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Buffalo Child Care Means Business: Full Study Report

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Buffalo Child Care Means Business: Full Study Report

Abstract
[Excerpt] Buffalo Child Care Means Business presents the economic and business case for making Buffalo's children the focus of economic development. The 2006 survey of 117 businesses located in downtown Buffalo, New York, documents the business sector's present and projected reliance upon high quality child care services as a necessary component to optimum workplace recruitment, productivity and stability. This promising study highlights research specific to the Buffalo region measuring the cost the community bears as a result of low quality child care and early education. It draws upon nationally recognized economic development strategies to offer recommendations for a strategic child care plan integral to the City of Buffalo's overall strategic initiatives to strengthen downtown's attractiveness to successful enterprises.

The early development needs of Buffalo's children must be front and center if the potential economic power of broadly successful education is to be realized. With business, government, education and child care leaders at the table, Buffalo's economic renaissance can be built on individual and social foundations that last a lifetime.

Keywords
buffalo, child care, wied

Comments
See also
Buffalo Child Care Means Business: Executive Summary
Buffalo Child Care Means Business: Power Point Presentation

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Parents have a primary interest in the development and well-being of their children. So, too, communities have a public concern about children’s welfare. The development and maintenance of a vibrant, economically healthy community rests on the preparedness and productivity of its workforce – and today’s children are the future workforce.

Buffalo Child Care Means Business presents the economic and business case for making Buffalo’s children the focus of economic development. The 2006 survey of 117 businesses located in downtown Buffalo, New York, documents the business sector’s present and projected reliance upon high quality child care services as a necessary component to optimum workplace recruitment, productivity and stability. This promising study highlights research specific to the Buffalo region measuring the cost the community bears as a result of low quality child care and early education. It draws upon nationally recognized economic development strategies to offer recommendations for a strategic child care plan integral to the City of Buffalo’s overall strategic initiatives to strengthen downtown’s attractiveness to successful enterprises.

The early development needs of Buffalo’s children must be front and center if the potential economic power of broadly successful education is to be realized. With business, government, education and child care leaders at the table, Buffalo’s economic renaissance can be built on individual and social foundations that last a lifetime.

What Is High Quality Child Care?

But what constitutes high quality child care? Why should it matter to everyone? As more women have entered the workforce and as more women’s wages are essential to the economic well-being of their families, the answers to these questions are pertinent to all – employers, employees, schools, communities, and above all, the children.

Child care – formal or informal – has become a critical issue for working families. Most child care choices are made based on location, cost, dependability, flexibility and quality. The priority of each characteristic varies with each family’s situation. Additionally, non-working parents have recognized the importance of enriched educational and group experiences for the development of their young children. Child care and early education has become an important option for all parents.

Characteristics of form high quality child care and early education programs [1]:

- Child care providers/teachers are well-educated and better able to support positive social and emotional growth
- Child care providers/teachers are well-compensated contributing to ongoing quality improvements and lower turnover costs; turnover not only incurs dollar costs, but has a greater impact on a developing child’s sense of trust and security
- Low child-teacher ratios and age-appropriate group size; staff/child maximum ratios and group sizes are usually set by the state for regulated child care centers; for example, in New York State, the required ratio is one staff for every five toddlers (18-36 months); one staff for every seven 3-year olds in care
- Age-appropriate curriculum that actively engages the child and supports the child’s cognitive, social, emotional and physical development
- Physical environments that provide for the child’s safety and health; indoor and outdoor spaces, specialized areas for writing, reading, art or pretend; space for one-on-one interaction of child and provider as well as in groups
- Programs that integrate, involve and inform parents; communication on the child’s progress and development is provided on a regular basis

Characteristics of high quality child care and education indicated in the shaded box may seem more appropriate for organized child care facilities and family day care providers. However, these characteristics are important for all types of arrangements.

The benefits of high quality child care are documented throughout this report. The dollar cost of high quality child care is not easily afforded by most working parents. Yet, the prices paid for low quality child care and early education or none at all is a cost that reverberates throughout society.
Understanding the Importance of Child Care

**The Knowledge Base Grows**

In research spanning forty years, study after study has shown 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 economic vitality. When families can rely on quality child care, they are more productive employees, and have reduced rates of absenteeism and turnover. Framing high quality child care and early childhood education in terms of economic development is a crucial component to economic growth and competitiveness at the national, state and local level.

Investment in education has long been considered an important source of economic growth. Increased wages and standards of living are driven by labor productivity growth, which has averaged about 2.4 percent annually over the last 40 years. While various studies place the contribution of education to labor productivity growth between 13 and 30 percent of the total increase, importance of education in the knowledge-driven economy requires continued investment in human capital. In a policy brief issued by The Brookings Institution (April 2006), the impact of a high quality universal preschool policy on economic growth was analyzed. The research concluded “that such a policy could add $2 trillion to annual U.S. GDP by 2080.”[2] By that same time period, the policy brief estimated the cost to the federal government would be approximately $59 billion. Returns in the form of federal revenue cover the costs several times over. This does not include the indirect effects of a better educated workforce such as an increase in health and nutrition, an increase in civic involvement and a decrease in crime.

