
PROMOTING HUMAN CAPITAL DEVELOPMENT THROUGH THE CHILDCARE SECTOR

I. INTRODUCTION

A. OPPORTUNITIES IN THE CHILDCARE SECTOR

The Community Economic Development (CED) movement is increasingly recognizing the need for and promise of human capital development as a strategy for promoting sustainable development in low-income communities.¹ While human capital development efforts have taken the form of prisoner integration initiatives, education, and professional training programs, many believe that focusing on earlier interventions during childhood has the potential to unlock even greater opportunities.² The childcare sector however, has traditionally been viewed from a welfare and educational perspective, not an economic development lens where supply and demand concerns are taken into account.³ Conventional efforts have been limited to providing funding for programs at the preschool level and targeted to poor children in the form of subsidies for low-income parents.⁴ Thinking about early childcare and education as beneficial for the broader economy however, can spark efforts that have true potential to produce high returns on society's investments.⁵ These returns include:

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Immediate Returns

- Produces jobs and generates revenue by employing not only individuals who staff childcare centers but also those who build and maintain the physical aspects of these centers.⁶
- Facilitates success of other industries by enabling parents to spend more time on their careers, furthering their education, and updating their skills.⁷
- Increases parents' productivity on the job.⁸
- Produces benefits that cut across social issues. For example, reliable childcare makes it possible for single parents to develop their careers outside of the home.⁹

Future Returns

- A recent study by economists at the Federal Reserve Bank estimates that quality early childhood development programs generate a 16% rate of return on investment, 12% of which is a public rate of return.¹⁰
- High quality childcare prepares young children to be productive members of society from early on: Studies have shown that early intervention programs

targeted at low-income children have significant long-term effects ranging from reduced grade repetition, fewer special education needs, greater educational achievements, and higher instances of home ownership in adulthood.¹¹

- It also reduces future public spending in criminal justice, welfare assistance, and unemployment insurance.¹²

These benefits are of particular importance to low-income communities, which often lack quality childcare centers or information for finding such centers, and where parents often have limited resources, and nontraditional or inflexible work schedules.¹³ Moreover, the strong economic links between childcare and economic development are starting to become widely recognized. Over 80% of economic developers believe childcare should be part of economic development policy, and even Congress included childcare as a component of the economic stimulus package.¹⁴

For Community Based Development Organizations (CBDOs), pushing childcare towards the top of their agenda presents a uniquely efficient way to make use of limited resources while dealing with a complex web of social needs and economic challenges that affect the development of low-income communities. Moreover, CBDOs that focus on childcare development *now* can potentially reduce the resources they will have to utilize *later* on fixing many of the above-mentioned problems.

B. WHERE ARE WE NOW?

Though a fully functioning childcare sector could generate tremendous benefits both for human capital development and community economic development in general, the current market is largely underdeveloped.¹⁵ The industry suffers from extensive fragmentation both in terms of the funding it receives and the services it provides and these market failures do not allow for the delivery of affordable and high quality-care options.¹⁶

CBDOs can help develop the childcare sector by filling in some of the gaps in this largely underdeveloped market. Organizations that have risen to the challenge have taken three main approaches to promoting human capital development through childcare. They have been:

- Developing childcare facilities or becoming childcare providers themselves.
- Supporting childcare providers such as small businesses, daycare centers, and individual providers who face issues relating to low profitability, lack of economies of scale, and financing difficulties.
- Engaging in advocacy efforts on behalf of parents and childcare providers.

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This paper examines each of these efforts and analyzes the benefits and shortcomings of each approach. At a broader level, it asks whether these interventions are the right ones and

hypothesizes about what should happen for these strategies to be successful in promoting sustainable economic development.

II. INTERVENTIONS BY CBDOS

CBDOS interested in developing the childcare industry have taken three main approaches. Some have engaged directly with the industry by developing childcare facilities or becoming childcare providers. Others they have taken an indirect approach by supporting already existing childcare services or by taking on an advocacy role.

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A. DEVELOPING CHILDCARE FACILITIES AND BECOMING CHILDCARE PROVIDERS

Developing childcare facilities and becoming childcare providers are two of the most traditional and direct approaches CBDOS have taken when trying to strengthen the childcare sector.¹⁷ CBDOS' interventions are important here because in low-income communities, childcare is often delivered through home-based childcare.¹⁸ However, parents often recognize that their children would benefit from more structured learning activities and interactions and for many, choosing home-based childcare is a result of having no other alternative.¹⁹

Infrastructure: Promoting childcare development by focusing on the physical component of childcare facilities can be done in two ways: (1) by providing development assistance to care providers and acting as a development consultant to help them acquire, construct, or rehabilitate their own facilities; or (2) by acquiring or constructing the property and then transferring it or leasing it to the childcare provider.

