



Benefits For All:

The Economic Impact of the New Jersey Child Care Industry
INFANT/TODDLER, PRESCHOOL AND OUT-OF-SCHOOL TIME PROGRAMS



Prepared by the National Economic Development and Law Center



THE NEW JERSEY CHILD CARE ECONOMIC IMPACT COUNCIL



**BENEFITS FOR ALL:
THE ECONOMIC IMPACT OF THE
NEW JERSEY CHILD CARE INDUSTRY**

Infant/Toddler, Preschool and Out-of-School Time Programs

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Who we are...

The New Jersey Child Care Economic Impact Council was created in August 2004 for the purpose of commissioning and assisting in gathering data for an economic impact study of the child care industry. Through the leadership of the John S. Watson Institute for Public Policy, the Council established a steering committee to design a plan for the selection and hiring of a firm that would conduct the study. In June 2005, the National Economic Development and Law Center (NEDLC) from Oakland, California, was hired based on its expertise through the successful completion of child care economic impact studies in seven states and 20 counties throughout the United States. The John S. Watson Institute for Public Policy has also provided leadership in the fundraising and coordination for the project.

The John S. Watson Institute for Public Policy of Thomas Edison State College offers forward-looking solutions to practical issues affecting New Jersey's citizens. Established in April 1991 as the Trenton Office of Policy Studies, the Institute was renamed to honor the memory of the late Assemblyman John S. Watson, the nation's first African American to chair an appropriations committee of a state legislature. The Watson Institute assists decision-makers in enacting public policy in the interest of New Jersey's residents, through deepening the analysis around critical public policy challenges and broadening the range of policy ideas, perspectives and options.

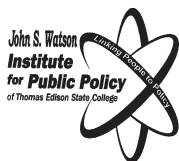
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The National Economic Development and Law Center (NEDLC), is a national research and consulting organization dedicated to building economic health and opportunity in vulnerable communities. It works in partnership with a diverse range of colleagues to develop innovative strategies and programs that result in systemic change and help people become—and remain—economically secure.

NEDLC believes that creating access to affordable, quality early education and care is a key strategy in building sustainable local economies. NEDLC is working with states and regions across the nation to produce reports and recommendations that quantify the direct economic effects of the child care industry on the economy. The reports help to build local, state and national partnerships aimed at increasing the industry's capacity to respond to the shifting early care and education needs of America's families. For more information, visit www.nedlc.org

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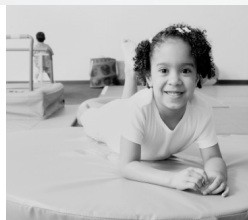
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Executive Summary

Benefits for All:

The Economic Impact of the New Jersey Child Care Industry

Infant/Toddler, Preschool and Out-of-School Time Programs

The child care industry includes infant/toddler care and education, preschool and out-of-school time care and education programs in for-profit, nonprofit and public settings that educate and nurture children's development and enable their parents to work and update their skills. This report examines the economic impact of New Jersey's child care industry and presents a complete picture of its gross receipts, number of employees and how the industry provides *benefits for all*. **The child care industry is integral to family and economic life of New Jersey residents:**

- 1. Child care and education programs with quality learning environments support New Jersey's future economic success by preparing the next generation.** Children who attend high-quality child care programs have improved math and language ability, enhanced cognitive and social skills and fewer behavioral issues. The Federal Reserve Bank in Minneapolis analyzed rates of return from investing in a model preschool program for low-income children. They found a 16 percent rate of return on investment—considerably higher than the long-term return from U.S. stocks of seven percent.¹ High-quality early childhood programs can also serve as an effective “early warning system” to address risky situations and incorporate child abuse prevention strategies.²
- 2. Child care enables parents to maintain employment and/or obtain education and training.** Almost one in five workers in New Jersey has a child between birth and age 13 and lives in a household where all parents work. Together these working parents earn \$20.2 billion every year. Child care enables many of them to develop their careers and advance their education to increase their earning potential.³
- 3. Child care and education programs enable employers to attract and retain employees and increase their productivity.** New Jersey businesses have indicated that their workers need quality, affordable and accessible child care arrangements. Meeting this need results in increased employee retention and reduced absenteeism, enhances the recruitment of skilled workers and increases on-the-job productivity. Working parents are better able to focus on their jobs if they know their children are in safe settings that provide high-quality care and education. For example, employees with inadequate child care are more likely to be late for work, absent or distracted on the job than parents who are confident about their children's child care arrangements.⁴ Meeting child care needs benefits the bottom line of businesses.

¹ A. Rolnick and R. Grunewald. *Early Childhood Development: Economic Development with a High Public Return*. Fedgazette. Minneapolis, Minn., Federal Reserve Bank of Minneapolis, January 2003.

² Center for the Study of Social Policy. *Protecting Children by Strengthening Families, A Guidebook for Early Childhood Programs*. Washington, D.C., April 2004.

³ U.S. Census Bureau. *Census 2000*. The survey does not report data specifically on children age birth through 13. Income for dual-parent families included only one income. “All parents” refers to dual and single working parent families.

⁴ J. Brown. *How Does High-quality Child Care Benefit Business and the Local Economy?* Seattle, Washington: Economic Policy Institute, July 2002.

- 4. The child care industry (infant/toddler, preschool and out-of-school time care and education programs) generates \$2.55 billion in gross receipts annually and provides more than 65,300 full-time equivalent jobs.** This puts the child care industry on par with other significant New Jersey industries, including pharmaceutical manufacturing, insurance carriers, real estate, and scientific research and development.

While the child care industry and other stakeholders have already made great strides to improve quality, affordability and accessibility, the child care industry still faces a number of challenges in meeting the needs of families, children and employers in the state. If New Jersey addresses these challenges, it can increase bottom-line returns for New Jersey employers and public returns on government investments. These challenges include but are not limited to a shortage of high-quality child care facilities; a shortage of qualified program administrators, child care teachers and providers; and a shortage of high-quality infant and toddler care.

Furthermore, demographic and economic trends indicate that the reliance of New Jersey's residents on the child care industry will only increase. New Jersey has one of the highest costs of living in the country, making it a difficult place to live and work for families with young children. Working parents need economic opportunities that lead to self-sufficiency and participation in the economic growth of the state. Growth in lower-wage jobs, work during nontraditional hours, and racial and ethnic diversity necessitate a child care system that is accessible to all New Jersey's families, but particularly low- and moderate-income families. Lastly, growing diversity among the state's population of children indicates a need for culturally and linguistically appropriate child care programs that can meet these explicit needs of children and their parents.

To meet the increasing demand for high-quality, affordable and accessible child care services and benefit the New Jersey economy, all child care industry stakeholders, including businesses, government and the child care industry itself, must work and plan together to strengthen the existing industry to maximize its economic benefits. This report makes key recommendations on how government, businesses and the child care industry (for-profit, nonprofit and public) can increase the quality and effectiveness of New Jersey's child care industry. The existing champions in businesses, corporations, foundations, government and in the industry alike demonstrate this is possible. The examples in this study highlight companies that invest substantial amounts of resources to help their employees balance their work and home responsibilities.

The *Introduction* of this report presents a picture of the child care industry in New Jersey. *Section Two* demonstrates the long-term economic benefits of investing in high-quality child care. *Section Three* explores the links between child care, business and economic development. *Section Four* analyzes the overall economic effects of the child care industry as measured by industry earnings, employment and current levels of government investment. *Section Five* provides a demographic and economic profile of the state and the implications for the child care industry. *Section Six* addresses child care industry challenges and highlights some existing initiatives to overcome these barriers. Finally, *Section Seven* considers future implications for the state's economy, provides conclusions and offers strategies on how to maximize the economic benefits of child care in New Jersey.

Section One

Introduction

Benefits for All: The Economic Impact of the New Jersey Child Care Industry Infant/Toddler Care, Preschool and Out-of-School Time Programs

This report is a tool to begin bridging the gap between economic development planning and the needs of working families with children. Policymakers, business leaders, urban planners and a host of other community leaders are already discussing ways to improve the economic vitality and quality of life for families in New Jersey. This report demonstrates that high-quality child care is a critical component for any comprehensive plan for sustained economic development, and shows that businesses in particular have a vested interest in ensuring that there is a high-quality and affordable child care system in New Jersey.

The child care industry encompasses a range of programs outside the traditional kindergarten through twelfth grade (K-12) education. These programs include infant/toddler programs, public and private preschools, Head Start programs, family child care providers, medical day care, military child care, employer-supported child care, after-school programs, summer camps, informal care provided by family members, nannies, etc. These programs vary widely in content, organization, sponsorship, source of funding, and relationship to public school and government regulations.⁵

The New Jersey Child Care Economic Impact Council decided to use the term “child care” throughout this report to reflect the variety of education and care programs, which parents typically access. These programs are also referred to as “early care and education,” “early childhood programs” and “out-of-school time programs.” They are designed to nurture, support, enrich and educate children from birth through age 13. Early childhood education/early care and education is a special branch of education that deals with children from birth to age eight. Out-of-school time programs, including after-school and summer enrichment, serve children who are also in K-12 education. The knowledge base of the child care industry comes from the science of child development, which studies how children change and learn as they get older. Together, these programs build the foundation for life-long learning that results in productive citizens for the state and the country.

This study captures the benefits and functions of the child care industry in economic terms. The industry has two main functions that link the industry to the economy:

1. High-quality child care provides stimulating age-appropriate learning opportunities that support the healthy development of children so that they are ready to succeed in school and life. For children from birth through age five, quality programs help them develop core skills and competencies that prepare them for future success in traditional K-12 classrooms.⁶ For children ages five through 13, before- and after-school programs ensure children’s safety while providing enriching educational activities that support the traditional school curriculum.⁷
2. High-quality child care also enables parents to maintain employment and/or access education and training that lead to employment advancement. Historically, parents have been solely responsible for the care and education of their young children during the workday. Single parent working families and families with two working parents were

⁵ Commission on Behavioral and Social Sciences and Education. *Eager to Learn: Educating Our Preschoolers*. National Research Council National Academy of Sciences Press, Washington, D.C., 2001.

⁶ J.P. Shonkoff and D.A. Phillips, editors. *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Washington, D.C., National Academies Press, 2000.

⁷ National Institute on Out-of-School Time. *Making the Case: A Fact Sheet on Children and Youth in Out-of-School Time*. Center for Research on Women at Wellesley Centers for Women, Wellesley College, Wellesley, Mass., January 2005.

rare.⁸ In those families that did have two working parents or a single working parent, care and education were generally entrusted to relatives, neighbors and friends.⁹ Today, the majority of children in New Jersey live in families in which all parents work.⁹

The child care industry serves the following two main purposes:

- Provides stimulating, age-appropriate early learning opportunities that support healthy development so that children are ready to succeed in K-12 classrooms; and
- Enables parents to maintain employment and/or obtain education and training.

As a result of the demand for child care services, the industry's role in the economy has also transformed. The industry has become a significant component of the economic infrastructure of the state, and it is a driver of the economy, providing financial benefits in three main ways:

1. **Quality child care programs ensure a strong future workforce.** Recent research on early brain development supports the conclusion that high-quality child care for children from birth through age five is a vital service, improving children's health, school readiness and eventual economic contribution to society.¹⁰ The quality of early education opportunities is linked to positive outcomes in school for children in all income brackets. Some studies have shown particularly striking findings in children from low-income families.¹¹ Three separate longitudinal studies of targeted, intensive intervention programs for low-income children have indicated significant and positive long-term outcomes in areas such as grade repetition and special education needs, higher educational attainment and home ownership in adulthood. Many of the outcomes reduce future public spending in such areas as K-12 education, criminal justice and welfare assistance, which result in a 12 percent rate of public return on investment.¹² Recent research on the outcomes of children in New Jersey's *Abbott* public preschool programs reveals that these programs are increasing school readiness among participants.¹³ Furthermore, research shows that in addition to their traditional role of promoting healthy development, high-quality early childhood programs can serve as an effective "early warning system" to address risky situations and incorporate child abuse prevention strategies.¹⁴
2. **Child care is a critical support for the current workforce.** The child care industry plays a significant role in enabling employers to attract and retain employees and to increase productivity by reducing employee turnover and absenteeism. Similar to transportation and housing, without accessible and affordable child care, employees may experience barriers to working, and their employers and the economy as a whole suffer.¹⁵

⁸ B. F. Hinitz and V. C. Lascarides. *A History of Early Childhood Education*, NY: Routledge/Falmer Publishing, 2000.

⁹ U.S. Census Bureau, *Census 2000*.

¹⁰ J.P. Shonkoff and D.A. Phillips, editors. *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Washington, D.C., National Academies Press, 2000.

¹¹ R.J. Coley. *An Uneven Start*. Educational Testing Service, Princeton, N.J., 2002. As cited in *Kids Can't Wait to Learn: Achieving Voluntary Preschool for All in California*, Preschool California, 2004.

¹² Art Rolnick and Rob Grunewald. *Early Childhood Development: Economic Development with a High Public Return*. Fedgazette. Minneapolis, Minn., Federal Reserve Bank of Minneapolis, January 2003. Analysis was based on the High/Scope Perry Preschool Project in Michigan.

¹³ E. Frede, C. Esposito, H. Seplocha, J. Strasser, S. Jambunathan, J. A. Junker, E. Wolock. *Giant Steps for the Littlest Children: Progress in the 6th Year of the Abbott Preschool Program*. Rutgers University and the College of New Jersey, May 18, 2005.

¹⁴ Center for the Study of Social Policy. *Protecting Children by Strengthening Families, A Guidebook for Early Childhood Programs*, Washington, D.C., April 2004.

¹⁵ R. Chase and E. Shelton. *Child Care Use in Minnesota: Report of the 1999 Statewide Household Child Care Survey*. Wilder Research Center, Minneapolis, 2001. Almost 25 percent of parents with children from birth to age five responded that problems with child care in the last 12 months prevented them from keeping or accepting the kind of job they wanted. No similar study has been conducted in New Jersey.

3. **Child care is a major industry in New Jersey in its own right.** Research presented in this report demonstrates that child care is a significant income-generating industry. The industry generates more annual gross receipts than scientific research and development, clothing stores and all farm commodities. It is also a job-creating industry, employing almost as many people as insurance carriers and more people than pharmaceutical manufacturing, transportation and warehousing, and building construction.¹⁶

Child care is an economic driver. It:

- Supports a strong future economy by preparing children to enter K-12 education ready to learn the skills necessary to succeed in school and become productive workers;
- Enables employers to attract and retain employees and increase their productivity; and
- Provides a significant number of jobs and generates considerable revenue in its own right.

NEW JERSEY'S CHILD CARE INDUSTRY

Though this report focuses primarily on statewide information, implications and recommendations, it is important to note that New Jersey varies significantly by region across the state.

The majority of economic analyses in this report (i.e., gross receipts and direct employment) focus on New Jersey's formal child care industry as defined below. The following programs are included in this report: licensed centers, registered family child care homes, approved home care, military child development centers, license-exempt public preschool programs and special education public preschool programs. All of the programs in New Jersey's formal child care industry meet minimum standards established by the state legislature. All of these programs also have data that are tracked and updated regularly.

Licensed Child Care Centers

A variety of child care programs are licensed by the Department of Human Services (DHS) including:

- Private for-profit and not-for-profit licensed child care centers;
- DHS-licensed Head Start, Early Head Start and Migrant Head Start programs;
- Not-for-profit child care centers that are publicly funded (CBC Centers);
- *Abbott* state-funded public preschool programs operated by licensed child care centers;
- DHS-licensed Early Launch to Learning Initiative (ELLI) preschool programs;
- DHS-licensed Early Childhood Program Aid (ECPA) public preschool programs in non-*Abbott* districts;
- Some summer camps;¹⁷ and
- Private medical, therapeutic and special needs child care centers and preschools.

¹⁶ See Section 3 for further discussion of results and methodology.

¹⁷ Some summer camps voluntarily choose to be licensed by DHS, but the majority of summer camps are licensed by the N.J. Department of Health and Senior Services.

License-Exempt State-Funded Public Preschool Programs

State-funded public preschool programs that are operated by public schools are not licensed by DHS because they are operated by a school district. These include:

- Public Preschool Programs operated by public schools mandated by the *Abbott v. Burke* decision of 1998, known as *Abbott* preschools;
- Early Childhood Program Aid (ECPA) public preschool programs in non-*Abbott* districts; and
- Early Launch to Learning Initiative (ELLI) Preschool Programs.¹⁸

Registered Family Child Care Homes

Registered family child care homes are independent small businesses that provide care for no more than five children at one time. Providers that also care for their own children or children of their staff can care for up to eight children at one time. County child care resource and referral agencies are contracted with DHS to register family child care homes. Registration is voluntary.

Approved Home Providers

Approved home providers are providers who are not registered as family child care providers but have been authorized to receive voucher payments through the DHS child care services programs.

Military Child Development Centers

Military child care programs that operate on federal lands are not required to be licensed by DHS. However, they must meet standards set by the U.S. Department of Defense. Military child development centers are included in the report's analysis, but data for military school age centers/summer camps and home providers were not available at the time of this report, and, thus, are not included in the economic analyses of this report. However, some home providers may be included if they are also registered or approved homes.

State-Funded Special Education Public Preschools

Through state and local funding, New Jersey school districts fund preschool programs for children with special needs. Programs for an eligible child needing special education and related services are individualized. The support to the child with a disability in a general education preschool is based on an education plan designed to provide a free and appropriate public education for the preschool child in the least restrictive environment possible. Only state-funded special education public preschool programs are included in this report. Special education preschool programs funded with local funds are not included in this report.¹⁹

¹⁸ These preschool programs operate in non-*Abbott* districts. They are specially funded by the Early Childhood Education Initiatives for 2004 and Beyond, a statewide initiative to provide high-quality preschool for four-year-olds in non-*Abbott* districts.

¹⁹ N.J. Department of Education. *New Jersey Preschool Special Education*, 2004.

Pediatric Medical Day Care Centers

The Department of Health and Senior Services licenses approximately 15 pediatric medical day care centers in New Jersey. Approximately half of these programs also choose to be licensed by DHS as child care centers. Those that are licensed by DHS are included in this report.

Informal Child Care Providers Not Included in this Report

Care provided by friends, neighbors and relatives, generally referred to as kith and kin care, is not regulated in New Jersey unless state and federal funds are used to help pay for the care. Most babysitters and nannies are not part of New Jersey's formal system of child care. In addition, family child care home businesses may care for up to five children at one time without meeting any health and safety standards. They are not required to undergo criminal background checks, are not inspected, and are not required to register with county resource and referral agencies.

Although informal care and education arrangements are widely used and also add much to the economy, it is difficult to ascertain their impact because of a lack of collected data.²⁰ Therefore, this report focuses primarily on formal child care. By excluding informal care, this report's findings are conservative estimates of the total impact that child care has on the economy.

Formal Programs Not Included in this Report

Some formal child care programs do not have sufficient data on funding, enrollment and/or staffing available and, therefore, are not included in the economic analyses of this report. These programs include:

- Pediatric medical day care centers that are not licensed by DHS;
- Legally license-exempt child care centers, including non DHS-licensed before- and after-school programs in public and private schools;²¹
- Youth camps licensed by the N.J. Department of Health and Senior Services;²²
- Preschools that operate legally within private schools;
- Schools or programs for young children with autism;
- Locally funded public preschool programs;²³
- Department of Mental Health licensed programs for children at-risk for or with mental disabilities; and
- Military school age programs and home providers.

²⁰ M. Brown-Lyons, A. Robertson and J. Layzer. *Kith and Kin—Informal Child Care: Highlights From Recent Research*, National Center for Children in Poverty, New York, 2001.

²¹ Interview. Diane Genco, executive director, New Jersey School Age Care Coalition. National Economic Development and Law Center, September 2005. The total number of these programs is not known, but at least 1,200 are members of the New Jersey School Age Care Coalition.

²² Interview. Loel Mutter, N.J. Department of Health and Senior Services. National Economic Development and Law Center. September 2005. There are an estimated 900 of these youth camps.

²³ This includes locally funded special education public preschool programs.

Section Two

Quality Child Care, School Readiness and New Jersey's Future Economic Success

High-quality child care programs (infant/toddler care, preschool and out-of-school time programs) play a pivotal role in New Jersey's future economy for two main reasons. They:

- Cultivate New Jersey's future workforce by improving the cognitive skills of children and boosting their chances of entering the traditional K-12 school system ready to continue learning; and
- Offer a financial return by reducing future public spending in such areas as criminal justice, remedial education, unemployment and welfare.

CULTIVATING NEW JERSEY'S FUTURE LABOR FORCE

Government and economic development leaders are beginning to recognize that child care is a critical part of a continuum of educational services that will create a skilled future workforce that can help current and future employers succeed in a demanding global marketplace. Joan Verplanck, president of the New Jersey Chamber of Commerce notes, "As the labor force shrinks, it's more important than ever that quality child care be available, both to make it as convenient as possible for current workers to remain on the job and to prepare the next generation for success in a demanding global marketplace."²⁴

"As the labor force shrinks, it's more important than ever that quality child care be available, both to make it as convenient as possible for current workers to remain on the job and to prepare the next generation for success in a demanding global marketplace."

Joan Verplanck, President, New Jersey Chamber of Commerce

Government and economic development leaders have openly discussed the need for a skilled workforce prepared for the economic demands of tomorrow. The New Jersey Chamber of Commerce has heard this call for action and has established as one of its six long-term goals to ensure "[that] all students achieve at high levels, become productive citizens, and be well prepared to succeed in the workforce."²⁵ A key component to achieving this objective is quality early childhood education. Research indicates that early care and education can increase children's abilities to enter traditional K-12 schooling ready to continue learning so that they are prepared for future opportunities.²⁶

The Committee for Economic Development (CED), a national nonpartisan research and policy organization of 250 business leaders and educators urges the nation "to view education as an investment, not an expense, and to develop a comprehensive and coordinated strategy of human investment. Such a strategy should redefine education as a process that begins at birth and

²⁴ Interview. Joan Verplanck, president of the New Jersey Chamber of Commerce. The National Economic Development and Law Center, August 8, 2005.

²⁵ New Jersey Chamber of Commerce, The Business Coalition for Education Excellence. *Mission*. Retrieved off the following Web site on January 8, 2006: <http://www.bcee.org/>.

²⁶ J. Brooks-Gunn. "Do You Believe in Magic? What We Can Expect from Early Childhood Intervention Programs." *Social Policy Report*, 17, 1. Society for Research in Child Development, 2003.

encompasses all aspects of children's early development, including their physical, social, emotional, and cognitive growth."²⁷

The National Academy of Sciences also recently brought together a committee of experts to synthesize research on early childhood development. They agreed that "the effects of child care derive not from its use or nonuse but from the quality of the experiences it provides to young children."²⁸

The quality of child care programs affects how well the programs prepare children for school. A study of four diverse states found that young children who attended higher quality and more stable child care centers had the following characteristics through elementary school, compared to peers in care settings rated as having poorer quality:²⁹

- Improved math and language ability;
- Enhanced cognitive and social skills; and
- Fewer behavioral issues.

Research also demonstrates that high-quality after-school programs enable a future workforce. Participation in after-school programs is positively associated with better school attendance, more positive attitude toward school work, higher aspirations for college, finer work habits, better interpersonal skills, reduced drop out rates, higher quality of homework completions, less time spent in unhealthy behaviors and improved grades.³⁰

Current findings indicate that investments in early education have greater returns than educational investments in later life because younger people have more time to generate returns on investments and because "skill begets skill."³¹

"Early learning begets later learning and later success."

James J. Heckman, Nobel Prize-Winning Economist, University of Chicago

AN INVESTMENT WITH A SIGNIFICANT RETURN

The social and education benefits of high-quality child care are well understood in New Jersey. Less well known, however, is that those social and education benefits translate to significant financial benefits as well.

²⁷ Committee for Economic Development (2002). As cited from *Exceptional Returns* by the Economic Policy Institute, 2004.

²⁸ J. Shonkoff and D.A. Phillips, Editors. *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, D.C., National Academies Press, 2000, Page 307.

²⁹ E. S. Peisner-Feinberg, M. R. Burchinal, R. M. Clifford, M. L. Culklin, C. Howes, S. L. Kagan, and N. Yazejian. "The Relation of Preschool Child-Care Quality to Children's Cognitive and Social Development Trajectories through Second Grade." *Child Development*, September/October 2001, Volume 72, Number 5, Pages 1534-1553. Quality was assessed in this study using the following criteria: classroom quality measures using the Early Childhood Environment Rating Scale (ECERS), teacher sensitivity using the Caregiver Interaction Scale (CIS), child-centered teaching style using Early Childhood Observation Form (ECOF) and teacher responsiveness using Adult Involvement Scale (AIS). In addition, teacher-child relationship and child assessment measures were used.

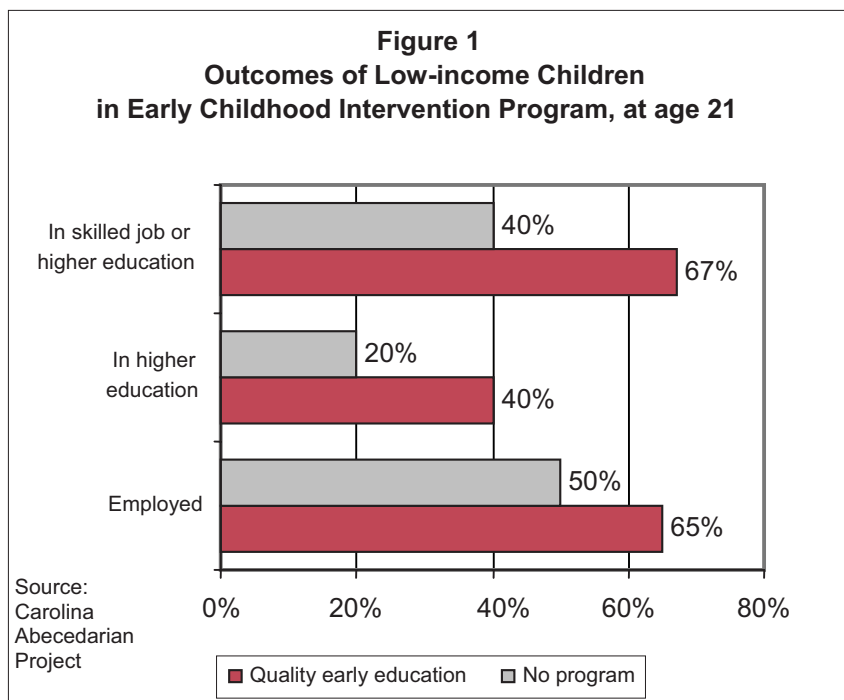
³⁰ R. Clark. *Critical Factors in Why Disadvantaged Children Succeed or Fail in School*, 1988. D. Hauang, B. Gibbons, K. Kim, C. Lee, and E.L. Baker. A Decade of results: The Impact of LA's Best After-school Enrichment Initiative on Subsequent Student Achievement and Performance, 2000. M.W. McLaughlin. *Community Counts: How Youth Organizations Matter for Youth Development*, 2000. J.K. Posner and D.L. Vandell. *Low Income Children's After-school Care, 1994 and After-school Activities and the Development of Low-Income Urban Children*, 1999. All articles cited in "Making the Case: A Fact Sheet on Children and Youth in Out-of-School Time, a paper by the National Institute on Out-of-School Time, Center for Research on Women, Wellesley College, January 2003.