Framing early childhood development – care and education – as economic development was central to research conducted by the Federal Reserve Bank of Minneapolis. While originating in the state of Minnesota, the researchers quickly realized the universality of the issues discussed given the high degree of interest from across the country.

According to the Brookings Institute, a $59 billion investment in high quality universal preschool could add $2 trillion to annual U.S. GDP by 2080.

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In a New York State survey of economic development professionals...

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

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“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

Utilizing longitudinal data from the often-cited research project, the High/Scope Perry Preschool study in Ypsilanti, Michigan, Rolnick and Grunewald calculated the internal rate of return of the project (over 12%) for comparison to other public and private investment returns. [3] What is unique about the High/Scope study is the tracking of long-term performance of those children from low-income black families who completed the Perry School program and the comparison of that performance to a control group. Rolnick and Grunewald’s economic case for public funding of early childhood development also cited the “known” benefits of these programs that contribute to a higher probability of the child succeeding in school and the positive contributions to society.

Reframing child care as part of the infrastructure of economic development requires the ability to measure the economic impact of early child care and education. Research conducted by Mildred Warner, assistant professor of city and regional planning at Cornell University, has provided a methodology for measuring the infrastructural role of child care. In a New York State survey of economic development professionals released in 2006, Warner found that 8 out of 10 economic development professionals support using child care as a factor in shaping local economic development policy. This same survey found over 80% of economic development professionals agreed that affordable, quality and convenient care can boost worker productivity.
Yet, only 19% of economic development professionals surveyed think there is sufficient affordable quality care in their community. [4]

Warner’s work has also brought to the forefront the need for better data in order to strengthen the link between child care and economic development. This data consists of demand, supply and price of early child care and education, the measurement of quality, location of care and convenience to working parents, and vacancy rates, just to name a few categories.

**Understanding the Importance of Collaboration**

**On the Action Front**

Diverse partnerships are also required to promote and strengthen this link between child care and economic development. All three studies cited above indicate the necessity of involvement of all those who benefit from or utilize child care and early education programs. The support for and funding of high quality programs requires collaborative partnerships among the various departments of the federal government, local employers, foundations, economic development agencies, non-profit organizations, educators, unions and civic leaders.

Children are the future workforce and their parents are the current workforce and/or employers. Early childhood education is an important economic sector contributing to the knowledge-driven creative economy. According to Richard Florida of Carnegie Mellon University, “What attracts a business to a community has less to do with low taxes and cheap land, and much more to do with the presence of talented people.”[5]

At the same time, Mildred Warner cautions against viewing child care solely in economic terms. Says Warner,

“If economic development doesn’t promote human development, why are we here?”

**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 (SRI) of Cornell University conducted the telephone survey. Since 1996, SRI has been providing survey research, data collection, and analysis services to a wide range of academic, non-profit, governmental, and corporate clientele.

For the **Buffalo Child Care Means Business** project, SRI contacted chief operating officers or human resource directors of 117 employers in the spring of 2006. The data pool was scientifically balanced to include small (1-49 employees), medium (50-99 employees) and large (100+ employees) employers from both the public and private sectors as well as all child care employers within the geographic area of the study.

**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 Buffalo Niagara Medical Campus to become a broad partnership reflecting mutual interests in the welfare of Buffalo’s children and downtown economic revitalization.

Anticipated closings of union negotiated child care facilities for medical campus employees prompted concerned parents, union members and employers to explore alternative arrangements. Cornell ILR facilitated the initial discussions.

As cooperative labor-management-community explorations on the child care issue moved forward, the project generated partnership interest from various stakeholders, including public officials, potential investors, the Child Care Coalition of the Niagara Frontier, the UB Law School Community Economic Development Clinic, Success By 6: United Way and the Buffalo Branch of the Federal Reserve Bank of New York.

In September 2004, a number of stakeholders testified before the Western New York Legislative Delegation on the economic development and regional importance of child care and early education, including parents utilizing services at the centers on the closing list.
Financial anxieties in the health care industry made it difficult to promote and fund long range projects without an immediate return on investment, i.e., quality of work-life environments, recruitment/retention benefits, productivity and availability for work. Child care was not recognized as an important recruitment and retention tool.

Activities continued and in March of 2005, the Buffalo Branch of the Federal Reserve Bank of New York hosted a conference on early childhood development and its role in economic development. Rob Grunewald, co-author with Arthur J. Rolnick of the Federal Reserve Bank of Minneapolis study referred to earlier, presented their findings to a diverse audience of child care supporters in WNY. Representatives of Rich Products Corporation and Bright Horizons Family Solutions were conference presenters, reinforcing the positive impact of high quality child care and education on worker productivity, business performance and child development. Rich Products operates an on-site, nationally accredited child care center, managed by EduKids Early Childhood Centers, WNY’s largest, privately owned group of high-quality child care centers. Bright Horizons, the nation’s leading provider of work-site child care, operates the center at HSBC Bank.