CBDOS that have focused on a brick-and-mortar approach to development are especially well-positioned to assist with the development of infrastructure for the childcare industry. They can secure real property and real property financing. They know how to utilize architects to create a design that is sensitive to program needs and satisfies zoning and regulatory requirements. They can advise organizations on how to select and monitor construction contractors and how to leverage corporate and government support for real property development.²⁰

A CBDO might want to engage in this infrastructure approach for various reasons. CBDOS that have primarily engaged in housing development or commercial revitalization may want to use the brick-and-mortar development approach that they have been successful with in the past.²¹ In addition, developing infrastructure can be attractive because the financial obligation of providing infrastructure can end at a determinate point, whereas the financial obligations of running a childcare business goes on until its operations end.²²

For CBDOs that want to engage in low-risk investments, this approach is attractive because CBDOs only have to assume financial responsibility for the successful completion of the construction and the provider is the one that generally pays them just to build the property.²³ Since the provider is the one who assumed the risk by paying for the development of the facility, the CBDO may not be able to exercise much influence on the programs' quality and other such issues.²⁴ CBDOs that want to continue influencing program delivery after the physical development stage has been completed could get around this by finding alternatives like developing *and* owning the real estate and then leasing it to the provider, so that they can put certain provisions in the lease to insure that specific objectives are satisfied.²⁵

Two examples of organizations that have focused on developing the childcare sector through a brick-and-mortar approach are the Drew Economic Development Corporation (Drew EDC) and Chicanos Por la Casa (CPLC). Drew EDC is a CDC operating in Los Angeles focusing on traditional housing development. Realizing that childcare facilities were a needed component of effective family housing, Drew EDC built a model family housing complex that included an on-site childcare center. The center serves tenants, workers at the adjacent university and hospital, and community residents and is operated by a nonprofit which Drew EDC helped to spin off from the adjacent university.²⁶ Similarly, CPLC, an Arizona-based CDC, pursued a childcare facility development as part of its neighborhood commercial revitalization strategy by developing a childcare center as part of a commercial shopping center in Phoenix, called the Mercado.²⁷

Service Providers: Often CBDOs promote growth in the childcare sector by becoming service providers themselves. This is an attractive approach because it gives the CBDO direct control over the childcare enterprise and enables them to provide support to other community development missions of interest.

Becoming a service provider can also be a useful tool if an organization has multiple social goals.²⁸ For example, an organization that is also working on strengthening family unity and developing the elderly, can engage in complementary services through an in-house childcare center that has grandparents working as caregivers and integrates the family unit in the process. This is essentially the model used by CPLC, where Latino seniors are recruited to help operate the childcare center for children of parents in its Teenage Parent Program.

From a business perspective, many organizations also find the direct-service approach to be a sensible option after having identified a critical need for a specific kind of childcare center in a community that does not have existing centers with favorable expansion possibilities.²⁹ Because in such communities competition is limited, these providers are able to charge rates that do not compromise the quality of the center. One organization that arose from this type of need was the Inquilinos Boricuas en Acción. The CDC instituted a child development center specifically to meet the need identified by Latino mothers for a bilingual/bicultural center with programming that would help Latino preschool children develop a greater sense of self-esteem and respect for their Latin culture and language.³⁰

Though becoming a service provider could be accomplished by buying an existing childcare enterprise, usually CBDOs develop a business from scratch. Because it requires significantly

more resources and expertise to start an enterprise than to support the expansion of existing enterprises, this model is usually only feasible for larger, more established CBDOs.³¹ The challenges include securing a site, implementing a financing plan, choosing qualified managers and staff, securing subsidies and licenses, developing a fee structure, and marketing the program to the community. Once the program is operational, the CBDO has to monitor the program, engage in continuous marketing efforts, and frequently adapt business to the changing environment in the community.³² Given that the childcare sector is extremely sensitive to local market conditions that affect how the center works, a high level of expertise is also needed to manage the changing subsidies and licenses.³³

Despite these challenges, some organizations, such as CPLC, have been very successful. As a large, statewide CDC, CPLC is able to operate a childcare center for teenage parents who participate in CPLC's educational and training programs located at the same facility. An advantage of this model is that, because the program provides childcare on a drop-in basis during the teenage parents' hours of participation in CPLC's educational program, it is subject to less stringent licensing and regulatory requirements than a fully licensed childcare center.³⁴

