

A Study of the
The Economic Dimensions of the Child Care Industry in Indiana :
An Invisible Industry



A Report of the Indiana Child Care Fund

Study conducted by:

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IV. CONCLUSIONS & RECOMMENDATIONS (from the full Report)

Child care is linked to the economy in various ways...but in its current state it remains mostly invisible. As an industry, it represents an under-developed economic sector, providing care and education to children, our most precious resource. Without affordable child care, many parents can't go to work. A healthy child care industry ensures that the current labor force can access jobs and career advancement opportunities. It also helps businesses attract and retain the best employees. In the same way that local government and the private sector collaborate to attract new industry and a skilled workforce

(i.e., increasing the availability of capital, technology, housing), private and governmental partners benefit from investing together in the child care infrastructure. Investment in quality child care benefits all stakeholders:

- Hoosier taxpayers benefit through reduced K-12 spending and a better tax base when children grow up to become educated and skilled adults successfully employed.
- Businesses benefit when quality and affordable child care options attract and retain skilled workers to the area, and help prepare children for future skilled employment.
- Communities benefit when child care operates as small businesses around the state, allowing parents to work and know that their children are receiving quality care.
- Children benefit because they enter school ready to continue learning and are more likely to graduate with the skills to become responsible, involved community members.

Four main challenges constrain the child care industry from growing and maximizing the impacts of investment by families, employers, and state and municipal governments:

- **Lack of integration with economic development**
- **Insufficient investments from business and government**
- **Economic barriers to improving quality**
- **Financial limitations of consumers**

The following recommendations are proposed to address these challenges and ensure that the industry meets the needs of Indiana's economy. These recommendations cannot be implemented by a single stakeholder. Business, government, communities, and the child care industry itself are critical to advancing these recommendations. By partnering together, these stakeholders can create low- and no-cost solutions and cost-effective policies. Other stakeholders, including higher education, communities, parents, labor unions, and financial institutions are also important, and must be included in various ways to strengthen the industry.

Recommendation #1: Incorporate child care as a formal economic development component in state and local planning

Child care and economic leaders need to communicate with each other. By sitting side by side at planning tables, they can begin to understand each other's language, value, perspectives, and needs. Child care leaders can begin this effort by first viewing their work as an industry sector that supports both economic and child development. State and regional business, community, and economic development leaders can promote the child care industry as an important sector for economic success. Quality child care provides significant returns. The child care industry should be involved or specifically targeted in formal economic development activities, such as neighborhood revitalization, community planning, and economic stimulation initiatives.

Recommendation #2: Create incentives for employers to promote and support the child care industry

Employers need to invest in the child care industry by becoming involved...providing benefits to employees, supporting on or near-site facilities, offering referrals to quality licensed child care, disseminating marketing materials that define "quality child care", and engaging in long-term planning around labor force development. Donations to local United Way funds and charities that provide quality not-for-profit child care are another important way that businesses and organizations can support this under-developed industry. Tax incentives could also positively influence employers to address workforce needs in their communities.

* The Indiana Child Care Fund provides an on-line Tool Kit for Employers and Community Planners at www.inchildcarefund.org.

Recommendation #3: Promote increased quality in the child care industry

Improving quality in the child care industry is, as in any industry, a key to workforce and economic development. The majority of children in our state go to unlicensed child care homes. Little is known about these child care settings...whether or not they meet minimal standards for health, safety, nutrition, and early developmental needs of children. Increased state subsidies could help child care providers to meet state standards. We do know that licensed child care centers and homes meet minimal state standards, but many parents and communities are not aware of the requirements (or the value) of licensed care. We know of no communities in Indiana, which publish local reports listing facilities which meet the state standards and which do not (although this information is available through the Child Care Resource and Referral system). Accountability and monitoring of the state licensing system for child care has also been questioned. Does Indiana *adequately* promote and monitor licensed child care? We must also understand that licensed child care does not ensure *quality* care...only minimal standards. Longitudinal national research indicates that quality preschool experiences are related to academic success, increased graduation rates, reduced criminal behavior, increased employment rates, and higher wages (High Scope Educational Research Foundation). A public campaign would help parents, business, and community leaders promote these compelling benefits. Additional studies are needed to assess the current status of quality child care in our state.

Recommendation #4: Increase accessibility to quality programs

The basis of all economic development is investment. Ensuring that children in all income brackets have equal access to quality programs strengthens the future economy. Given that the benefits of quality child care are not limited to children and their families alone, but communities as well, increased investment from additional stakeholders is appropriate. Investing in a strong child care industry can not be the responsibility of parents and providers alone. A diverse group of stakeholders -- business, government, and community leaders -- has a role in the vitality of the industry and must work and plan together to reach innovative solutions to industry challenges. By engaging key stakeholders, partnerships may then be formed to successfully implement solutions that incorporate the interests and needs of each group. This is the only way that we will be able to maximize the returns that the industry clearly has to offer.