Most of the energy and insight for the Buffalo study came through volunteer efforts of this informal group of individuals and organizations that applied for a grant as the Buffalo Quality Child Care Team. Over the past year, this group of committed volunteers has championed the inclusion of high quality child care as an essential part of the infrastructure for economic development in downtown Buffalo. Their efforts were endorsed by the Western New York State Legislative Delegation. The next step was to gather objective and reliable information about the scope of current and future needs for child care within the communities surrounding the medical campus and its downtown neighborhoods, now and projected into the future.

As the older workforce begins to retire, benefits that help balance work and family needs become a valuable tool in recruitment of a new younger workforce. Critical shortages in many health care positions require innovative benefits to attract and retain sought after employees.

Specific objectives of the study were defined as:

- Reliable, objective data on the current demand for high quality early child care by employees of urban workplaces in Buffalo zip codes 14201-02-03-04,
- Employers’ labor force projections to assess future needs within those urban neighborhoods,
- Current supply of high quality child care by type and accessibility, and
- An assessment of opportunities for creating world-class early childhood development in downtown Buffalo.

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: United Way, Buffalo Branch Federal Reserve Bank of New York, M & T Bank, parents and other community advocates, as well as a dedicated 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.
The City of Buffalo has experienced a decline in population since the 1950s, leveling off somewhat in the 1990s. Yet, the 2005 estimated city population of 256,492 is 12% lower than in 2000. The median age of the city population is 34.2 years, with 26% under the age of 18, and 27% between the ages of 25 to 44. Only 12% of the population is over the age of 65.

Families, married and other, make up 52% of the households in the City of Buffalo. Nonfamily households represent 48%, with 82% of those households consisting of one individual. Families with incomes below the poverty level represent 23.6% of the population; however, the percentage rises to 49.6% when looking at those families with children under the age of 5. [6]

The 2004 City of Buffalo Comprehensive Plan suggests the population decline will have been stopped no later than 2015, with population and employment starting to grow again at an annual rate of 1% or better. Coordinated economic development, along with targeted investments in schools, parks, housing and infrastructure and repair to the overall urban area has begun.

The population numbers are from the U.S. Census Bureau's 2005 American Community Survey. Recently, several cities have challenged the U.S. Census figures. The estimates of population are based partly on the number of building permits for new housing units and estimates of the number of housing units demolished. The estimate for demolished units is based on the age and type of house, according to the U.S. Census. Seventy-one percent of Buffalo's housing units were built in 1939 or earlier. The city of St. Louis successfully challenged the U.S. Census population estimates for 2003 and 2004, citing the boom in the conversion of old buildings that had been converted into thousands of housing units not factored into the estimates by the Census. [7]

Downtown Buffalo, home to 18,000 residents, has seen an increase in the demand for housing within the downtown core suggesting the population decline may have already leveled off. [8]

The number of in-bound commuters to jobs in the City of Buffalo exceeds the number of out-bound commuters by nearly 50,000 people per day. An emerging mixed economy exists within the city with employment in the following major sectors: health care, social assistance and educational services (30%), management, professional, scientific and related occupations (11%), manufacturing (9%), retail trade (8%), arts, entertainment, accommodation and food services (7%), finance, insurance and real estate (7%), public administration (7%) and other services (4%). The percentage of employment in the health care, social assistance and educational services in the City of Buffalo is almost twice that of the percentage employed in this sector in New York State (17%). Social assistance includes individual, family, child and youth services as well as services for the elderly and disabled, vocational rehabilitation services and community food, housing and emergency services. Child day care services are classified in the North American Industry Classification System (NAICS) under social assistance.

Downtown Buffalo geographically accounts for 10% of the city but makes up 40% of Buffalo's business and tax base and approximately 60,000 people comprise the downtown workforce. [9]

**Promising Projections for Growth**

With investment expanding in the heart of the city, employers project growth in their workforces. The 2006 Cornell 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. When questioned about employment projections over the next ten years, the survey responses showed no statistical difference from the five year projections.
Demand for New Workers

One third of downtown employers reported expectations of increased employee turnover in the next five years as well, meaning demand for new workers will once again be a significant issue for businesses. An educated population provides a pool of applicants to fill those slots and contributes to the revitalization of the downtown economy. The infrastructure providing services to the downtown employment base will need to include high quality child care if employers are to attract new or additional employees to the downtown core.

