Child Care and Sustainable Communities: The Big Picture

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The Economic Importance of Early Care and Education

Children - Human development

Parents – Labor mobilization, career ladders

Regional Economy
Critical social infrastructure
Sector has 1000s of small businesses and employees
Care Crisis: Recession will Reduce the Formal Care Sector

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)
Recession – Impacts on Child Care

Expectations

• Formal center care supply will shrink
• Family and informal care supply will expand
• When economy rebounds, informal care will contract as providers return to work in the formal sector
• Crisis – Child care supply will contract precisely when economy is expanding
  » Will exacerbate labor shortage
• Need thoughtful infrastructure investment now
What Can Planners Do?

• 2008 APA survey on role of planners in creating family friendly communities
  » Changing Attitudes
  » Local Innovation – apply planning tools to improve services: child care, transportation, housing, economic development

• Coalitions of Child Care, Business and Economic Development Leaders (over 70 across the country)
  » 83% of Chamber and business leaders see child care as part of economic development strategy (New York Survey, 2006)
  » Child care is a critical social infrastructure for economic development
Families Are Important To Communities  (APA survey 2008)

- Families are important to growth, sustainability, and diversity. (97%)
- Families represent a valuable consumer population. (97%)
- Communities that keep people for the whole life cycle are more vibrant. (90%)
- The needs of families are similar to the needs of the elderly with regards to the physical environment. (64%)
The Service Cost/Tax Revenue Challenge

• Most families do not generate sufficient tax revenue to cover the cost of services they demand. (53%) (APA survey 2008)

• Many cities pursue young professionals “Creative Class” and empty nesters, or retirees, as groups that will enhance the local tax base but not require expensive local services.

• But this view may be short sighted.
Family Spending Stimulates the Local Economy

Average Annual Expenditures and Income, by age group (2010)

Expenditure is local.

The multiplier effect stimulates an additional $1 for every $1 spent

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**Family Expenditure shares on a child from birth to age 17, as a percentage of total child-rearing expenditure (2009)**

- **Housing**: 31%
- **Child care/education**: 17%
- **Food**: 16%
- **Transportation**: 13%
- **Misc.**: 9%
- **Health Care**: 8%
- **Clothing**: 6%

Average total spending per child from birth to age 17: **$222,360**

Calculating Linkage Effects in the Regional Economy

**Direct Effects:** Change in final demand for child care.

**Indirect Effects:** Centers make purchases.

**Induced Effects:** Centers pay worker wages.

Total Value of Local Economic Linkages $2.00

See Warner, 2009 Child Care Multipliers: Stimulus for the States.
The Child Care Sector Compared to Other Infrastructure Sectors, 2000

Child Care Type II Output multipliers are similar to education and training, and larger than water, sewer and transportation.

<table>
<thead>
<tr>
<th>State</th>
<th>Child care multipliers</th>
<th>Elemen. and Secondary Schools</th>
<th>Job Training and Related Services</th>
<th>Colleges University and Schools</th>
<th>Water Supply and Sewage Systems</th>
<th>Local Interurban Passenger Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>50-State &amp; D.C. Average</td>
<td>1.91</td>
<td>1.91</td>
<td>1.84</td>
<td>1.84</td>
<td>1.67</td>
<td>1.72</td>
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Source: IMPLAN Multipliers 2000 - 50 States plus DC analysis
What’s wrong with the child care market?

- Parents lack effective demand – need subsidies
- Hard to differentiate quality for providers and parents
- Low profitability yields insufficient supply of affordable, quality care
- Fragile businesses – few economies of scale
- Recession reduces formal supply
What can be done?

**Economic Development Assistance** – loan funds, business management, shared services

**Planning** – Zoning reforms, planning linking child care to transportation, housing and employment

**Employer/community partnerships** – to expand services, promote public entrepreneurship

**Public and Employer Subsidies** – to increase access
Lack of Awareness about Child Care (APA survey 2008)

Most planners do not realize that there is an inadequate supply of quality, affordable child care

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<thead>
<tr>
<th>Yes</th>
<th>No/Don’t</th>
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<td>20%</td>
<td>80%</td>
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- Community has an adequate supply of quality, affordable child care

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<th>18%</th>
<th>82%</th>
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- Community maintains data on child care (location, cost, enrollment)

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<tr>
<th>5%</th>
<th>95%</th>
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- Community has a local child care plan
Limited Support from Zoning and Finance Tools (APA survey 2008)

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<th>Zoning Allows:</th>
<th>Yes</th>
<th>No/Don’t Know</th>
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<tbody>
<tr>
<td>Family child care in residential units by right</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Family child care in residential units by special permit</td>
<td>46%</td>
<td>55%</td>
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<tr>
<td>Siting child care centers</td>
<td>41%</td>
<td>59%</td>
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<th>Community:</th>
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<tr>
<td>Provides financial support for development or operation of child care facilities</td>
<td>14%</td>
<td>86%</td>
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<tr>
<td>Assesses Impact fees to subsidize child care facilities and pre-K programs</td>
<td>7%</td>
<td>93%</td>
</tr>
<tr>
<td>Routinely uses local, state, or federal funding to support child care</td>
<td>21%</td>
<td>79%</td>
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Family Friendly Branded Communities (APA Survey, 2008)

- 41% of planners work in communities that brand themselves “Family Friendly”

- These communities are more likely to:
  - include families in comprehensive plans
  - advance the interests of families in zoning regulations & site plan reviews
  - design child friendly environments – streets, housing, services and child care
  - use a broad array of financial tools
  - involve families in the planning process


Child Care and Community Development, Kristen Anderson and Ellen Dektar, Planning for Family Friendly Communities Briefing Paper, April 2010