



# Buffalo Child Care Means Business

## EXECUTIVE SUMMARY

**Community Collaboration for Quality  
Child Care in Downtown Buffalo, New York**

Cornell University ILR • Child Care Resource Network  
UB Law School • Success By 6: United Way

## OVERVIEW

*"Child care is essential to the long-term economic vitality of upstate New York... A high quality early care and education system, like roads and bridges, is part of the infrastructure for economic development."* - Professor Mildred Warner, Cornell University

*"Investment in human capital breeds economic success not only for those being educated, but also for the overall economy ... investment in early childhood development yields an extraordinary return, far exceeding the return on most investments, private or public."* - Arthur J. Rolnick and Rob Grunewald, Federal Reserve Bank

### The Knowledge Base Grows

Study after study has shown, in research spanning forty years, that investments in high quality child care and early childhood education do more than pay significant returns to children and their families. They also benefit taxpayers, profit employers and employees, and enhance the economic vitality of communities.

When families can rely on quality child care, they are not only more productive employees, their children also succeed better in school and throughout life. For working people of all occupations and at all wage and salary levels, high quality early childhood development adds value to their family, their workplace and their community. For the whole city and the region, quality early care and education is an investment in a better future.

### On the Action Front

Across New York and around the country, new partnerships and community coalitions are cultivating connections between child care and economic development. Employers, civic leaders, non-profit organizations, economic developers and planners, unions, educators, child care professionals, and advocates are working together in a growing network of local initiatives for

- improved public policy
- expanded investment
- coordinated quality improvement
- creative local solutions and innovations



2006

## BUFFALO PROJECT

### Built on Both: Better Information ...

This study of child care needs and opportunities in downtown Buffalo includes original empirical evidence from a representative survey of employers in core zip codes 14201-2-3-4. The Survey Research Institute of Cornell University conducted the telephone survey of chief operating officers or human resource directors of 117 employers in the spring of 2006. The data pool was scientifically balanced to include small, medium, and large employers from both the public and private sectors as well as all child care employers within the geographic area of the study. Highlights of the findings are included here.

**Buffalo Child Care Means Business** also measures the costs to children, families, and the local community of inadequate or unaffordable quality care. There are high costs for low quality early child care and education and **everyone pays the bill**.

### ... and Broader Collaboration

This grassroots collaborative project grew out of specific concerns for child care in the medical campus to become a broad partnership reflecting shared interests in the welfare of Buffalo's children and downtown economic revitalization.

Most of the energy and insight for the study came through volunteer efforts of the informal group of individuals and organizations that applied for a grant as the Buffalo Quality Child Care Team. The John R. Oishei Foundation funded the study and the project has been supported by Cornell University ILR, the Child Care Resource Network, UB Law School Community Economic Development Clinic, Success By 6 of the United Way, Buffalo Branch Federal Reserve Bank of New York, M&T Bank, parents and other community advocates, as well as an Advisory Committee of community leaders.

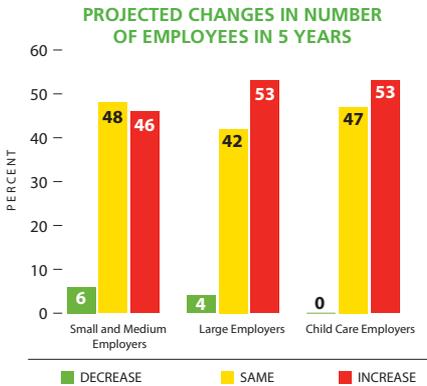
**Now equipped with clearer information, identifiable challenges, and promising opportunities, the growing number of local partners in this initiative hold the study's recommendations and future actions in their hands.**



# DOWNTOWN BUFFALO EMPLOYMENT

## Promising Projections for Growth

With investment expanding in the heart of the city, employers project growth in their workforces. The survey results provide encouraging evidence of economic revitalization and job creation. Fully **50% of surveyed employers expect increases over the next five years**, while a mere 4% expect a decrease in the number of employees; the remaining 46% project the size of their workforces to stay the same.



