycheck
- Establishing a grant pool for existing child care facilities to upgrade space and equipment and create additional slots for employees of participating businesses
- Hosting a child care fair to ensure that working families know about local resources for early care and education
- Working with child care providers to support special needs for care, such as coverage during second and third shifts, during part-time work, and on weekends

### Leveraging New Resources

By including child care as part of the economic infrastructure of the commu-

nity, local leaders can consider and leverage a much broader set of resources. Funding sources available to local governments, such as the U.S. Department of Agriculture's Community Facilities Funds, can be used for child care facilities as well as for other community infrastructure needs.

Also, local leaders can consider other resources to leverage funds for child care and education. As part of its recruiting incentives, Travis County, Texas, offers companies that provide a child care benefit to low-wage employees a local property tax abatement. The county used such an incentive in recruiting Samsung to its jurisdiction.

Other local governments have taken advantage of opportunities to leverage new resources—for example:

- Communities in Maine have used tax increment financing to support child care in areas targeted for redevelopment and community development projects. (Under "tax increment financing," future tax revenues of the redeveloped area are used to pay for the improvement costs.)
- Other communities, including several in California, have incorporated child care into large-scale redevelopment efforts and leveraged redevelopment financing resources.
- Aspen, Colorado, and Ames, Iowa, have a dedicated stream from their sales tax revenue to support child care resources.
- Deerfield Beach, Florida, provides the building and covers the costs of employee benefits for a high-quality multigenerational care center that addresses both the child care and the elder care needs of the community.

### Supporting Creative Ideas

Local governments face tremendous challenges in trying to meet increasing needs with decreasing or stagnant revenues. They need creative ideas to help maximize the use of existing community resources and assets. Local governments play an important role in supporting the implementation of new ideas. In several communities, local government officials





have facilitated an increase in the availability of child care simply by easing barriers to creative solutions. Examples follow:

- Communities in California and Pennsylvania have reviewed and changed their land-use and zoning regulations to better support people seeking to start family child care businesses.
- Kentucky and New Jersey local governments have allowed the establishment of child care facilities in or near industrial parks. This strategy has created the benefits of onsite care for employees, an employee recruiting tool for businesses already in the parks, and an incentive for local developers to use in recruiting new businesses. It also eases transportation issues for workers, especially in rural areas.

#### **Encouraging Long-Term Strategies and Investments**

The need for high-quality early care and education will continue to demand the

attention of local and state government leaders. Local governments can work to meet this need by encouraging strategic thinking and long-term investments in their communities. Even small efforts that begin to integrate child care into the thinking of planning, economic, workforce, and business development professionals will create opportunities for innovative solutions.

Following are some ways in which local governments are paving the road for long-term investments:

- In Madison, Wisconsin, local officials are modeling child- and family-friendly practices in the community by providing access to parental leave and flex-time options and offering dependent care accounts, direct subsidies, and scholarship funds for low-wage employees.
- In Seattle, state officials collect data and conduct research on the child care workforce and its career linkages within the city, as well as other factors that affect the industry and its workforce.

- In Vermont, local municipal plans must address financing, facilities, and business assistance for child care providers.

#### **North Carolina Local Governments Leading by Example**

In the *Strengthening Families in American Cities Survey*, conducted by the National League of Cities, one in four elected city officials named child care as the most critical program or service need for children and families in their communities. Child care was second only to affordable housing. In addition to care for children under age three, preschool and early childhood education were listed among the top ten community needs. The same survey found that four in ten city officials dedicated funds to early childhood development, despite the fact that child care has not traditionally been a municipal function. Municipal leaders cited the benefits of increased school readiness, the future benefits of decreased juvenile delinquency, and



a moral responsibility as the main reasons for their investment.<sup>29</sup>

### **Supporting Access to, Availability of, and Affordability of High-Quality Child Care**

Local governments in North Carolina at both the county and the city level already are hard at work with local Smart Start partnerships and other local organizations leveraging new or existing resources creatively for child care or linking child care to community economic development. A few illustrations follow.

#### *Cashiers and Jackson County*

Heavily reliant on the tourism industry, Cashiers, in Jackson County, was facing a child care crisis. The rural nature of the community made it difficult for small child care centers to be economically viable, and the community found itself dependent on the one center run by the Southwestern Child Development Commission, a nonprofit organization serving the seven counties in the far western part of the state. This center was in danger of closing. Parents and local businesses alike were worried about what its closing would mean to the community. Working parents would be challenged to find care so that they could work. The small businesses relying on these workers were concerned about having employees for the tourist season.