B. SUPPORTING CHILDCARE PROVIDERS: SMALL BUSINESSES, DAYCARE CENTERS, AND INDIVIDUAL PROVIDERS

As opposed to directly sponsoring a new childcare enterprise, some CBDOs focus on assisting existing providers with expertise and resources to help expand the supply and improve the quality of childcare in low-income communities. One of the benefits of this approach is that it builds on existing childcare activities in the community and uses the existing skills of the CBDO to either formalize or expand the capacity of existing providers and sometimes to help new providers enter the field.³⁵

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CBDOs have found opportunities to support childcare providers in three main areas. While some CBDOs are supporting workforce development and management within the sector, others are helping address the fragmentation of childcare businesses. Other still, have focused on the difficulties childcare businesses face when trying to secure loans from conventional funding institutions.

Strengthening the Workforce and Management: Due to the large expenses involved with running childcare centers, the profitability of childcare businesses usually requires that providers be paid low wages.³⁶ This in turn, leads to lower skilled workers, higher turnover rates, and ultimately, lower quality of services. These problems have been addressed by some organizations by engaging in efforts to increase revenues to support higher wages, train childcare workers, implement career ladder programs, and facilitate business retention and enhancement strategies for these providers.

Supporting higher wages through increased revenues is one of the most direct ways in which CBDOs can help childcare providers who serve low-income children. CBDOs that want to increase revenues to support higher wages have employed four main strategies. These include organizing for higher reimbursement rates from state agencies; attracting new funding sources to supplement state reimbursement and parent's fees (local government, employers, foundations, etc.); increasing rates paid by low-income families; and attracting full-paying moderate and middle-income children to their facilities.³⁷

Other CBDOs have tried to address the problem of having lower skilled workers and higher turnover rates by providing wage and education incentives that promote both worker professionalization and retention. One example is the T.E.A.C.H. Early Childhood Project, a public-private collaborative in 23 states that provides educational scholarships for teachers, directors, and family childcare providers.³⁸ T.E.A.C.H. aims to increase professionalism and quality within the childcare sector by applying workforce development strategies to the childcare labor force. These strategies are aimed at increasing workforce retention and improving worker skills.³⁹ Programs like T.E.A.C.H. are also beneficial because they enable childcare providers to reduce the amount of resources spent on training, thereby reducing overall operating costs that would eventually pass through to consumers in the form of higher rates.⁴⁰

An additional method for addressing the problem of lower skilled workers is to create career-ladder programs for entry-level workers. The Drew EDC has implemented this type of program by partnering with local community colleges to provide lower skilled workers with training and the support needed to advance in the childcare field. For example, individuals may be able to start as housekeepers, who may not earn much, but can later become teacher's aides, teacher's assistants, and, eventually, teachers.⁴¹

Addressing Fragmentation: Because the childcare industry is largely composed of scattered small businesses and providers, the opportunities for cost reduction are substantially diminished. Not only does this make it difficult for parents to access care on the demand side, it makes child care more costly for low-income families.⁴²

Some CBDOs have responded to the difficulties parents face by providing networks and purchasing pools for information exchange and shared services. Many states are funding childcare resource and referral networks to provide training, technical assistance, and support to the childcare industry as well as information to parents.⁴³ By playing a market intermediary function, networking providers within the industry provide critical information to parents regarding quality and availability of care, thereby enhancing the productivity and efficiency of the childcare marketplace.

Other CBDOs have addressed the fragmentation and lack of economies of scale from the providers' perspectives. One approach has been to provide business management training and collective management strategies for childcare providers. For instance, ChildCare Ventures (Santa Cruz, CA) received a grant from its local community foundation to plan a childcare "centralized services" center. The Center operates as an alliance of childcare centers, offering

services that would reduce administrative costs at individual child care centers by using economies of scale approach.⁴⁴ Coastal Enterprises (Maine) on the other hand, teaches childcare providers about federal and state sources of funding, provides technical assistance to providers developing funding proposals, and teaches business management techniques.⁴⁵

CBDOS that want to improve existing services have also taken the role of helping fragmented services become integrated. For instance, in Los Angeles, Drew EDC helped the Charles R. Drew University of Medicine and Science to transfer some of its child development programs to a new community-controlled nonprofit corporation (the Drew Child Development Corporation).⁴⁶ This co-location approach involved the presence of an agency's employees at the site of service delivery by the nonprofit agency, rather than in a centralized office.

