

AFFORDABLE, QUALITY CHILD CARE

A wise investment in economic development and early education



Child care = Economic Development

Child care industry employs Rhode Islanders, especially women. In January 2006, there were 1,400 certified family home providers and 430 licensed child care centers. In 2002, the child care industry employed over 7,417 Rhode Islanders – approximately 97% of whom were women.

Child care allows workers to earn money for their families and the state. A study conducted in 2002, found that child care allowed approximately 32,167 Rhode Island parents to work and generate earnings, and subsequent tax revenue, of \$627 million dollars.¹

State investments in child care are wise investments. The 2002 study found that, “for every public and private dollar spent on regulated child care, \$1.75 is returned to the Rhode Island economy – a net positive return that almost doubles investments.”² In addition, a 2004 report by the Economic Policy Institute found that investments in high-quality early childhood develop programs consistently generate benefit-cost ratios exceeding 3-to-1.

Child Care = Early Education

The majority of children using subsidies are young. In January 2006, 63% of Rhode Island children using subsidies were infants, toddlers and pre-schoolers. Forty percent were school-aged and 2% were youth aged 12 – 16.³

Quality, Regulated care is directly related to future success in school. Research has shown that children who attended higher quality child care settings performed better on measures of both cognitive skills (e.g., math and language abilities) and social skills (e.g., interactions with peers, problem behaviors) in child care and through the transition into school. In addition, high quality child care continues to positively predict children’s performance well into their school careers.¹

Child care = Work

Rhode Island families require child care: According to the 2005 American Community Survey, 57% of Rhode Island families had children under 18 and 11% had children under the age of six. Sixty-seven percent (50,391) of Rhode Island children under age six had all parents in the workforce, meaning that these children spend at least some time in childcare. That is higher than the U.S. average of 59%.

Child care is often unaffordable for working families: Care for a preschooler at a child care center or family child care provider is \$8,060/year⁴ exceeding the average cost of public

¹ Notarantonio, E., & Quigley, C.J. (2003).

² Notarantonio, E., & Quigley, C.J. (2003).

³ Data provided by DHS, 2006.

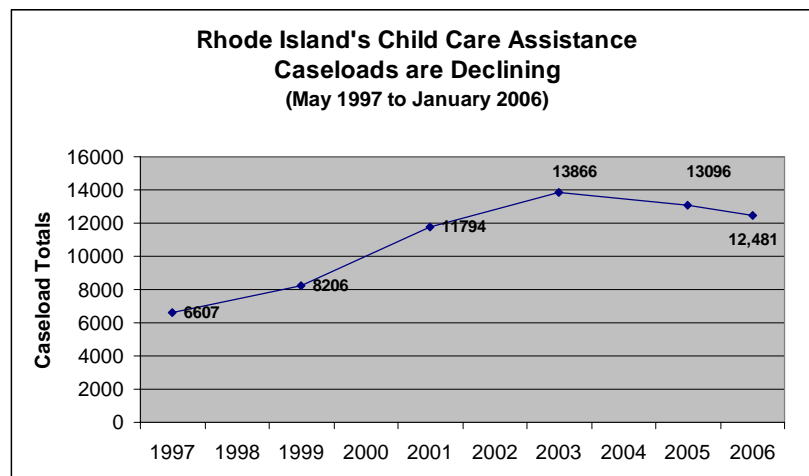
⁴ Based on 2004 Statewide Survey of Child Care Rates in Rhode Island, DLT and DHS.

college tuition of \$5,387. For a family of 3 earning 150% of the federal poverty level (\$2,011/month) monthly child care costs of \$672 would consume one-third of the family's gross income.

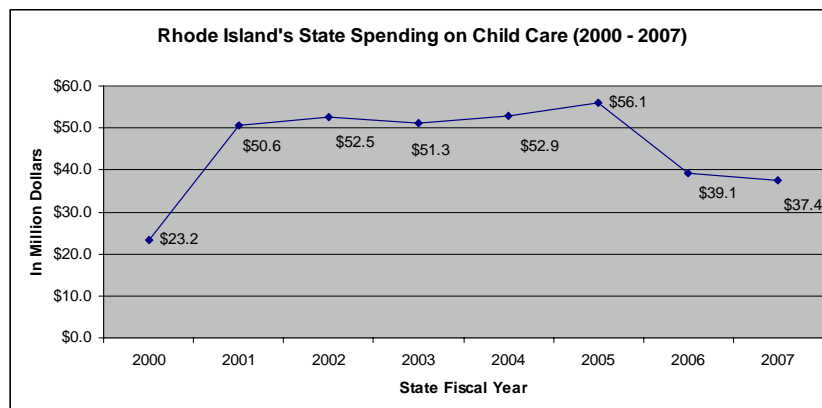
Most families using subsidized child care are working families: In January 2006, 12,481 children (7,729 families) received subsidized child care in Rhode Island. Eighty-two percent of these families are low-income working families and the balance was receiving cash assistance while the parents prepared for work.⁵

Child Care = Wise Investment

Caseloads are declining on their own: Child care assistance caseloads rose as planned from 1997 until 2003, as families moved off cash assistance into the work force, but caseloads are now declining. The Governor's 2007 budget proposals would cut **thirty percent** (30%) of the 12,481 children receiving child care subsidies.