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### EMPLOYER CATEGORIES:

- small employers 1-49
- medium employers 50-99
- large employers 100+
- child care employers\*

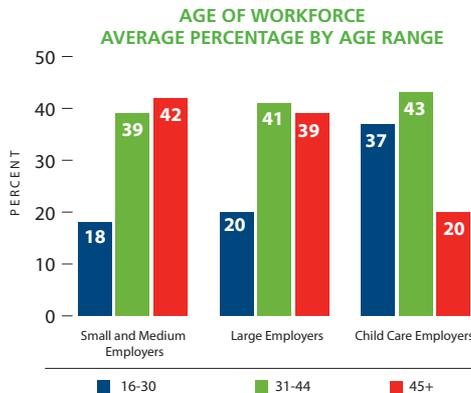
\*does not include informal providers

One-third of downtown employers reported **expectations of increased employee turnover** in the next five years as well, meaning that demand for new workers will once again be a significant issue for businesses.

The survey asked employers to describe the age of their workforces by age range:

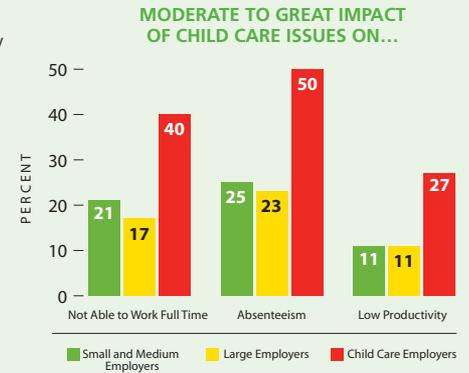
percent who were 16-30 years of age, 31-44, and 45 or older.

The picture that emerges shows an aging workforce reflective of the lack of employment growth in recent years. On the other hand, nearly **60% of downtown workers are of an age (16-44)** to potentially be **in need of child care services**. Of course, that proportion of the workforce would be expected to grow.



## Child Care a Workplace Issue... and a Work-Life Challenge

As every working parent knows, the care of young children is a daily concern. Employers also recognize the impact of child care issues on the performance and the careers of their employees. The Buffalo survey found that child care issues were seen by employers to have a “moderate” to “great” impact on absenteeism for nearly one-fourth of their workforces (much higher for child care employers).



## SURVEY SNAPSHOTS

### Women in the Majority

Interestingly, **women make up more than half of the downtown workforce** according to the employer survey. Excluding child care establishments whose workforce is 95% women, small and medium employers report an average of 58% women in their workforces, large employers 55%. This demographic fact serves to underline the importance of quality, reliable and affordable child care for downtown workers.

### Part-time Workers

Small and medium downtown employers report that on average 18% of their employees work part-time, 19% for large employers. The rate is higher, 24%, for child care employers. Part-time employment may be related to child care options for some workers. Formal quality child care is often more difficult for parents working part-time or irregular schedules.

# ECONOMICS OF QUALITY CHILD CARE

## The Reality

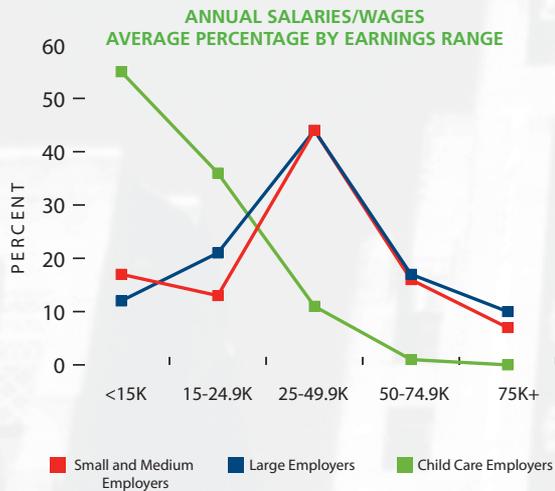
A recent national study examined the economic impact of major life events on family income. Those times when **families experienced a plunge of 50% or more in annual income included the birth of a child for:**

1970-1979	4.5% of American families
1980-1989	8.7% of American families
1990-2000	11.2% of American families

This reveals a startling reality about choices working families increasingly face.

In New York State, where tuition in state colleges is less than \$6,000 a year, quality child care is likely to cost more than \$11,000.