Financing: Usually the development of childcare requires sources of subsidies and a reimbursement rate that is adequate to cover both the personnel and other operating costs (space costs, debt service, real property taxes, and insurance). However, securing loans from conventional funding institutions is a substantial challenge for childcare providers. On the one hand, technical assistance for obtaining loans is often not targeted at childcare providers.⁴⁷ And on the other, traditional financial institutions are simply not very interested in financing childcare projects because childcare institutions operate on very narrow margins of revenue over expenses. In fact, the revenues of even the most successful programs rarely exceed their expenses by 5%, thus making financing seem risky from the lenders' perspective.⁴⁸ For providers where the ability to generate revenues is not very high, CBDOS can help by looking for alternative ways to raise the funds in the form of either grants, or from lenders willing to defer payments for a number of years.

Since conventional lenders do not typically agree to significant payment deferrals, a few CBDOS have tried to facilitate financing options for childcare facility development.⁴⁹ Self-Help (North Carolina) has itself made loans up to \$50,000 per provider at 5% interest. It allows for up to half of the loan to be forgiven if the provider maintains or increases quality based on the state's star-rated license system.⁵⁰ The Ohio Community Development Finance Fund (CDFF) on the other hand, has used the strategy of linked deposits to improve childcare providers' access to facility financing. This involves depositing funds into a conventional lending institution for the specific purpose of enabling the bank to loan funds to childcare and Head Start programs for short-term construction projects at a lower cost.⁵¹

CBDOS can also contribute immensely by helping providers determine their financial needs. This intervention often crosscuts with the infrastructure development approach, as projects sometimes require up-front funds for predevelopment costs and holding costs prior to opening the facility. These costs need to be paid before the project has reached a stage where a loan would be made available. CBDOS can try to help secure grants for pre-development costs from sources that are already available in the community (e.g. from the Community Development Bloc Grant Program).⁵² This role is important because some costs the provider will have to incur (e.g. moving costs) are not usually covered by a loan and a CBDOS can try to find other sources to fill in those gaps.⁵³

Some CBDOs have also integrated financing and other support mechanisms such as training and other technical expertise. For instance, Coastal Enterprises, Inc. provides not only training but also a variety of technical assistance and financial support for nonprofits and for-profit childcare providers throughout the state of Maine. Assistance from CEI's loan fund is coupled with training and technical assistance for providers in business planning and child development.⁵⁴ Another example is the Community Investment Collaborative for Kids (CICK) which, in conjunction with the Local Initiatives Support Corporation, combines technical expertise in real estate development and finance with knowledge of the childcare sector to devise innovative strategies for funding and building child care centers. CICK also attempts to bring all parties to the table—public officials, providers, members of the business community, and others—in order to accomplish this goal.⁵⁵

C. ENGAGING IN ADVOCACY EFFORTS

The fragmentation of the supply side of the childcare market makes it incredibly difficult for parents to effectively assert their expectations or demands for higher quality services. Not only does it become difficult for parents to act collectively, but it also is hard for them to be informed about their options in the first place. CBDOs that engage in advocacy efforts to create effective demand or serve as intermediaries can substantially ameliorate the effects of fragmentation within the industry. Given current budget concerns, it is also advantageous for CBDOs to take on these roles as a strategy for promoting the broader missions for which they are funded (e.g. commercial revitalization, low-income housing development, etc.).

CBDOs that engage in advocacy efforts to create effective demand or serve as intermediaries can substantially ameliorate fragmentation within the industry.

Creating Effective Demand: Recognizing the market fragmentation and lack of effective demand from parents for high-quality childcare services in low-income communities, some CBDOs have made filling that gap their goal. They have focused on making those demands and pushing for regulations that ensure quality (e.g. regulations that require provider educational requirements, which would ensure better quality; regulation of staff-child ratio).⁵⁶ Many of the care and resource networks that are being funded by states have, aside from providing some means by which to overcome the lack of economies of scale, partnered with the government to assist in monitoring child care program quality or to administer child care subsidies to low-income parents.⁵⁷ In addition to a regulatory and social service role, CBDOs also play an important market function by networking providers within the industry and providing critical information to parents regarding quality and availability of care.⁵⁸

For instance, in Oregon, the Oregon Commission on Children and Families brings together under one organization the responsibility for supporting community-based efforts aimed at child development. The Commission administers all of the State's community grant programs relating to children and supports a community action planning process carried out by Children and Youth Services organizations in each county. Like the State Commission, the county commissions are composed of a majority of lay citizens, thus giving regular citizens and parents a united voice on policy issues.⁵⁹

Acting as Intermediaries: Oftentimes even when parents are willing to coalesce around particular goals, they lack sufficient information on quality and availability of childcare. Recognizing that it is difficult to agree on a goal without knowing what the options are, some CBDOs have tried to tackle this problem by helping facilitate knowledge of available childcare options.