Employment Turnover Higher in Child Care Industry

The higher turnover rate for child care employers is reflective of the industry’s relatively lower wages and benefits. The quality of child care programs is directly linked to the specialized education received by employees in this field and the continuity of their employment. Most child care employees would more than likely remain in their current positions if compensation levels better reflected the amount of education and on-going professional development required. National statistics indicate child care employment turnover ranges from 25-50% annually. [10]

An Aging Workforce... New Employment

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, with new employment opportunities, that proportion of the workforce would be expected to grow.
The 16-44 year age group represents 61% of the nation’s labor force. Two near-term events – retirements and economic restructuring – will change the demographic make-up of the U.S. labor force and have a significant impact on the labor force in upstate New York. It is projected that approximately 15% of the U.S. workforce will retire between 2002 and 2012.

In research on the impact of these events on the upstate labor market, Richard Deitz of the Federal Reserve Bank of New York estimates a 15.7% retirement rate for upstate New York and a 15.9% retirement rate for the Buffalo Metropolitan Statistical Area (MSA). He forecasts a significant demand for workers to replace retirees even though the area has seen little net growth in jobs. At the same time, the upstate economy has been undergoing a restructuring in its dominant employment sectors, a trend reflected in Buffalo's changing economy. The top three occupation categories for projected employment growth in upstate New York are health care support (21.9%), community and social services (20.6%), and personal care and service (including tourism) (18.0%). According to Deitz’s report, “An analysis of projected hiring rates in the region suggests that although there will be a demand for workers in all occupations, employers may face a particular challenge filling positions in growing services occupations with relatively high retirement rates, such as health care, community and social services, and education.”

- Richard Deitz, Federal Reserve Bank

Unreliable child care is one of the reasons parent-employees are tardy, absent or leave before the workday is over. These absences have been estimated to cost U.S. employers $3 billion annually. In the U.S., the working parent of a young child misses, on average, nine work days a year. While absenteeism is expensive to employers, employee turnover is even more so – one-and-a-half times the annual salary of an exempt employee and three-quarters the annual hourly wage of a nonexempt employee.

Studies have shown “family supportive companies” can avoid these absenteeism and turnover costs. A 1998 study by Bright Horizons Family Solutions found “family supportive companies” consistently outperformed the Standard & Poor 500. Additional studies by Vanderbilt University and Hewitt Associates, along with Watson Wyatt Worldwide, indicate that being an “employer of choice” through investment in human capital and work-life initiatives pays off in profitability for companies. Measuring the financial return of a company’s work-life efforts has become and will continue to be increasingly important.

Employer-sponsored child care centers provide a valuable incentive not only to attract productive employees, but also to retain them. Various studies and surveys support this statement. In one study, 93% of parent-employees who currently benefited from on-site child care indicated this particular benefit would be an important factor in considering whether to change employers. In another study, 85% of employees who were considering leaving their current jobs due to child care issues reported that having on-site child care facilities would be grounds to stay. Furthermore, another study of expectant
parent-employees indicated that even though an overwhelming majority of these employees indicated they would return to work, 86% of those not planning to return after a birth or adoption reported they would return if on-site child care was offered by an employer. All of these factors can increase company output and value.

On-site child care centers and employers who are supportive of family needs create communities that are attractive to future members of a local workforce. As indicated previously, the growth of the national labor force will slow through the year 2025, in part because of baby boomer retirements. Attracting new employees is a necessary component for economic development. Currently, the median age of working U.S. adults is the highest it has ever been at 40.7 years; half of the national labor force is now younger than forty years of age. Women now make up 46.5% of the workforce. Combined, these statistics suggest a significant proportion of the national labor force is comprised of employees who are either of childbearing years or likely to have young children. As a result it is clear employers must recognize and facilitate the child care needs of their employees. This will ensure that a younger, qualified workforce can be recruited and retained, which in turn, will promote the economic development of a community.

Interestingly, women make up more than half of the downtown Buffalo 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%. At the local level, women represent a larger proportion of the workforce than they do nationally. This survey finding serves to underscore 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. It is also the case that formal quality child care is often more difficult to access for parents working part-time or irregular schedules. Nationally, 21% of those employed work part-time.

Currently, within a 5-mile radius, downtown Buffalo has 26 child care providers. These centers have a capacity to serve 2,143 children. Of the available 26,000 licensed slots, only about seven percent are considered high quality according to national standards. Even though most of the downtown facilities are open to the public, there is still a great need for more child care in the City of Buffalo. Forty-four percent of child care providers in downtown Buffalo have children on waiting lists; one of these providers has 200 children on its waiting list. Surveyed child care providers open between 6:00-7:30 a.m. and close between 5:30 p.m. and midnight. The majority of surveyed providers are not open on Saturdays and none operate on Sundays. This may produce a gap for up to 30% of the downtown workforce who work for companies that are open 24 hours a day, 7 days a week or have week end operations, or non-standard business hours of operations. A gap between the demand for and the supply of child care services remains. Buffalo’s revitalization is dependent in part on the incorporation of high quality child care into the strategic plans of the many development projects currently underway.
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 the City of Buffalo, only 10% of families with children under the age of 6 have both parents in the workforce. [20] This is one-percentage point higher than the 9% for Erie County, New York State and the nation. [21] The percentage of both parents in the workforce increases for those with school age children (6-17 years) to 27% for the city. The county, state and national percentages are between 20-22%. Yet, the cost to have both parents in the workforce may not result in a larger net gain in income.