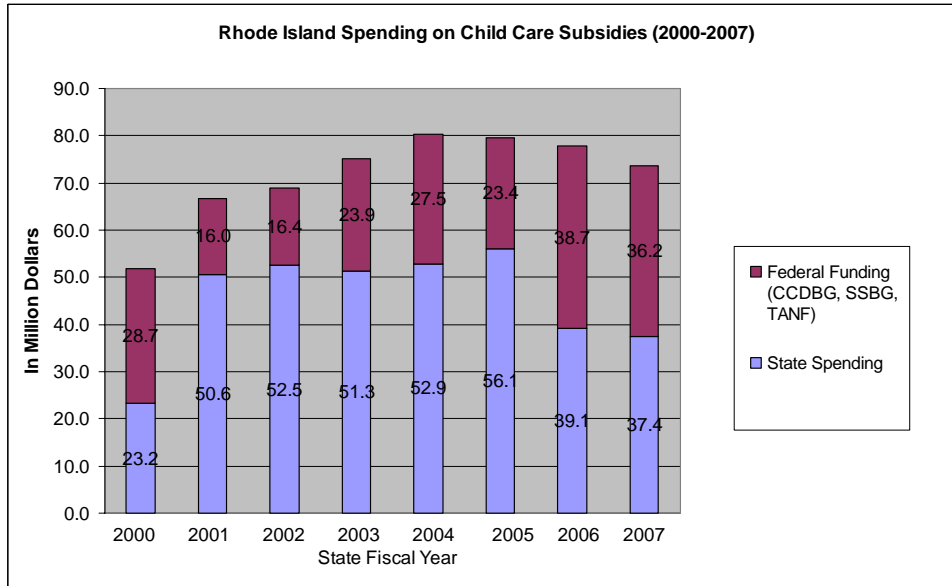


State Spending on Child Care is Tiny Portion of Budget: State Spending on Child Care is just 37M or 1.2% of general state spending of \$3.15 B. State general revenue investments on child care is lower than it has been since 2000.

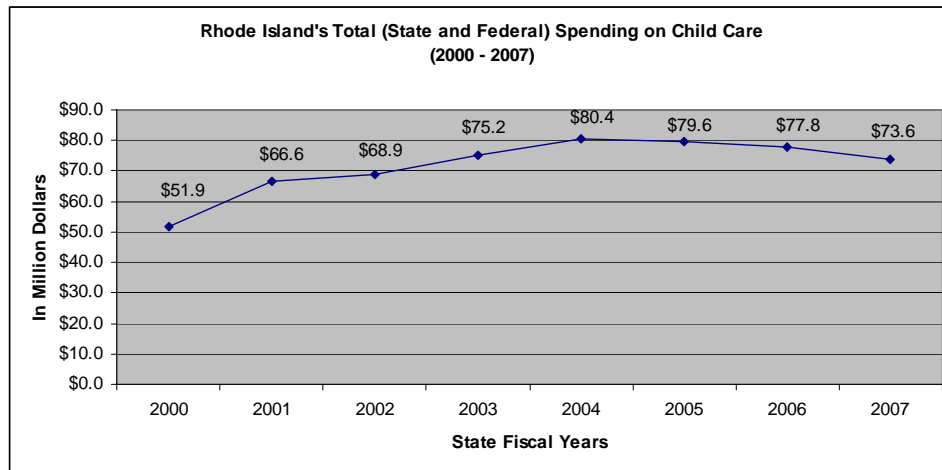


⁵ Data provided by DHS, 2006.

Even considering federal spending, Rhode Island's spending is small percent of total budget. Rhode Island's total child care spending (federal and state combined) is declining and is still only 1.1% of total budget.



Source: FY2008 Budget, Technical Amendment Chart; Older data from DHS



Rhode Island's child care eligibility limits are in line with other New England states: Rhode Island covers families up to 225% of the Federal Poverty Level (\$37,350/yr for a family of 3 in 2006). Connecticut, Massachusetts and Maine all cover families earning significantly more than this amount.

ⁱ See for instance, Peisner-Feinberg, E., Clifford, R., Culklin, M., Howes, C., Kagan, S.L., *The Children of the Cost, Quality & Child Outcomes Study Go to School: Executive Summary*. (2000) Chapel Hill: University of North Carolina at Chapel Hill.