Locally, the cost of full-time infant care **ranges from \$160 to \$200 per week**. For low and moderate income families, **that cost is often out of the range of possibilities.**



As reported by surveyed employers, less than one-quarter of full-time workers in downtown Buffalo earn annual wages or salaries of \$50,000 or greater. More downtown workers earn less than \$25,000 annually than earn over \$50,000.

## The Opportunities

### Regional Economic Benefits Generated by Local Child Care Industry

As an economic sector, child care and early education is an industry with significant economic multiplier effects. According to the state study by Cornell University Linking Economic Development and Child Care Project:

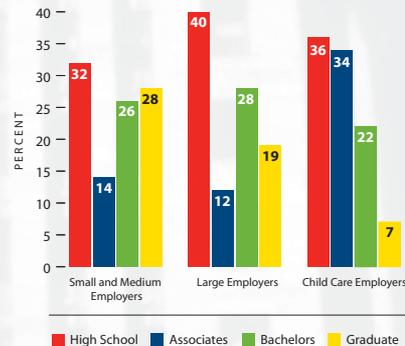
### Buffalo-Niagara Falls has the highest child care multiplier impact of any Metropolitan Statistical Area in New York State:

- For every **\$1.00 spent on child care** in Buffalo-Niagara, an additional **\$2.06 of additional economic activity is generated** in the local economy.
- **1.56 other jobs are created by every child care job** added to the Buffalo-Niagara economy.

### Taking the High Road

Education at all levels becomes ever more important if Buffalo is to succeed in an

### EDUCATION OF WORKFORCE AVERAGE PERCENTAGE BY ATTAINMENT LEVEL



increasingly knowledge-driven creative economy. The region seeks to attract and retain world-class bioscientists and health care workers, artists and cultural innovators, and technically savvy entrepreneurs. A vibrant diversified downtown economy will create jobs in many occupations.

The educational portrait of the **downtown workforce** suggests a **labor market in transition.**

This picture of annual earnings for downtown workers tells at a glance that child care workers do not in the main earn livable wages. Nearly **90% percent of full-time child care workers earn less than \$25,000**, as reported by their employers.



### Training and Education as a Workplace Benefit

Over two-thirds (67%) of downtown employers reported employer provided or paid training and support for continuing education. An impressive 93% of all child care employers reported such a workplace benefit for their employees.

### Educational Success a Requirement for Jobs

Strikingly, 97% of downtown employers report no employees without a high school diploma or GED.

# COSTS OF MISSED OPPORTUNITIES

## More than Money

According to 2005 Census data, 20% of Buffalo residents age 25 years and over do not have a high school diploma or equivalency. Among Buffalo youths 16 to 19 years old, 14% are school dropouts.

Buffalo School District high school **graduation rate in 2004 was 62%**; for Black and Hispanic students, 59 and 52%, respectively. The difference in earnings for people with a high school diploma and those without has been found to be \$260,000 over a lifetime. That difference alone means that **those 976 students who failed to graduate** with the Buffalo Class of 2004 will **forego \$253 million in earnings over their lifetimes**.

In 2005, 27% of Buffalo residents, and 38% of children under 18, lived below the poverty level. **Median household income in Buffalo was \$27,311**, according to the U.S. Census.

Nearly one-half of all 4-year-olds in the City of Buffalo who enter pre-K programs are "at risk" for academic failure, according to the Buffalo School District. **Seventy-one percent of all 4-year-olds in Erie County do not have access to publicly funded pre-K programs.**

In 2002-2003, the cost for Buffalo Special Education K-12 was \$13,925 per pupil. In contrast, general education cost was \$7,402. Conservative estimates indicate that **universal early childhood education programs can reduce special education expenditures by 12% and grade repetition costs by 21%**. Even accounting for child care spending to reduce special education needs, research shows that such investments net savings of 1.9 to 2.8% annually.