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 simply not affordable.

Global Perspective

Japan – firms with more than 300 employees must provide child-care options, such as on-site centers or temporary leaves.

Sweden – top country for working women; generous family leave policy, up to 18 months with partial pay, reduced work hours until children are 8; children receive before- and after-school care until age of 12, with sliding-scale fees.

France – 16 week paid maternity leave and home-based or center-based care at little or no cost until age 3; then subsidized preschool.

Mexico – workers entitled to free employer-provided day care until child is 4 years old.


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 more. More downtown workers earn less than $25,000 annually than earn over $50,000.

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.

Child care costs are high for the many families living in downtown Buffalo. Annual wages for workers in the Buffalo-Niagara MSA average slightly above $36,000. This average is close to the national average of $37,780, but below that for New York State and Erie County, where workers’ annual wages average $45,510 and $44,438, respectively. [22]

Household incomes for the City of Buffalo average $37,479. Average household incomes in Erie County at $54,836 are 1.5 times greater than city incomes. New York State household average incomes are 1.9 times greater than in the City of Buffalo.

When poverty levels are examined on a family basis, 49.6% of families in Buffalo with children under the age of 5 years have incomes below the poverty level. The percentage of families with incomes below the poverty level rises to 76.5% when there is only a female head of household present. [23] Nearly 2,000 families with children in the downtown area are living below the poverty line.
The ability to pay for high quality child care is increasingly impossible for most of the core population. As mentioned previously, well-compensated child care providers/teachers are a critical component of high quality child care and early education programs. Yet, those in the child care and early education field are among the lowest paid in the U.S. As the Buffalo survey indicates, child care provider wages follow this trend locally. The early childhood education workforce is struggling.

According to a recent study by the Economic Policy Institute entitled Losing Ground in Early Childhood Education, researchers found:

- Child care providers’ educational attainment has decreased over the last 20 years – teachers and administrators with four-year college degrees dropped from 43% to 30%.
- Providers in their 20s and 30s tend to have a lower educational attainment than providers in their 40s and 50s, suggesting younger providers with higher degrees may not want to stay in the child care industry.
- In New York State, the percentage of child care providers holding a four-year degree decreased from 42% in 1980 to 23% in 2000.
- The median wage for New York State center-based child care providers is $9.50 an hour and 1/3 of child care providers’ incomes are less than 200% of the federal poverty level.
- Only 36% of providers receive health care benefits through their employers.
- Low wages contribute to high provider staff turnover, which can ultimately result in lower quality child care. [24]

In addition to stimulating economic activity, the multiplier effect occurs in job creation. For each additional job created by increased local demand for child care, a total of 1.52 jobs are created in the broader economy. Estimates of direct, indirect and induced effects for employment and output vary by geographic region throughout New York State. As indicated above, the Buffalo-Niagara Falls MSA has the highest employment multiplier at 1.56 and the highest output multiplier at 2.06. [26] According to the Cornell study, “This suggests that Buffalo is a relatively self-sufficient economy due to its isolation in the northwest corner of the state, surrounded by the Great Lakes and the Canadian border.” [27]
The child care industry’s economic development potential in New York State is tremendous. It has been estimated that 750,000 New York State parents utilize paid child care services. With median household income at $49,480, parent earnings in New York State – based on access to child care – is $37 billion. Nationally, formal child care allows parents in the aggregate to earn $100 billion each year. The long-term economic benefits of child care do, however, require an initial investment in the development of high quality child care in order to attract a younger, well-qualified future workforce.

**Taking the High Road**

Education at all levels becomes ever more important if Buffalo is to succeed in an increasingly knowledge-driven creative economy. The region seeks to attract and retain world-class bio-scientists 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.

Of the employers surveyed, **60% or more** of their workforces have more than a high school diploma. As reported by employers, over 50% of the downtown workforce holds a bachelor degree or higher, with the exception of child care employers where associate degrees are predominant.
Workplace Benefits – A Concern for all Workers

The availability of workplace benefits has increased since 2003 across New York State, according to the 2006 New York Empire State Poll (ESP). [29]

The 2006 ESP indicates 87% of workers in New York State have access to health insurance and paid time off through their employers. Downtown Buffalo employers surveyed as part of the Buffalo Child Care Means Business study compare favorably to these ESP findings with 88% indicating access to health insurance as a benefit and 93% offering paid time off. While pension and 401k retirement plans are available to 80% of workers across New York State, only 68% of downtown employers surveyed provide this benefit.