Officials of the Southwestern Child Development Commission approached the county commissioners with a request for funding for the child care center and shared the concerns of the business community about the center's closing. The commissioners questioned why they should have a role in supporting a child care business. Officials of the Southwestern Child Development Commission challenged the commissioners to view child care as a critical part of their community's infrastructure. Just as water and sewer service and roads were necessary for businesses to thrive, they said, so was child care, and that infrastructure was in desperate need of an investment.

The Jackson County commissioners approved an investment of \$30,000 that enabled the center to get on its feet, hire additional staff, and increase the number of slots for children. This increased

the center's cash flow and set it on a more secure financial footing.

The center now is doing well and serving even more families, for it was able nearly to double the number of children enrolled, from twenty-three to forty-five. The county commissioners also have left the door open for future investments.<sup>30</sup>

#### *Onslow County*

Facing natural disaster requires the very best from first responders, lines people, health professionals, and other emergency workers called to the front line. This truth is well known in Onslow County. In a county action report completed after Hurricane Isabel, the Onslow County Emergency Management Services (EMS) found that child care for members of the disaster team was a frequent issue, with most facilities being closed and unavailable to meet the needs of emergency workers. The EMS, along with the local Smart Start partnership, the Onslow County government, and others, began to consider ways to address this need.

Family child care homes now are applying to be designated as child care service providers for essential personnel during emergency operations. Centers must meet certain criteria, and an operator must become a certified emergency response team member under a program of the U.S. Department of Homeland Security. County leaders are working with the Federal Emergency Management Agency to secure funding for this effort and to ensure that cost does not serve as a barrier to participation by families with an emergency worker. Emergency workers are relieved that they will be able to focus on their tasks in the event of an emergency, knowing that their children are in safe places.<sup>31</sup>

#### *Orange County*

Orange County is one of many with a growing waiting list for child care subsidies. Changes in the economy and the circumstances of families have made it more difficult for working families to

afford high-quality child care. That development, in turn, has affected their ability to remain in the workforce.

The Orange County commissioners are strong supporters of Smart Start and agencies such as the Department of Social Services that are working on behalf of children and families. To help address the child care needs of low-wage working families, the commissioners appropriated \$50,000 of county funds in fiscal year 2005 to help establish the Orange County Day Care Trust Fund. The fund serves as a bridge for families who have secured full-time employment and qualify for the subsidy but face a wait

of six months, on average, to receive it.

The average cost of the six-month scholarship is \$1,800. This investment is significantly less than the staff turnover costs of up to \$9,000

**Community infrastructure needed for thriving businesses = water and sewer service + roads + a solid child care system.**

that a business faces to replace an employee who is leaving for lack of affordable child care. Businesses, nonprofits, other organizations, and individuals are encouraged to help sponsor families by supplementing scholarships from the trust fund with donations of their own. Donations may be made in any amount and may be designated to a specific family. This long-term investment by Orange County and its partners is not only supporting children but enabling working parents to remain productive members of the workforce.<sup>32</sup>

### **Finding New Strategies to Start Children on a Path to School Readiness**

The national research on linking child care and economic development, spearheaded by Dr. Mildred Warner at Cornell University, shows that communities must consider the connections between children, working parents, and the local economy if gains are to be made in the communities' well-being. North Carolina has many examples of local governments working with local organizations to strengthen these connections and to create new opportunities for starting children on a path to school readiness. Several examples follow.<sup>33</sup>

## Resources on Linking Child Care and Economic Development

Following are some resources to learn more about linking economic development and child care.

### Websites

#### Child Care Partnership Project

[www.nccic.org/ccpartnerships/home.htm](http://www.nccic.org/ccpartnerships/home.htm)

The Child Care Partnership Project provides materials and toolkits on ways in which local governments, the business community, and other agencies can engage in the early care and education efforts of their communities.

#### Child Care Services Association

[www.childcareservices.org/](http://www.childcareservices.org/)

The Child Care Services Association administers programs to increase wage rates of child care workers across the state and spearheads research efforts, such as the studies of the North Carolina child care workforce and system.

#### Linking Economic Development and Child Care Research Project

<http://government.cce.cornell.edu/doc/reports/childcare>

The Linking Economic Development and Child Care Research Project focuses on identifying the economic linkages of child care and supporting the work of localities interested in using an economic development approach to financing child care.