³¹ J. Heckman and A. Wildavsky. Forum. Policies to Foster Human Capital Joint Center for Poverty Research working paper, Northwestern University/University of Chicago, Page 39.

While there are no long-term studies of the economic effects of quality child care in New Jersey, cost-benefit analyses of three long-term, high-quality early education intervention programs indicate that there are significant future savings when money is invested in high-quality early education and care, particularly for low-income children. They indicate what can be achieved when high-quality programs are delivered by a well-trained professional staff for children who are at risk for later problems.

Two long-term studies focused on preschool intervention programs. In a study of Chicago Parent-Child Centers, low-income children in a high-quality, child-focused intervention program were less likely than peers to drop out of high school, be in special education, repeat a grade or be arrested as juveniles.³² In the Perry preschool study, individuals who were randomly selected to be in the high-quality child intervention program were assessed at age 27. The study found that they earned more money, were more likely to own their own home and were less likely to have been on welfare than their peers.³³

Another long-term study, known as the Abecedarian Project, provided intervention services from birth through age five. A study of this program found that children who participated in the services were significantly more likely to attend college and be in a high-skilled job or in higher education at age 21 than peers randomly selected not to participate in the services (see Figure 1).³⁴



Quality child care saves public funding by decreasing the need for remedial education in the traditional school system and decreasing involvement in both the criminal justice and welfare systems. Increased earnings by adults who attended quality early education programs translate to a larger tax base. Future savings can also be found in criminal justice costs and tangible costs to victims.³⁵

Quality programs decrease child welfare spending associated with child abuse and neglect. As the Center for the Study of Social Policy notes, "Research shows that early childhood programs in particular can serve as an effective 'early warning system' to immediately and effectively address risky situations, and that strong early childhood programs can be enhanced to incorporate child abuse prevention strategies—in addition to their traditional role of promoting healthy development."³⁶

³² A. J. Reynolds, J. A. Temple, D. L. Robertson, E. A. Mann. "Long-term effects of an early childhood intervention on educational achievement and juvenile arrest - A 15-year follow-up of low-income children in public schools." *Journal of American Medical Association*, May 19, 2001, V. 285, No. 18, Pages 2239-2346.

³³ L. J. Schweinart, H. V. Barnes and D. P. Weikart. *Significant benefits: The High/Scope Perry preschool study through age 27* (Monographs of the High/Scope Educational Research Foundation, 10). Ypsilanti, Mich., High/Scope Press, 1993.

³⁴ www.fpg.unc.edu/~abc/.

³⁵ L. N. Masse and W. S. Barnett. A Benefit Cost Analysis of the Abecedarian Early Childhood Intervention. New Brunswick, N.J., National Institute for Early Education Research, 2002. Values are in 2002 dollars and are discounted at 3 percent. This estimate assumes that the costs and benefits are realized in the same location as the program.

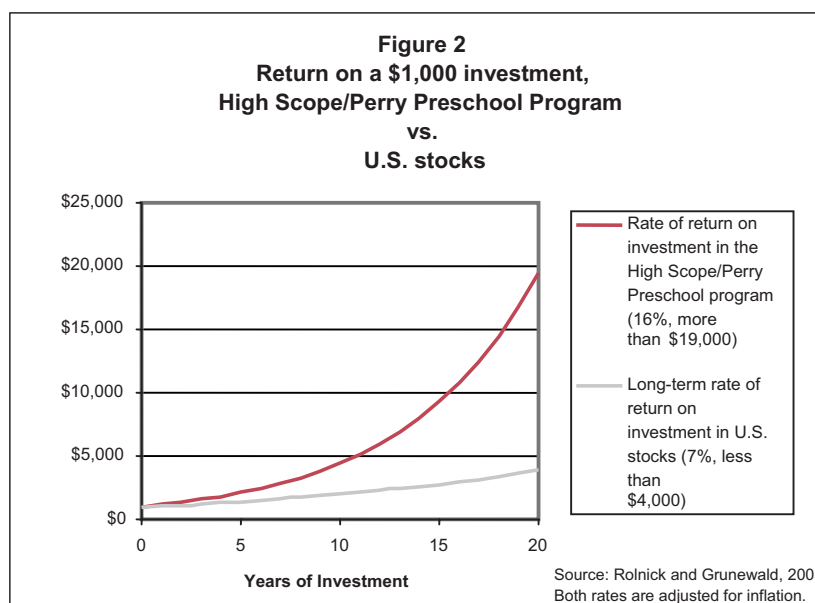
³⁶ Center for the Study of Social Policy. *Protecting Children by Strengthening Families, A Guidebook for Early Childhood Programs*, Washington, D.C., April 2004.

Economists have analyzed the overall costs and benefits of these three early education and care programs with long-term assessments and found that significant cost savings were realized in each program (see Table 1 for a summary).³⁷

	Number of Years of Program	Approximate Average Annual Cost per Child	Approximate Total Cost of Program per Child	Approximate Lifetime Benefit per Child
Chicago CPC Study	2, half-day	\$3,500	\$7,000	\$48,000
Perry Pre-School Project	2, half-day	\$6,000	\$12,000	\$108,000
Abecedarian Project	5, full-day	\$7,200	\$36,000	\$136,000

All dollar values reported are based on a three percent discount rate. Costs and benefits are presented adjusted to the following dollar values: Chicago CPC: 1998; Perry Pre-school: 1992; Abecedarian: 2002.

Economists at the Federal Reserve Bank in Minneapolis used the High/Scope Perry Preschool Project findings to estimate the returns on public investment from reduced spending and increased tax payments resulting from the quality preschool intervention. They demonstrate that the High/Scope Perry Preschool Program's 16 percent return on investment when adjusted for inflation is considerably higher than the long-term return on U.S. stocks, seven percent (see Figure 2).³⁸



“Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns.”

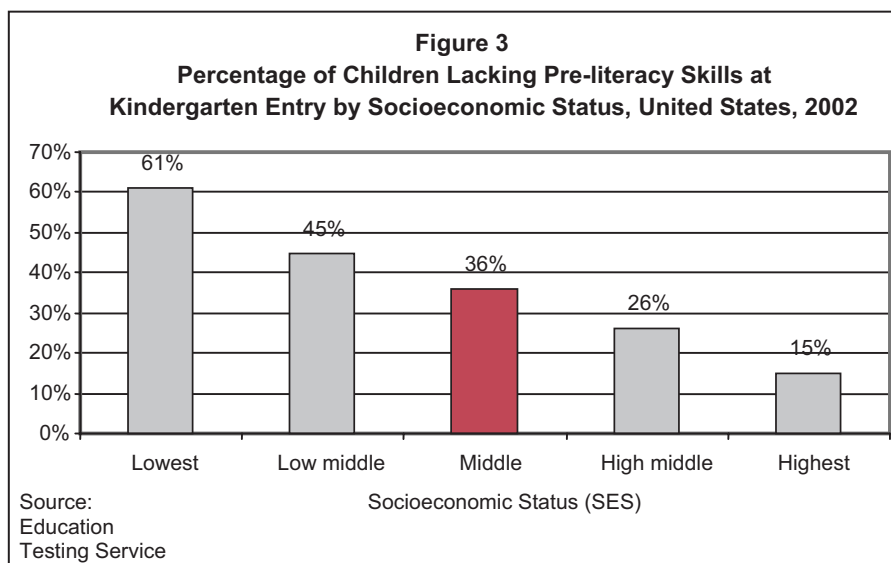
Arthur Rolnick, Senior Vice President and Director of Research; and Rob Grunewald, Regional Economic Analyst, Federal Reserve Bank of Minneapolis

³⁷ Reynolds, et al. “Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Center Program: Executive Summary,” 2001, and Reynolds, et al. “Prevention and cost-effectiveness in the Chicago Child-Parent Centers.” Paper presented at the Biennial Meeting of Society for Research in Child Development, Tampa, Fla., April 2003. Values are in 1998 dollars, and benefits are based on a 3 percent discount rate evaluated at beginning of pre-school participation. Barnett, Steven, W. *Lives in the Balance: Age 27 benefit-cost analysis of the High/Scope Perry Preschool Program*. Ypsilanti, Mich., High/Scope Press, 1996. Values are in constant 1992 dollars and based on a 3 percent discount rate. Leonard N. Masse and W. Steven Barnett. *A Benefit Cost Analysis of the Abecedarian Early Childhood Intervention*. New Brunswick, N.J., National Institute for Early Education Research, 2002. Values are in 2002 dollars, and are discounted at 3percent.

³⁸ A. Rolnick and R. Grunewald. *Early Childhood Development: Economic Development with a High Public Return*. Fedgazette. Minneapolis, Minn., Federal Reserve Bank of Minneapolis, January 2003.

These findings indicate the economic value of investing in quality child care, especially for low-income children. Some economists believe that similar programs will provide similar returns on investment for children at higher levels of income. Children in middle-income families also experience academic problems, including significant grade retention and high school dropout rates.³⁹ Nationally, 12 percent of middle-income children are held back at some point during school, and 11 percent drop out of school before graduating high school.⁴⁰ One study shows that there is a linear relationship between income and school readiness (see Figure 3).⁴¹ A third of middle-income children lack key pre-literacy skills when they enter kindergarten.⁴² As W. Steven Barnett of Rutgers University's National Institute for Early Education Research notes about quality preschool programs:

“If you were to get one-tenth the public savings from high-quality preschool for middle-income children [as you do for low-income children], high-quality preschool programs would still be cost effective.”⁴³



Out-of-school time programs for school-age children also save public sector dollars. A review of multiple research studies to evaluate the effects of out-of-school time programs showed significant gains in school engagement, school attendance, academic performance, and positive youth development.⁴⁴ A cost-benefit analysis found that the financial benefits from improved school performance, increased compensation during the school-age children's years in the workforce, reduced juvenile and adult criminal activity, and reduced welfare costs far outweighed the costs of the programs and those that schools sustained from increased attendance.⁴⁵

Quality of life is affected by after-school programs as well. At least 50 percent of youth crime occurs in the hours after school.⁴⁶ A study of eighth graders found that children caring for themselves for 11 hours

³⁹ W. S. Barnett. *Characteristics of Successful Early Education Programs*. Presentation at *The Economics of Early Childhood Development: Lessons for Economic Policy* conference, Federal Reserve Bank of Minneapolis, October 17, 2003. Information is based on the National Center for Education Statistics.

⁴⁰ R.J. Coley. *An Uneven Start*. Educational Testing Service, Princeton, N.J., 2002. As cited in *Kids Can't Wait to Learn: Achieving Voluntary Preschool for All in California*, Preschool California, 2004.

⁴¹ Ibid.

⁴² Ibid.

⁴³ W.S. Barnett. Preschool-for-All Hearing, Sacramento, Calif., August 4, 2004.

⁴⁴ B.M. Miller. *Critical Hours: Afterschool Programs and Educational Success*, 2003.

⁴⁵ W.O. Brown, S.B. Frates, I.S. Rudge and R.L. Tradewell. *The Costs and Benefits of After-school Programs: The Estimated Effects of the After-School Education and Safety Program Act of 2002*, Claremont, Calif., The Rose Institute, September 2002.

⁴⁶ U.S. Department of Justice (1997) as cited by the Massachusetts Executive Office of Public Safety. *Cops & Kids Fact Sheet*, 2000.

or more per week were twice as likely to smoke cigarettes, drink alcohol or use drugs.⁴⁷ Risk behaviors during adolescence predict a future of increased criminal behavior and health problems in adulthood. In a George Mason University study, 91 percent of police chiefs surveyed nationwide agreed that “If America does not make greater investments in after-school and educational child care programs to help children and youth now, we will pay more later in crime, welfare and other costs.”⁴⁸

Research on out-of-school time programs showed significant gains in school engagement, school attendance, academic performance and positive youth development. A cost-benefit analysis found that the financial benefits from these positive outcomes significantly outweighed the cost.

Quality Child Care Programs in New Jersey

These findings indicate the economic value of investing in quality child care and early education in New Jersey. New Jersey’s child care system includes infant/toddler care, multiple preschool programs and a varied array of out-of-school time programs. Very little information exists on the quality of infant/toddler programs and after-school programs in the state. In addition, more research is needed to determine what levels of quality are necessary to maximize public and private investments in programs for these age groups. However, 85 percent of a child’s core brain structure is developed by age three.⁴⁹ Despite knowledge that so much learning and brain development happens before preschool, investment for high-quality early education programs for infants and toddlers in New Jersey is low relative to programs for other ages throughout the lifespan.⁵⁰

New Jersey does have data on the quality of some of its preschool programs. As a result of the *Abbott v. Burke* decision in 1998 and subsequent investments from the state, New Jersey offers nationally renowned preschool programs in more than 30 of its lowest income school districts. The National Institute for Early Education Research (NIEER) at Rutgers University identifies the *Abbott* preschool program as one of the top in the nation in investments, quality and children served.⁵¹ Furthermore, it appears that these investments are paying off. As the Early Learning Improvement Consortium states, “Data collected over six years show sustained and dramatic improvement in the quality of *Abbott* preschool education and indicates substantial effects for the preschool program for children’s learning.”⁵² *Abbott* preschools have significant effects on oral language skills (see Figure 4) and on early literacy skills (see Figure 5).⁵³

“Data collected over six years show sustained and dramatic improvement of the quality of *Abbott* preschool education and indicates substantial effects for the preschool program for children’s learning.”

Early Learning Improvement Consortium

⁴⁷ D. A. Farberman. *The Forgotten Eighty Percent: The Case for Making the Most out of Children’s Time out of School*, Boston, 2003.

⁴⁸ Fight Crime, Invest in Kids, *Poll of Police Chiefs conducted by George Mason University Professors Stephen D. Mastrofski and Scott Keeter* Washington, D.C., November 1, 1999.

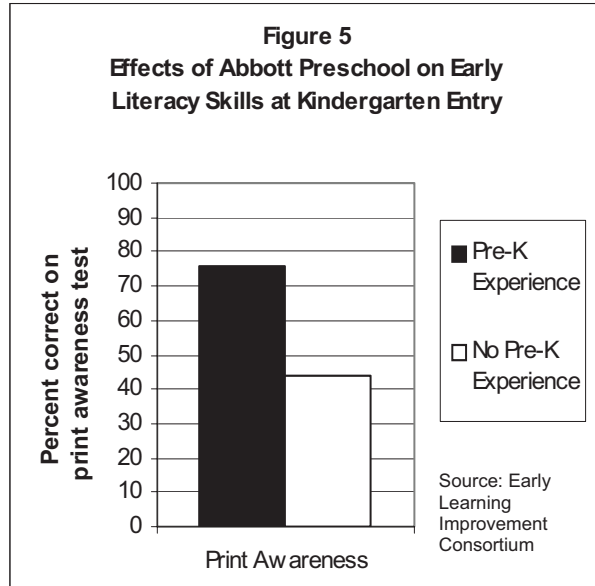
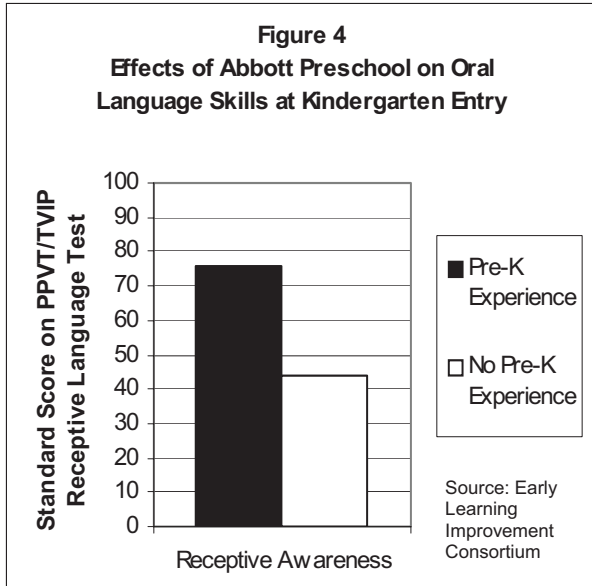
⁴⁹ R. Shore. *Rethinking the Brain: New Insights into Early Development*. 1997. J. Shonkoff & Phillips. *From Neurons to Neighborhoods: The Science of Early Childhood Development*, 2000.

⁵⁰ Voices for America’s Children. *Early Learning Left Out: Closing the Investment Gap for America’s Youngest Children*, 2nd Edition, April 2005.

⁵¹ The National Institute for Early Education Research. *The State of Preschool, 2004 State Preschool Yearbook*, New Brunswick, N.J., Rutgers University; 2005.

⁵² C. E. Lamy, E. Frede, H. Seplocha, J. Strasser, S. Jambunathan, J. A. Juncker, and E. Wolock. *Giant Steps for the Littlest Children: Progress in the Sixth Year of the Abbott Preschool Program. Year Three Initial Update, 2004-2005. Early Learning Improvement Consortium*. Available at <http://www.nj.gov/njded/ece/abbott/giantsteps/>. Retrieved July 29, 2005.

⁵³ *Ibid.*

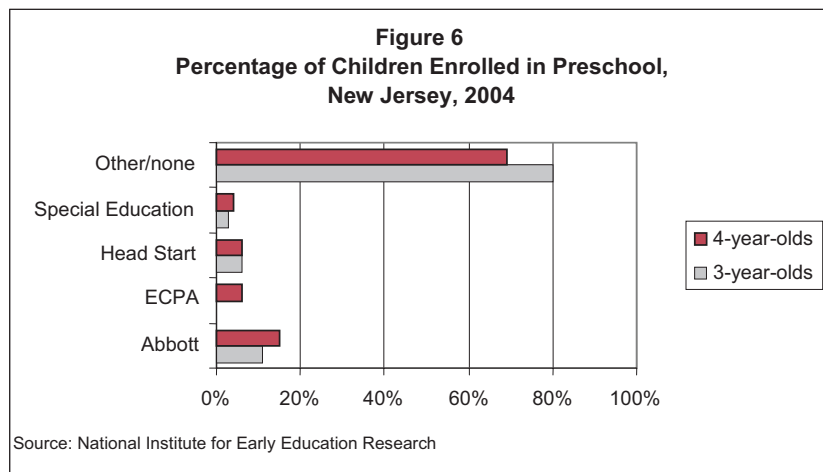


However, most three- and four-year-olds in New Jersey are not enrolled in *Abbott* preschools. In 2004, just 15 percent of four-year-olds were in *Abbott* preschools. Six percent of four-year-olds were in non-*Abbott* ECPA public preschools, and six percent were in Head Start programs. The remaining 69 percent of four-year-olds either were not enrolled in preschool or received preschool in other programs, including for- and non-profit child care centers, nonprofit private schools or locally funded public preschool (see Figure 6). The non-*Abbott* ECPA public preschool programs in New Jersey receive significantly less state investment per child than *Abbott* programs (\$4,159 in non-*Abbott* programs compared to \$9,645 in *Abbott* programs). Program standards are also lower for non-*Abbott* ECPA public preschool programs, including less stringent teacher qualifications and larger class size limits. As a result, National Institute for Early Education Research (NIEER) quality rating of non-*Abbott* ECPA public programs is significantly lower than *Abbott* public preschool programs.⁵⁴

To date there has been no statewide assessment on the quality of out-of-school time programs in New Jersey. However, 91 percent of parents in the state are extremely or somewhat satisfied with the out-

of-school time program their child attends. In addition, 23 percent of school-age youth are responsible for taking care of themselves. More than 22 percent of school-age youth in self care would be likely to participate in an out-of-school time program if one were available.⁵⁵

New Jersey spends significant resources in areas in which high-quality child care, early education and after-school programs can reduce future use and spending, including special education, welfare, adult



⁵⁴ National Institute for Early Education Research. *The State of Preschool, 2004 State Preschool Yearbook*.

⁵⁵ Afterschool Alliance. *The State of Afterschool in New Jersey, Factsheet*. Retrieved from [Hwww.afterschoolalliance.org/states/states_facts.cfm?state_abbrev=NJH](http://www.afterschoolalliance.org/states/states_facts.cfm?state_abbrev=NJH) on December 13, 2005.

incarceration and juvenile justice. It costs on average \$28,000 annually in institutional costs to incarcerate someone in New Jersey.⁵⁶ In 2004, New Jersey spent \$2.6 billion on public safety and criminal justice.⁵⁷ Certainly not all of these dollars can be saved through targeted investments in child care and early education, but significant savings can be realized. As The Honorable Robert D. Bernardi, Burlington County prosecutor, notes, “When we invest wisely in crime prevention, we save taxpayers’ money. For example, children who participate in high-quality child care programs learn good behavior so they’ll say no to crime later on in life. A study of the Chicago Child-Parent Centers found children who were not in the program were 70 percent more likely to be arrested for a violent crime by age 18. The program cut crime, welfare, and other costs so much that it saved taxpayers more than \$7 for every \$1 invested. While parents should be the primary source of teaching their children to avoid criminal behavior, child care programs fill that void for those children who lack parental guidance through no fault of their own.”⁵⁸

“There are some areas of clear agreement between market economists and child development researchers. The time has come to invest in young children, and there are substantial gains to be made from these investments if they are made wisely.”

*Jack Shonkoff, Dean of The Heller School for Social Policy and Management, Brandeis University, and Co-Editor of From Neurons to Neighborhoods*⁵⁹

SECTION SUMMARY

Investments in high-quality early education programs and after-school programs reduce future public expenditures and help the state develop a skilled and productive future workforce. Investing in quality child care benefits all stakeholders, including:

- Children who benefit because they enter the traditional K-12 school system socialized and ready to continue learning;
- New Jersey’s taxpayers who benefit when costs for criminal justice, remedial education and welfare decline as a result of high-quality child care;
- Businesses who benefit when quality, affordable and accessible child care programs prepare children for future skilled employment; and
- Communities who benefit when quality child care programs improve quality of life by decreasing criminal activity and negative outcomes for youth.

⁵⁶ N.J. Department of Corrections. Frequently Asked Questions. As found on <http://www.state.nj.us/corrections/-freqntlyasked.html>. Retrieved on August 1, 2005.

⁵⁷ State of New Jersey. *State of New Jersey Ten-Year Financial Summary for Fiscal Year Ended June 30 2004*.

⁵⁸ Interview. The Honorable Robert D. Bernardi, Burlington County prosecutor and member of Fight Crime Invest in Kids. National Economic Development and Law Center, December 2005.

⁵⁹ J. Shonkoff. Closing remarks at *The Economics of Early Childhood Development: Lessons for Economic Policy* conference, Federal Reserve Bank of Minneapolis, October 17, 2003.

Section Three

Child Care, Business and Economic Development

There are two key ways in which the child care industry is linked to New Jersey businesses and the state's current economy as a whole. Child care:

- Enables a working-parent labor force in New Jersey; and
- Drives labor force productivity by decreasing absenteeism, reducing turnover and enhancing recruitment at existing businesses.

This section will describe each of these linkages between child care, business and economic development.

ENABLING THE CURRENT LABOR FORCE

The child care industry:

- Sustains labor force participation rates of parents; and
- Enables parents to develop careers and advance their education.

Sustaining Labor Force Participation

New Jersey's working families are vital to the economy. One in five participants in the New Jersey labor force has at least one child 13 or younger and lives in a household where all parents work. In total, these 542,000 families earn more than \$20.2 billion annually. In addition, working families with children less than age six earn \$7.7 billion annually.⁶⁰

One in five New Jersey workers has a child 13 or younger. Working families with children 13 or younger earn \$20.2 billion annually in New Jersey.

Providing the infrastructure so that all parents who wish to work can find and sustain employment is critical to meeting workforce demands. When the New Jersey State Employment and Training Commission developed recommendations for meeting a shortage of workers in key industries in the state, one of the four suggested approaches was to “develop stronger strategies to recruit workers from untapped labor pools.”⁶¹ At-home parents represent one of the untapped labor pools in the state. A high-quality, affordable child care system allows for an economically competitive region and offers the economy access to that portion of the unutilized labor force that is willing to work but unable to do so because of child care issues.

⁶⁰ U.S. Census Bureau. *Census 2000*. The survey does not report data specifically on children age birth through 13. Income for dual-parent families included only one income. This estimate may not include undocumented workers with children if they are underrepresented in the census estimates. “All parents” refers to dual and single working parent families.

⁶¹ John J. Heldrich Center for Workforce Development at Rutgers University. *Ready for the Job: Building Skills and Alliances to Meet Demand in New Jersey's Labor Market. A Report of the New Jersey State Employment and Training Commission*, Spring 2004.

Enabling Career Development and Educational Attainment

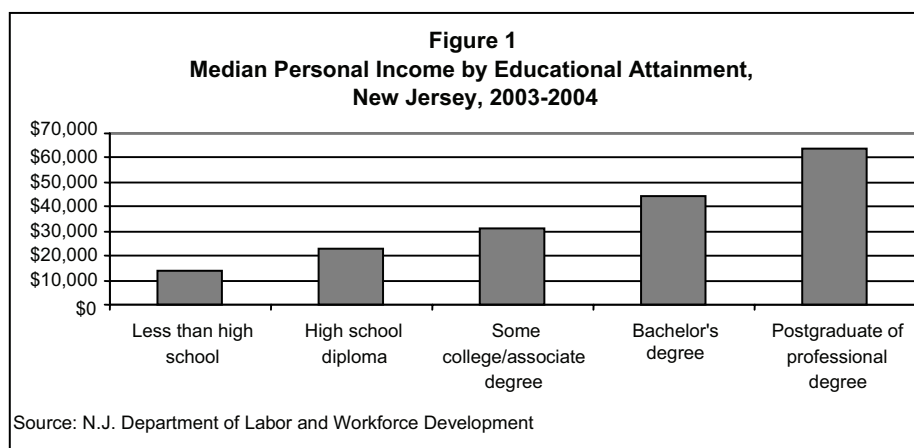
Strengthening child care supports educational advancement for parents and benefits:

- Parents through higher earning potential;
- Government through larger tax revenues, decreased parental reliance on government programs and lower unemployment; and
- Businesses through a more skilled workforce and better productivity.

