

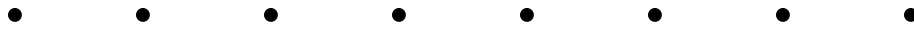


# **Missing Links**

**Childcare & Community/Economic Development**

**Full Circle, National CED Conference**

**June 4, 2009 •Winnipeg**



- Childcare services are essential infrastructure for rural, northern and Aboriginal communities, as well as cities. Childcare services support and create employment (particularly jobs for women), generate significant local economic multiplier effects, enhance children's development, and are part of poverty reduction. Join us to hear success stories from rural and northern Manitoba, and to learn new economic arguments to promote childcare.





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# Agenda

- Quick go-around & introductions
- Four presentations
  - Susan Prentice,
  - Charlene Lafreniere
  - Liz Sousa
  - Ilse Keltelsen
- Lively discussion!



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# Introductions

- Your name, please
- A **few** words about your interest
  - *More time later!*

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# Presentations

- **Susan Prentice**
  - Child Care Coalition of Manitoba, and Professor at U of M
- **Charlene Lafreniere**
  - Councillor, City of Thompson; Thompson Urban Aboriginal Strategy
- **Liz Souza**
  - North Central Development Corporation
- **Ilse Ketelsen**
  - Councillor, Rossburn





# Economic Returns from Childcare

## **‘Better child outcomes’**

School readiness, reduced child poverty, greater life-time productivity

## **Parent incomes**

Income today and tomorrow

## **Regional economic health**

input-output multipliers, job creation

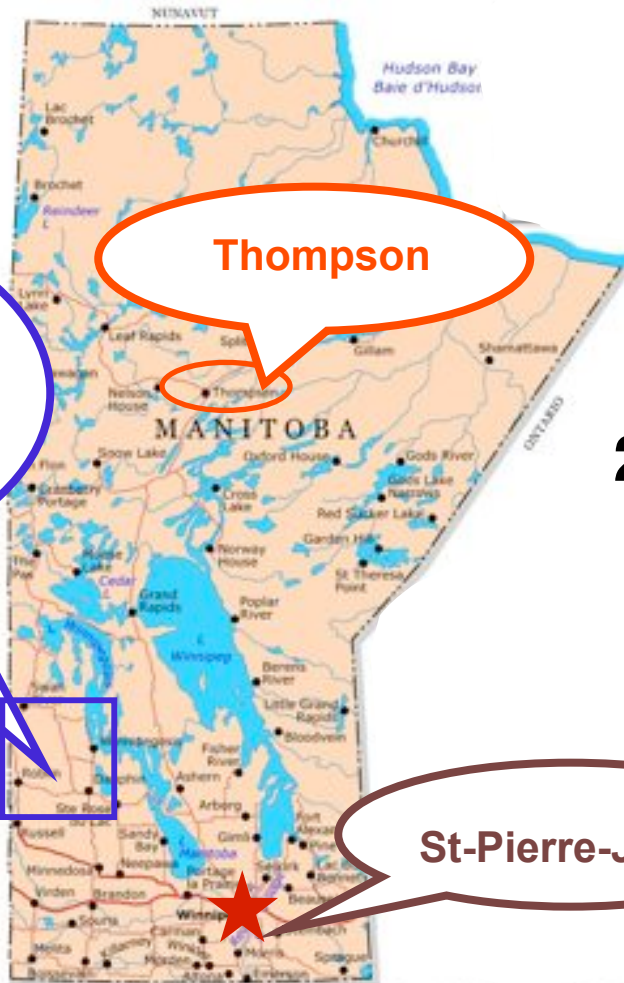


*In addition to many other benefits...*

- Childcare is economic development in its own right
- Childcare is **infrastructure**
- Critical component of business productivity and regional economic growth

*... community competitive advantage*





**Parkland**  
(RMs of Dauphin, Ethelbert, Gilbert Plains, Grandview, Hillsburg, Shell River, and Dauphin, Ethelbert, Gilbert Plains, Grandview, Roblin)