#### Local Investment in Child Care

[www.lincc-childcare.com](http://www.lincc-childcare.com)

Local Investment in Child Care encourages public and private investments and policies to meet the child care needs of California's children and families. It currently is working on linking child care, transportation, and land use.

#### National Economic Development and Law Center

[www.nedlc.org/](http://www.nedlc.org/)

The National Economic Development and Law Center developed the Early Care and Education Economic Impact

Model for analyzing the economic impact of the child care industry. Since then it has been producing reports for states across the country, including North Carolina.

#### North Carolina Partnership for Children

[www.ncsmartstart.org](http://www.ncsmartstart.org)

The North Carolina Partnership for Children is the state nonprofit organization responsible for the Smart Start Initiative (see the sidebar on page 9). In 2001 the partnership established Smart Start's National Technical Assistance Center to provide training and information to other states looking to implement a comprehensive, community-based, statewide early childhood system modeled after the Smart Start Initiative.

### Articles and Reports

*Child Care and Parent Productivity: Making the Business Case*, by Karen Shellenback (Ithaca, N.Y.: Department of City and Regional Planning, Cornell University, December 2004), available at <http://government.cce.cornell.edu/doc/pdf/ChildCareParentProductivity.pdf>.

"Early Childhood Development = Economic Development," by Rob Grunewald & Art Rolnick, *fedgazette*, March 2003, available at [www.minneapolisfed.org/pubs/fedgaz/03-03/opinion.cfm](http://www.minneapolisfed.org/pubs/fedgaz/03-03/opinion.cfm).

*How Does High Quality Child Care Benefit Business and the Local Economy?* by Jen Brown (Seattle, Wash.: Economic Opportunity Institute, July 2002), available at [www.eoionline.org/ELC/Proposals/ECEChildcareEconomyBenefits.htm](http://www.eoionline.org/ELC/Proposals/ECEChildcareEconomyBenefits.htm).

*Supporting Early Childhood Success: Action Kit for Municipal Leaders*, by Julie Bosland et al. (Washington, D.C.: Institute for Youth, Education, and Families, National League of Cities, n.d.), available at [www.nlc.org/content/Files/ECE%20Action%20Kit.pdf](http://www.nlc.org/content/Files/ECE%20Action%20Kit.pdf).

### Charlotte

In the Charlotte area, the Centralina Workforce Development Board has provided a worker training grant to upgrade the skills of teachers at a large child care business. The grant also has helped build awareness of the special needs of the child care workforce.

### Clay County

The three public schools in Clay County share an on-campus child care center for the system's employees. The center serves as an incentive in recruiting new

teachers and as a benefit in retaining existing teachers.

### Durham

In Durham, Smart Start and the chamber of commerce have partnered to provide reduced membership fees to child care businesses. This strategy is helping strengthen the connection between the child care and business communities. Also, it is helping increase awareness that child care centers are small businesses facing the same challenges as other small businesses in the community.

### Hyde and Montgomery Counties

In Hyde and Montgomery counties, Smart Start partnerships are working with local officials as part of the 21st Century Communities Program sponsored by the North Carolina Department of Commerce. The goal is to include child care in each county's long-term strategic plan for economic development.

(For more resources on linking child care and economic development, see the sidebar on this page.)



## Conclusion

The \$7.5 billion impact of the child care industry in North Carolina challenges the often-held perception that early care and education are a private, family matter. High-quality child care provides a significant economic benefit to every community in the state. Its impact on current and future workforces makes it a critical component of the economic infrastructure. Helping build the strength of the child care system in North Carolina is an effort that will require child care and education professionals to work with local government, private business, economic, workforce, and policy professionals at the state and local levels. Local government officials can serve as critical partners, lending their voices in policy discussions and decision making, providing opportunities to local businesses, and setting a direction for community engagement that will help ensure a smart start for North Carolina's children.

## Notes

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2. In North Carolina, to start school in the fall of a given year, children must be turning five years old before October 16 of that year.
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4. *Id.*
5. *Id.*
6. Art Rolnick & Rob Grunewald, *Early Childhood Development: Economic Development with a High Public Return*, FEDGAZETTE, Mar. 2003, available at <http://minneapolisfed.org/pubs/fedgaz/03-03/earlychild.cfm> (last visited July 5, 2006).
7. Carolina Abecedarian Project, [www.fpg.unc.edu/~abc/index.cfm](http://www.fpg.unc.edu/~abc/index.cfm).
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