In New Jersey, the higher the level of education an individual has, the higher the individual's annual income is likely to be (see Figure 1).⁶² This translates into increased tax revenue for government.⁶³

Higher educational attainment for parents also reduces the likelihood of needing

various government supports and enables parents to earn higher incomes. A national study investigating higher education opportunities for individuals transitioning from welfare to work found that 88 percent of people receiving welfare assistance who obtained four-year college degrees discontinued participation in welfare after earning their degree.⁶⁴ Unemployment is also less likely for those who have attained higher education.⁶⁵ People with lower education levels are also more likely to be on welfare. Nearly eight in ten people who receive food stamps or Temporary Assistance for Needy Families (T.A.N.F.) in New Jersey are at the lowest levels of literacy, based on a proficiency test of skill in prose, document and quantitative literacy.⁶⁶ More than 20 percent of New Jersey's adults read at the lowest literacy level, and 40 percent function at a level of literacy beneath what is required by the labor market.⁶⁷



⁶² N.J. Department of Labor and Workforce Development, Division of Labor Market and Demographic Research. *Table S6. Personal Income by Educational Attainment for Persons 25 Years Old and Over, New Jersey 1997-2004.*

⁶³ N.J. Department of Taxation. *Statistics of Income 2004, New Jersey Tax Returns for 2002.* In 2002, those earning between \$10,000 and \$20,000 paid an average of \$167 in state taxes. In comparison, those earning between \$50,000 and \$75,000 paid an average of \$1,010 in state taxes.

⁶⁴ T. Karier, *Welfare Graduates: College and Financial Independence*, Levy Economics Institute of Bard College, as cited in *Grassroots to Graduation: Low-income Women Accessing Higher Education*. Boston: Wellesley College Center for Research on Women and Women's Institute for Housing and Economic Development, 2003.

⁶⁵ U.S. Department of Labor. *The Employment Situation: October 2003*. Washington, D.C., U.S. Department of Labor Bureau of Labor Statistics, 2003. While 9 percent of the nation's labor force with less than a high school diploma were unemployed between October 2002 and October 2003, 5.4 percent of those with high school graduation, 4.8 percent of those with an associate degree or some college and 3.1 percent of those with a bachelor's degree or higher were unemployed.

⁶⁶ N.J. State Employment and Training Commission, Educational Testing Service. *Adult Literacy in New Jersey, 2001*. As cited by the John J. Heldrich Center for Workforce Development in *Solutions at Work: Progress Report, 2002-2005*.

⁶⁷ K. Jenkins. *Winning the Workforce Challenge*, 2003. As cited by the John J. Heldrich Center for Workforce Development in *Solutions at Work: Progress Report, 2002-2005*. N.J. State Employment and Training Commission; *New Jersey in Transition: The Crisis of the Workforce*, October 2001.

In a long-term study of low-income families who needed government assistance to meet basic family needs, mothers with children who participated in an intensive child development program which included parental involvement, achieved higher educational and employment status than similar mothers whose children were not randomly assigned to the program.⁶⁸ High-quality child care programs link parents to English as a Second Language (ESL) classes and programs that increase parents' business and life skills.⁶⁹

Ensuring access to higher education for parents will not only help them remain employed but will also allow New Jersey to better meet its skilled labor force demands

in the coming years. New Jersey faces challenges in supplying businesses with a strong supply of skilled workers. One of these barriers, according to a 2004 report to the New Jersey State Employment and Training Commission, is upgrading the skills of current workers. As the Commission states, "As a result of the increasing use of technology and constantly changing nature of work, existing employees must frequently upgrade their skills to even perform their current job. Employers report that the skills of some of their employees have not kept pace with the skill needs. In addition, employers report that some workers lack the skills needed for advancement."⁷⁰ An affordable and high-quality child care system is one economic infrastructure that enables parents to upgrade their skills.

"As a result of the increasing use of technology and constantly changing nature of work, existing employees must frequently upgrade their skills to even perform their current job. Employers report that the skills of some of their employees have not kept pace with the skill needs. In addition, employers report that some workers lack the skills needed for advancement."

N.J. State Employment and Training Commission

Subsidized, on-campus child care is another important infrastructure that enables parents to update their skills. In 29 of New Jersey's colleges and universities there are on-campus child care centers.⁷¹ Burlington County Community College for example offers on-site child care to improve the accessibility of its higher education programs for parents. The college established the on-campus center in response to an increasing number of parents bringing their children to class.⁷² On-campus child care centers are an essential component for workforce development because they:

- Enable parents to update their skills;
- Provide a lab for early childhood students wishing to develop skills and experience; and
- Help higher educational institutions attract and retain high-quality faculty and staff.

However, funding for subsidized on-campus child care is often in jeopardy and significant waitlists may reduce the positive effects they have on New Jersey's workforce development. More than 24 percent of all part-time students in colleges and universities in New Jersey

indicate that finding child care is a "major problem," and almost 32 percent indicate that it is a "minor problem."⁷³ Limited capacity of programs that offer child care during non-traditional hours may also prevent parents who have a job during the day from attending classes or vice versa. Policies that enable

Twenty-four percent of all part-time students in colleges and universities in New Jersey indicate that finding child care is a "major problem."

⁶⁸ Discussion of results of *The Abecedarian Study*, as cited on www.fpg.unc.edu/~abc/.

⁶⁹ W. S. Barnett. *Characteristics of Successful Early Education Programs*. Presentation at *The Economics of Early Childhood Development: Lessons for Economic Policy* conference, Federal Reserve Bank of Minneapolis, October 17, 2003. Information is based on the National Center for Education Statistics.

⁷⁰ John J. Heldrich Center for Workforce Development at Rutgers University. *Ready for the Job: Building Skills and Alliances to Meet Demand in New Jersey's Labor Market. A Report of the New Jersey State Employment and Training Commission*. Spring 2004.

⁷¹ New Jersey Commission on Higher Education. *Colleges and Universities*. Retrieved from: <http://www.nj.gov/highereducation/schools.htm> on September 13, 2005.

⁷² Interview. Dorris Brown. National Economic Development and Law Center. August 2005.

⁷³ Dr. S. M. Kipp. *For All Who Have the Interest and Potential to Learn: Financial Resources, Personal Circumstances, and Perspectives of New Jersey Part-time Students*. September 25, 2000.

parents with limited incomes to pursue higher education and offer assistance with child care costs benefit the economy. Research also demonstrates that college students using on-campus child care:

- Have higher graduation rates;⁷⁴
- Are more likely to remain in school and graduate in fewer years;⁷⁵ and
- Have higher grade point averages than their campus counterparts.⁷⁶

Similarly, parents indicate that the availability of child care is critical to their decision to enroll in college.⁷⁷

The Rutgers University Center for Women and Work found that child care is a barrier for low-income single mothers seeking higher education. They suggest that online learning is one effective educational delivery method that may alleviate some of the barriers. As they write, “The working poor face a set of

“Child care needs place a burden on many individuals in this [working poor] population that often prevents them from attending traditional education programs. Locating affordable child care and ‘off hours’ child care often proves to be a daunting task.”

The Rutgers University Center for Women and Work

barriers that makes the traditional ways of delivering skills training difficult, if not impossible. Foremost, child care needs place a burden on many individuals in this population that often prevents them from attending traditional education programs. Locating affordable child care and ‘off hours’ child care often proves to be a daunting task...While online learning helps alleviate some of the pressures of combining child care demands and education, it is not a substitution for child care.”⁷⁸

A DRIVER OF INCREASED LABOR FORCE PRODUCTIVITY

The benefits the child care industry provides to New Jersey’s labor force can be seen in individual businesses as well. Like other components of a strong economic infrastructure, child care supports businesses by increasing employee productivity, which improves businesses’ bottom lines.

Nationally and locally, businesses are realizing that they can increase their profitability by working to ensure that good child care options exist for their employees. For individual businesses, child care helps them increase productivity by:

- Increasing employee retention;
- Reducing absenteeism;
- Enhancing recruitment of the most skilled workers; and
- Increasing on-the-job productivity.

⁷⁴ *Impact of Campus-based Child Care on Academic Success Student Parents at SUNY Community Colleges, 1989, and Child Development Center Participant Analyses, Bronx (New York City) Community College, 1994.* As cited by The National Coalition for Campus Children’s Centers in their policy brief: *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936, 1999.*

⁷⁵ *Ibid.*

⁷⁶ *Impact of Campus-based Child Care on Academic Success Student Parents at SUNY Community Colleges, 1989, and Child Development Center Participant Analyses, Bronx (New York City) Community College, 1994.* As cited by The National Coalition for Campus Children’s Centers in their policy brief: *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936, 1999.*

⁷⁷ National Coalition for Campus Children’s Center. Policy Brief entitled *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936, 1999.*

⁷⁸ Dr. M. Gatta. *Findings from the Field: Early Findings of the New Jersey Online Learning Project for Single Working Mothers.* Rutgers University Center for Women and Work; New Brunswick, NJ; 2003.

Businesses in New Jersey highlighted in this section represent a fraction of all businesses providing child care benefits. Many more offer benefits, but it was not possible to highlight them all in this report.

Increasing Employee Retention

Particularly for companies that rely on highly skilled workers, retaining existing staff is a priority.

Employees with young children may consider discontinuing work or moving to a more family-friendly company if they are not able to find suitable child care solutions.

Those who feel supported in their new family roles and who feel that their workplaces offer a balance between work and home obligations are less likely to leave their jobs.⁷⁹ When employees do leave because of child care problems or transfer to a company with better child care options, companies lose human capital and incur high turnover costs. As Arthur Maurice, first vice president, Economic Development and Taxation, the New Jersey Business and Industry Association, notes, “The biggest issue that employers in New Jersey face is how to attract and retain skilled employees. Employers of all sizes, therefore, recognize the importance of child care as it relates to enabling their employees to work and remain with their employer. Employers have told us that their employees want choice in child care selection, resource and referral services and child care that is located near their location.”⁸⁰

A meta-analysis of 15 different national turnover cost studies found that average turnover costs for a full-time employee making \$8 per hour are more than \$9,000, 56 percent of the annual wages for that employee.⁸¹

For salaried employees, costs are at least 150 percent of the base salary and increase for higher-paid and more valued staff.⁸²

There is considerable evidence that child care benefits increase employee retention. A national study of companies that offer child care centers to their employees found that turnover was nearly one half in those who used the center compared to other workers.⁸³ The survey also found that more than half of the center users had been with their company for more than five years and nearly half had been with their company for more than ten years. In a national survey, 19 percent of employees at companies with child care programs indicated that they have turned down another job rather than lose work-site child care.⁸⁴

Bright Horizons Family Solutions, a business that provides child care solutions for employers across the country, employs 1,120 professionals in New Jersey in 33 Bright Horizons centers.⁸⁵ In 2003, they conducted an *Investment Impact Study* on employer-sponsored child care for a number of clients nationwide, which included a New Jersey employer. The national study yielded the following results:

“The biggest issue that employers in New Jersey face is how to attract and retain skilled employees. Employers of all sizes, therefore, recognize the importance of child care as it relates to enabling their employees to work and remain with their employer.”

*Arthur Maurice, First Vice President,
Economic Development and Taxation
N.J. Business and Industry Association*

A national study of companies that offer child care centers to their employees found that turnover was nearly one-half in those who used the center compared to other workers.

⁷⁹ Blue Cross Blue Shield of Massachusetts. “Blue Cross Blue Shield of Massachusetts Named One of the 100 Best Companies for Working Mothers Nationwide,” September 23, 2003, [Hwww.bcbsma.com/H](http://www.bcbsma.com/H).

⁸⁰ Interview. Arthur Maurice, New Jersey Business and Industry Association. National Economic Development and Law Center, October 2005.

⁸¹ Sasha Corporation. Turnover costs in 15 different studies, [Hwww.sashacorp.com/H](http://www.sashacorp.com/H), November 2003.

⁸² W. Bliss. *The Business Cost and Impact of Employee Turnover*. New Jersey: Bliss & Associates, Inc., 1999, www.blissassociates.com

⁸³ Bright Horizons Family Solutions. “The Real Savings from Employer-Sponsored Child Care: Investment Impact Study Results,” Boston, Mass., Bright Horizons, 2003. Twenty-nine of these centers are corporate-sponsored.

⁸⁴ Simmons College, *Benefits of Work-Site Child Care*, 1997, as cited by Bright Horizons Family Solutions.

⁸⁵ Interview. Tammy J Chuprevich, Vice President—Division One, Bright Horizons Family Solutions. The National Economic Development and Law Center, September 2005.

- Turnover for employees using the center was only half as frequent as turnover for employees throughout the company who did not use the center; and
- The center created an aggregate savings of \$3.4 million.⁸⁶

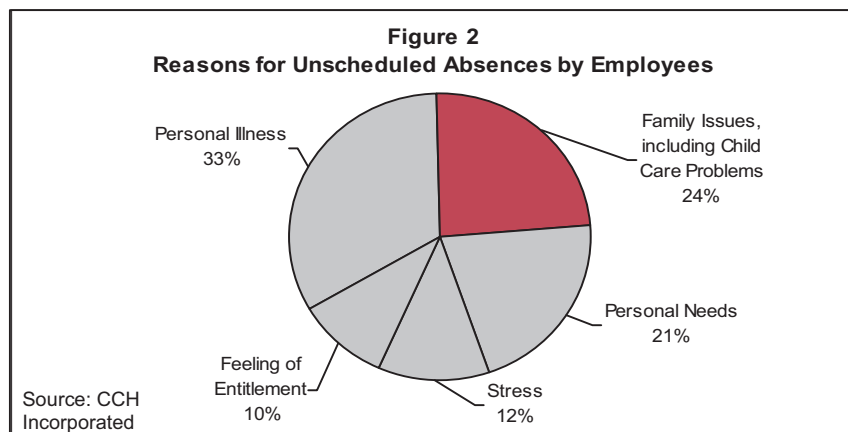
While the number of employers offering child care benefits as a means to attract and retain quality employees grows, most employers miss out on this opportunity. In a 2001 survey of businesses by the U.S. Chamber of Commerce, only 32 percent reported actively assisting “their employees in addressing employment challenges such as child or dependent care, transportation or housing.”⁸⁷ Similarly in a national survey of workers, 49 percent feel that on-site child care is important, though only 12 percent of employers interviewed offer this benefit.⁸⁹

In a survey of employees, caring for dependents was one of the top six benefits employees desire.

Johnson & Johnson is one New Jersey employer that addresses the work-life needs of its employees to attract and retain high-quality workers. With more than 6,500 employees in Pennsylvania and New Jersey who are working mothers with children younger than age 12, the company provides on-site child care in six centers across both states. These centers serve 1,300 children. Employees can also use other community child care, emergency back-up child care and after-school programs that the company sponsors. Johnson & Johnson’s dedication to family-friendly policies as a recruitment and retention tool extends past child care. It finds that flexible scheduling and telecommuting are other family-friendly policies that enable working parents to be productive.⁹⁰

Reducing Absenteeism

Unscheduled absenteeism in 2004 cost businesses nationally an average of \$610 per employee. Nearly one quarter of all unscheduled absences are due to family issues, which include child care breakdowns (see Figure 2). On-site child care and emergency back-up child care are two of the top three most effective work-life programs that reduce unscheduled absenteeism.⁹¹



Nationally, approximately 16 percent of major employers offer sick or emergency back-up child care to reduce absenteeism of their employees.⁹² PNC Financial Services Group, a 6,000-employee company with offices in New Jersey, found a 91.7 percent return on investment from a newly implemented back-up

⁸⁶ Bright Horizons Family Solutions. *Real Savings from Employer Sponsored Child Care: Investment Impact Study Results, 2003.*

⁸⁷ U.S. Chamber of Commerce, Center for Workforce Preparation. *Keeping Competitive: Hiring, Training, and Retaining Qualified Workers, 2001.*

⁸⁹ John J. Heldrich Center for Workforce Development at Rutgers University and the Center for Survey Research and Analysis at the University of Connecticut. *Work Trends: Americans’ Attitudes About Work, Employers and Government; Work and Family, March 1999.*

⁹⁰ *Working Mother* magazine. *100 Best Companies for Working Mothers, 2004.* Back-up child care is an increasingly common employer supported child care benefit. While this benefit plan varies from company to company, it usually involves subsidized emergency child care for parents whose child care arrangements have broken down.

⁹¹ CCH Incorporated. *2004 CCH Unscheduled Absence Survey.*

⁹² Hewitt Associates. “Hewitt Study Shows Work/Life Benefits Continue to Grow Despite Slowing Economy,” April 23, 2001.

child care program, recovering 3,060 parent-days at work and receiving positive feedback from parent-employees, their coworkers and their managers who report less distraction and more loyalty.⁹³

Citigroup, a national corporation with offices in Northern New Jersey, was voted one of *Working Mother* magazine's "100 Best Companies for Working Mothers." It subsidizes 80 percent of the cost of back-up child care through its "Just in Time Care Program." In 2005, it announced that a new back-up child care center would be opened in early 2006 at its new offices in Warren, New Jersey.⁹⁴

Enhancing Recruitment

The accessibility of quality, affordable child care, on-site or in the community, is a strong recruitment tool for businesses. Family-friendly policies indicate a company's commitment to the well-being of potential new employees and their personal lives, which makes the company more attractive in a competitive workforce market.

In Newark, Horizon Blue Cross Blue Shield New Jersey (BCBSNJ) offers on-site child care in an effort to attract the best employees. As Deborah Gingher, director of human resources notes, "We subsidize our on-site center at a cost of close to \$400,000 per year, and we purchase reserved slots in the Bright Horizons back-up day care center in Newark as well. Horizon BCBSNJ feels providing child care services for its employee base, which is 78 percent female, makes good business sense and helps working parents balance the everyday challenges of work/life."⁹⁵ Horizon BCBSNJ also offers flexible spending accounts for their employees, which enable its employees to use pre-tax dollars on child care, and the company offers flexible scheduling for their employees to help them balance work and life.⁹⁶

Quantitative information on the effects of child care benefits in recruitment for New Jersey businesses is limited. One company, Carlson Companies in Minnesota, conducted an internal survey of working parents and found that 78 percent of parents who were hired since an on-site child care center opened and who use the center reported that the benefit played a significant role in their decision to seek employment at Carlson.⁹⁷

Increasing On-the-Job Productivity

Working parents who know their children are in high-quality care and education settings are better able to focus on their jobs. For example, employees with inadequate child care are more likely to be late for work, absent or distracted on the job than parents who are confident about their children's child care arrangements.⁹⁸ Working parents often worry about their school-age children during the time after school ends and when parents get home. This effect has been named Parental After-School Stress (PASS). Parents with high levels of PASS are more likely to experience negative productivity-related patterns than parents with low PASS, including job distractions, missed work due to non-work issues, making errors, and missing meetings and deadlines. Parents are more at risk for PASS when their children spend more time unsupervised after school and their jobs are less flexible.⁹⁹ Affordable, high-quality school-age child care and after-school activities are important for maintaining a workforce in New Jersey that is productive on the job. Businesses who offer flexible scheduling may improve the on-the-job productivity of their employees.

⁹³ K. D'Appolonia. *The Business Case for Back-Up Child Care*. PNC Financial Services Group. Presented at the 2003 WorkFamily Congress in New York, N.Y., October 2003.

⁹⁴ Citigroup. "Child Care Working Paper." Accessed from the following Web site: [Hhttp://citigroup.com/citigroup/citizen-childcare/data/workingpaper.htm](http://citigroup.com/citigroup/citizen-childcare/data/workingpaper.htm) on July 28, 2005.

⁹⁵ Interview. Deborah Gingher, Blue Cross Blue Shield. The National Economic Development and Law Center, August 2005.

⁹⁶ Ibid.

⁹⁷ Carlson Companies, Inc. Internal survey, 2001. Minneapolis, Minn.

⁹⁸ J. Brown. *How Does High-Quality Child Care Benefit Business and the Local Economy?* Seattle: Economic Policy Institute, July 2002.

⁹⁹ The Community, Families & Work Program. *Parental After-School Stress Project*, 2004.

Private companies are not the only employers that recognize the link between child care and increased productivity. The N.J. Department of Justice offers on-site child care, which increases working parent productivity. As Carolyn Tillet, the center director for the Justice Department notes, “Mothers will start working only six weeks after birth because of the open-door policy where they come down, breastfeed on site, and take children for walks at any time. Also, the center [allows parents to] maintain hours that they otherwise would not be able to if the center was far away.”¹⁰⁰

Novo Nordisk, a pharmaceutical company with offices in Princeton, offers subsidized child care for its employees at one of the Harmony Schools, a child care center located

“Since implementing the child care benefit we have seen a significant boost in employee morale and attendance, creating a win-win situation for the employer and the employee.”

Stephen Chinn, Director of Compensation and Benefits, Novo Nordisk, Princeton, New Jersey

less than 100 yards from the company’s offices. The child care benefit has been a cost-effective way to improve morale and productivity. As Stephen Chinn, director of compensation and benefits at Novo Nordisk highlights, “We pride ourselves on being voted the number one employer in New Jersey by *NJ Biz*. We accomplished this by listening to our employees and meeting their needs. They said that they wanted employer-supported child care. Fortunately, we didn’t have to look any farther than right down the street to find a child care solution, and since quality, affordable child care was a struggle for many of our employees, we felt it was an issue we could address. Since implementing the child care benefit we have seen a significant boost in employee morale and attendance, creating a win-win situation for the employer and the employee.”

CHILD CARE OPTIONS FOR BUSINESSES OF ALL SIZES

There is a range of options (see the following page) that businesses of all sizes can use to support the child care needs of their employees.¹⁰¹ Within the state’s labor force, 52 percent of workers are employed by small businesses.¹⁰² Small businesses face particular challenges to providing employee benefits, including child care. Some of the options below are scaleable, meaning both small and large establishments can implement them.

Child care benefits do not just benefit employees with children. Based on data compiled from more than 140,000 employees at various companies nationwide, 78 percent feel their work environment would improve if their co-workers’ child care needs were addressed.¹⁰³ Bright Horizons

“Employer-sponsored child care impacts the entire workforce, not just center-users. If someone on the team is not productive because of child care breakdowns, the productivity of everybody suffers as a result.”

Tammy J Chuprevich, Vice President—Division One, Bright Horizons Family Solutions

Family Solutions, a company that runs 29 employer-sponsored child care programs in New Jersey, also sees this result in its clients in New Jersey. Tammy J Chuprevich, vice president—Division One, Bright Horizons Family Solutions notes, “Employer-sponsored child care impacts the entire workforce, not just center-users. If someone on the team is not productive because of child care breakdowns, the productivity of everybody suffers as a result.”¹⁰⁴

¹⁰⁰ Interview. Carolyn Tillet, program director, Justice Junior. National Economic Development and Law Center, August 2005.

¹⁰¹ United Way of the Bay Area and One Small Step. *Choosing Care: An Employers’ Guide to Child Care Options*, 2002.

¹⁰² New Jersey SBA Office of Advocacy. As cited by S. J. Bottino in “Slip Slidin’ Away: \$5.15 An Hour Isn’t Enough,” 2004. Small businesses are defined as employing fewer than 100 people.

¹⁰³ S. Barud. Claremont Graduate University. As cited by the United Way of the Bay Area and One Small Step in *Choosing Care: An Employers’ Guide to Child Care Options*, 2002.

¹⁰⁴ Interview. Tammy J Chuprevich, vice president—Division One, Bright Horizons Family Solutions. The National Economic Development and Law Center, September 2005.

Family-friendly Options for Employers

- Flexible personnel policies
- Flextime, flexi-place, compressed work week and job sharing
- Sick/personal leave to meet dependent care needs
- Dependent care resource and referral agencies partnerships
- Family and parenting seminars/brown bag lunches, parent newsletters
- Dependent care financial assistance
- Cafeteria-style benefit plan or a dependent care pre-tax account
- A child care voucher program or corporate discounts
- On-site child care
- A network of child care providers for employees
- Local child care providers support (funds, training, etc.)

Companies may choose to invest directly in the local child care infrastructure. American Business Collaborative for Quality Dependent Care (ABC), a collaboration of leading U.S. companies partnering to ensure their employees have access to quality dependent care, is one such example. Since 1992, the collaboration has invested more than \$125 million in dependent care programs across the nation. ABC's partners include 26 companies with offices in New Jersey. These partners targeted nine New Jersey cities with high ABC employee concentrations, identifying pressing needs for their employees: school-age care, infant/toddler care, child care programs that offer more flexible scheduling, family-friendly practices, emergency back-up care, and access to elder care resource and referral services. As a result, they have invested in more than 25 New Jersey projects related to these needs, and ABC's investments have also leveraged state and local funding.¹⁰⁵

Companies that invest in child care for their communities have made strides for their communities and for their employees; though in a 1998 national survey of companies with more than 100 employees, only five percent formed partnerships with the public sector to address child care in the community.¹⁰⁶

¹⁰⁵ American Business Collaborative for Quality Dependent Care. The following are funding companies with the ABC in New Jersey: Aetna, Allied Signal Inc., American Cyanamid Company, American Home Products Corporation, AT&T, Bell Atlantic Company, Bellcore, Chubb & Son, Inc., Citibank, N.A., Colgate-Palmolive Company, Deloitte & Touche, Dow Jones & Company Inc., Exxon Mobil Corporation, Hoechst Celanese Corporation, IBM Corporation, Johnson & Johnson, Lucent Technologies, Merck & Company, Nabisco, Novartis Pharmaceuticals Corporation, Pricewaterhouse Coopers LLP, Prudential, Schering-Plough Corporation, Simon & Schuster Inc., Warner-Lambert Company and WFD.

¹⁰⁶ The Families and Work Institute. *1998 Business Work-Life Study*.