**Thompson**

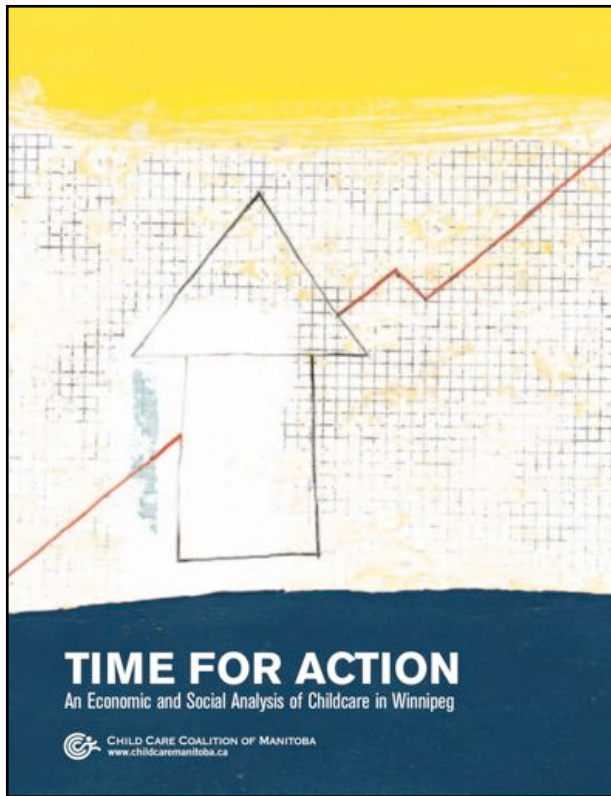
**St-Pierre-Jolys**

## 2004 Winnipeg

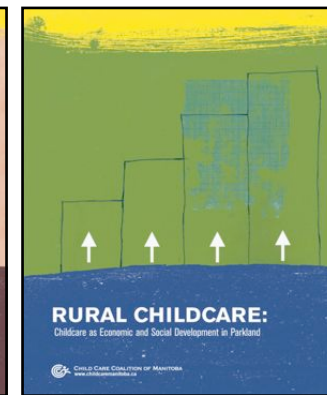
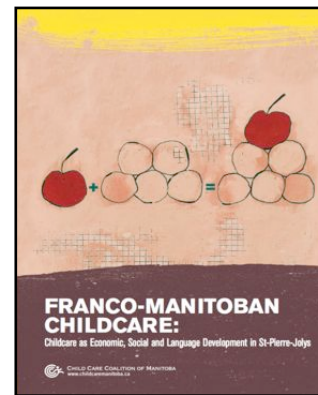
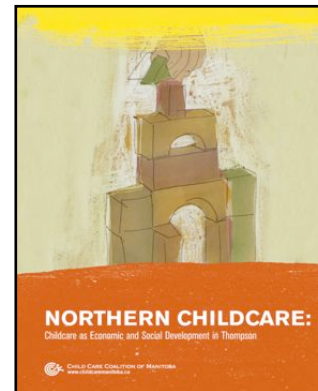




# Child Care Coalition of Manitoba



2004



2007

[www.childcaremanitoba.ca](http://www.childcaremanitoba.ca)

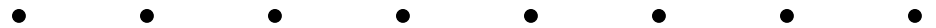




# Economic Technique

**Input-output**, also known as '*multiplier*' analysis

- Shorter-term measures of economic activity, separate from cost-benefit returns
- Measures effects of dollars 'rippling' through local economies.





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# Input-Output / Multiplier Studies

## USA

70+ economic impact studies using IO methodology

## Canada

**Quebec:** 40% of system cost returned through increased taxes; maternal labour force boosted significantly

**Manitoba** - new evidence

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# American Impact Studies

- At least 70 studies (including town, region and state) in the USA since 2000
  - 50 state searchable database at <http://government.cce.cornell.edu/doc/reports/childcare/50state.asp>

*“We find the child care sector has linkages that are equally strong or greater than retail and tourism and other social infra-structure sectors such as hospitals, job training, elementary and secondary schools and colleges and universities.”*