Some of the same Child Care Resource & Referral Networks that play a market intermediary function also help to provide critical information to parents regarding quality and availability of care.⁶⁰ A specific organization is Colorado's Qualistar, which was developed by Educare, a public-private partnership aimed at educating and empowering parents to make the best choices for their young children. Qualistar is a Quality Rating System validated by scientifically based research which provides the government and donors with a way to measure the return on their investments. Equally important, Qualistar makes it easier for parents to sort through their options in an efficient and reliable manner.⁶¹

Other CBDOs' efforts as intermediaries are geared towards pushing for direct economic incentives. Loans, grants, tax-credits, and reimbursements that are tied to quality can create appropriate market signals.⁶² These CBDO efforts are important in situations where providers would like to expand their facilities and just cannot afford it. An intermediary with specialized knowledge about financing can advocate on the provider's behalf. For instance, for an organization that borrow funds to develop facilities, having an intermediary who advocates for increased access to low-cost capital for child care providers could make the difference between being able to expand, and finding expansion unfeasible.⁶³ Additionally, in situations where there are government appropriations for these projects, having an intermediary who can work with the appropriate public agencies and the childcare community to develop reasonable payment terms and reliable reimbursement mechanisms for the childcare subsidies can make a great difference.⁶⁴

CBDOS can also take on the role of intermediaries by focusing on finding other sources of funding within the community. New finance mechanisms are sometimes crucial for being able to develop the childcare industry in a community and a provider might be unaware of them. CBDOS may be able to tap into financing sources that target broader goals (e.g. other organizations that focus on real estate development or commercial revitalization).⁶⁵ CBDOS can also try to obtain additional loans for childcare providers or facilities by advocating with financial institutions on their behalf and convincing them that supporting a childcare provider is part of the community development agenda.⁶⁶

III. CBDOS' EFFORTS: ARE THESE THE RIGHT INTERVENTIONS?

Many CBDOS that have turned to human capital development are rightly looking at childcare as a unique strategy for promoting sustainable community economic development. These organizations have recognized that both the immediate and future returns are vast. A fully functioning childcare sector produces jobs, facilitates the successes

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of other industries, increases job productivity, and benefits women and minorities.⁶⁷ In addition, the return on society's investment is substantial, and the effect on individual children can include reduced grade repetition, reduced special education needs, greater educational achievements, and higher instances of home ownership in adulthood.⁶⁸

The childcare sector can be improved in many different ways and the range of CBDOs' roles reflect that. Therefore, when we ask whether CBDOs are engaged in the right interventions we should always be mindful of the angle from which the organization has decided to approach childcare development; as each approach has its own shortcomings and possible areas of improvement.

Developing Facilities and Becoming Providers: CBDOs that have intervened to improve childcare by focusing on the infrastructure approach are carrying out extremely valuable work. In fact, researchers have found that children who attend high-quality centers score significantly higher on measures of skills and abilities.⁶⁹

CBDOS that would like to retain a higher level of control of an infrastructure development project are likely to have to raise funds themselves. However, this means the investment at risk is significant and success may depend on the successful operation of the childcare enterprise. Rent payments from the childcare provider may be needed by the CBDO to pay off its debts on the real property, and if the business is not run successfully, the facility may become useless.⁷⁰ Organizations that are interested in the facilities development model and would like some control but lack the experience in evaluating small businesses (providers) might need to spend extra resources finding additional technical assistance to evaluate and strengthen the capacity of the chosen provider.⁷¹

For CBDOS that want to engage in low-risk investments, this approach is attractive because CBDOS only have to assume financial responsibility for the successful completion of the construction and the provider is the one that generally pays them just to build the property.⁷² Since the provider is the one who assumed the risk by paying for the development of the facility, the CBDO may not be able to exercise much influence on the programs' quality and other such issues.⁷³ CBDOS that want to continue influencing program delivery after the physical development stage has been completed could get around this by finding alternatives like developing *and* owning the real estate and then leasing it to the provider, so that they can put certain provisions in the lease to insure that specific objectives are satisfied.⁷⁴

CBDOS that are considering becoming childcare providers should also consider carefully whether this is the right intervention. Since the initial investment is extremely high, and the ongoing financial commitment can trigger problems with low-paid staff and quality,⁷⁵ generally, only when there are compelling programmatic reasons to maintaining ongoing control of a childcare enterprise should a CBDO choose this kind of role.