Example of a Public-Private Partnership to Strengthen Local Child Infrastructure:

Business, government and community leaders created New Brunswick Tomorrow (NBT) in 1975 in response to growing concerns about the economic vitality of the city. As an intermediary, NBT partners with existing community groups and seeds new ones to meet emerging needs in New Brunswick. NBT has a diverse stream of funding, including key funding from Johnson & Johnson as well as other private sector entities. NBT consists of seven individual taskforces, which address the needs of individuals at all stages of life—from infants to the elderly. As such, its Infant/Child Taskforce has been working to meet the needs of young children in the community. One successful project that NBT helped initiate is an on-campus child care center for teenage parents at New Brunswick High School. In 2003, 23 teenage students were served by this program. Overall attendance for these students was 81 percent, and of the nine seniors, eight graduated and six were accepted to college. Over the years, only two percent of the students became pregnant a second time while they were in high school, which is dramatically lower than the national rate—32 percent.¹⁰⁷

SECTION SUMMARY

New Jersey families with children are vital to the economy. Providing the infrastructure so that all parents who wish to work can find and sustain employment is critical to meeting workforce demands. An affordable, high-quality child care system is one economic infrastructure that enables parents to upgrade their skills. This includes subsidized on-campus child care and employer-supported child care. There is considerable evidence that child care benefits provide a high return on investment by increasing employee recruitment, retention and productivity.

¹⁰⁷ Interview. Jeffrey Vega, New Brunswick Tomorrow. National Economic Development and Law Center, September 2005.

Section Four

Economic Profile of the Child Care Industry

To assess the economic characteristics of the child care industry in New Jersey, this section quantifies:

- The size of the industry, as reflected in output or gross receipts;
- The total direct employment of the industry;
- The capture of federal and state monies designated for child care; and
- The size and characteristics of the child care market.

This analysis does not cover child care arrangements for which accurate data is unavailable (see *Section One* for a detailed description of the child care arrangements covered and not covered in this report).

THE SIZE OF THE CHILD CARE INDUSTRY

Measuring Industry Output or Gross Receipts

Output, also known as gross receipts, measures the size of an industry in terms of the overall value of the goods and services produced by that industry over the course of a given year. For the child care industry, gross receipts are equal to the total amount of dollars flowing into the sector, including private fees and federal and state funds.

State and national surveys do include “child day care services” as an industry classification.¹⁰⁸ This study uses a more accurate and comprehensive method of measuring the size of the industry. It relies primarily on data from state agencies charged with administering part of the complex system that makes up the formal child care industry (see Appendix A for a detailed methodology).

In total, the child care industry in New Jersey generates \$2.55 billion in gross receipts.

Using the more comprehensive methodology, the total gross receipts of the child care industry in New Jersey are \$2.55 billion, including:

- \$1.65 billion for child care centers licensed by NJ DHS (excluding Head Start/Early Head Start/Migrant Head Start, non-*Abbott* Early Childhood Program Aid [ECPA] preschools, *Abbott* preschools and Early Launch to Learning Initiative [ELLI] preschool programs);¹⁰⁹

¹⁰⁸ The diversity of establishments, which includes self-employed individuals, programs run by religious or social organizations, and not-for-profit and for-profit small businesses and chains, causes an underestimate by most economic and business survey methodologies.

¹⁰⁹ This number is based on May 2005 estimates on enrollment and average price. NEDLC’s gross receipts estimates are based on average market price, which includes both fees (what parents pay) and reimbursement rate (what public entities pay). This number includes gross receipts for some pediatric medical day care centers that are also licensed by the N.J. Department of Human Services.

- \$548.1 million for *Abbott* public preschool programs (this includes programs run by school districts and licensed child care centers and includes DHS wrap-around funding);¹¹⁰
- \$131.3 million for Head Start/Early Head Start programs;¹¹¹
- \$78.8 million for registered family child care homes;¹¹²
- \$58.0 million for special education public preschool programs;¹¹³
- \$35.7 million for the child care food program;¹¹⁴
- \$30.3 million for non-*Abbott* ECPA public preschool programs;¹¹⁵
- \$10.9 million for approved home providers;¹¹⁶
- \$4.2 million for military child development centers;¹¹⁷
- \$1.8 million for Migrant Head Start;¹¹⁸ and
- \$1.5 million for ELLI public preschool programs.¹¹⁹

The \$2.55 billion gross receipts estimate includes parent fees, government subsidies and some employer dollars.

Parents pay a significant percentage of these dollars. However, in order to make child care programs affordable to low-income families, government assistance programs also pay for a large portion of the costs. This gross receipts value of \$2.55 billion includes subsidies from employers to parents, which help defray parental child care costs. This analysis does not include any employer monies invested in a program outside of consumer price such as rent or mortgage payments that lower fees for parents. Due to insufficient information, the gross receipts estimate also excludes contributions to industry providers from philanthropic organizations (see Page 32 for more information about philanthropic investments in child care).¹²⁰ These factors result in an underestimate of the total dollars flowing into the industry.

Gross Receipts Compared with Other Industries

Comparing the child care industry's gross receipts with other industries in the state puts the calculation into context. Compared to other industries in New Jersey, the child care industry generates more than twice as many gross receipts as farm commodities (\$898 million; see Figure 1).¹²¹ The industry

The gross receipts for the child care industry are similar to scientific research and development. The industry also generates more than all farm commodities in the state.

¹¹⁰ This number includes \$446 million in N.J. Department of Education state funds as well as \$102 million in N.J. Department of Human Services funding for wrap-around care that provides daily before- and after-care and summer programs. The \$102 million of DHS investments in wrap around are separate from other DHS investments in the child care industry, including CARES and OMEGA voucher payments and direct investments in CBC centers. All funding information is based on 2004-2005.

¹¹¹ Estimate is based on 2004-2005 federal funding data.

¹¹² Based on 2005 NJACCRRRA information on the number of registered homes and the DHS 2004 Market Rate Survey.

¹¹³ Interview. Barbara Tkach, N.J. Department of Education. National Economic Development and Law Center, October 2005.

¹¹⁴ N.J. Department of Human Services. *Child Care Food Program FY 2005 Enrollment and Funding*.

¹¹⁵ This is based on 2004-2005 state funding information.

¹¹⁶ Based on 2004-2005 spending on vouchers used for these providers.

¹¹⁷ This only includes appropriated funds and does not include non-appropriated funds (parent fees). Parent fees make up a large portion of the funds going to run these programs, but data was not available on these funds at the time of this report.

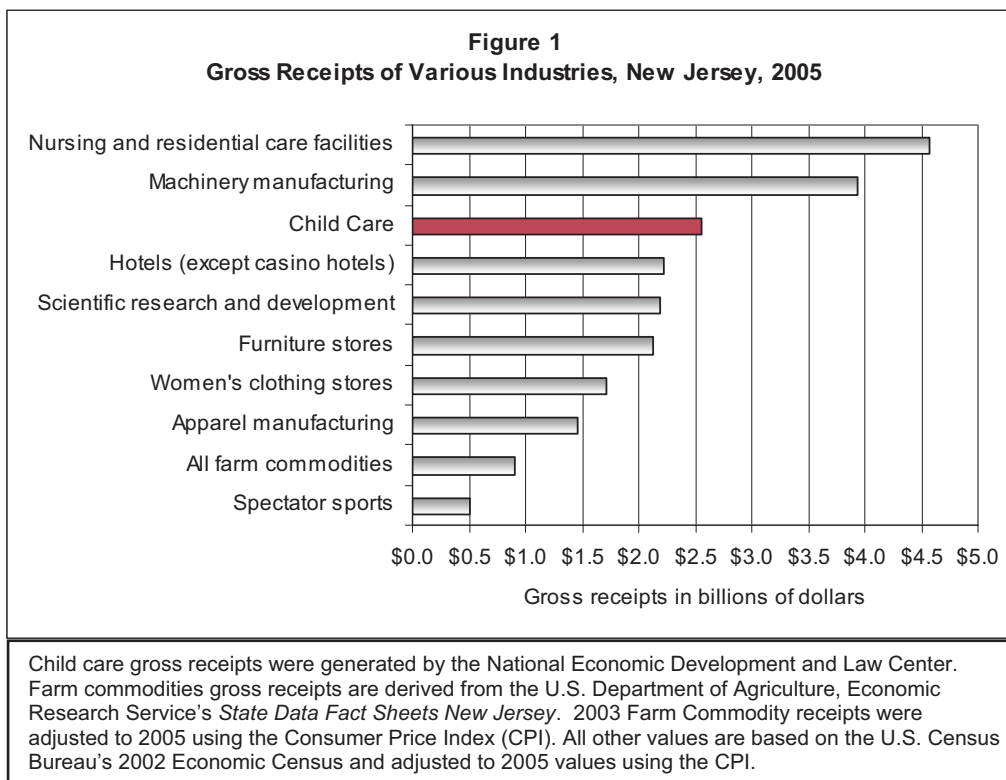
¹¹⁸ Interview. Peg Cunningham, Rural Opportunities Inc. National Economic Development and Law Center, July 2005. This estimate is based on 2004-2005 funding and employment information.

¹¹⁹ It is important to note that ELLI program averages \$4 million in investment per year. However, in 2004-2005 only \$1.5 million of this \$4 million was spent.

¹²⁰ Although this study investigates investments by some philanthropic organizations, these investments are not included in the gross receipts estimate.

¹²¹ U.S. Department of Agriculture, Economic Research Service. *State Data Fact Sheets New Jersey*, September 6, 2005. Retrieved from <http://www.ers.usda.gov/StateFacts/NJ.HTM#TCECH> on September 10, 2005. 2003 Farm Commodity receipts were adjusted to 2005 using the CPI.

generates considerably more gross receipts than apparel manufacturing (\$1.46 billion) and women's clothing stores (\$1.71 billion), and is similar in size to other industries in the state recognized as being significant such as scientific research and development (\$2.19 billion).¹²² The child care industry also generates almost as many gross receipts as machinery manufacturing (\$3.9 billion).¹²³



Industry Employment

Direct employment for child care in 2005 in New Jersey is estimated to be more than 65,300 full-time equivalent jobs (FTEs). This figure is derived from the number of children in different types of programs, assuming compliance with minimum staffing requirements imposed by licensing laws for different age groups and minimal support staffing in centers. For child care centers, this estimate also includes non-teaching staff. Direct employment estimates for *Abbott* public preschools and Head Start, Early Head Start and Migrant Head Start were derived from reports from administrators in the various programs (see Appendix A for a detailed methodology).

The formal child care industry directly supports approximately 65,300 full-time equivalent jobs. These jobs include teachers and other non-teaching staff (directors, family workers, janitors and administrative support staff).

The total number of people working in the industry is likely to be higher because many child care professionals work part time. In 2002, approximately one third of those working in the industry nationwide

¹²² U.S. Department of Agriculture, Economic Research Service. *State Data Fact Sheets New Jersey*, September 6, 2005. Retrieved from <http://www.ers.usda.gov/StateFacts/NJ.HTM#TCECH> on September 10, 2005. 2003 Farm Commodity receipts were adjusted to 2005 using the CPI.

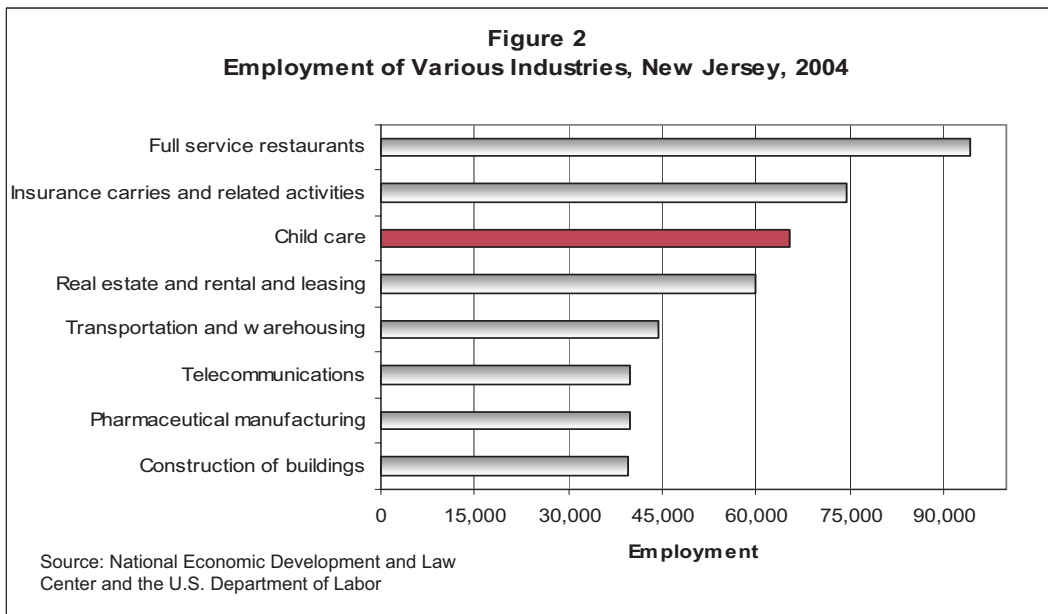
¹²³ Child care gross receipts were generated by the National Economic Development and Law Center. Farm commodities gross receipts are derived from the U.S. Department of Agriculture, Economic Research Service's *State Data Fact Sheets New Jersey, 2003 Farm commodity receipts* were adjusted to 2005 using the CPI. All other values are based on the U.S. Census Bureau's 2002 Economic Census and adjusted to 2005 values using the CPI.

worked part time.¹²⁴ In addition, the estimate is based on the minimum staff-to-child ratio required by state law.¹²⁵ Some child care operators choose to maintain higher staff-to-child ratios in order to improve program quality, meet funding requirements, achieve accreditation requirements or to attain specific quality goals that increase their business' competitiveness. For example, as of September 2005, there were 300 child care programs accredited by the National Association for the Education of Young Children in New Jersey, which requires higher staff-to-child ratios and lower group sizes for accreditation than the state mandates for licensing.¹²⁶

There are more FTEs in the formal child care industry than there are employees in telecommunications, real estate or pharmaceutical manufacturing industries.

Direct Employment Compared with Other Industries

To put employment findings in context, the number of FTEs in child care is compared to employment in other industries. That number, 65,300, is more than two thirds the number of employees of full-service restaurants (94,212) and more than three fourths of insurance carriers (74,322; see Figure 2).¹²⁷ There are more FTEs in child care in the state than there are workers in transportation and warehousing (44,252), telecommunications (39,747) or pharmaceutical manufacturing (39,683).¹²⁸



MEASURING INDIRECT AND INDUCED EFFECTS

Child care is linked to the rest of the local economy through a number of avenues. There has not been a comprehensive study of the kinds of expenditures various types of child care establishments make, although these purchases also have an economic impact on the economy. Budget categories for public funding of programs provide some insight into the types of areas in which expenditures are made. For example, in the *Abbott* budget template provided on the DOE Web site, categories include:

¹²⁴ U.S. Department of Labor—Bureau of Labor Statistics. *Career Guide to Industries: Child Day Care Services*. Retrieved from <http://www.bls.gov/oco/cg/cgs032.htm> on October 4, 2005.

¹²⁵ See Appendix A for the specific staff-to-child ratios that were used in this estimate.

¹²⁶ National Association for the Education of Young Children. *NAEYC Accredited Program Search, New Jersey*, September 2005.

¹²⁷ Data is from the 2004 (Preliminary) New Jersey Covered Employment and Wages (ES-202) survey.

¹²⁸ *Ibid.*

- Mortgage or rent costs;
- Building maintenance and repair;
- Insurance;
- Utilities;
- Equipment;
- Office supplies;
- Clerical and janitorial support;
- Teacher wages, benefits and professional development;
- Classroom materials;
- Food and food products for meals and snacks; and
- Administrator or director wages and benefits.¹²⁹

These linkages can be measured using an input-output model and its associated multipliers, a methodology used by some economic development specialists. Many informed observers have indicated that these effects are not part of a conservative approach, and, thus, these analyses are not included in the main body of this report. An analysis of these linkages is included in Appendix B.

FEDERAL, STATE AND PHILANTHROPIC FUNDING

The availability of federal and state child care investments plays an important role in supporting local economic development, sustained employment of low-income families, and development of New Jersey's children for school readiness and future economic success. There are a number of programs that provide direct services in local communities. This should not be compared to the gross receipts value described earlier in this section.

N.J. Department of Human Service's Child Care Assistance Program

The DHS Child Care Assistance Program supports a portion of the cost of child care services to assist low- and moderate-income parents who are maintaining employment or attending education/training classes that will lead to employment.¹³⁰ Subsidized child care may be provided to these families through direct contracts between the state and licensed child care centers (CBC centers). In 2005-2006, DHS has \$133.1 million budgeted for direct contracts with licensed child care centers to care for an estimated 36,361 children of income-eligible families.¹³¹

DHS also invests in a child care voucher program, which enables low- and moderate-income families to choose their own providers (licensed child care centers, registered family child care homes and approved home providers). In 2004-2005, DHS invested approximately \$137 million in public funds for vouchers

¹²⁹ N.J. Department of Education. District and Private Provider 06-07 Budget Forms and Instructions. Available at <http://www.state.nj.us/njded/ece/abbott/provbudget.xls>. Retrieved October 12, 2005.

¹³⁰ Children whose families receive cash assistance under the state welfare program, Work First NJ, are eligible to receive free child care, though the families of approximately 4,800 children are on waitlists for subsidized child care. Former Work First NJ participants receive subsidized child care for up to two years after moving from welfare to work. Those clients make a small co-payment which varies based on family size and income. Families who were never on welfare also can receive child care subsidies under the New Jersey Cares for Kids program. Families earning up to 200 percent of the federal poverty level qualify for subsidies. After one year, a family remains eligible with an income up to 250 percent of the federal poverty level.

¹³¹ N.J. Department of Human Services. *Analysis of State and Federal Funding for Child Care Slots*.

that serve on average approximately 54,552 children per month.¹³² In May 2005, there were an estimated 4,778 children on waitlists for DHS-subsidized child care in New Jersey.¹³³

New Jersey also receives federal Social Services Block Grant (SSBG) dollars for child care services. In 2003, New Jersey received \$558,314 in funds for child care.¹³⁴

The U.S. Department of Agriculture administers a child care food program, which contributes dollars to the local economy, amounting to \$35.7 million for New Jersey in FY 2005.¹³⁵

Directly Subsidized Programs

In addition to directly funded DHS-subsidized child care in licensed child care centers (CBC Centers), there are a number of publicly funded child care programs in New Jersey.¹³⁶

- *Head Start, Early Head Start and Migrant Head Start:* These child development programs represent another significant area of public funding. Head Start, Early Head Start and Migrant Head Start serve children from birth to age five, pregnant women and their families in child-focused programs designed to increase school readiness of young children in low-income families.¹³⁷ In 2004-2005, New Jersey had approximately \$131.3 million in federal funds allocated for Head Start and Early Head Start, and an additional \$1.8 million allocated for Migrant Head Start.¹³⁸
- *Abbott Public Preschool:* DOE invested \$446.0 million in *Abbott* public preschools, which served more than 39,000 children in 2004-2005.¹³⁹ DHS invested an additional \$102 million for wrap-around services for *Abbott* public preschools.¹⁴⁰ From 2001 to May of 2005 DHS has invested more than \$15.4 million for teacher scholarships in *Abbott* districts through the New Jersey Professional Development Center, of which 89 percent went to four-year universities. In 2004, the state invested a total \$1.5 million in these scholarships.¹⁴¹
- *Non-Abbott Early Childhood Program Aid (ECPA) Public Preschool:* New Jersey has also invested \$30.3 million of state dollars to provide non-*Abbott* ECPA public preschool programs to address preschool and kindergarten issues in the next level of districts with high percentages of children and families in poverty.¹⁴²

¹³² N.J. Department of Human Services. *CARES and OMEGA Voucher Expenditures 2004-2005*. These investments include voucher payments only. DHS investments are significantly more than roughly \$35 million in the administration and operation of these voucher programs.

¹³³ *Ibid.*

¹³⁴ National Child Care Information Center. "Social Services Block Grant (SSBG) Expenditure on Child Care, New Jersey, FY 2003."

¹³⁵ N.J. Department of Health and Human Services. *Child Care Food Program Enrollment and Reimbursement, FY 2005*. These federal funds enable providers to supply nutritious meals for children in income-eligible families attending their child care programs.

¹³⁶ N. Sconyers. *Early Launch to Learning Initiative (ELLI): McGreevey's Proposal for Preschool Expansion*. Association for Children of New Jersey, Newark, N.J., April 16, 2004. The following investments highlight state spending in the following public preschool programs: *Abbott*, non-*Abbott* ECPA, and ELLI. An estimated 75 school districts offer locally funded public preschool programs for an estimated 3,221 in 2003-2004. Fiscal information is not available.

¹³⁷ U.S. Department of Health and Human Services, Administration for Children, Youth and Families; Head Start Web site at <http://www2.acf.dhhs.gov/programs/hsb/about/index.htm>.

¹³⁸ U.S. Department of Health and Human Services. *FY 2004-2005 Head Start and Early Head Start Funding Plan*. Migrant Head Start data comes from Interview. Peg Cunningham, Rural Opportunities Inc. National Economic Development and Law Center, July 2005. This estimate is based on 2004-2005 funding and employment information.

¹³⁹ N.J. Department of Education. *Abbott Funding 2004-2005*. The enrollment number includes some children who require special education preschool classes (inclusion or self-contained).

¹⁴⁰ N.J. Department of Human Services. *Summary of Abbott Wrap-Around Statistics 2004-2005*.

¹⁴¹ N.J. Department of Education. "Abbott Scholarship Investment for Associate's Degree Candidates and Overall, 2002-2005." UPDATE to 2005 when data is available. This \$1.5 million is included in the \$15.4 million invested from 2001 to 2005.

¹⁴² N.J. Department of Education. *Abbott Funding 2004-2005*. The enrollment number includes some children who require special education preschool classes.

- *Early Launch to Learning Initiative (ELLI) Public Preschool:* In its first year of implementation (2004-2005), *ELLI public preschool programs* received \$1.6 million in state funds and served an additional 489 four-year-old children.¹⁴³
- *Special Education Public Preschool:* State dollars are also allocated to partially fund the implementation of Individualized Educational Plans (IEP) for the 11,615 preschoolers, between the ages of three and five, who have been classified as “preschool disabled.” Special education public preschool programs that are designed to provide the services identified in each child’s IEP received almost \$58 million in federal and state funds in 2004-2005.¹⁴⁴
- *Military Child Development Centers:* Navy, Army, Air Force and Coast Guard military bases in New Jersey offer child care through on-base child development centers. These programs are funded by federal appropriated funds from the U.S. Department of Defense and non-appropriated funds (parent fees and in-kind donations). In 2004-2005, these programs in New Jersey received an estimated \$4.2 million in federal funds.¹⁴⁵

Local school districts also fund public preschool programs and special education public preschool programs. Statewide data was not available on this funding and therefore was not included in our analysis.

In total, annual state and federal funding for child care in New Jersey is an estimated \$1.08 billion.¹⁴⁶

Philanthropic Funding

Foundations play a critical role in supporting the quality and accessibility of child care programs across New Jersey. These investments contribute significantly to the direct and indirect economic impact of the industry. Because there is no centralized database for philanthropic giving to child care, it is not possible to quantify these investments comprehensively. However, the examples below demonstrate the impact these types of investments have on New Jersey’s child care industry.

- **The United Way of New Jersey** invested \$5.8 million in funds related to child care in 2004.¹⁴⁷ These investments vary significantly across counties. A portion of the investments go directly to support the tuition of children in child care and after-school programs. Other investments help improve the quality of existing programs.
- Over the past five years, **The Schumann Fund for New Jersey** has provided \$2.8 million to support advocacy for effective early childhood policies, expansion and innovation in professional development for early childhood, evaluation of *Abbott* preschool implementation, the development of model programs as well as some direct support for early childhood services.

¹⁴³ N.J. Department of Education. ELLI enrollment numbers refer *only* to low-income students being served in each ELLI classroom. ELLI classes are comprised of low-income, special education, and other students who are not low-income or special education eligible.

¹⁴⁴ N.J. Department of Education. *New Jersey Preschool Special Education*, 2004.

¹⁴⁵ This does not include federal funding for vouchers for military personnel to use home-based providers or school-age care centers. Fiscal information was not available for the following military child development centers: Fort Dix and Earle Naval Weapons Station. In these cases, we estimated funding based on the size of the center.

¹⁴⁶ The majority of investments that this estimate captures was made in the 2004-2005 year. However, the following estimates included funding from earlier years: Child and Adult Care Food Program (FY 2004), Social Services Block Grant Child Care Funding (2003) and CBC Centers (2005-2006). This estimate does not include local government expenditures or any federal CCBG funding for child care.

¹⁴⁷ United Way of New Jersey. “Contribution to Child Care Based on 2004 Survey.”

“From everything we know about brain, social and emotional development in their [children’s] early years, high-quality early care and education programs are critical for children for their later social and academic success. As a result, we believe non-*Abbott* districts should also be included in the delivery of high-quality preschool programs.”¹⁴⁸

Barbara Reisman, Executive Director, The Schumann Fund for New Jersey

- **Children’s Futures**, a public/private partnership primarily supported by The Robert Wood Johnson Foundation (RWJF), is committed to ensuring that every child in Trenton enters preschool healthy and ready to learn. In 2001, RWJF committed an initial \$20 million over a five-year period to improve birth outcomes, strengthen effective parenting, improve quality in child care and strengthen community leadership and capacity. From this grant, Children’s Futures has provided an annual grant of \$400,000 for four consecutive years to Child Care Connection, Mercer County’s child care resource and referral agency, to provide intensive technical assistance to seven child care centers and between 25 and 30 family child care homes to improve the quality of care and education for children ages birth to three.¹⁴⁹

“Philanthropic organizations can do certain things that government can’t do when it comes to ensuring that there is high-quality child care in New Jersey. We can work as idea generators by funding new initiatives that help inform government and others what types of investments are most effective at improving the quality of child care.”¹⁵⁰

Rush Russell, Former President, Children’s Futures

THE CHILD CARE MARKET

Demand

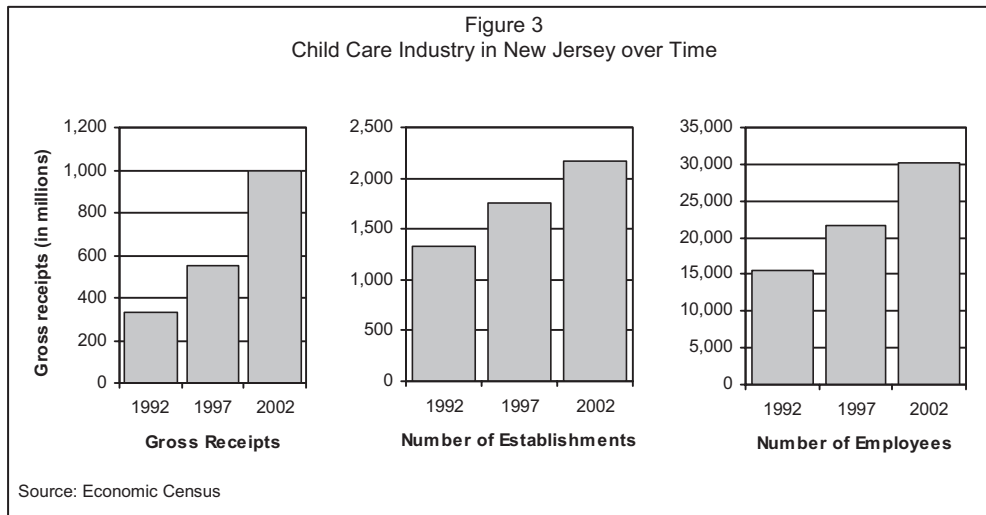
The New Jersey child care industry has grown considerably over the last fifteen years. The Economic Census, although not a comprehensive picture of the industry, does provide some insight into the trends of the industry in the state over time. In terms of gross receipts, number of employer-establishments and number of employees in the industry overall, the growth is dramatic (see Figure 3).¹⁵¹

¹⁴⁸ Interview. Barbara Reisman, executive director, The Schumann Fund for New Jersey. National Economic Development and Law Center, September 2005.