Seventy-three percent of downtown employers offer flex-time as a benefit compared to 58% across the state.

Child Care as a Workplace Benefit

Across the state, 24% of workers have child care benefits available through their employers; however, only 18% of upstate New York workers have this benefit available compared to 28% of workers downstate.

In the downtown Buffalo survey, 22% of employers indicated some type of child care benefit for their employees.

Training and Education as a Workplace Benefit

Over two-thirds (67%) of downtown employers reported, as an employment benefit, employer provided or paid training and support for continuing education.

An impressive 93% of all child care employers reported such a workplace benefit to their employees.
More than Money

*Educational Success a Requirement for Jobs*

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. The Buffalo School District high school graduation rate in 2004 was 62%; and for Black and Hispanic students, 59 and 52%, respectively. [30]

State school district reported dropout rates have been challenged as artificially low by the Urban Institute, Harvard University and even the New York State Education Department. [31] In March 2006, the Alliance for Excellent Education reported “[a]lthough states regularly report higher graduation rates, reliable research has shown that nationally, only about two-thirds of the students who enter 9th grade will graduate with a regular diploma four or five years later.” [32] It further noted that the 1.3 million students who did not graduate in 2004 will cost the U.S. over $325 billion in lost wages, taxes and productivity over their lifetimes. National averages suggest that people who do not graduate from high school are twice as likely as high school graduates to be unemployed. [33] It is not surprising to find that 97% of downtown Buffalo employers surveyed report no employees without a high school diploma or GED.

Princeton University researcher Cecilia Rouse maintains that students who fail to graduate from high school will earn $260,000 less over their lifetimes than those with a high school degree. [34] In New York State, for the 2000-2001 academic year, there were 245,311 ninth grade students of which 94,690 or 38% did not graduate in 2004. The Alliance for Excellent Education calculates the “Lost Lifetime Earnings” for these New York State non-graduates at more than $24.6 billion. In 2000, the Buffalo School District cohort due to graduate in 2004 was 2,570. As previously mentioned, 62% of the cohort earned a diploma by August 2004. Applying Professor Rouse’s earnings loss rate of $260,000 per dropout, Buffalo’s 976 non-graduates from 2004 will forego more than $253 million in earnings over their lifetimes.

Early education programs can improve high school graduation rates for children in Buffalo, which will support creation of a more productive future workforce. In June 2005, the Children’s Action Alliance cited more than 20 studies demonstrating a strong link between success in school and quality early education and care. [35] Quality child care and early education is the foundation upon which children succeed in school, by improving academic test scores and reducing high school dropout rates.

According to the Buffalo School District, nearly one-half of all 4-year-olds in the City of Buffalo who enter pre-K programs are “at risk” for academic failure, including more special education services, higher grade repetition and dropping out of high school. Seventy-one percent of all 4-year-olds in Erie County do not have access to publicly funded pre-K programs.

During the 2005-2006 academic year, the City of Buffalo School District’s third through eighth grade students ranked comparatively poorly with other major cities in New York State. [36] In 2006, 33.6% of Buffalo District third to eighth grade students were ranked as having serious academic problems in mathematics. Of the major five cities noted in the New York State Education Department Report Card, only Syracuse had a worse record with 34.3% scoring at this low math achievement level.

In 2006, just 30.1% of third through eighth graders in the Buffalo District met or exceeded the New York State English standards. In the English category, Buffalo students scored lower than New York City, Rochester, Syracuse and Yonkers.

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). Source: University of the State of New York, New York State Education Department, Elementary, Middle, Secondary and Continuing Education (EMSC) www.emsc.nysed.gov*
One way to close the achievement gap between Buffalo students and those in the rest of New York State is through special education services, but this comes at a high price both to New York State and the City of Buffalo. In 2002-2003, the cost for Buffalo Special Education K-12 was $131,163,700 or $13,925 per pupil. In contrast, general education cost per pupil in the Buffalo School District was $7,402 for 2002-2003, about half the cost of special education per student.

For the 2002-2003 academic year, special education costs for all public schools in New York State were over $7 billion, not including building and transportation expenditures related to special education. Of this total, New York State contributed 36.9%, or $2.6 billion, and the federal government contributed 11.6%, or $824 million. The remaining 51.5% is covered by the local municipalities. [37] Applying this percentage to the Buffalo School District costs for the 2002-2003 academic year, Buffalo taxpayers paid approximately $67.5 million towards special education costs.