## Costs Beyond the Classroom

Research is definitive: Low quality early care and education costs low income families and costs the community. Children who have not participated in high quality early care are more likely to

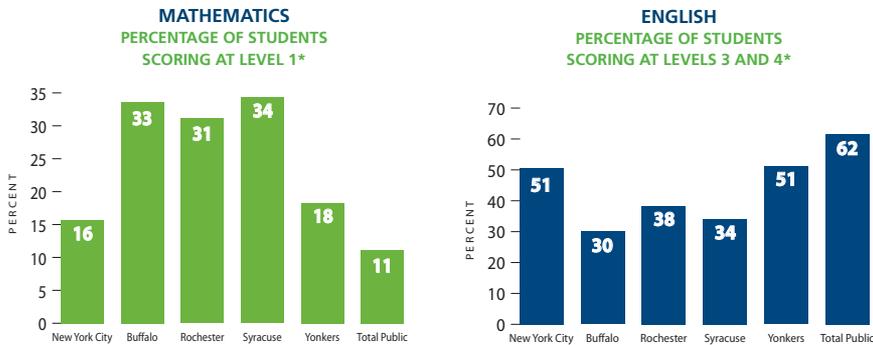
- Require increased special education intervention
- Use more public benefits such as welfare and Medicaid
- Suffer from abuse and neglect
- Become pregnant as teens
- Commit crimes and go to prison

## On the Other Hand...

Longitudinal studies provide proof of the benefits of quality early care and education:

- Better health and nutrition
- Improved cognitive skills and IQ scores
- Enhanced social, emotional and behavioral abilities
- Improved self-discipline, persistence and motivation
- More likely to finish high school and enroll in college
- More successful in long-term employment
- Higher earnings throughout life
- Greater ability to contribute to community welfare

### 2006 PERFORMANCE ACROSS ALL GRADES 3-8 FOR BIG 5 CITIES



\*Student scores on required State tests (or approved alternatives) converted to four achievement levels, from Level 1 (indicating no proficiency) to Level 4 (indicating advanced proficiency).

# A VISIBLE WORK IN PROGRESS

## Signs of Downtown Buffalo Renaissance

- Downtown makes up 40% of the city's tax base
- 60,000 people comprise the downtown workforce
- Downtown residence boom attracting people of all ages
- Thriving arts and entertainment sector
- Health and bioscience center of excellence
- Erie Canal, Cobblestone District, and waterfront development
- Emerging renewable energy technology investments
- Accessible public transportation
- Wired for 21st Century information infrastructure
- Real estate attracting developers and investment capital



## In New York State survey, economic development professionals . . .

- 8 out of 10 think child care should be a part of economic development policy and planning
- Over 80% agree that affordable quality child care boosts worker productivity
- Only 19% think there is sufficient, affordable quality care in their community

## GUARANTEE QUALITY CHILD CARE IN DOWNTOWN BUFFALO AND YOU WILL BUILD A BRIDGE . . .



### ...to the Future

attract and retain younger workers  
create a vibrant, diversified workforce  
develop skills and abilities for new occupations  
contribute to a quality business environment  
build a knowledge-driven creative economy

### ...to the Neighborhoods

link downtown development to city residents  
match skills with employment opportunities  
break down barriers to quality jobs  
strengthen public education

### ...to More Successful Economic Development

improve child care jobs and businesses  
focus on people as the most important resource  
invest for a high public return

### Among creative child care solutions at work in Buffalo...

- **Bright Horizons Family Solutions** - HSBC
- **Rich's Family Center** - Rich Products
- **Erie County Community College Child Care**
- **Sweet Home Childcare Center** -  
Larkin at Exchange Building
- **The Early Childhood Center** -  
Roswell Park Cancer Institute
- **Vincennes Academy** - The Webb Lofts

*Economic Development  
with a Human Face*

# RECOMMENDATIONS FOR ACTION

## Recommendations for Advocacy

- Become a private sector Buffalo Child Care Champion to build the business case for local investments in quality child care in the City of Buffalo, targeting downtown as a pilot area
- Establish a Child Care Champions Speakers Bureau to keep quality child care issues at the forefront and to marshal other resources
- Support legislation that provides employer tax credits for money invested in child care
- Join and actively participate in:
  - Winning Beginning NY at [www.winningbeginningny.org](http://www.winningbeginningny.org)
  - Child Care that Works at [www.cctw.org](http://www.cctw.org)
- Learn about the growing network of successful local projects through Cornell University *Linking Child Care and Economic Development* at <http://government.cce.cornell.edu/doc/reports/childcare/>