¹⁴⁹ Interview. Rush Russell, former president, Children’s Futures. National Economic Development and Law Center, September 2005.

¹⁵⁰ Ibid.

¹⁵¹ U.S. Census Bureau. *Economic Census 1992, 1997 and 2002*.



In 2005, there were approximately:

- 4,337 not-for-profit and for-profit licensed child care centers (see Appendix C for county breakdown);¹⁵²
- 3,578 registered family child care homes;¹⁵³
- 7,212 approved homes;¹⁵⁴
- 866 special education public preschool classrooms;¹⁵⁵ and
- 7 military child development centers.

While the total number of state-funded public preschool classrooms is not tracked by DOE, it is possible to estimate the number of classrooms based on enrollment and average class size (15 children for *Abbott* public preschool classrooms and 20 children for non-*Abbott* ECPA and ELLI public preschool classrooms). There were 45,847 children enrolled in these programs in 2004-2005, including:

- 38,111 enrolled in an estimated 2,540 *Abbott* public preschool classrooms;¹⁵⁶
- 7,247 enrolled in an estimated 362 non-*Abbott* ECPA public preschool classrooms; and
- 489 enrolled in an estimated 24 ELLI public preschool classrooms.

More than 41 percent of licensed child care centers in New Jersey are for-profit accounting for 40 percent of licensed capacity (see Appendix D for a county breakdown). Family child care providers also generally do not have non-profit status.¹⁵⁷ For-profit child care businesses support the economy of the municipalities where they are located by paying

A significant percentage of child care providers (41 percent of licensed child care centers and most family child care homes) are tax-paying private entities.

¹⁵² N.J. Department of Human Services. *Number of Non-Profit and For-Profit Centers*. The number of licensed child care centers that are contracted for *Abbott* were not broken out. The data query for this report was run on January 23, 2006.

¹⁵³ N.J. Child Care Resource and Referral Association. *May 2005 Survey of Registered Family Child Care Homes*.

¹⁵⁴ N.J. Department of Human Services. *CARES and OMEGA Funding for Approved Homes, 2004-2005*.

¹⁵⁵ Interview. Barbara Tkach, N.J. Department of Education. National Economic Development and Law Center, October 2005. The estimate on the number of classrooms is based on the number of preschool teachers reported by the N.J. Department of Education. We assumed that each preschool teacher represented one special education public preschool classroom.

¹⁵⁶ *Abbott* public preschool classes are held in the public school classrooms and for- and non-profit licensed child care centers.

¹⁵⁷ Interview. Joslyn Bjorseth, N.J. Department of Human Services, Office of Licensing. National Economic Development and Law Center, January 2006.

federal and state taxes, supporting municipal ratables, and leasing commercial space. Approximately, 59 percent of licensed centers are not-for-profit.¹⁵⁸

The child care industry can serve approximately 378,000 children at any one time. That is only 37 percent of all children with parents in the labor force.

Currently, the New Jersey child care industry has the capacity to serve approximately 378,000 children at any one time.¹⁵⁹

The industry can only serve 37 percent of children age birth through 13 with all parents in the labor force at any one time.¹⁶⁰ Furthermore, capacity reflects only the legal capacity of the industry. Many child care providers choose not to operate at maximum capacity. For example, desired capacity in licensed child care centers averages 93 percent of licensed capacity across the state. The same issue applies to family child care providers (registered and approved homes). Also, many programs operate either part day or part year. However, the overwhelming majority of child care capacity is used by children age birth to five, but due to licensing it is not possible to break out the capacity for this age group separately. In addition, it is important to note that not all areas of New Jersey are underserved; there are geographic, cultural and economic differences across the state that affect the supply of quality child care.

Demand for the industry relies on these key factors:¹⁶¹

- **Need:** Given the high labor force participation rates of parents in New Jersey, the need for some form of child care to enable parents to work and obtain training and education is strong.
- **Quality:** Parental demand for quality increases as more parents understand the importance of quality early education opportunities and how to identify quality programs.
- **Affordability:** Demographic and economic trends indicate that more families will be challenged by these issues as the low-wage workforce expands.
- **Accessibility:** Location, hours of operation and transitions between part-day programs all affect a parent's ability to use programs. Rural and urban areas differ in what is the best service delivery system since transportation and commute patterns as well as parental preferences differ across locales.

These four factors are interrelated, thus making it difficult to quantify market demand from an economic standpoint. In the book, *Child Care Quality*, Deborah Vendell and Barbara Wolfe note that there are two other causes for why the child care industry cannot meet the demand for quality child care on its own. One, parents lack accurate information about quality child care. Two, the benefits of quality child care “accrue not just to the parents and to the child but to society in general.” However, the market does not recognize these external benefits, and parents are primarily responsible for the cost.¹⁶² New Jersey does not currently have a quality rating system for child care providers, which limits the ability of parents to identify high-quality programs for their children.

Efforts to expand the industry to meet the growing needs of all working parents and to improve the quality will not be successful unless affordability and accessibility for parents are addressed.

¹⁵⁸ Interview. Joslyn Bjorseth, N.J. Department of Human Services, Office of Licensing. National Economic Development and Law Center, January 2006.

¹⁵⁹ 2004-2005 data for licensed child care centers, registered homes and approved home providers comes from N.J. Department of Human Services, Office of Licensing. Capacity for all registered family child care homes was assumed to be five and capacity of approved home providers was assumed to be two.

¹⁶⁰ U.S. Census Bureau. *Census 2000*. Adjusted to 2004 using 2004 Census population estimates for children age birth through 13.

¹⁶¹ E. C. Smith. *Understanding Child Care Supply and Demand in the Community*, Columbia, Md., The Enterprise Foundation, 2004.

¹⁶² D. Vandell and B. Wolfe. *Child Care Quality: Does it Matter and Does it Need to Be Improved?*, 2000. As cited in J. Lombardi. *Time To Care: Redesigning Child Care to Promote Education, Support Families, and Build Communities*, 2003.

Minority- and Women-owned Child Care Businesses

Specific information on the demographic information of individuals who own or operate child care facilities is difficult to obtain. Using information from the Economic Census collected in 1997 and 2002, an estimated 69 percent of all social service establishments, which include child care facilities, are owned by women, and 22 percent are owned by racial and ethnic minorities.¹⁶³ Just considering those establishments with paid employees, however, those percentages drop to 29 percent and 12 percent, suggesting that a large percentage of self-employed individuals in social services are women and minorities. Compared with establishments with paid employees across all industries in New Jersey, social service establishments are slightly more likely to be owned by women (15 percent across all industries and 28 percent in social services), while the reverse is true for racial and ethnic minorities (16 percent across all industries and 12 percent in social services). While these are only estimates and apply to all social services, it does provide some insight into the need to strengthen minority-owned businesses in child care and potentially to strengthen the opportunities for self-employed women in child care to grow into larger businesses.

SECTION SUMMARY

The substantial size of the industry means that it not only supports the economy by allowing parents to work and preparing children for future academic success, but it also contributes to the economy's vitality by employing 65,300 full-time equivalent workers and generating \$2.55 billion in gross receipts. This puts the industry on par with other significant industries in the state. The industry also supports the economy by garnering significant levels of federal, state, local and philanthropic investments available to provide child care to low-income families. These families represent a substantial portion of the existing and potential workforce and are vital to the continued growth of the economy. The size of the industry has grown considerable over the last 15 years. It now has the capacity to serve approximately 378,000 children at one time (37 percent of children age birth through 13 with all parents in the labor force).

¹⁶³ U.S. Census Bureau, 1997 Economic Census and 2002 Economic Census. "1997 Economic Census Minority- and Women-Owned Businesses: New Jersey" and "2002 Survey of Business Owners Preliminary Estimates of Business Ownership by Gender, Hispanic or Latino Origin, and Race: 2002, New Jersey," [Hwww.census.gov/H](http://www.census.gov/H) Retrieved October 12, 2005.

Section Five

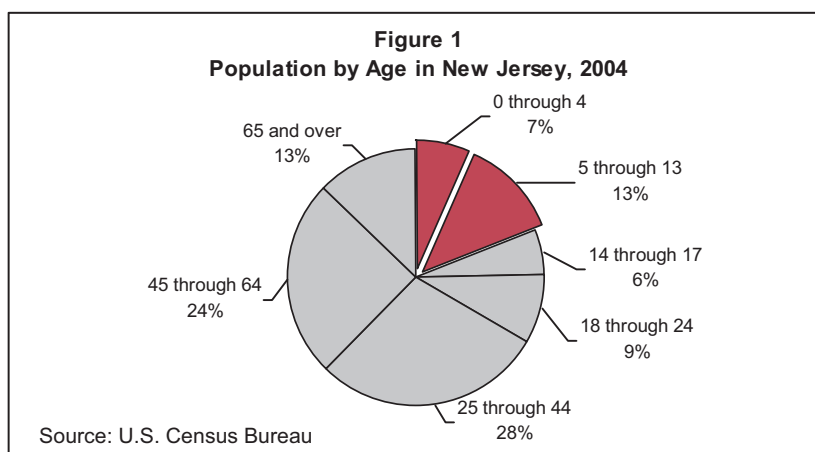
Demographic and Economic Profile of New Jersey

New Jersey's demographic and economic trends have significant implications for child care programs serving young and school-age children. This section gives a brief overview of those trends, including population shifts, labor force characteristics, employment demands and family economics as well as their implications for the child care industry.

POPULATION

New Jersey's Children

In New Jersey, there are approximately 581,700 children younger than the age of five and 1,055,200 children age five through 13.¹⁶⁴ That corresponds to 20 percent of the total population (see Figure 1).¹⁶⁵ From 2000 to 2004 there were 491,048 births in New Jersey, ranking it 11th in the nation by number of births.¹⁶⁶



Projections indicate that the population of children age birth through 13 in the state is expected to grow by four percent from 2002 to 2012, which is lower than the statewide average over the same time period—nine percent.¹⁶⁷ After 2010, a significant portion of the “baby boom echo” generation (those born between 1978 and 1994) is expected to enter their child-bearing years, and state demographers expect the population of young children to increase substantially again.¹⁶⁸ The availability of child care programs to meet the demands of this growing segment of the population is necessary so that young families can participate in New Jersey's workforce.

Child Care Implications

Children from birth through age 13 make up a significant part of New Jersey's total population, accounting for more than 20 percent of its total population. This highlights the current need for child care programs. After 2010, as members of the “baby boom echo” generation increasingly enter in the child-bearing years, the rate of growth of young children is expected to increase significantly, creating long-term demand for child care programs.

¹⁶⁴ U.S. Census Bureau. *Cumulative Population Estimates, April 2000 to July 2004* and U.S. Census Bureau, *Census 2000*.

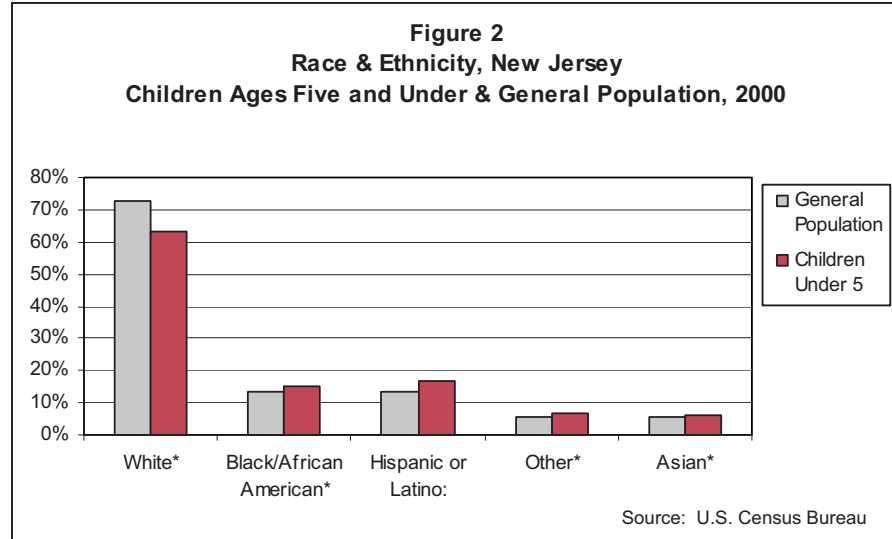
¹⁶⁵ U.S. Census Bureau. *Annual Population Estimates by State, 2003*.

¹⁶⁶ State Library of Iowa, State Data Center Program, U.S. Census Bureau, Population Estimates Branch, Population Division, December 2004.

¹⁶⁷ N.J. Department of Labor and Workforce Development, Division of Labor Market and Demographic Research. *New Jersey Employment and Population in the 21st Century*, February 2005.

Diversity

Almost 20 percent of New Jersey's population is foreign-born, ranking it third in the nation in 2004.¹⁶⁹ The U.S. Census Bureau estimates that there were between 98,000 and 168,000 undocumented persons living in New Jersey in 1993. These individuals are not always counted in census estimates, potentially making New Jersey even more diverse than the data suggest.¹⁷⁰



In comparison to New Jersey's general population, ethnic and minority groups account for a larger percentage of children age birth through age four. Among children less than the age of five, 15 percent are African American/Black, and nearly 17 percent are Hispanic/Latino (see Figure 2).¹⁷¹

Together, school children in New Jersey speak a total of 155 languages.¹⁷² In 2002, almost one third of all births in New Jersey were to foreign-born women compared to 23 percent nationally. This number is especially high in Hudson and Middlesex counties, where more than half of all births were to immigrant mothers.¹⁷³

Children who perceive that what they are learning affirms their cultural heritage are more likely to become engaged in learning.¹⁷⁴ Stacey York also recognizes the importance of culturally appropriate programs: "In order to provide good care education for young children, teachers must make their work 'culturally responsive;' the program must represent and support the home culture of the families whose children attend."¹⁷⁵ Efforts are needed to increase the supply of quality child care programs that are accessible for families who have immigrated to ensure that all children enter school ready to succeed.

Furthermore, emerging research suggests that quality programs that promote parental engagement are especially critical in programs that serve English language learners. One best practice for increasing family participation in child care programs is ongoing communication. Child care providers who can speak the language of parents who have limited English proficiency are needed to increase parental engagement and increase positive outcomes for children.¹⁷⁶

¹⁶⁸ Sen-Yuan Wu. "Population and Labor Force Projections for New Jersey: 2000 to 2020." N.J. Department of Labor and Workforce Development, Division of Labor Market and Demographic Research.

¹⁶⁹ U.S. Census Bureau. *American Community Survey 2004*.

¹⁷⁰ U.S. Census Bureau. *Illustrative Estimates for the Population of Undocumented Persons by Selected States, 1994*.

¹⁷¹ U.S. Census Bureau. *New Jersey's Population Projections: 1995 to 2025*. The following racial groups are all non-Hispanic/Latino: White/Caucasian, Black/African American, Asian and "other."

¹⁷² N.J. Department of Education, Bureau of Bilingual/ESL Education, 2004-2005.

¹⁷³ Center for Immigration Studies. *Average of March 2002 and 2003 CPS*, as cited by S. A. Camarota. "Births to Immigrants in America, 1970-2002." B. Donohue. "32% of Births in N.J. Are to Immigrant Moms," *The Star-Ledger*, July 8, 2005.

¹⁷⁴ B. Ferdman. "Literacy and Cultural Identity." *Harvard Educational Review*, 1990.

¹⁷⁵ S. York. *Roots & Wings Affirming Culture in Early Childhood Programs*. Redleaf Press, St. Paul, Minn., 2003.

¹⁷⁶ Children Now. *English Language Learners, Immigrant Children and Preschool for All: The Importance of Family Engagement, An Issue Brief Series*, December 2004.

Research done by Rutgers University indicates that there is a shortage of training programs for early childhood teachers to teach children who are learning English as a second language.¹⁷⁷ Between 22 and 33 percent of all New Jersey early childhood teachers are not getting the required training to teach students with limited English proficiency.¹⁷⁸

Child Care Implications

- The increasing diversity of New Jersey's children requires child care programs that are accessible for families of diverse cultural backgrounds.
- Bilingual informational materials relating to child care should be available to families in the languages needed. In addition, efforts to engage parents with limited English proficiency must be developed. Parents can benefit from bilingual teachers and translated materials.
- More oversight of early childhood programs is needed to ensure that child care teachers are trained on how to teach children with limited English proficiency. More college professors who have expertise in this area are also needed.

Transportation

New Jersey suffers from the third longest average commute in the nation (29 minutes).¹⁷⁹ The state also faces heavy traffic and delays due to deteriorating highways, structurally deficient bridges, and a severe backlog of road rehabilitation and infrastructure improvements.¹⁸⁰ Long parent commutes have created the need for varied types of child care at varied locations.

State law in New Jersey mandates that a school district must provide transportation for elementary school children and high school students between home and school if they live more than a certain distance from the school. While local school districts are not required to provide transportation to child care providers, some have adopted provisional local school board policies that allow for this transportation. One common provision is that they will not provide child care transportation outside of the school district; another is that the alternate stop must be along the same bus route as the student's home.¹⁸¹ Many child care centers and before- and after-school programs, therefore, provide transportation for their students independently of the school district. Of licensed child care centers in New Jersey, 13 percent provided transportation in September 2005.¹⁸² Child care transportation is cost-prohibitive for many providers because:

- Vehicles are expensive to purchase and maintain;
- Vehicles must meet special state requirements;
- Maintaining adequate insurance is expensive;
- Drivers must have a commercial driver's license (CDL); and

¹⁷⁷ S. Ryan, D. J. Ackerman and H. Song. *Getting Qualified and Becoming Knowledgeable: Preschool Teachers' Perspective on Their Professional Preparation*, Rutgers University, New Jersey, 2004.

¹⁷⁸ *Ibid.*

¹⁷⁹ U.S. Census Bureau, *American Community Survey*, 2003.

¹⁸⁰ *Ibid.*

¹⁸¹ Interview. Greg Ferra, N.J. Department of Education, Office of Student Transportation. National Economic Development and Law Center, September 2005. School districts must provide transportation for an elementary student if they live more than two miles from the school, and they must provide transportation for a high school student if they live more than 2.5 miles from the school.

¹⁸² Interview. Joslyn Bjorseth, N.J. Department of Human Services, Office of Licensing. National Economic Development and Law Center, September 2005.

- Child care transportation for children age birth to five requires a driver and an adult rider as well as additional safety equipment (child seats and harnesses).¹⁸³

Better integration of child care and transportation planning may ease the negative impacts of trips to and from child care for parents, providers and the transportation system. This includes increasing the number of child care and after-school programs that are located by public transportation routes near new housing developments and businesses.

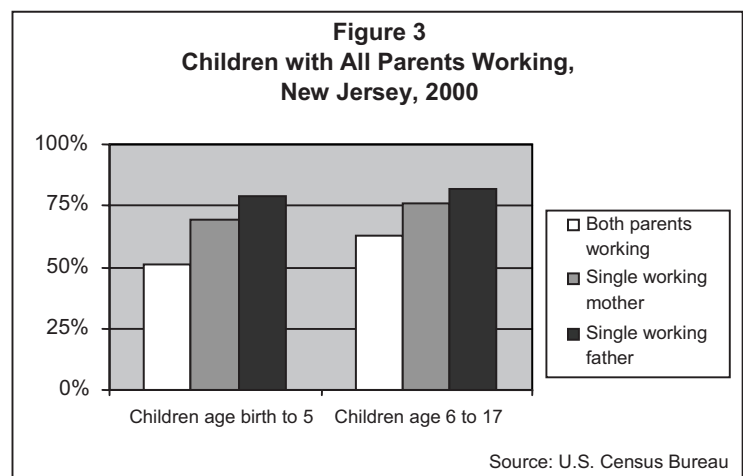
Child Care Implications

- With an average one-way commute time of 29 minutes, working parents in New Jersey may require child care that extends beyond the traditional workday hours.
- Better integration of child care and transportation planning may ease the negative impacts of trips to and from child care for parents, providers and the transportation system.

LABOR FORCE CHARACTERISTICS AND TRENDS

Working Parents

The majority of children in New Jersey live in households where all parents are in the labor force (see Figure 3).¹⁸⁴ The 2000 Census indicates that in dual-parent households, 51 percent of young children and 63 percent of school-age children have both parents in the workforce. This compares to a national statistic of 53 percent of young children in dual-parent households where both parents work. Addressing parents' needs for their children's care and education is a vital part of enabling the state's labor force participation. Also, in 2003, 68,300 grandparents lived with their grandchildren and were legally responsible for them, a 19 percent increase from 2000.¹⁸⁵



Mothers are returning to work faster than ever before. Nationally, 51 percent of new mothers who had their first birth between 1996 and 1999 were working four months after giving birth, and 65 percent had returned to work within 12 months. In comparison, from 1981 to 1985, only 41 percent of these mothers returned to work four months after giving birth to their first child, and just 61 percent had returned to work after 12 months.¹⁸⁶

¹⁸³ Interview. Joslyn Bjorseth, N.J. Department of Human Services, Office of Licensing. National Economic Development and Law Center, September 2005.

¹⁸⁴ U.S. Census Bureau. *Census 2000*.

¹⁸⁵ U.S. Census Bureau. American Community Survey, Multi-Year Profiles, 2003. As cited by the Association for Children of New Jersey. *New Jersey Kids Count 2005: A Snapshot of Child Well-Being*.

¹⁸⁶ U.S. Census Bureau. "Maternity Leave and Employment Patterns of First-Time Mothers: 1961-2000."

Educational Attainment

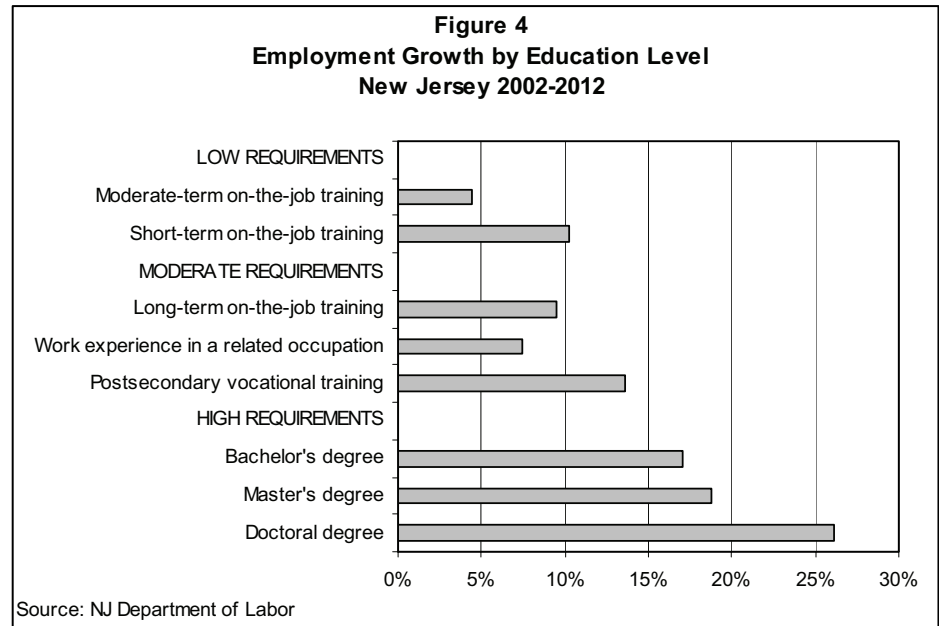
On average, New Jersey's labor force generally has more educational attainment than most states in the country.¹⁸⁷ While the New Jersey Commission on Higher Education does not track the number of students with children in higher educational institutions, the commission does track student enrollment by age. In 2003, more than 32 percent of all students enrolled in higher education programs were over the age of 25, indicating that there may be a significant number of students who need child care while they attend school.¹⁸⁸

Employment Trends

Two thirds of job openings from 2002 to 2012 are expected to be due to replacement of the generation of workers at retirement age. The other third will be due to employment growth.¹⁸⁹

The N.J. Department of Labor and Workforce Development projects that jobs that require a higher education level will grow at a faster rate than jobs that have low education requirements (see Figure 4), though low-wage and lower-skill jobs will add more jobs over that time period.¹⁹⁰

More people will be working in health care, social assistance, and professional and business services. Historically, manufacturing has been a major industry in New Jersey, but since the early 1990s, the services and trade sectors have exceeded manufacturing. Health care and social assistance will lead job gains. Professional and business services, which typically require a more advanced education, will also increase significantly (see Figure 5).¹⁹¹



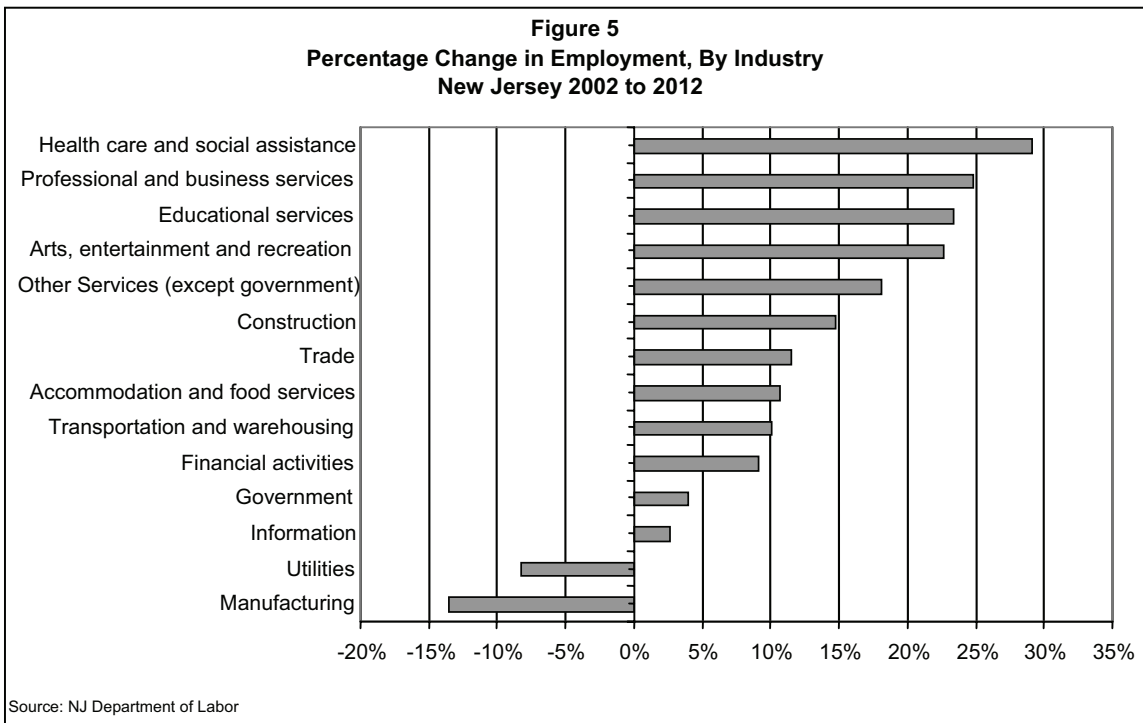
¹⁸⁷ U.S. Census Bureau. *Ranking Tables: 2003 Index, Education by State*.

