

Child Care

Keeps Missouri Working

The Missouri Child Care Industry Economic Impact Report

July 2005

Executive Summary

Child care is a critical industry on many levels. It is a service business; but, because of the nature of the service, caring for young children, it is rarely treated as a business. Child care is unique in that it not only employs a sizeable workforce internally, but it allows a significant portion of the population to get, keep, and be productive at their jobs while preparing our youngest citizens for school and adulthood.

Regulated Child Care in Missouri:

- **Employs 34,000 people in 5,000 small businesses.** 98.6% of the child care businesses in Missouri are owned by women and 21% of child care centers are owned by minority women. It is an industry that operates exclusively within the state, can not be moved outside the state, and is 95% locally owned.
- **Supports 120,000 workers in other industries.** Those who use child care are in every industry in the state at every level of employment from the shop floor to the corner office.
- **Produces \$635 million in gross annual receipts** making it about the same size as furniture manufacturing and larger than the hog and mining industries.
- **Pays over \$400 million per year in wages** and **purchases over \$83 million each year in consumables and utilities.**
- **Prepares 181,000 children for long-term workplace success.** Child care is a critical component of our educational system; access to high quality care can make a huge difference in a child's readiness for school and ultimate success as an adult.
- **Leverages \$255 million in federal funds each year.** The regulated child care industry (licensed and license-exempt programs) and the infrastructure that supports it, attract additional dollars into the state from the federal government.
- **Generates \$6 billion in total output.** When all outputs are considered, the total impact on the state is over \$6 billion or about 3% of all output in the state.

By any measure, the child care industry in Missouri has a significant impact on the state's economy. As the economy and workforce participation grow, this industry must grow to support the needs of working families in Missouri and their children.

When the child care system fails, everyone suffers. Children receive substandard care, the field is plagued by high turnover, workplace productivity is sapped and children enter our schools not fully prepared to succeed. Society misses an opportunity to prepare children for the future at the time they are most ready to learn. We can do a better job of caring for our youngest citizens.

Recommendations

To Make Child Care – and Missouri – Better

By creating partnerships with business, government, philanthropy and the early education field, we can improve the quality of child care in Missouri and make Missouri better – now and for the future.



We must recognize and support the economic contribution of early childhood education to the state's economy by:

- Participating in partnerships that bring all sectors of the state's leadership together.
- Encouraging development of child care programs in new and expanding communities and making child care a part of development, growth and expansion decisions.
- Supporting the establishment of a Missouri Child Care Business Center to help programs start, expand, and become more stable businesses.



We must ensure adequate, sustainable financing for the industry by:

- Increasing the state's child care subsidy eligibility to ensure that a slight increase in pay does not mean a loss of quality child care.
- Raising the state's child care subsidy reimbursement rates.
- Supporting development of high-quality infant care programs that are in short supply and are expensive to operate.
- Supporting the work of First Children's Finance – Missouri, a loan resource for early childhood programs.



We must support quality in early childhood education by:

- Viewing child care as the first step in the education of our children, not as a market to succeed or fail on its own.
- Supporting comprehensive licensing standards so that all who care for children meet the same basic health, safety, and training requirements.
- Sustaining OPEN, Missouri's career development system for early childhood professionals, and encouraging high professional standards for directors, teachers and family child care providers.
- Providing state funding to expand and sustain T.E.A.C.H. Early Childhood[®] MISSOURI, a scholarship, compensation and retention opportunity that allows licensed child care providers to seek additional education.
- Participating in the quality ratings initiative, an effort to develop a statewide system to help consumers judge the quality of child care programs.