## Community Coalitions for Local Solutions

### Recommendations for Employer Based Education and Action

- Create and distribute an Employer's Guide for Supporting Quality Child Care
- Provide employer and employee education
  - Identify child care options by utilizing the local Child Care Resource and Referral Agency, Child Care Resource Network
  - Explain how to recognize quality child care
- Identify and maximize use of available subsidies for child care
  - Facilitate full utilization of Flexible Spending Accounts by providing short-term loans for up-front expense
  - Encourage utilization of the tax credit for dependent care
- Enlist the support of other business organizations, human resource professionals, unions, and workforce development agencies
- Explore feasibility of providing health benefits for child care workers through pooled employer or employee organizations

*Investing Today  
in the Hopes of Tomorrow*



### Recommendations for a Coordinated Effort in Downtown Buffalo

- Secure more timely subsidy payments from Erie County Department of Social Services to child care providers
- Change industrial development agencies' designation of child care facilities from retail establishments to an enterprise eligible for economic development funds by all IDAs in Western New York
- Identify available local funding for new and existing quality child care infrastructure
  - Pilot incremental financing
  - Use tax credits for historical building renovations
- Partner with Buffalo Public Schools to advance quality child care as an educational preparation program
- Create a pooled tuition subsidy fund by organizing a small employers group
- Promote the best practices of local developers, businesses, and employers who are taking leads in child care
- Facilitate utilization of services of local organizations for improving the quality of existing formal and informal child care providers
- Create scholarships for the education and training of child care workers

### Think Creatively and Act Seriously on Local Opportunities

You can help make quality child care and early education the jewel of Buffalo Downtown Renaissance. It's well within reach.

# ACKNOWLEDGEMENTS

*Buffalo Child Care Means Business* was conducted by

**Cornell University ILR Workforce, Industry and Economic Development**

Expertise in applied economics focused on innovative approaches to good jobs, equitable opportunity, effective labor market systems, inclusive and successful workforce development, and collaborative development strategies...

*working together in the interest of the general welfare.*

**Lou Jean Fleron, Director**

**Child Care Resource Network**

Provides a comprehensive range of services to children and families, providers of child care, government and business in Buffalo and Erie County...

*dedicated to quality early child care and education for all children.*

**Valerie C. Cooley, Executive Director**

**University at Buffalo Law School Community Economic Development Clinic**

Concentrates on activities designed to create new employment opportunities and improve the quality and stability of existing jobs...

considerable experience providing legal expertise to child care businesses.

**Lauren Breen, Clinical Assistant Professor**

**United Way of Buffalo and Erie County Success By 6**

Facilitates partnerships to unite the community's businesses, government, service providers, advocates, educators, and families to ensure that young children are born healthy, remain healthy, nurtured, and ready to succeed at school by age 6.

**Joneen Corrao, Director**

**In cooperation with**

The dedicated individuals of the **Buffalo Quality Child Care Team:**

Lauren Breen, Valerie Cooley, Joneen Corrao, Patty DeVinney, Lou Jean Fleron, and Dr. Michael Slate; with assistance from Govindan Kartha, Anne Ryan, Danielle Dimitrov, Jazette Simmons, Gerri Kozlowski, Renée Gietz, Clotilde Dedecker, David Palmer, Anthony Delmonte, Jr., Regina Grogan, Susan Swarts, and Blythe Merrill

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**Buffalo Quality Child Care Advisory Committee**

Especially, Michael Clarke, James Eagan, Honorable Eugene Fahey, Mary Jo Hunt, Arlene Kaukus, Kathleen Kinan, Katherine Roach, Honorable Henry J. Nowak, David Stieglitz, Cynthia Schwartz, Rocco Termini, and Timothy Wanamaker

# Buffalo Child Care Means Business

a research and action project with promise for...

- sustainable downtown development
- the current and future workforce

and...

- our most treasured little assets!



**With thanks to**

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M & T Bank

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The complete *Buffalo Child Care Means Business* report will be available on the web December 2006 at [www.ilr.cornell.edu/wied/economicdevelopment/childcarecoalition/](http://www.ilr.cornell.edu/wied/economicdevelopment/childcarecoalition/)



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