¹⁸⁸ N.J. Commission on Higher Education, *Systems at a Glance: Student Characteristics*, 2004.

¹⁸⁹ N.J. Department of Labor, Division of Labor Market and Demographic Research. *New Jersey County Reports: Quarterly Workforce Indicators*. <http://www.wnjp.in.net/OneStopCareerCenter/LaborMarketInformation/LEHDRReports.html>

¹⁹⁰ N.J. Department of Labor, Division of Labor Market and Demographic Research. *New Jersey Employment and Population in the 21st Century*, February 2005.

¹⁹¹ *Ibid.*



Almost 25 percent of new jobs pay an average wage of \$60,000 or more per year, but more than three quarters of all new jobs pay an average annual wage between \$25,000 and \$39,999. Furthermore jobs that pay a middle income (\$40,000 to \$59,999) are expected to decline slightly (see Table 1).¹⁹²

Table 1
New Jobs By Average Annual Wage,
New Jersey Department of Labor, 2002-2012

Average Annual Wage	Employment Change	Percent of Total New Jobs
\$60,000 and over	117,400	24.4
\$40,000-\$59,999	-1,400	-0.3
\$25,000-\$39,999	364,800	75.9

Lower-wage service and retail jobs often require employees to work outside of traditional workday hours, causing the need for extended child care. Similarly, workers in many skilled professional occupations have dynamic work schedules and may require child care that is offered during nontraditional hours to accommodate parents' changing work schedules.

Employment trends vary from city to city and county to county in New Jersey. The types of jobs that are growing or declining in local areas have significant implications for the child care industry. It is important to note that Southern New Jersey struggles to attract the same high-paying jobs that the northern and central regions do. At the same time, this region has been hit hardest by the decline in manufacturing jobs. The Chamber of Commerce of Southern New Jersey recognizes the need for more economic diversity. "Without continued economic diversity and the addition of higher value-added industries, the region will continue to lag behind in income, wealth and educational attainment."¹⁹³

¹⁹² N.J. Department of Labor, Division of Labor Market and Demographic Research. *New Jersey Employment and Population in the 21st Century*. February 2005.

¹⁹³ Chamber of Commerce, Southern New Jersey. *Will Smart Growth Help or Hurt South Jersey's IQ?*, 2002.

Implications for Child Care

Growth in skilled professional occupations indicates that high-quality educational opportunities for young children and their parents must be available to ensure that New Jersey's workforce can meet the demands of a knowledge and skill-based economy.

State efforts to attract and retain a skilled workforce rely on New Jersey's ability to strengthen its economic infrastructures such as child care. Without accessible and affordable child care, parents will have difficulty meeting New Jersey's labor demands.

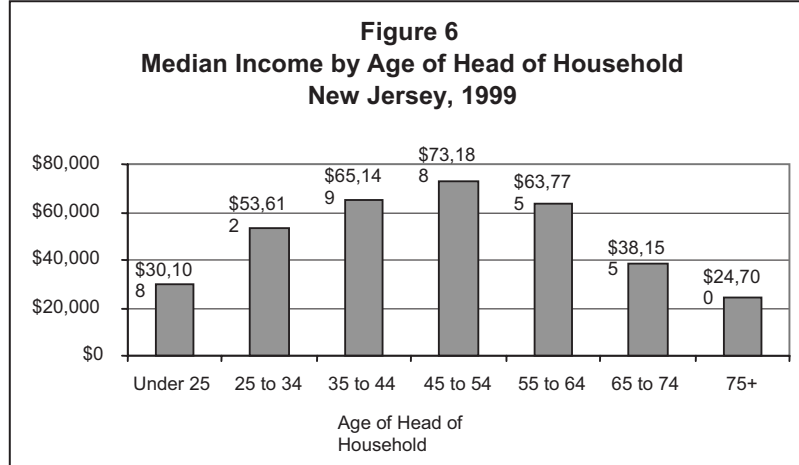
Shifts toward low wages and nontraditional work hours require complementary shifts in child care supply.

CHILD CARE PROGRAMS AND THE FAMILY BUDGET

Child care programs are a significant expense for families in most income brackets. While no studies have been done statewide to estimate the true cost of quality child care in New Jersey, there is statewide data on the average rates that child care providers charge for their services. The average annual rate for full-time, licensed center-based child care for an infant in New Jersey is \$9,385, and for a preschooler, \$7,800. Child care fees vary throughout the state. In the central region for example, licensed center-based child care for an infant has an average annual rate of \$10,641; in the southern region, the average annual fee is \$8,255; and in the northern region, the average annual fee is \$9,580 (see Appendix A, Table 1 for more information on child care rates).¹⁹⁴

For a family at the state's median income (\$54,000) with an infant in full-time center-based care, child care costs take up 17 percent of the total family budget. For a family at median income that has both a preschooler and infant in full-time care, child care costs take up more than 32 percent of total income. For a family with two parents who both earn a minimum annual wage (\$12,792 per parent), the center-based costs for a preschooler alone would account for 30 percent of their combined annual income.¹⁹⁵ Families are likely to have fewer resources when parents and children are young, thus increasing the child care burden for young families (see Figure 6).¹⁹⁶

While New Jersey has one of the highest median incomes in the nation, many families cannot afford child care.

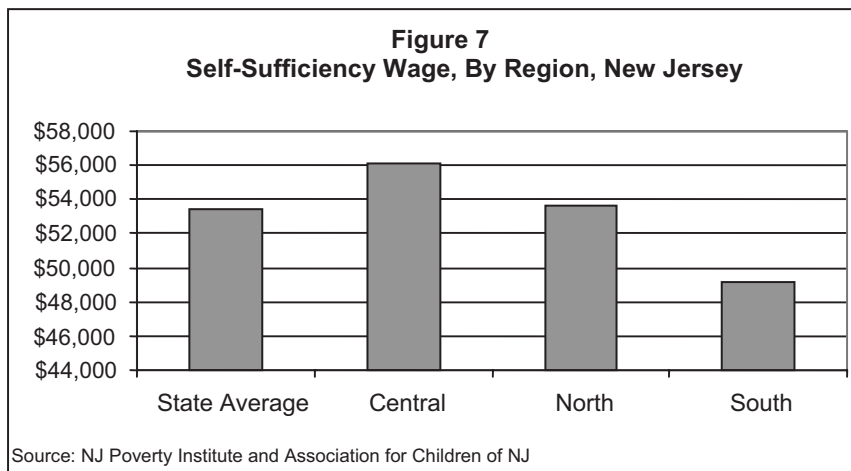


¹⁹⁴ N.J. Department of Human Services. *New Jersey Child Care Market Rate Survey, 2004*, August 22, 2005. These are market rates and do not reflect the costs of publicly funded programs such as Head Start and public preschool programs, including Abbott preschool costs, which are significantly higher than the market rates.

¹⁹⁵ Ibid. The minimum wage in New Jersey is \$6.15 per hour. The annual wage is based on a 40-hour work week at 52 weeks per year.

¹⁹⁶ G. Becker and N. Tomes. "Human Capital and the Rise and Fall of Families." *Journal of Labor Economics*, Vol. 4(3):S1-S39, 1986, U.S. Census Bureau, *Census 2000*.

The *Self-Sufficiency Standard* reflects the baseline actual costs of working and rearing a family in New Jersey. New Jersey's statewide average self-sufficiency wage for two adults with two young children is \$53,445.¹⁹⁷ In contrast the federal poverty level for two adults and two children is just \$18,400. New Jersey's self-sufficiency wage is almost as high as New York and is significantly higher than Pennsylvania and Delaware.¹⁹⁸ Self-sufficiency varies significantly throughout the state (see Figure 7). For a complete breakdown of self-sufficiency wages for all New Jersey counties, please refer to Appendix E. Though the self-sufficiency wage varies significantly throughout the state, in most counties in New Jersey, the self-sufficiency wage is similar to the average annual earnings for all jobs in the county. This highlights that many jobs in the state do not pay a self-sufficiency wage. Additionally, cost of living in counties in New Jersey has been rising steadily since 1999. Increased housing prices have been the primary driver of cost of living increases for most counties.¹⁹⁹



Child Care Implications

Child care is a considerable expense for parents at most income levels. Young and low-income parents are especially burdened by child care expenses and may struggle to become and remain economically self-sufficient. Affordable child care is necessary to ensure parents can work and update their skills.

Low-income Children and Children Living in Poverty

According to *Census 2000*, 135,549 families lived under the federal poverty line in New Jersey—almost seven percent of all families.²⁰⁰

The percentage of families living under the federal poverty line increases for families with younger children. While nine percent of families with children 18 and younger are in poverty, almost 11 percent of families with children younger than five live below the poverty line.²⁰¹ Furthermore, the percentage of families living in poverty increases dramatically for single-mother families. Almost one in five single-

¹⁹⁷ Legal Services of New Jersey Poverty Research Institute. *The Self-Sufficiency Standard for New Jersey, 2005*. The self-sufficiency standard is the minimum wage needed to cover basic costs of housing, food, transportation, health care and child care in the local area. The Self-Sufficiency Standard varies depending on the location and size of the family. The statewide average was calculated by Sheldon Presser, senior policy analyst, Budget and Data, Association for Children of New Jersey. The statewide average was weighted for varying county size.

¹⁹⁸ Association for Children of New Jersey. "Getting Real About Poverty in New Jersey," Newark, N.J., Spring 2004. State comparisons are based on 2002 self-sufficiency wages. State comparisons for 2005 self-sufficiency wages were not available at the time of this report.

¹⁹⁹ Legal Services of New Jersey Poverty Research Institute. *The Self-Sufficiency Standard for New Jersey, 2005*.

²⁰⁰ U.S. Census Bureau. Table DP-3. Profile of Selected Economic Characteristics: 2000.

²⁰¹ Ibid.

mother families with children younger than age five live in poverty (see Figure 8).²⁰² From 2000 to 2003, the percentage of children in poverty increased almost 12 percent in New Jersey.²⁰³

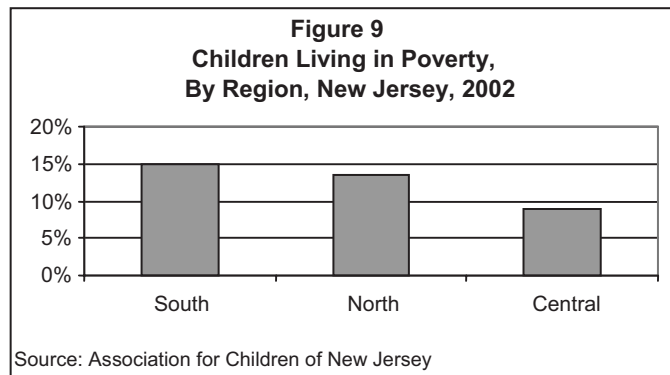
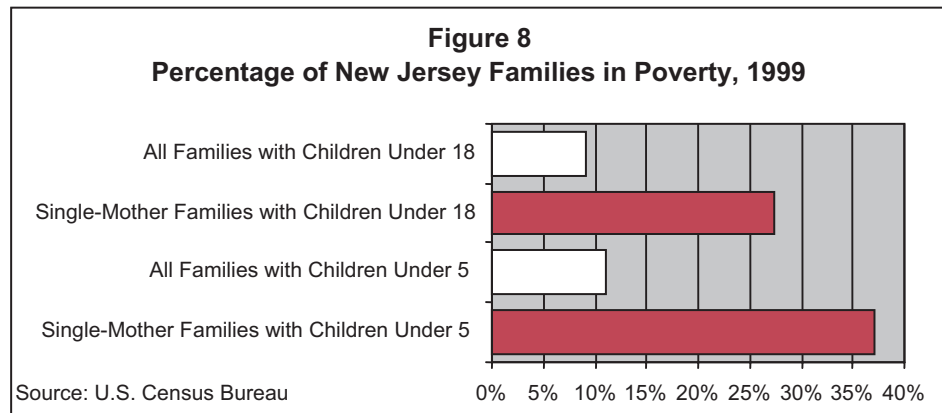
Young children in urban areas are significantly more

likely to live in low-income families. In urban areas, 59 percent of New Jersey's children younger than age five live in low-income households. In comparison, only 23 percent of children younger than five in suburban areas live in low-income households.²⁰⁴ Children in Northern and Southern New Jersey are significantly more likely to be in poverty than children in Central New Jersey (see Figure 9).²⁰⁵

Similarly, children with parents who were born outside the United States are almost twice as likely to live in low-income families in the state as children whose parents were born in the United States.²⁰⁶ Lastly, 48 percent of African-American children birth to age five live in low-income households in the state, and 44 percent of Hispanic/Latino children live in low-income households. In contrast, just 16 percent of white non-Latino children in New Jersey live in low-income households.²⁰⁷

In order to qualify for state-subsidized child care assistance, a family of three must earn less than \$30,520, which represents 200 percent of the federal poverty index.²⁰⁸ Head Start and Early Head Start eligibility is also based on the federal poverty index. States with a high cost of living like New Jersey may have fewer children who are eligible for Head Start or other public programs because their family income is higher than the national average, though high costs make their real income substantially less—leaving less money to spend on child care.

While many families are eligible for assistance, limited program funds leave a large number of income-eligible families on waiting lists for these programs. In May 2005, there were an estimated 4,778 children on waitlists for DHS-subsidized child care in New Jersey.²⁰⁹ Furthermore, in New Jersey, families transitioning off child care assistance face a sudden and dramatic increase in the portion of their income



²⁰² U.S. Census Bureau, Table DP-3. Profile of Selected Economic Characteristic: 2000.

²⁰³ Coalition on Human Needs. *Poor Children in the States*, 2004. Calculations based on data from U.S. Census Bureau, American Community Survey.

²⁰⁴ U.S. Census Bureau. *Census 2000*. As cited by the National Center for Children in Poverty.

http://www.nccp.org/state_detail_demographic_NJ.html Low-income is defined as household income less than 200 percent of the federal poverty line.

²⁰⁵ Association for Children of New Jersey. *New Jersey's Kids Count 2005 Pocket Guide*. Based on 2002 poverty data.

²⁰⁶ U.S. Census Bureau. *Census 2000*. As cited by the National Center for Children in Poverty.

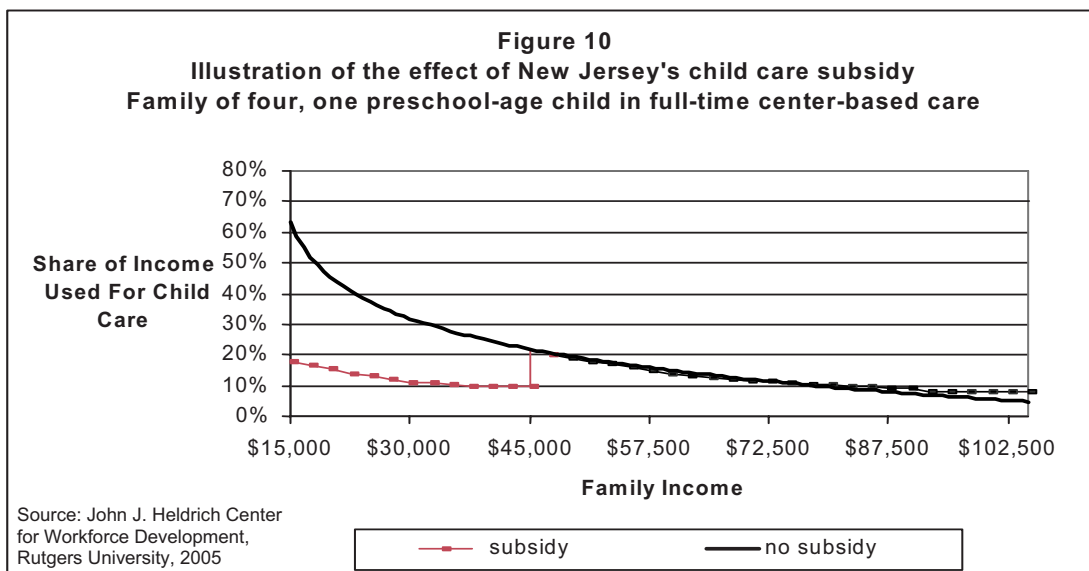
http://www.nccp.org/state_detail_demographic_NJ.html Low-income is defined as household income below 200 percent of the federal poverty line.

²⁰⁷ Ibid.

²⁰⁸ K. Schulman and H. Blank. *Child Care Assistance Policies 2001-2004: Families Struggling to Move Forward, States Going Backward*. National Women's Law Center, Washington, D.C., September 2004.

²⁰⁹ N.J. Department of Human Services. *CARES and OMEGA Voucher Funding 2004-2005*.

that they spend on child care. For a family of four with one preschool age child receiving child care assistance, full-time center-based child care costs account for about 10 percent of their family income if they are earning between \$30,000 and \$44,999 per year. However, once their earnings increase to \$45,000 or more and they lose child care assistance, the portion of their family income that is devoted toward child care jumps to 20 percent. This creates a significant child care burden for these families and may inhibit them from earning more income and transitioning off child care assistance completely (see Figure 10).²¹⁰



Child Care Implications

Stable, affordable child care enables parents to pursue and maintain employment opportunities and ensures a stable labor force. Single-parent families, those most dependent on child care for employment, are more likely to be living in poverty than two parent families. Supports are needed to ensure that all low-income families have economic opportunities to become self-sufficient.

SECTION SUMMARY

New Jersey's demographic and economic trends have significant implications for child care programs. Child care programs are a significant expense for families in most income brackets. The population of young children is expected to increase. Projections also indicate that the population of children will become increasingly diverse, which creates a demand for high-quality programs that meet the needs of diverse families. Demographic and economic trends also indicate that New Jersey has one of the highest cost of living in the nation, making it a difficult place to live and work for families with young children. Low- to moderate-income families are likely to have fewer resources when parents and children are young, thus increasing their child care burden. Supportive strategies are needed to ensure that all low- to moderate-income families have economic opportunities to become self-sufficient. While families are eligible for assistance, limited program funds leave large numbers of income-eligible families on waiting lists for these programs.

²¹⁰ John J. Heldrich Center for Workforce Development, Rutgers University. *The Economic Impact of Child Care in Middlesex County*, February 2005.

Section 6

Maximizing the Economic Benefits of High-Quality Child Care

Despite its current strength, the child care industry faces a number of challenges in meeting the needs of families, children and employers in the state. If New Jersey addresses these challenges and works to strengthen the current system, it can increase bottom-line returns for New Jersey employers and public returns on government investments. These challenges include but are not limited to:

- A shortage of high-quality child care facilities;²¹¹
- An insufficient number of qualified child care teachers, administrators and providers to meet New Jersey's increasing demand for high-quality child care; and
- A shortage of high-quality infant and toddler programs.

A SHORTAGE OF HIGH-QUALITY CHILD CARE FACILITIES

Research has found that children need an appropriate physical environment in order to develop optimally.²¹² Children must be comfortable with, and secure in, their physical environment in order to move freely in space, respond to their senses, act independently and develop their identity.²¹³ Spaces that create these opportunities for children provide the basis for their intellectual development. Although there are no studies specifically linking child care facilities and education outcomes, school-based studies of K-12 education facilities provide evidence of the importance of this issue. Researchers report that "Early studies correlated student achievement with better building quality, newer school buildings, better lighting, better thermal comfort and air quality, and more advanced laboratories and libraries."²¹⁴

While there has been no statewide or industry-wide assessment of child care facilities to date, child care leaders in the state recognize that many facilities in New Jersey are not educationally adequate.

The facilities shortage has been exacerbated by an increasing need for child care, which stems from increasing female labor force participation, welfare reform, the *Abbott v. Burke* court decision and other demographic and economic factors. Perhaps the greatest barrier to child care facilities development in New Jersey is a shortage of capital. The child care industry faces a considerable challenge in accessing the capital needed for both the development of new facilities and the improvement of existing child care structures. In addition, construction costs for child care establishments are high because of strict health and safety standards, rising raw materials costs and, in the case of *Abbott*, additional oversight of public funds.²¹⁵

²¹¹ For the purposes of this report the term facility is meant to refer to the physical environment of a particular child care program (the building and the materials within).

²¹² S. W. Gallagher. *The Power of Place: How Our Surrounding Shape Our Thoughts, Emotions and Actions*. New York: Simon and Schuster, 1993; G.T. Moore R.A. Hart (Eds.) *Child Care Environments: Policy, Research, Design*. Special Issue of Children's Environments Quarterly, Vol. 6, No 4, Winter 1989.

²¹³ A. R. Olds. *Psychological and Physiological Harmony in Child Care Center Design*. Children's Environments, Quarterly, Vol. 6, No. 4, Winter 1989.

²¹⁴ M. Schneider. "Do School Facilities Affect Academic Outcomes?," National Clearinghouse for Educational Facilities, 2002.

²¹⁵ Interview. Allen Lamboy, Nonprofit Finance Fund—Greater Philadelphia and New Jersey. National Economic Development and Law Center, August 2005.

Nora Fitzpatrick of the office of Regional and Community Affairs of the Federal Reserve Bank of New York, whose district includes Northern New Jersey, highlights the following barriers that may hinder child care programs in New Jersey from accessing loans:

- Limited equity because many providers lease or rent their facilities;
- A reliance on vouchers as a revenue source;
- A shortage of financial expertise;
- Political risk associated with government subsidies; and
- Limited ability to raise parental fees.²¹⁶

Eric Breit of the Nonprofit Finance Fund—Greater Philadelphia and New Jersey also highlights the difficulty child care businesses face: “I think child care is a hard industry to loan to because they typically have low profit margins; they have low equity [because many of them rent]; and many are debt averse. Without collateral they must rely on alternative lending sources.”²¹⁷ While New Jersey has a number of community-lending organizations that have recognized child care as a priority for investment, these investments cannot fully cover the capital needed to ensure that all child care facilities in the state provide a developmentally appropriate environment for children. Nora Fitzpatrick of the Federal Reserve Bank of New York has the following recommendation to cover this gap:

“To ensure a sufficient number of child care facilities, communities must develop a comprehensive workforce development strategy that includes a plan for the financing of child care facilities. The plan should include the participation of many partners, including the government, the private sector and the community.”²¹⁸

Other barriers to facilities development must also be addressed. For example, finding the extra space for new buildings or expansion, particularly in northern and central regions of the state, is a challenge that new or expanding providers face.

Examples of Champions for Quality Child Care Facilities in New Jersey

New Jersey Community Capital (NJCC) has been recognized nationally for its results in the child care field by providing financial products and services, technical assistance and creating training programs designed to increase the quality provided by child care centers. It also facilitates the Newark Lighthouse Initiative, which is a long-term initiative to develop three models of high-quality child care in Newark. Additionally, in collaboration with Child Care Connection, a child care resource and referral agency, it created Building Stronger Centers, which is an initiative designed to “facilitate the provision of additional child care spaces for *low-income* children, increase the centers' ability to reach their licensed capacities, encourage the development and use of sound business planning and management practices, and move the centers toward achievement of center accreditation through quality improvement.” In 2005, its direct loans and pass-through grants totaled \$4.2 million, which helped increase the capacity of high-quality early care and education in nine centers. The fund's impact is greater than the sum of its investments alone. As Executive Director David Scheck notes:

“Because NJCC is seen as a statewide leader in providing loans for sustainable high-quality child care facilities, we are able to leverage additional loans from conventional lenders who haven't historically invested in child care facilities.”²¹⁹

²¹⁶ N. Fitzpatrick. “Financing Child-care Centers in New Jersey: Innovative Investment Partnerships. Federal Reserve Bank of New York, Office of Regional and Community Affairs, New York, February 2002.

²¹⁷ Interview. Eric Breit, program manager, Nonprofit Finance Fund—Greater Philadelphia and New Jersey. The National Economic Development and Law Center, September 2005.

²¹⁸ N. Fitzpatrick. “Financing Child-care Centers in New Jersey: Innovative Investment Partnerships. Federal Reserve Bank of New York, Office of Regional and Community Affairs, New York, February 2002.

²¹⁹ Interview. David Scheck, executive director of New Jersey Community Capital. National Economic Development and Law Center, October 2005.

Champions for Quality Child Care Facilities in New Jersey (continued)

The Nonprofit Finance Fund (NFF)—Greater Philadelphia and New Jersey provides assistance, impartial analysis and flexible, frequently unsecured financing for nonprofits in New Jersey, including nonprofit child care providers. In 2004-2005, the fund invested \$1.6 million in facilities financing and technical assistance for child care providers in New Jersey.²²⁰

The Bright Beginnings Child Care Facilities Loan Fund is a revolving loan fund established by DHS using \$1 million in quality funds from the Child Care Development Fund. These one-time funds were allocated for the program, which is administered by the **Division of Family Development (DFD), New Jersey Community Capital (NJCC)** and the **New Jersey Economic Development Authority (NJEDA)**.