Liu et al, 2004



LINKING ECONOMIC DEVELOPMENT AND CHILD CARE RESEARCH PROJECT  
 CORNELL COOPERATIVE EXTENSION  
 DEPT. OF CITY AND REGIONAL PLANNING  
 W. SIBLEY HALL, CORNELL UNIVERSITY, ITHACA, NY 14853-6701  
 EMAIL: childcare\_econ@cornell.edu  
 WEBSITE: <http://economicdevelopment.cce.cornell.edu>

## Child Care Multipliers: Analysis from Fifty States

By Zhilin Liu, Rosaria Ribeiro and Mildred Warner, 2004

### ECONOMIC IMPORTANCE OF CHILD CARE IN THE REGIONAL ECONOMY

Economists and planners are recognizing the important contributions the early care and education sector makes to the economy in both the short and long terms. Across the country, states and localities are using regional economic analysis to estimate the size of the early care and education sector and the extent of its linkages in the broader regional economy. A complete data base of these studies is found on the Cornell Linking Economic Development and Child Care project website. This research brief presents a summary of the regional linkages of child care in all 50 states and the District of Columbia.\*

Calculating the extent of linkage of the child care sector in the regional economy, as captured in the sector's multipliers, is the primary focus of this report. However, the economic importance of early care and education is not limited to this effect. The economic importance of child care has three components as illustrated in the trillium flower above: its effect on places (the regional economy), its effect on parents (social infrastructure supporting workers and their employers), and its effect on children (investing in human development and education for a productive future workforce).

Economic development policy often is influenced by estimates of multiplier effects in the broader regional economy. Such estimates are derived from input-output models which develop a matrix of all sectors in the economy and the inter-industry linkages between them. In this brief we map how these multiplier effects differ across states and across sectors in state economies. The full report, on which this research brief is based, also explains how the IMPLAN input-output model is structured and what impact this has

on the child care results. It includes detailed tables of multiplier comparisons for every state. Only averages are reported here.

One reason policy makers are interested in short-term regional economic effects is because traditional economic development policy is based largely on short-term goals. Linkage or multiplier effects help economic developers determine which economic sectors will have the greatest total impact on the regional economy given an increase in final demand for a given sector's output.

We find the child care sector has linkages to the rest of the economy that are equally strong or greater than retail and tourism and other social infrastructure sectors such as hospitals, job training, elementary and secondary schools and colleges and universities. This comparability reflects the labor intensive nature of all of these sectors and similar production relationships in the regional economy. While some of these sectors are targets for economic development policy, child care typically is not. Cornell's Economic Development Strategy Guide gives examples of how child care could be a part of economic development policy.

### INPUT-OUTPUT ANALYSIS

Similar to other economic sectors, child care contributes to the regional economy not only through its direct employment and output, but also through its purchases of goods and services that stimulate economic activity in other industries. Multipliers generated from input-output models measure the relative strength of these purchases, or backward

*The child care sector's relatively high economic linkage suggests the sector could be a competitive target for economic development attention.*

\*Based on Liu, Z., R. Ribeiro, and M. Warner, 2004. *Comparing Child Care Multipliers in the Regional Economy: Analysis from 50 States*. Ithaca NY: Cornell University Department of City and Regional Planning. Full copies of the report complete with detailed tables showing modeling results for each of the 50 states are available at <http://economicdevelopment.cce.cornell.edu>.

Sectors	Output Multipliers		Employment Multipliers	
	Type I	Type II	Type I	Type II
Child Care	1.49	1.91	1.27	1.50
Private Elem. & Secondary Schools	1.33	1.91	1.10	1.31
Job Training	1.32	1.84	1.23	1.50
Colleges and Universities	1.22	1.84	1.09	1.37
Hospitals	1.25	1.79	1.19	1.67
Local Interurban Passenger Transit	1.26	1.72	1.10	1.35
Wholesale	1.22	1.62	1.28	1.86
Retail: Apparel & Accessory Stores	1.22	1.60	1.10	1.30
Business Services: Mgmt. Consulting	1.34	1.81	1.38	1.91
Tourism: Hotels and Lodging	1.31	1.71	1.21	1.50
Manufacturing: Tool and Die	1.19	1.63	1.17	1.71
Averages from models of 50 states and the District of Columbia (N=51), based on IMPLAN 2000 data.				



