Early Care and Education & Local Economic Development

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Partners for America’s Economic Success
National Business Leader Summit
Boston, MA June 22, 2011

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The Economic Importance of Early Care and Education

Children - Human development
Parents – Labor mobilization, career ladders
Regions– Critical social infrastructure for economic development

Need a comprehensive view
Local Economic Impact Studies: Participatory Action Research

Participants:
• Chambers of Commerce
• Human Resource Managers
• Early Care and Education Advocates
• Policy Makers
• Economic Developers

• 90 state and local studies since 1997
• Cornell Methodology – Local differentiation
• Count entire sector – preschool and child care
• Regional Economic Impact – Multipliers
• State and Local Policy Change
Counting the Economic Impact of the ECE Sector

- Linkage Effects (economic multipliers)
- Direct Effects (Size of Sector, output, employment)
- Impact of Parents’ Earnings

Total Value of Local Economic Linkages (output, employment, linkage)
Regional Economic Impact Analysis
Multipliers capture the additional rounds of spending stimulated in the broader regional economy

- **Direct Effects**: Change in output or employment.
- **Indirect Effects**: Sector purchases from other sectors.
- **Induced Effects**: Workers spend wages.

Total Value of Local Economic Linkages:
- $1 or 1 job
- $2 1 ½ jobs
ECE has Higher Linkage than other Economic Development Targets

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Output Multipliers</th>
<th>Employment Multipliers</th>
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</thead>
<tbody>
<tr>
<td>Child care</td>
<td>1.91</td>
<td>1.50</td>
</tr>
<tr>
<td>Local Passenger Transit</td>
<td>1.72</td>
<td>1.35</td>
</tr>
<tr>
<td>Colleges &amp; Universities</td>
<td>1.84</td>
<td>1.37</td>
</tr>
<tr>
<td>Hospitals</td>
<td>1.79</td>
<td>1.67</td>
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<tr>
<td>Water and Sewer</td>
<td>1.67</td>
<td>2.68</td>
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<tr>
<td>Apparel and Accessories</td>
<td>1.60</td>
<td>1.30</td>
</tr>
<tr>
<td>Hotels and Lodging</td>
<td>1.71</td>
<td>1.50</td>
</tr>
</tbody>
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State averages 2000
Type II multipliers
Warner and Liu 2006
Research Challenges
Biases

• Export Bias
  » Local services are the majority of our economy
  » Services rank highest on total linkage (forward and backward) measures (Kay, Pratt and Warner 2007)

• Market Bias
  » Household care is the majority of care
  » If counted, household production would GDP 25%
  » Economic value of trade offs between work and care range from $50-$500/hr (Pratt 2009)
Counting Child Care Workers Nationally:
Most of the Iceberg Lies Below the Water Line

1.7 million paid workers (CPS 2000)

800,000 paid workers (BLS 2000)

900,000 additional paid workers (CPS 2000)

800,000 additional paid workers (Burton, et al 2002)

2.4 million unpaid care workers (93% unpaid relatives) (Burton, et al 2002)

Unpaid Parental Care
(12% of total U.S. Paid Work Time, 2005 ATUS: Approx. 17 million worker equivalents)
Research Challenges

Biases

• Gender Bias
  » Care-Work tradeoffs undermine women’s equality
    • Double burden, lower income earning potential, loss of human capital, need employer response

• Social Policy Bias
  » Move beyond the education and social service policy arena
  » Role for Planning (zoning, transportation, housing development) & Economic Development policy (business assistance, shared service models)
New Partners in Planning and Economic Development

• 80% of economic developers now see lack of affordable quality child care as a barrier to economic development (NYS and WI surveys 2005-2006).

• 14% of local governments nationwide use loans, tax credits, business assistance to support child care (NLC/ICMA 2009 survey)

• 90% of planners see families with young children as critical to the economic sustainability of communities (APA 2008 survey)
The Power of Participatory Research

Communities – Economic development and planning tools: business assistance, planning and zoning, impact fees, employer/community partnerships

Employers – Employer subsidies, Work Life Policy (parental leave, paid sick leave, flexible scheduling for caregivers)

Examples: Tompkins County, NY; Louisiana
Popular Issue Briefs available at http://economicdevelopmentandchildcare.org

- Adriance, S. 2009. To Gender or Not to Gender: An Analysis of Economic Impact Reports of the Child Care Sector.