Presently, there is a balance of \$390,000 available in the Bright Beginnings Child Care Facilities Loan Program. Loans ranging from \$15,000 to \$75,000 are available to any for-profit or not-for-profit licensed child care center, registered family day care provider or prospective child care center operator in New Jersey.

Local Initiatives Support Corporation (LISC) is a national organization that helps resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones. Currently, LISC is working to revitalize the Greater Newark area and has made significant investments in child care facilities that serve low-income children. These investments include pre-development loans, pre-development recoverable grants, construction loans and term loans to child care centers. As Amy Gillman, senior program director of National Child Care at LISC, notes:

*“LISC focuses on building healthy communities, and child care is one of many ingredients that make a community healthy. Also, when you look at the long-term economic benefits of high-quality child care, ensuring that there is an adequate supply of high-quality child care in distressed areas is essential to revitalizing that community. With our child care investments, we are able to help leverage additional private and public investments in the child care projects that we work on, and through our predevelopment loans and recoverable grants we are able to get new child care facilities projects started.”*²²¹

Abbott Preschool Facilities

In the ruling *Abbott v. Burke*, the Supreme Court of New Jersey found that high-quality education necessitates “educationally adequate” facilities, which for preschools include minimum square foot requirements, bathroom and window standards, natural light and outdoor play space.²²²

Classroom space that does not meet the standards is one major barrier that *Abbott* districts face in achieving universal preschool enrollment.²²³ Data demonstrates that overall, *Abbott* facilities in child care

²²⁰ Interview. Eric Breit, program manager, Non Profit Finance Fund—Greater Philadelphia and New Jersey. The National Economic Development and Law Center, September 2005.

²²¹ Interview. Amy Gillman, senior program director, National Child Care, Local Initiatives Support Corporation. National Economic Development and Law Center, November 2005.

²²² C. Rice and J. Ponessa. *Planning for Quality: Ensuring the Educational Adequacy for All Abbott Preschool Facilities*. Association for Children of New Jersey and Education Law Center, New Jersey, September 2004. The law only requires that *Abbott* preschool classrooms in *Abbott* districts must be “educationally adequate.” Non-*Abbott* funded classrooms are not required to be educationally adequate.

²²³ Education Law Center. *The Abbott Preschool Program: Fifth Year Report on Enrollment and Budget*. As cited by J. Ponessa and E. Boylan in *The Abbott Preschool Construction Program; NJ Department of Education Proposed Facilities Regulations: Analysis of Preschool Issues*. Education Law Center, Newark, N.J., January 2004.

centers and school districts score low in areas that relate to facility quality.²²⁴ The allocation of state funds to create “educationally adequate” facilities in these districts has not been sufficient and has been invested almost entirely in public schools. In 2000, the court emphasized that it was the state’s responsibility to prevent the development of a “two-tiered” preschool system in which preschools run by school districts provide better quality preschool than community providers.²²⁵ However, few community providers (DHS-licensed child care centers) have been able to access state facilities funding. This has happened for two main reasons:

1. Regulation requires that providers own their facilities, and the majority of community providers (66 percent in 2003-2004) rent or lease; and
2. Few school districts have included community providers in their Long Range Facilities Plans (LRFPs). In addition, regulations require that all new subcontracting providers must have a minimum of six preschool classrooms. Currently, 63 percent of the providers who offer *Abbott* preschool have fewer than six classrooms.²²⁶

Some field leaders believe that unequal access to *Abbott* facility investments for public schools and community providers may have a negative impact on preschool enrollment in *Abbott* school districts because many parents prefer a choice in where to place their preschoolers.²²⁷ As Cynthia Rice, of the Association for Children of New Jersey notes, “Continued involvement of community providers is essential if New Jersey wants to reach universal enrollment in *Abbott* preschool programs. Collaboration between school districts and community programs will not only allow for full enrollment, but provides parents with a choice in where to place their three- or four-year-old.”²²⁸

“Continued involvement of community providers is essential if New Jersey wants to reach universal enrollment in *Abbott* preschool programs. Collaboration between school districts and community programs will not only allow for full enrollment, but provides parents with a choice in where to place their three- or four-year-old.”

*Cynthia Rice, Senior Policy Analyst
Association for Children of New Jersey*

The Education Law Center, the plaintiffs’ attorneys in the *Abbott* case, also recognizes the important role that community providers play in providing *Abbott* programs:

“Neighborhood centers and Head Start programs have stepped up to help meet the increased demand for preschool; yet they are denied state support to provide the court-mandated, high-quality buildings that children need to succeed in school. Some of these providers will have to be included in the district’s LRFP in order to have adequate quality spaces for young children.”²²⁹

²²⁴ C. E. Lamy, E. Frede, H. Seplocha, S. Jambunathan, H. Ferrar, L. Wiley and E. Wolock. *Inch by Inch, Row by Row Gonna Make This Garden Grow: Classroom Quality and Language Skills in the Abbott Preschool Program; Year One Report, 2002-2003*. Early Learning Consortium, March 26, 2004.

²²⁵ 163 N.J. 95 (2000). As cited by J. Ponessa and E. Boylan in *The Abbott Preschool Construction Program; NJ Department of Education Proposed Facilities Regulations: Analysis of Preschool Issues*. Education Law Center, Newark, N.J., January 2004.

²²⁶ C. Rice and J. Ponessa. *Planning for Quality: Ensuring the Educational Adequacy for All Abbott Preschool Facilities*. Association for Children of New Jersey and Education Law Center, New Jersey, September 2004.

²²⁷ J. Ponessa and E. Boylan. *NJ Department of Education Proposed Facilities Regulations: Analysis of Preschool Issues*. Education Law Center, Newark, N.J., January 2004.

²²⁸ Interview. Cynthia Rice, Association for Children of New Jersey. National Economic Development and Law Center, August 2005.

²²⁹ Education Law Center. *Breaking Ground: Rebuilding New Jersey’s Urban Schools*, Newark, N.J., April 2004.

A SHORTAGE OF QUALIFIED CHILD CARE TEACHERS, ADMINISTRATORS AND PROVIDERS

Qualified Child Care Teachers

Recent research on brain development during the early years has emphasized the importance of well-qualified teachers who are familiar with appropriate instructional strategies for very young children.²³⁰ In 2003, Marcy Whitebook, director of the Center for the Child Care Workforce, reviewed a number of national studies on the impact of child care teacher educational attainment on child development. She found that especially for preschool-age children, children in settings with teachers who have bachelor's degrees have a distinct advantage over children with similar backgrounds who do not. As she writes, "Requiring teachers to have bachelor's degrees and specialized training in early childhood development is a necessity."²³¹

While there were some notable barriers, nearly all *Abbott* preschool teachers have attained their bachelor's degrees and appropriate endorsements.²³² However, many early childhood teachers in other parts of the industry are working in classrooms without adequate educational preparation, which may be due to inadequate state investment. Recent research by the Economic Policy Institute demonstrates that from 1980 to 2004, the percentage of those in the child care field with a bachelor's degree dropped considerably in New Jersey. In 1980, 40 percent of center-based providers (teachers, assistant teachers and teacher aides) had a four-year college degree. By 2004, this percentage dropped to just 26 percent. Likewise, in 2004, only 14 percent of home-based child care providers have a four-year degree.²³³ The existing pool of qualified early childhood teachers is shrinking even more as retirements among "Baby Boomer"-era teachers are creating additional vacancies in public school programs.²³⁴

A systems approach to planning and providing professional development for program administrators, child care teachers and providers has proven the most effective and efficient means of ensuring quality in child care programs for children across the nation. However, a recent review of New Jersey's early childhood teacher training system indicates that the state lacks a coordinated system of early childhood professional development.²³⁵ DHS has begun to address the need for a well-defined system by providing financial support for the development and implementation of the New Jersey Professional Development

Research demonstrates that children in programs with teachers who have bachelor's degrees and specialized training in early childhood are more likely to have positive outcomes.

While nearly all *Abbott* preschool teachers have attained their bachelor's degrees, the percentage of those in the entire child care field with bachelor's degrees has dropped significantly. In 2004, only 26 percent of center-based providers had a four-year degree.

A systems approach to planning and providing professional development for program administrators, child care teachers and providers has proven the most effective and efficient means of ensuring quality in child care programs for children across the nation.

²³⁰ New Jersey Professional Development Center for Early Care and Education. *Core Knowledge Areas and Competency Levels*. NJPDC, Kean University, Union, N.J., 2001.

²³¹ M. Whitebook. *Bachelor's Degrees Are Best: Higher Qualifications for Pre-Kindergarten Teachers Lead to Better Learning Environments for Children*, 2003.

²³² C. Rice and J. McLaughlin. "Filling in the Gaps of New Jersey's Early Childhood Training System." Association for Children of New Jersey, Winter 2005. Specifically, transfer policies between the state's community colleges, where many nontraditional students begin their college education, and four-year universities varied greatly between institutions creating barriers for some students trying to obtain their degree.

²³³ S. Herzenberg, M. Price and D. Bradley. "Changing Course in New Jersey Early Childhood Education: Decline in Teacher Qualifications Since 1980 Drives Home Need for Industry-wide Reform That Builds on *Abbott* Preschool Programs." Economic Policy Institute, Washington, D.C., September 15, 2005.

²³⁴ Internal Communication. Leigh Ann Waldvogel, director, Office of Resource Development and Communication, N.J. Professional Development Center for Early Care and Education, November 2005.

²³⁵ *Ibid.*

Center for Early Care and Education (NJPCD). NJPCD has made great strides in building a New Jersey system (see Appendix F to learn more about NJPCD). However, additional collaboration from key stakeholders is necessary to ensure that the system is cohesive, inclusive and accessible.²³⁶ The N.J. Department of Labor and Workforce Development (NJLWD) also has made strides to increase professional development opportunities in the child care field by supporting a child care apprenticeship program, Starting Points for Children.²³⁷ While these efforts are a step in the right direction, more investment is needed to advance New Jersey’s entire child care workforce to a skill level that can provide high-quality child care.

Outside *Abbott* classrooms, low wages and benefits for the child care field are another challenge that is limiting New Jersey’s ability to supply qualified teachers for the child care industry. While New Jersey’s movement toward a universally accessible high-quality preschool program is creating avenues for teachers to receive adequate wages and benefits, this movement is also creating a challenge for providers who care for infants and toddlers or school-age children (for more detail see below). *Abbott* teachers earn an average of \$37,050 per year.²³⁸ In addition, all *Abbott* preschool teachers receive health insurance. The wages and benefits of the rest of the child care field lag behind those in *Abbott* programs. The average salary in 2000 for all child care workers was only \$16,900—below the federal poverty level for most family types. And, only 32 percent of child care workers in New Jersey report that they receive health insurance.²³⁹

The Economic Policy Institute (EPI) recognizes that New Jersey cannot improve the educational attainment of child care workers without also addressing wages and benefits. As EPI writes, “Any approach to improving the staff standards in ECE [early care and education] will fail unless it also raises compensation to keep more qualified people in the field.”²⁴⁰ Efforts to increase the wages and benefits of all child care workers will help ensure that the educational attainment of child care workers will rise in all areas of the field.

“Any approach to improving the staff standards in [early care and education] will fail unless it also raises compensation to keep more qualified people in the field.”
The Economic Policy Institute

Qualified Administrators & Providers

Research shows that there is an increasing demand in the child care field for information about financial planning. Child care owners and directors require specific knowledge about financial management and budgets, debt capacity and business planning to run financially sustainable small businesses. Understanding these basic financial tools helps providers become more familiar with financing packages and enables them to measure their capacity to take on debt. These skills are also important for securing financing and making a current business more successful, viable and fiscally solvent. Turnover of establishments from poor business management clearly affects the ability of the industry to meet the needs of New Jersey’s employers.²⁴¹

²³⁶ Internal Communication. Leigh Ann Waldvogel, director, Office of Resource Development and Communication, N.J. Professional Development Center for Early Care and Education, November 2005.

²³⁷ Internal Communication. A.J. Sabath, Commissioner, N.J. Department of Labor and Workforce Development. National Economic Development and Law Center, December 2005. NJDLWD also operates One-Stop Career Centers that can be utilized by those in the child care field.

²³⁸ The Center for Early Childhood Leadership—National Louis University. “Lessons Learned: Preschool Teacher Qualifications in New Jersey’s *Abbott* Districts,” Fall 2004.

²³⁹ N.J. Association of Child Care Resource and Referral Agencies. *Child Care Wage and Benefit Survey and Child Care Market Rates*. Data collected between 2000 and 2001.

²⁴⁰ S. Herzenberg, M. Price and D. Bradley. “Changing Course in New Jersey Early Childhood Education: Decline in Teacher Qualifications Since 1980 Drives Home Need for Industry-wide Reform That Builds on *Abbott* Preschool Programs.” Economic Policy Institute, Washington, D.C., September 15, 2005.

²⁴¹ National Economic Development and Law Center. *Child Care Financial Planning and Facilities Development Manual*, April 2000.

A SHORTAGE OF HIGH-QUALITY INFANT AND TODDLER PROGRAMS

The most labor-intensive early care and education settings are the most expensive to operate. One area of particular concern is infant and toddler care, which requires higher staff-to-child ratios and other more stringent DHS-licensing requirements, making the cost of high-quality care and education prohibitive for many providers. As a result, there is a recognized shortage of these programs across the state, and many parents struggle to find affordable, high-quality options so that they can work and/or update their skills.

Children who cannot enroll in these developmentally appropriate programs due to a shortage of supply will be at a disadvantage when they enter kindergarten and elementary school. Research demonstrates that a child's vocabulary development depends on their language experiences when they are between birth and age three. Language experiences are better, on average, in homes with higher incomes.²⁴² Additionally, language experience before age three is an excellent predictor of reading ability in third grade.²⁴³

In New Jersey, more than 12 percent of New Jersey's children birth to age three attend regulated child care programs. More than 22 percent of these children are from low-income families supported through federal and state funding. Most of the infants and toddlers who attend child care do so more than 35 hours weekly, and many of these young children attend more than one child care arrangement each week.²⁴⁴

Campaign New Jersey ~ Better Baby Care highlights three major problems with New Jersey's infant and toddler child care system:

- Inadequate funding for infant/toddler care;
- Licensing guidelines which promote minimum standards; and
- A shortage of qualified infant/toddler professionals.²⁴⁵

Funding for infant/toddler care is inadequate for several reasons. First, reimbursement rates for infant/toddler care are below market rates, meaning that serving low-income infants/toddlers is even more cost-prohibitive for community providers. Secondly, fully publicly funded programs for infants and toddlers like Early Head Start and CBC Centers that meet higher quality standards only serve a small proportion of the state's infants/toddlers. For example, New Jersey's Early Head Start program only funded the enrollment of 750 children birth to age three in 2004-2005.²⁴⁶ Increasing state and federal funding for these programs may increase preschool readiness and improve the success of New Jersey's public preschool initiative.

Leaders in New Jersey are concerned that the state's recent focus on increasing preschool opportunities may have negative implications on the supply of high-quality infant and toddler care in the state. A recent study by the RAND Corporation investigated the effects that universal preschool is having on states across the country by interviewing statewide leaders in the field, including New Jersey. The researchers found that, "Provider capitalization on the availability of funding for pre-K as it expands may also reduce the supply of high-quality infant and toddler care. Centers with limited space may opt to increase their pre-K services, which are generally state-subsidized and less costly to provide than infant-toddler care. While smaller centers, unable to meet economies of scale needed for program implementation, may retain their young child services, the fear in the human services community in particular is that most

²⁴² B. Hart and T.R. Risley. *Meaningful Experiences in the Everyday Experience of Young American Children*. Brookes Publishing; Baltimore, Md., 1995. As cited in *Ready for School: The Case for Including Babies and Toddlers As We Expand Preschool Opportunities*, J.R. Wilen; Ounce of Prevention Fund, 2003.

²⁴³ Ibid.

²⁴⁴ Coalition of Infant/Toddler Educators. *Infant/Toddler Facts*.

²⁴⁵ F. Nelson and S. Williamson. *Campaign New Jersey-Better Baby Care: The Better Baby Care Campaign in New Jersey, 2002-2004; A Report to the New Jersey Child Care Advisory Council*, October 20, 2004.

²⁴⁶ Administration for Children and Families. *New Jersey Head Start and Early Head Start Grantees: Funded Enrollment 2004-2005*.

families will be served by largely unregulated friend, family, neighbor sources.”²⁴⁷ Similarly, in a recent report, interviews with state early childhood leaders in Georgia, Illinois, New York and New Jersey indicated that increased preschool opportunities may present negative side effects on the supply of infant and toddler care. However, for the most part, many leaders felt that the attention given to the preschool movement will also help draw attention to the importance of infant and toddler care. They also believed that it was important to coordinate infant and toddler efforts with preschool efforts.²⁴⁸ Evaluating how universal preschool efforts in New Jersey affect infant/toddler child care supply will help ensure that infant and toddler child care slots are not lost as necessary preschool slots are added.

Lastly, there is a shortage of qualified infant/toddler teachers in New Jersey. In a 2004 survey of infant/toddler providers, only 10 percent of family providers had a four-year college degree, and staff in child care centers that serve infant and toddlers are significantly less likely to have an associate degree or higher and less likely to have a DOE-issued certification than Head Teachers and Lead Teachers that serve preschoolers in child care centers.²⁴⁹ There is also recognition among child care leaders that higher wages and benefits in state-supported *Abbott* preschool programs have drawn some of the most qualified teachers out of infant/toddler programs.²⁵⁰ Lastly, because there are no credential requirements for infant/toddler programs, there is a lack of course work available at the college level designed specifically for the education of infants and toddlers.²⁵¹ Existing training programs in New Jersey supply less than 20 percent of the training needed by infant-toddler teachers and providers.²⁵² To overcome this barrier Campaign New Jersey ~ Better Baby Care recommends that New Jersey create an Infant/Toddler credential, which would be included in state child care center and family child care regulations.²⁵³

A child does not begin learning when he or she reaches preschool. As New Jersey expands its preschool opportunities for children, it must also focus on the development of high-quality child care programs for infants and toddlers that include parental involvement and education.

SECTION SUMMARY

Meeting the challenges of educationally adequate facilities, a shortage of qualified child care teachers, providers and administrators, and a shortage of infant-toddler programs will ensure that the child care industry can meet the needs of families and support New Jersey’s overall economic growth. To maximize the economic benefits of high-quality child care, a comprehensive workforce development strategy that includes a plan for the financing of child care facilities must be developed. In addition, essential components of a systems approach to raising the quality of child care must also include increasing the pool of qualified child care professionals. Any successful professional development system for child care workers should include comparable salaries/benefits for employees. This cohesive, inclusive and accessible system needs to include various stakeholders from government, businesses, for-profit and nonprofit providers.

²⁴⁷ R. Christina and J. Nicholson-Goodman. *Going to Scale with High-Quality Early Education: Choices and Consequences in Universal Pre-Kindergarten Efforts*. RAND Corporation, Santa Monica, Calif., 2005.

²⁴⁸ J. Lombardi, J. Cohen, H. Stebbins, E. Lurie-Hurvitz, J. Jacobson Chernoff, K. Denton, R. Abbey, and D. Ewen. *Building Bridges from Prekindergarten to Infants and Toddlers: A Preliminary Look at Issues in Four States*. ZERO TO THREE, Washington, D.C., April 2004.

²⁴⁹ F. Nelson. *Raising the Bar in Infant Care: Helping Teachers Improve Their Qualifications to Work with Infants and Toddlers*. National Infant-Toddler Child Care Initiative, February 2005, 75 percent of the Head Teachers and Lead Teacher

²⁵⁰ F. Nelson and S. Williamson. *Campaign New Jersey-Better Baby Care: The Better Baby Care Campaign in New Jersey, 2002-2004; A Report to the New Jersey Child Care Advisory Council*, October 20, 2004.

²⁵¹ Ibid.

²⁵² Ibid.

²⁵³ Ibid.

Section Seven

Conclusion and Recommendations

New Jersey's economy benefits when children participate in high-quality child care. Children in high-quality programs are better prepared for kindergarten and more likely to become life-long learners who are ready to meet the demands of the future economy. Children participating in high-quality programs also have a reduced likelihood of negative outcomes, which saves the government money and increases the quality of life for all New Jersey residents.

The child care industry in New Jersey plays an important role in economic development, enabling parents to work and update their skills. Child care also increases on-the-job productivity and reduces absenteeism. It generates \$2.55 billion in gross receipts annually and provides more than 65,300 full-time equivalent jobs. This puts it on par with other significant New Jersey industries such as pharmaceutical manufacturing, insurance carriers, real estate and rental leasing, and scientific research and development.

Demographic and economic trends indicate that New Jersey has one of the highest cost of living in the country, making it a difficult place to live and work for families with young children. In fact, center-based care for an infant has an average annual rate of \$9,385, which is 17 percent of the median family income in New Jersey. In addition, the growth in lower wage jobs during nontraditional hours highlights the need for a child care system that is financially accessible to low- and middle- income families. Lastly, continued population growth indicates a sustained need for child care programs that are accessible for all New Jersey's families and children.

Shortages constrain the industry from growing and maximizing the impact of current investments by families, employers, and federal, state and local governments. Specifically, the industry experiences shortages in high-quality child care facilities, qualified child care teachers and providers, and high-quality infant and toddler programs. While the industry provides benefits for all New Jersey stakeholders, increased public and private investment is necessary to realize the industry's current and future economic contribution to the state.

The child care industry is vital to New Jersey businesses and the overall economy. Strengthening a comprehensive and integrated high-quality child care system will support long-term and positive economic growth for the state.

For New Jersey to strengthen its child care system, increased collaboration at the state and local levels of child care leaders, businesses and the public sector (policymakers, legislators, economic development planners and workforce development leaders) is necessary. Efforts to strengthen the industry should utilize the existing child care infrastructure. This includes integration among child care programs to ensure that the needs of working families and businesses in the state are met. Also, on-going data collection and evaluation of child care programs are needed to ensure that New Jersey is making the most effective investments in its youngest citizens.

The following are specific strategies that businesses, the public sector and the child care industry itself can implement to strengthen the child care system in New Jersey.

Strategies for Business

Increase employee retention and reduce absenteeism by:

- Offering cost-effective family-friendly policies for employees, including back-up child care, resource and referral services, on- or near-site child care and/or full or partial reimbursements for child care costs (see “Family-friendly Options for Employers,” see Page 24).
- Forming a consortium among small businesses to provide child care benefits in a scaleable way.

Give employees the tools they need to find quality child care by:

- Advocating for the development of a quality rating system for child care providers (see Page 35).
- Identifying local child care providers and partnering with them to ensure that the child care needs of employees are being met.

Improve the quality of child care programs so that there is a strong future workforce in New Jersey by:

- Advancing child care policy initiatives (see Appendix F for a summary of child care policy initiatives).
- Supporting the creation of a long-term child care professional development system that includes financial and educational incentives and increased compensation for educational attainment so that eventually all child care teachers have bachelor’s degrees and specialized training in early childhood.
- Advocating for additional funding to expand quality infant/toddler care, higher standards for infant/toddler licensing guidelines, an infant/toddler credential and additional college-level course work for prospective infant/toddler teachers.
- Advocating for expanding access to high-quality preschool throughout the state with the provision of public resources.

Advance an integrated systems approach to child care by:

- Supporting policy solutions that will make all components of the child care industry a state priority, reduce bureaucracy, streamline funding sources, and increase collaboration and coordination between state departments.
- Inviting child care providers to participate in business groups, including chambers of commerce and business roundtables, and providing special incentives and rates for them to join.

Increase the affordability of child care so that parents can work and update their skills by:

- Advocating for increased funding for child care assistance programs that will increase the maximum reimbursement rate for subsidized child care and reduce the waiting list for New Jersey Cares for Kids, while maintaining current income-eligibility requirements and parent co-payments.
- Mentoring other businesses about best practices in creating child care benefits for their employees.

- Participating on the boards of child care providers and providing much needed business expertise.

Strategies for the Public Sector

Advance an integrated systems approach to child care by:

- Making all components of the child care industry a state priority, reducing bureaucracy, streamlining funding sources, and increasing collaboration and coordination between state departments.
- Incorporating more input from stakeholders into policies that affect the child care system.
- Implementing an on-going comprehensive research agenda for the entire child care industry and evaluating the short- and long-term effects that New Jersey's child care programs have on children.

Strengthen the quality of child care programs to enhance future public savings and enable a strong future workforce by:

- Implementing a voluntary quality rating system and supporting accreditation (see Page 35).
- Supporting child care policy initiatives in New Jersey (see Appendix F for a summary of these initiatives).
- Creating a long-term child care professional development system that includes financial and educational incentives and increased compensation for educational attainment so that eventually all child care teachers have bachelor's degrees and specialized training in early childhood.
- Developing an infant/toddler credential and additional college-level course work for prospective infant/toddler teachers.
- Implementing higher standards for infant/toddler licensing guidelines, and providing additional funds to for-profit and nonprofit programs that offer care to infants and toddlers.
- Creating an Administrator's Credential to validate the competencies of administrators working in early childhood, primary education and after-school programs.

Incorporate child care into economic development by:

- Establishing a capital fund for child care facilities improvements.
- Encouraging child care establishments that qualify as small businesses and nonprofits to access available funds.
- Changing local zoning and planning board policies to prioritize child care in planning efforts.
- Identifying resources for child care facilities in New Jersey such as existing buildings, space and funding.
- Launching a public relations campaign for New Jersey as the "child care and education state" to attract businesses.
- Incorporating training about child care (the economic benefits, where to locate it, free resources, etc.) into new business development programs.

- Developing regional professional development systems for those entities providing professional development to early childhood staff.
- Increasing business skills training that is specifically geared toward child care providers.

Improve the accessibility and affordability of child care programs by:

- Ensuring that families' economic, cultural and geographic circumstances are not barriers to accessible, quality child care for their children.
- Allocating funding to increase the maximum reimbursement rate for subsidized child care and reduce the waiting list for New Jersey Cares for Kids, while maintaining current income-eligibility requirements and parent co-payments.
- Offering a child care tax credit to low- and moderate-income working families.
- Developing programs that provide parents who work nontraditional hours with greater access to child care.
- Expanding access to high-quality public preschool programs in all districts in the state.