# Manitoba Childcare Multipliers

## Input-output analysis

- Every **\$1** spent on childcare generates **\$1.58** of economic activity



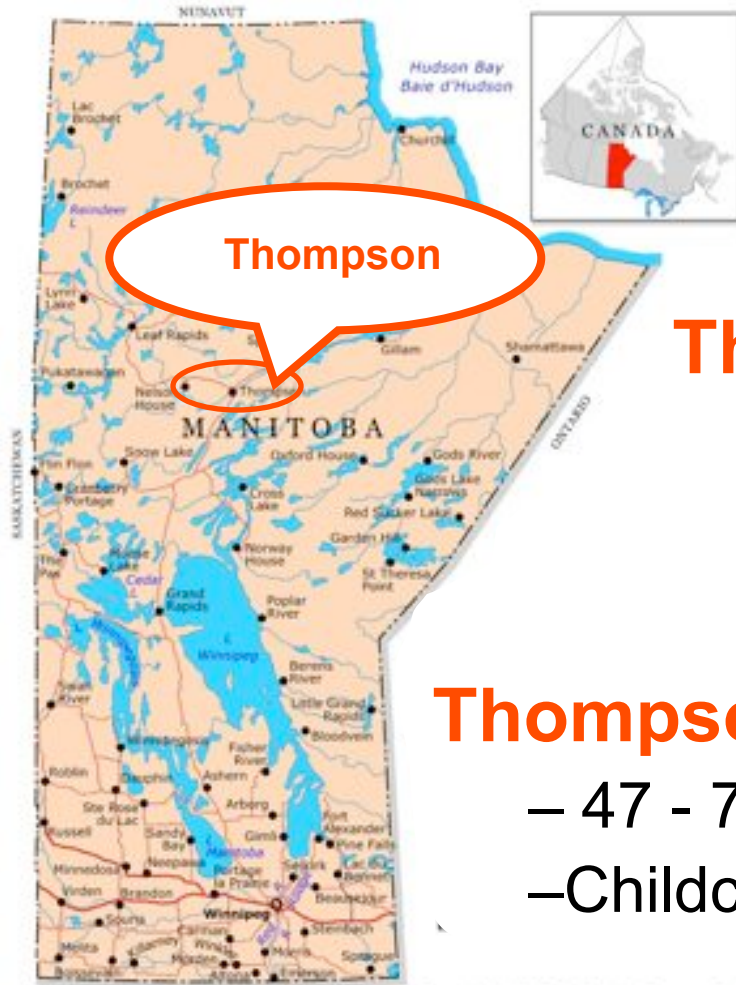


# Childcare Sector

## Employment multiplier

- The economic spending generated by every **1** full-time childcare job produces **.49** other full-time jobs;
- The employment multiplier is **1.49**
- *In addition to supporting the labour force participation of parents*





## Thompson

- \$2.1 million revenue
- Value: \$3.4 million

## Thompson

- 69 full and part-time staff
- Creating/supporting additional 34 FTE

## Thompson

- 47 - 70% of mothers in labour force
- Childcare users (f/t): est. \$18.8 million/yr





# Manitoba

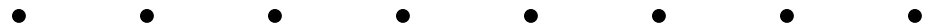
## Competitive input-output multipliers

- Every \$1 spent on childcare generates \$1.58 worth of economic activity

## Strong employment multipliers

- Local job creation
- Every 2 f/t childcare jobs support 1 FTE

## Supports parent earnings





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# Manitoba Cooperator, June 19, 2008

## Child-care programs benefit local economies

**R**egional economies are being boosted by the province's new child-care program, according to a study by the University of Manitoba. The study, which will be published in the next few weeks, found that the province's new child-care program will create 1,000 jobs and generate \$100 million in economic activity. The study also found that the program will benefit local economies by creating jobs and generating income for families. The study also found that the program will benefit local economies by creating jobs and generating income for families. The study also found that the program will benefit local economies by creating jobs and generating income for families.