Buffalo’s special education services price tag is important to the early care and education quality debate because conservative estimates indicate that Universal Early Childhood Education programs can reduce special education expenditures by 12% and grade repetition costs by 21%. [38] For the 2002-2003 academic year alone, this could have lowered the cost for special education services by $22.3 million. Of course, investments in Universal pre-kindergarten care and education would offset total net savings. However, even accounting for spending to reduce special education needs, research shows that such investments can net savings of 1.9 to 2.84 percent annually. [39]

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

Not only do high school graduates earn more than those who dropout, but according to several studies, high school graduates live longer and are healthier than their high school dropout counterparts. One study suggests high school graduates, on average, live 9.2 years longer than high school dropouts. [40] Several studies cite a reduction in crime and its associated costs to an increase in educational attainment. One study conservatively estimates a savings of $1.4 billion annually in costs associated with crime with just a one-percentage point increase in high school completion rates nationwide. [41]

Several high quality early childhood programs have undergone thorough evaluations and are considered best practices in the industry: The Abecedarian Project, the Prenatal/Early Infancy Project and the Chicago Child-Parent Centers. These programs have been associated with the following outcomes: improved school readiness, better school performance, higher graduation rates, lower crime and delinquency and decreased welfare dependency. The cost-benefit ratios of these best practices programs provide a return of $4 to $7 in benefits to families and communities for every $1 invested.[42]

Research shows the costly consequences of failure to provide early quality care and education. Success By 6, a national initiative to ensure children receive all educational supports necessary to succeed by first grade, has a local program based at the United Way of Buffalo and Erie County. Determining the cost to Buffalo for children who do not receive early intervention for high quality child care is not the complete answer to improving Buffalo youth’s chances for academic success. Nor will it cause a greater percentage of youth to stay or return to Buffalo once they become adults. There are many factors that influence these dynamics. However, better child care and early education can improve nutrition and health for low income youth; increase the percentage of youth who receive critical early intervention for speech, language, hearing and physical impairments; improve literacy rates in elementary grades; increase the number of youth who graduate from high school; reduce the crime rate; and improve the lifelong earning potential of Buffalo residents. All of the foregoing cost the taxpayers of Buffalo and better child care can save Buffalo money. This is simple economics.
Economic revitalization and development efforts have been ongoing for three decades. In 2002, the City of Buffalo unveiled its vision to continue to strengthen Buffalo’s urban core and make it a regional center for culture and entertainment, heritage, education, health care and life sciences research, and commerce. [43] Focusing on the revitalization of downtown Buffalo is important for the growth of the entire Buffalo-Niagara region.

Over the last thirty years, many development projects have built a strong foundation for increasing the downtown workforce and residential opportunities. Since the 1970s, downtown has been the focus of revitalization efforts, including the creation of the Erie Basin Marina, the development of the Theater District, as well as numerous investment and preservation projects.

In the 1980s, downtown restoration continued and residential communities grew – including the construction of the Waterfront Village, new single-family homes and apartments. Dunn Tire Park, one of the largest parks in minor league baseball, has brought more than 15.7 million baseball fans downtown since its opening in 1988. [44] Several downtown business, public-sector, and entertainment projects were completed in the 1990s. The Key Center plan for Fountain Plaza was finished and new hotels opened. Two new government buildings were built, one for the FBI and the other for the U.S. Attorney. Several entertainment venues were revitalized as well, including the Chippewa Street restaurant and nightlife district. In 1996, HSBC Arena opened its doors as a state-of-the-art facility for live entertainment and home to the Buffalo Sabres. According to the Arena web site, over 10 million people per year are entertained at the Arena. The Burt Flickinger Athletic Center was built as part of Erie Community College’s downtown campus and is opened to individuals, groups and businesses.

Key development projects have continued throughout the first half of the 2000s. The Erie County Family Court building was completed in 2001 and the Erie Canal Harbor Project Phase I was completed in 2003, with Phase II having a target completion of 2007. Construction on the Buffalo Niagara Medical Campus (BNMC) commenced representing a collaboration of the State University of New York at Buffalo (UB), Roswell Park Cancer Institute, Olmsted Center for the Visually Impaired, Kaleida Health, Hauptman-Woodward Medical Research Institute, Buffalo Medical Group Foundation, and Buffalo Hearing and Speech Center. The BNMC includes the New York State Center of Excellence in Bioinformatics and Life Sciences, a partnership among UB, Roswell Park Cancer Institute, and Hauptman-Woodward Medical Research Institute. More than $250 million have been invested in the BNMC thus far. Projections estimate the BNMC will create 3,000 new jobs, many
through recruitment efforts to the state-of-the-art research facilities. [45] In Fall 2006, UB’s Center for Computational Research moved to the medical campus and plans are underway for a State University of New York at Buffalo downtown campus located on or near the BNMC.