Strategies for the Child Care Industry

Raise the quality of child care by:

- Advocating for the development of a quality rating system.
- Supporting child care initiatives (see Appendix F for summary of child care initiatives).
- Developing recommendations regarding alternative methods for determining and achieving increased salary benefits for staff of child care programs comparable to professionals' skill, effort and responsibility.
- Implementing a statewide public engagement campaign addressing quality, increased compensation and the full costs of care.

Incorporate child care into economic development by:

- Partnering with local economic development planners to find out about new commercial and residential developments to ensure that child care facilities are included.
- Increasing business skills training opportunities for child care providers by partnering with new stakeholders such as the New Jersey Economic Development Authority (NJEDA) and local small business development corporations (SBDCs).
- Promoting child care provider's use of economic development funds and other financial resources that are available for small businesses by child care providers.

Increase the number of businesses that offer child care benefits and advocate for child care by:

- Developing a clear communications strategy that educates and engages business leaders about the return on investment from high-quality, affordable child care.
- Partnering with human resources programs at businesses to offer child care solutions.

- Linking local chambers of commerce with resource and referral services that inform businesses about available child care.
- Creating a toolkit of child care options for businesses and disseminating this information to business leaders and parents.
- Maintaining a clearinghouse of information about how to develop employer-sponsored child care and other child care benefits.

Improve accessibility and affordability of child programs by:

- Identifying which geographic areas have an inadequate number of quality early childhood programs and advocating for expansion in those areas.
- Educating and engaging legislators about the economic importance of child care and the lack of future federal supports.

Support an integrated child care system by:

- Increasing collaboration and coordination between for-profit, nonprofit and public programs.

SECTION SUMMARY

The child care industry lays the groundwork for future economic success, benefits other industries, provides a significant number of jobs and generates substantial revenue for New Jersey. Strengthening a comprehensive and integrated high-quality child care system will support long-term and positive economic growth for the state. Given that the child care industry creates these comprehensive economic benefits for all stakeholders, planning for and investing in a strong child care industry in New Jersey should not be the responsibility of parents and providers alone. A diverse group of stakeholders—government, business and industry leaders—has a role in the vitality of the industry and must work together to address 1) quality; 2) accessibility and affordability; and 3) a coordinated and more efficient system. Lastly, increased collaboration among child care providers (for-profit, nonprofit and public) is needed to ensure that New Jersey’s fully utilizes all components of its existing child care infrastructure.

Appendix A

Methodology for Calculating Gross Receipts and Direct Employment

The economic contribution of the child care industry is significantly undercounted in traditional economic accounting tools and alternate methodologies for collecting data are necessary.

UNIVERSE OF THE CHILD CARE INDUSTRY

The child care industry in New Jersey is defined for this report as programs that provide care and education for children between birth and age 13. This includes:

- Licensed child care centers,²⁵⁴
- Registered family child care homes;
- State-funded public preschool programs, including *Abbott*, non-*Abbott* ECPA, ELLI and special education public preschools;
- Head Start/Early Head Start programs;
- Migrant Head Start programs;
- Approved home providers receiving vouchers;
- Military child development centers; and
- Some pediatric medical day care centers.²⁵⁵

The following formal and informal child care programs **are not** included in our economic analyses because accurate enrollment, cost and/or staffing information was not available at the time of the report:

- Non-registered family child care homes;
- DHS-licensed youth camps,²⁵⁶
- License-exempt before- and after- school programs,²⁵⁷
- Informal care providers who do not receive vouchers;
- Locally funded public preschool programs;²⁵⁸
- Some pediatric medical day care centers; and
- Military school-age child care programs and home providers.

²⁵⁴ Some of these licensed child care centers offer Head Start/Early Head Start programs, *Abbott* public preschool, non-*Abbott* ECPA public preschool and ELLI public preschool programs. Some of these programs offer summer camps. However, they should not be confused with Department of Health and Senior Services—licensed youth camps.

²⁵⁵ Only pediatric medical day care centers that are DHS-licensed are included in our analyses.

²⁵⁶ There are an estimated 900 of these programs statewide.

²⁵⁷ There are 1,200 of these programs that are active members of the New Jersey School-Age Care Coalition. However, little is known about how many other providers there are statewide, and data is not available to include in our analysis on the 1,200 programs.

²⁵⁸ This includes locally funded special education public preschool programs.

GROSS RECEIPTS

Direct service dollars include the following programs and/or funding:

- Average cost of care in licensed child care settings, including private pay by parents and federal and state funds to low-income families.
- Federal and state funds for all directly funded public child care programs, including CBC centers, Head Start, Early Head Start, Migrant Head Start and all state-funded public preschool programs (*Abbott*, non-*Abbott* ECPA, ELLI public preschool and special education preschools).

Gross receipts estimates for licensed child care centers (excluding *Abbott* preschool and non-*Abbott* ECPA preschool and Head Start, Early Head Start and Migrant Head Start slots) and registered family child care homes rely on the calculation below:

$$\text{Full-time Equivalent Enrollment} \times \text{Average Cost/Year} = \text{Gross Receipts}$$

Full-time equivalent enrollment estimates for licensed child care centers are derived from a 2005 survey of child care centers by the New Jersey Association of Child Care Resource and Referral Agencies (NJACCRRRA). Average full-time equivalent enrollment (less *Abbott* preschool, non-*Abbott* ECPA preschool, ELLI preschool, Head Start, Early Head Start and Migrant Head Start enrollment) were applied to the average full-time annual cost (broken down by age of care and region, and based on the 2004 DHS Market Rate Survey) to determine gross receipts (see Table 1).²⁵⁹

Region	Infant	Preschool	School-Age
Statewide	\$9,385	\$8,241	\$5,616
Northern	\$9,580	\$8,309	\$5,775
Central	\$10,641	\$9,227	\$5,864
Metro	\$8,935	\$7,925	\$5,516
Southern	\$8,255	\$7,439	\$5,233

For registered family child care homes, we assumed each home enrolled a full-time equivalent of 3.5 children. This number is based on feedback from the 16 regional resource and referral agencies. Because enrollment is not broken out by age, we used the average weekly cost of care for preschooler, by region, based on the DHS 2004 Market Rate survey (see Table 2).²⁶⁰

²⁵⁹ In the 2005 New Jersey Child Care Resource and Referral Association survey of licensed child care centers, 36.3 percent of providers responded to the survey. The following counties either did not participate in the survey or did not have a large enough sample for inclusion: Atlantic, Essex, Hudson, Middlesex and Somerset. For these counties, weighted statewide average enrollment and cost rates were used to estimate gross receipts and employment for licensed child care centers. The following counties are included in the central region: Hunterdon, Mercer, Monmouth, Ocean and Somerset. The following counties are in the Metro region: Essex, Middlesex and Union. The following counties are in the northern region: Bergen, Hudson, Morris, Passaic, Sussex and Warren.

²⁶⁰ N.J. Department of Human Services. *Child Care Market Rate Survey, 2004*, August, 22, 2005. The following counties are included in the southern region: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem. The following counties are included in the central region: Hunterdon, Mercer, Monmouth, Ocean and Somerset. The following counties are in the Metro region: Essex, Middlesex and Union. The following counties are in the northern region: Bergen, Hudson, Morris, Passaic, Sussex and Warren. Using the DHS 2004 Market Rate Survey, average annual costs were estimated by multiplying the average weekly costs by 52. For school age children, the average annual rate was estimated by multiplying the average weekly rate for

Table 2 Average Weekly Cost, Family Child Care Homes, Preschool-Age Children, 2004	
Northern	\$132
Central	\$131
Metro	\$116
Southern	\$103

For state-funded public preschool programs (*Abbott* preschool, non-*Abbott* ECPA preschool and ELLI preschool), Head Start, Early Head Start, Migrant Head Start and public special education preschool, gross receipts equal total funding for 2004-2005 as reported by the appropriate government agency.²⁶¹

Gross receipts for approved home providers equals the total amount of CARES- and OMEGA-funded vouchers spent on these providers in 2004-2005 by DHS.

Gross receipts for military child development centers equal the appropriated federal funds in 2004-2005. This is an underestimate because nonappropriated funds make up a significant portion of the dollars needed to run these programs. However, data on nonappropriated funds were not available at the release of this report.

Gross receipts for the child care food program equal total reimbursement on meals in child care centers and family child care homes in FY 2005.²⁶²

DIRECT EMPLOYMENT

Direct employment is the total number of full-time equivalent (FTE) jobs in the child care industry.

Registered Family Child Care Homes

The number of people working in registered family child care equals the number of homes that were registered in May of 2005. This is a conservative estimate because some homes employ an assistant.

Licensed Child Care Centers

For licensed child care centers (excluding staff working directly for *Abbott* public preschools and non-*Abbott* ECPA preschools, Head Start, Early Head Start and Migrant Head Start programs) direct employment estimates were based on minimum staff-to-child ratios required by law. The DHS *Manual of Requirements for Child Care Centers* regarding requirements for staff-to-child ratios are as follows:

- 1 staff/4 children ages birth - 18 months;
- 1 staff/6 children ages 18 months - 2 1/2 years;
- 1 staff/10 children ages 2 1/2 years - 4 years;
- 1 staff/12 children ages 4 years old; and
- 1 staff/15 children ages 5 years old - 13 years.²⁶³

These ratios were applied to total desired capacity from the comprehensive NJACCRRRA database, which was broken out by age in the same percentage that enrollment was reported. Additionally, we accounted

before- and after-school programs by 36 (the number of weeks in the school year) and adding it to the result of the average weekly rate for school age children in summer care multiplied by 16 (the number of weeks in the summer).

²⁶¹ Fiscal information for all public preschool programs, including special education programs, was provided by the N.J. Department of Education. The N.J. Department of Human Services provided data on *Abbott* wrap-around fiscal and enrollment information. Head Start and Early Head Start data came from U.S. Department of Health and Human Services, Administration for Children and Families, Region II. Migrant Head Start data came from Rural Opportunities, Inc., the grantee for all Migrant Head Start programs in New Jersey.

²⁶² Child care centers and homes typically spend more on food than what they are reimbursed, but this amount is assumed to be collected through voucher and parent fee information.

²⁶³ N.J. Department of Human Services. *Manual of Requirements for Child Care Centers*: 10:122-4.3 Staff-to-child ratios.

for non-teaching staff by using the average number of non-teaching FTEs that centers reported employing in the NJACCRRRA May 2005 survey of child care centers.

For *Abbott* preschool programs, including those in DHS-licensed child care centers, employment estimates were based on employment numbers reported by DOE for 2004-2005.

DOE does not track employment for non-*Abbott* ECPA preschool programs. Therefore, FTE employment was estimated by using enrollment and applying it to the minimum staff-to-child ratio—2:25. DOE does not track employment for ELLI preschool programs either. Therefore, we estimated FTE employment by using enrollment and applying it to the minimum staff-to-child ratio—2:20.

Employment for Head Start and Early Head Start is based on the FY 2004 Federal Head Start Program Information Report and adjusted to 2005 by the difference in funding levels from 2004 to 2005. Employment for Migrant Head Start was reported by the administrator of the program.²⁶⁴

Employment for special education preschool programs equals the number of staff reported by the DOE, 866.²⁶⁵ We assumed 1.5 staff assistants per staff member for a total employment estimate of 2,165.

The full-time equivalent employment estimate for approved home providers receiving vouchers is equal to the number of providers according to the DHS database in May 2005—7,212 providers.²⁶⁶

The employment estimate for military child development centers equals the number of FTEs reported by program administrators. In the two centers where we did not have data, we estimated FTEs based on the size of the centers.

²⁶⁴ Interview. Peg Cunningham, Rural Opportunities Inc. NEDLC, July 2005. This estimate is based on 2004-2005 funding and employment information.

²⁶⁵ Interview. Barbara Tkach, N.J. Department of Education, National Economic Development and Law Center, October 2005.

²⁶⁶ N.J. Department of Human Services, *Number of Approved Home Providers*, 2005.

Appendix B

Indirect and Induced Effects of the Child Care Industry

Every industry, including child care, is linked to the rest of the local economy through a number of avenues, reflecting the fact that establishments purchase supplies from other businesses and the industry's employees spend their earnings in part on locally produced goods and services. The linkages of the child care industry in New Jersey can be measured using an input-output model and its associated multipliers, a methodology used by some economic development specialists. While the multiplier methodology is not without controversy, these estimates illustrate that child care is an important integrated component of the New Jersey economy, both through its direct employment and output, and through its economic linkages.²⁶⁷

These estimates for the impact of child care on indirect and induced earnings and other productivity effects are based on the application of the 2002 New Jersey module of the IMPLAN Input-Output (I-O) model. Initially developed for use by the U.S. Forest Service, IMPLAN is now used in many fields. It relies on the same basic model structure and underlying economic data as the U.S. Department of Commerce Bureau of Economic Analysis Regional Impact Modeling System (RIMS).

I-O models use area-specific data on industrial and commercial activity to trace the linkages between industries. IMPLAN is based on a table of direct requirement coefficients, which indicate the inputs of goods and services from various industries required to produce a dollar's worth of output in another single industry. Standard economic "production functions"—the capital, labor and technology needed to produce a given set of goods—determine how changes in one industry's demand ultimately affect the demand for the inputs to that industry. For example, producing a ton of steel may require three workers and a particular set of equipment, which would not be required if the steel were no longer needed. Likewise, child care programs must purchase educational materials, facilities and professional staff services.

IMPLAN contains more than five hundred economic sectors and uses economic census data to compile regional economic information. National data are adjusted for the industrial and trading patterns for the subject region. Based on this structure, IMPLAN estimates the regional economic impact that would result from a dollar change in demand of a particular industry.

The multiplier effect estimates the links between an industry and other areas of the economy. For this analysis, Type II multipliers, which exclude government spending, are used. Estimates for the impact of child care on the economy are based on three primary types of multipliers:

- Direct effects: effects introduced into the state's economy as a result of spending on child care.
- Indirect effects: effects reflecting spending by the child care industry.
- Induced effects: effects on household spending by the child care workforce. These effects reflect changes in the state's economy caused by increases or decreases in spending patterns as a result of the direct and indirect activity.

For New Jersey, the various multipliers for the child care industry are reported in Table 1.

²⁶⁷ Some experts have criticisms of the methodologies used to generate multipliers, and some experts criticize the overstated claims that are sometimes made about industries' gross effects rather than net effects.

Table 1			
Child Care Industry Type II Multipliers			
New Jersey			
	Indirect	Induced	Total Type II
Output	.328	.448	1.78
Value-added	.322	.460	1.78
Employment	.105	.167	1.27
Indirect Business Taxes	2.17	3.66	6.83
Labor Income	.274	.389	1.66

Gross receipts totaling \$2.55 billion for the child care industry corresponds to \$836.5 million in gross indirect output. This includes output in real estate (\$146.9 million), wholesale trade (\$69.1 million), and maintenance and repair services (\$38.7 million). Gross receipts totaling \$2.55 billion also correspond to \$1.14 billion in gross induced output, including owner-occupied dwellings (\$140.9 million), hospitals (\$68.2 million) and wholesale trade (\$68.2 million). In total, direct, indirect and induced industry output for the New Jersey child care industry totals \$4.53 billion.

Similarly, a direct employment estimate of 65,300 jobs in licensed child care corresponds to 6,857 gross indirect jobs sustained by the child care industry. These include jobs in real estate (962 jobs), food services and drinking places (767 jobs), employment services (560 jobs), and maintenance and repair (415 jobs). In addition, 10,927 gross induced jobs are sustained, including those in health care (1,748 jobs), food services and drinking places (1,140 jobs), colleges and universities (121 jobs) and even in performing arts companies (62 jobs). In total, direct, indirect and induced employment for the New Jersey child care industry totals 83,055 jobs in this analysis.

Appendix C

Number of Licensed Child Care Centers by Nonprofit and For-Profit Status

County	Nonprofit Licensed Child Care Centers	For-Profit Licensed Child Care Centers	Nonprofit/ For-Profit Status unknown	Total Number of Licensed Child Care Centers
Atlantic	65	44	1	110
Bergen	256	164	11	431
Burlington	86	82		168
Camden	169	95	1	265
Cape May	19	16		35
Cumberland	32	28		60
Essex	413	145		558
Gloucester	64	82		146
Hudson	138	165	2	305
Hunterdon	54	26		80
Mercer	170	78		248
Middlesex	161	139		300
Monmouth	132	160		292
Morris	178	114		292
Ocean	79	94		173
Passaic	143	73	7	223
Salem	10	16		26
Somerset	96	89		185
Sussex	33	42	2	77
Union	212	86		298
Warren	40	25		65
Statewide	2,550	1,763	24	4,337

Appendix D

Licensed Capacity of Nonprofit and For-Profit Child Care Centers

County	Licensed Capacity Nonprofit Centers	Licensed Capacity For-Profit Centers	Nonprofit/ For-Profit Status Unknown	Total
Atlantic	3,676	2,515	75	6,266
Bergen	20,134	12,905		33,646
Burlington	6,259	6,778		13,037
Camden	14,608	7,542		22,180
Cape May	948	776		1,724
Cumberland	2,716	2,480		5,196
Essex	31,926	9,513		41,439
Gloucester	4,042	5,962		10,004
Hudson	10,618	8,793	81	19,492
Hunterdon	4,396	1,669		6,065
Mercer	12,485	7,313		19,798
Middlesex	13,717	11,259		24,976
Monmouth	8,749	12,821		21,570
Morris	11,917	10,014		21,931
Ocean	5,101	6,322		11,433
Passaic	14,729	5,233	398	20,360
Salem	619	786		1,405
Somerset	8,055	8,920		16,975
Sussex	1,379	2,447		3,968
Union	16,286	6,047		22,333
Warren	1,933	1,366		3,299
Statewide	194,293	131,471	1,233	326,997

Appendix E

Self-Sufficiency Wages and Average Annual Earnings

Self Sufficiency Wages and Average Annual Earnings, Counties in New Jersey, 2005²⁶⁸			
New Jersey County	Average Annual Earning per Worker	Annual Self-Sufficiency Wage for a Single Adult with an Infant and a Preschooler	Annual Combined Self-Sufficiency Wages for Two Adults with an Infant and a Preschooler
Atlantic	\$34,368	\$39,002	\$41,350
Bergen	\$50,112	\$52,019	\$56,842
Burlington	\$43,224	\$48,249	\$56,221
Camden	\$42,240	\$38,591	\$43,479
Cape May	\$33,384	\$39,066	\$47,028
Cumberland	\$36,000	\$41,902	\$49,926
Essex	\$48,048	\$42,606	\$47,229
Gloucester	\$36,876	\$45,772	\$53,667
Hudson	\$52,392	\$44,392	\$49,079
Hunterdon	\$50,028	\$61,506	\$68,483
Mercer	\$48,408	\$45,290	\$49,942
Middlesex	\$51,204	\$50,101	\$54,841
Monmouth	\$43,236	\$45,824	\$50,564
Morris	\$55,692	\$59,485	\$66,657
Ocean	\$35,820	\$50,307	\$58,348
Passaic	\$43,476	\$42,693	\$47,513
Salem	\$45,288	\$42,387	\$50,361
Somerset	\$60,564	\$61,377	\$68,564
Sussex	\$36,852	\$51,191	\$53,876
Union	\$50,760	\$50,198	\$54,864
Warren	\$40,224	\$48,663	\$56,374

²⁶⁸ Legal Services of New Jersey Poverty Research Institute. *The Self-Sufficiency Standard for New Jersey, 2005*. The self-sufficiency standard is the minimum wage needed to cover basic costs of housing, food, transportation, health care and child care in the local area. The Self-Sufficiency Standard varies depending on the location and size of the family.

Appendix F

Brief Summary of Some New Jersey Child Care Policy Initiatives

Campaign New Jersey ~ Better Baby Care, Coalition of Infant/Toddler Educators (CITE)—The Better Baby Campaign is a nationwide effort to improve the quality of child care for children under the age of three. The campaign seeks to work in collaboration with existing national, state and local organizations to bring attention to the issues and to improve the policies that govern the quality of care and parent education, family support, paid family leave and related policies. The campaign's four main goals are to:

- Create an Infant/Toddler Credential;
- Create a Training of Trainers program to increase the number of infant/toddler trainers and educators and to develop infant/toddler leadership;
- Create a new position, the Infant/Toddler Specialist, to be placed in each county to develop both on-site and group training for infant/toddler caregivers; and
- Create a full public awareness campaign in collaboration with Build New Jersey.

Build New Jersey—The Build Initiative is part of a multi-state partnership that helps states construct a coordinated system of programs, policies and services that respond to the needs of young children and families. It does this by supporting those who set policies, provide services and advocate for children from birth to age five.

The lead organization for Build New Jersey is the *Association for Children of New Jersey (ACNJ)*. ACNJ is recognized for its strong leadership of statewide child advocacy and its management of projects to improve New Jersey's early learning system. Build New Jersey is constructing an early learning system that incorporates six fields: early care and education, nutrition, health, mental health, parent support, education and early intervention/special education. Build New Jersey's agenda includes:

- Preschool expansion through the Early Launch to Learning Initiative (ELLI);
- Support for the Better Baby Campaign;
- Development of a model for quality indicators of child care;
- Translation of educational materials for parents on child development; and
- The launching of the Build Initiative of New Jersey Web site www.earlylearningnj.info

Early Launch to Learning Initiatives (ELLI) — ELLI, Department of Education and ACNJ developed a blueprint for preschool expansion. The initiative was adopted in 2004 by former Governor James E. McGreevey, who provided 15 million in funding during the next fiscal year for non-*Abbott* districts. The goal is to give access to public preschool by the year 2010 for all four-year-olds.

Early Childhood Comprehensive Systems Plan- NJ Department of Health & Senior Services—This plan has two goals for New Jersey:

- To create an action plan that when implemented will result in an early childhood comprehensive system for children and families. The system will support healthy growth, nurturing relationship and learning environment that will provide all children with the skills and knowledge necessary to succeed in school; and

- To support communities in their efforts to build early childhood service system that addresses the following five critical components: access to medical homes, social-emotional development of young children, early care and education, parenting education and family support.

Healthy Child Care New Jersey (HCCNJ)—The purpose of this initiative is to promote and advocate for healthy growth and development of all children in child care environments that are nurturing and safe. This will be accomplished by:

- Guiding and sustaining a statewide system for the delivery of child care health consultation that is accessible and available to the child care community, including child care providers or caregivers, children and families, health care professionals and other community stakeholders;
- Implementing national health and safety performance standards as the basis for improving the quality of health and safety of children in child care; and
- Supporting age-appropriate preventive health care services for all children in child care.

New Jersey After 3—is a private, nonprofit organization dedicated to expanding after-school opportunities for New Jersey’s children. Its vision is that all New Jersey children will have the opportunity to participate in high-quality comprehensive, structured, supervised and enriching after-school activities. The Web site is <http://www.njafter3.org>

New Jersey Association for Child Care Resources and Referrals Agencies (NJACCRRRA)—is a network of child care and resource referral agencies (CCR&Rs). The Association is dedicated to developing and maintaining accountable local CCR&R services. They positively impact early care and education policy, funding and service integration through professional development, advocacy, data collection and information dissemination. The Web site is www.njaccrra.org

New Jersey Association of Early Childhood Teacher Educators (NJAECTE)—The New Jersey affiliate of the National Association of Early Childhood Teacher Educators (NAECTE) aims to:

- Provide a forum for consideration of issues and concerns of special interest to educators of early childhood education;
- Provide a communication network for early childhood teacher educators;
- Facilitate the interchange of information and ideas about research and practice among its members and among other persons concerned with young children through the NAECTE journal (The Journal of Early Childhood Teacher Education), conference program, resolutions, position papers and other publications; and
- Cooperate with other national organizations concerned with the study and education of young children.

The Web site is www.naecte.org with a link to the NJAECTE affiliate.

New Jersey Child Care Advisory Council—was established by P.L. 1983, Chapter 492 as amended by P.L. 1992, Chapter 95, to advise the Department of Human Services (DHS), the Department of Community Affairs (DCA) and other appropriate units of state government on child care for all children in New Jersey, regardless of race, religion or socioeconomic status. The purposes of the Council are to:

- Review rules and regulations governing the licensing of child care centers;
- Advise on the needs, priorities, programs and policies relating to all aspects of child care in New Jersey;
- Study and recommend alternate resources for child care; and

- Facilitate employer-supported child care through information and technical assistance.

New Jersey Professional Development Center for Early Care and Education (NJPCDC) — was established through New Jersey Sows the Seeds for Growth in 1997 to implement a comprehensive, statewide system of coordinated and accessible professional development opportunities for early care and education providers. The plan ensures that New Jersey's early childhood and school-age programs offer developmentally appropriate learning experiences, which consistently promote the highest levels of physical, emotional, social and intellectual well-being in the children they serve. The NJPCDC:

- Creates documents such as the *Core Knowledge Areas and Competency* and position papers that support high-quality care and education practices in early childhood, primary education and after-school programs in terms of standards, articulation and teacher preparation;
- Promotes articulation agreements among credit granting institutions or between credit-granting and non credit-granting organizations for a seamless system;
- Provides scholarships for training and education, including Child Development Associate and Certified Child Care Professional credentials and associate and bachelor's degrees;
- Maintains a clearinghouse of training and educational opportunities as well as a database of approved instructors;
- Operates the *NJ Registry for Childhood Professionals* as a statewide database of practitioners' credentials and professional qualifications;
- Coordinates the *Directors' Academy*; a 45-hour course on child care administration for directors of child care centers;
- Provides financial and technical assistance to family child care providers, community based child care centers and after-school programs through three separate accreditation facilitation projects; and
- Identifies ways to link professional development with increased compensation.

The Web site is <http://www.njpcdc.org/>

NJ School-age Care Coalition (NJSACC)—is the state's national affiliate to the National After-school Association. NJSACC strives to:

- Build a strong network for after-school program professionals in New Jersey;
- Coordinate professional development activities for school-age professionals;
- Offer technical assistance for development, expansion and improvement of school-age programs throughout the state;
- Work closely with state and local officials to define appropriate state SAC regulations; and
- Develop public awareness of after-school program issues.

The Web site is <http://www.njsacc.org>

Statewide Parent Advocacy Network (SPAN)—SPAN's mission is to empower and support families, and inform and involve professionals and others interested in the healthy development and education of children and youth. The Web site is <http://www.spannj.org>

To obtain additional copies of this report or the Executive Summary of ***Benefits for All: The Economic Impact of the New Jersey Child Care Industry (Infant/Toddler, Preschool and Out-of-School Time Programs)***, contact:

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