**CHILDREN AND ADULTS** are seen at a child-care program in the province of Manitoba. The program is designed to provide quality care for children and their families. The program is designed to provide quality care for children and their families. The program is designed to provide quality care for children and their families.

**Working Well:** The province's new child-care program will create 1,000 jobs and generate \$100 million in economic activity. The program is designed to provide quality care for children and their families. The program is designed to provide quality care for children and their families. The program is designed to provide quality care for children and their families.



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# Morden Times, October 17 2008

The Morden Times Friday, October 17, 2008 7

## Child care impacts region's growth

By Lorne Stelmach

Child care is usually not part of discussions about economic growth, but some say it should be.

Child care is both an industry in its own right as well as part of the vital infrastructure that enables other sectors of the economy to function, a researcher told a meeting of local municipal and business leaders.

Dr. Susan Prentice, an associate professor of sociology at the University of Manitoba, said the importance of investment in child care has been overlooked and undervalued for too long already.

"Child care has got a good claim for being an economic strategy in its own right," Prentice said at a luncheon in Morden October 10.

Her presentation entitled *Surprising Impacts: Economic Benefits of Child Care* is being aimed at business sectors and stakeholders within rural Manitoba to raise greater awareness of child care as a primary factor to consider in relation to economic development.

Prentice noted that is especially relevant as a community infrastructure issue in this area, given the growing populations and

labour shortages in the Morden and Winkler region.

"Child care is rural infrastructure and is worth investing in," she stressed.

In order to get a better picture of its importance, a study was done in 2007 to "follow the money" and better analyze the impact of child care.

Part of the study looked at child care in the Parkland region around Dauphin.

Among other things, a cost benefit analysis that estimated that every \$1 invested in child care spending eventually returns \$2. And every \$1 spent on child care generates \$1.58 of economic activity.

Prentice said their study pointed to the fact licensed child care plays an unexpectedly important economic as well as social role, yet these services remain vastly underdeveloped across Manitoba.

"Your local area will do better if you have more child care spaces," she stressed.

Local officials including Morden Mayor Doug Wilson and Winkler Mayor Martin Harder as well as local industry officials agreed that a lack of child care strongly restricts local economic growth. And they pointed to lengthy local waiting lists for child care spaces as being a key issue that

needs to be addressed.

"Everybody is squeezed when there is not enough child care," agreed Prentice. "You've got hard working people out there and the system is not supporting them."

"So our hope is that, with more awareness

of the value of child care ... we will be able to present a stronger message to the province."

Local officials discussed the idea of forming an ad-hoc committee to jointly form a strategy for child care in the region.



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# *Municipal Leader, 2008 Spring*



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There are also economic benefits of increased investments in early learning and child care. Canadian research has found that every dollar invested in child care leads to a two dollar benefit to the economy<sup>1</sup>. Manitoba research has shown that, in the short term, every \$1 spent on child care generates \$1.98 of economic activity in rural and northern regions<sup>2</sup>.

p. 10

*Childcare is an essential element of rural infrastructure, enabling rural families to combine work and family, enabling parents to earn off-farm income, and thus strengthening the rural economy... Child care services promote farm safety and can mitigate out-migration and population decline... Over half of mothers in rural areas are in the paid labour force, and face barriers to paid employment when childcare services are absent.*

Association of Manitoba Municipalities, Resolution #76/07

p. 2

*Quality child care supports the bottom line. Quality child care for employees is important to employers because it improves productivity, reduces absenteeism, cuts turnover...and can increase company value.*

Shellenback, Child Care and Parent Productivity<sup>3</sup>

p. 9

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# Summary

- Childcare has positive economic impacts
  - Competitive input-output multipliers
  - Good employment multipliers
  - Supports parent earnings-
  - Good for local labour markets and economies
- Social benefits for families, children and communities
- **Childcare is infrastructure, and is worth investing in!**