**Downtown Buffalo has the physical infrastructure – facilities and services – necessary to accommodate an economic renaissance.** The area is centrally located and easily accessible – 22,000 passengers use the thirty-four bus routes and light rail services daily. The downtown core is visited everyday by more than 42,000 vehicles via two expressways. Downtown also has more than 1,100 businesses and an abundance of office space – more than 3.2 million square feet of rentable “Class A” office space. There is also a growing residential population. Currently more than 3,000 people are making downtown Buffalo their home and the housing demand and supply has increased significantly. Downtown Buffalo also boasts a thriving arts and entertainment sector. [46]

In November 2006, New Era Cap Company, which started in Buffalo in 1920, relocated its world headquarters from Derby, NY, to downtown Buffalo in the renovated Federal Reserve Bank Building. The 110,000 square foot building houses over 300 employees, including 60 recently-hired, a retail outlet on the first floor and will eventually incorporate a museum. In 2007, HealthNow New York will move into its new corporate headquarters in downtown Buffalo. Committed to remaining within the City of Buffalo, over 1,400 additional employees will be coming into the downtown core each day.

The area has the commercial structures in place to support economic revitalization. **It is now time to acknowledge child care as a critical component to economic growth – the social infrastructure for economic development.** [47] Concentrating on the quality of life and human development aspects that quality child care brings to business will generate both short- and long-term positive effects on downtown Buffalo’s renaissance.

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**Economic Development with a Human Face**

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**GUARANTEED QUALITY CHILD CARE IN DOWNTOWN BUFFALO 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
Buffalo Child Care Means Business is the first step in framing quality child care and early education in downtown Buffalo as an important component of economic development. However, there is more to be accomplished if Buffalo’s children are to have a promising future.

Several recommendations for action are provided below. Taking up the challenge of implementing just one of these recommendations is one step closer to that promising future.

**Recommendations for Advocacy**

Most individuals may think they do not have the knowledge or experience to become an effective advocate for quality child care and education. But there are several ways to become educated and involved.

- 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)

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**Recommendations for Employer Based Education and Action**

Just as individuals who are interested in becoming advocates may think they lack knowledge or experience, employers may not realize the many options available to assist employees with child care needs and arrangements. Placing this information at the fingertips of employers, encouraging the use of existing tax and funding subsidies and creating new funding avenues are all part of engaging employers in the promise to Buffalo’s children.

- 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

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**Community Coalitions for Local Solutions**

Investing Today in the Hopes of Tomorrow
Recommendations for a Coordinated Effort in Downtown Buffalo

To realize a promising future for Buffalo’s children, collaboration and coordination among advocates, economic developers, government agencies, workers, unions, employers, schools and residents is essential. The recommendations below are by no means exhaustive, but provide a means for thinking creatively and acting seriously on local opportunities.

- 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

**Make a Promise**

*Promise Them a Future*

With Buffalo’s children as the focus of economic development, the downtown workforce, employers, residents and community profit from the increased economic and social benefits associated with quality child care and education. Make the children a promise – there will be a future for them in downtown Buffalo and they will be well-prepared for that future.
ENDNOTES


13. Ibid


18. Data from the Child Care Resource Network (as of May 5, 2006). In addition, there are more than 150 informal providers. Informal providers are those who care for one or two children at a time in addition to their own children, usually in the informal provider’s home; informal providers are not required to register in New York State.

19. SRI Survey Results.


22. New York State Department of Labor, Workforce New York, Occupational Employment Statistics. www.labor.state.ny.us


27. Ibid, Appendix 9, page 46.


   The New York Empire State Poll, conducted annually since 2003 by Cornell’s Survey Research Institute (SRI), provides a long-term benchmark of New York State residents’ characteristics and demographics, experiences, attitudes and behaviors, and a better understanding of regional and intra-state differences among the State’s residents. [www.cornellsurveyresearch.com/sri/](http://www.cornellsurveyresearch.com/sri/)


32. Alliance for Excellent Education. [http://all4ed.org/press/pr_022806.html](http://all4ed.org/press/pr_022806.html)


34. See supra note 32.


36. The University of the State of New York, The State Education Department, Elementary, Middle, Secondary and Continuing (EMSC), Results of 2006 English Language Arts Assessments in Grades 3-8; Results of 2006 Mathematics Assessments in Grades 3-8. [www.emsc.nysed.gov](http://www.emsc.nysed.gov)

37. New York State Education Department, Charles B. Shippee, Fiscal Analysis and Research, October 2006.

38. Belfield, Clive R., *Early Childhood Education: How Important are the Cost-Savings to the School System?*, Teachers College, Columbia University, February 2004; report prepared for: Center for Early Care and Education, a collaboration of the Schuyler Center for Analysis and Advocacy and Child Care, Inc.

39. Ibid


43. City of Buffalo, *Queen City Hub: Volume II (The Work Plan)*. [http://www.ci.buffalo.ny.us/Files/1_2_1/Hub/Volume%20II/1vision.htm](http://www.ci.buffalo.ny.us/Files/1_2_1/Hub/Volume%20II/1vision.htm)


45. See supra note 43.

46. See supra note 8.

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, Renee Gietz, Clotilde Dedecker, David Palmer, Anthony Delmonte, Jr., Regina Grogan, Susan Swarts, and Blythe Merrill

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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!

Cornell University
ILR School

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