Supporting Existing Childcare Efforts: Because of the potential downsides of direct involvement by providing childcare facilities or services, some CBDOS might find that supporting already existing facilities or providers is a superior intervention technique. These

types of interventions are generally more likely to turn into the right interventions when there has been adequate collaboration between the CBDO and the supported entity.⁷⁶

CBDOs focused on real estate and financial development should keep in mind that the organization might not be able to effectively strengthen the childcare system if it limits its assistance to just facilities and financial development. This is especially true if the CBDO is trying to help individual care providers. In those situations, the right interventions are ones where the CBDO is recognizing that the real estate development program may depend on the CBDO's ability to incorporate it within a broader development and support model. For instance, if the CBDO facility expansion will result in greater operating capacity for a center, business planning assistance may be needed to help the center develop a new marketing program. Sometimes CBDOs may have to help with advocacy for less restrictive zoning and land use policies, or licensing regulations that may impose extra burdens in the actual operation of the center. Again, collaborating with the provider might make the difference between this being the right intervention versus a failed one.⁷⁷

Lack of collaboration is lack of information, and undertaking a project with lack of information can have disastrous results. This is, for instance, what happened with Escuelita Agueyabana.⁷⁸ Its childcare program had originally been sponsored by IVA and was very successful. The organization decided to open a second center in a different part of its Boston community. However, after opening the center, the organization realized that it was too difficult to recruit and retain staff in the new area or get enough parent involvement. That expansion ended up becoming a greater burden on resources than expected.⁷⁹

Advocacy: CBDOs' engagement in advocacy efforts is important not only in developing the childcare sector but also in developing community leadership and community organizing strategies. Many developmental strategies of CBDOs, such as commercial revitalization or low-income housing development, may offer only limited opportunities for direct community participation. In contrast, a childcare development approach has a built-in role for parental involvement since parents are likely to become involved when their children are directly affected. An example of an organization that has pursued childcare as a vehicle for leadership and economic development is the Federation of Child Care Centers in Alabama (FOCAL).⁸⁰ FOCAL engages in lobbying and organizing activities that provide the opportunity to develop new skills and have a strategic impact on children's services. The Child Care Law Center has documented how organizing to change restrictive zoning and land use regulations has been a means of empowerment for many family day care providers.⁸¹

Some CBDOs advocate by coordinating efforts between providers, which has been a very useful response to the fragmentation problem. This solution is not structurally complex and can preserve resources. However, these interagency coordinating efforts do require a sustained management commitment. Many CBDOs have found it difficult to maintain such efforts because funding sources for subsidized childcare do not cover the cost of case management services.⁸² Thus, taking an advocacy role is best suited for organizations that can integrate that approach as part of their larger community economic development mission.

IV. WHERE DO WE GO FROM HERE? HOW DO WE GET THERE?

Considerable progress must still be made if we want to promote human development by having a strong childcare sector. A robust sector ensures that all children receive high quality services that are also accessible and affordable. These goals can be achieved both by assuring organizations are engaged in the right interventions and by increasing their gap-filling roles in untapped areas.

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CBDOS should make efforts to educate childcare professionals about the importance of their work in the economy and the significance of childcare for the community.⁸³ CBDOS should also continue to work to identify economies of scale that can reduce costs for childcare establishments and encourage quality improvements.⁸⁴ Organizations should focus on pressing not only legislatures but also businesses in the communities themselves to implement “family friendly” workplace policies. Public-private partnerships of business, government and community leaders also have the potential to make positive improvements to childcare across the nation and are especially important if we want to establish innovative funding mechanisms to address the economic development needs of childcare establishments (e.g. securing low-interest loans for facility creation, renovation or expansion, or funding for quality enhancement or expansion).⁸⁵ Not least, organizations themselves should partner to facilitate childcare development through their existing activities. By carrying out their broad missions with a childcare development in mind or sharing evaluative data and successes, organizations can overcome many obstacles.

For CBDOS involved in childcare it is important to note that, although a good amount of work still needs to be done to improve the childcare sector, the CED movement is more receptive now to these types of initiatives than ever before.⁸⁶ CBDOS should take advantage of this and continue to advocate for childcare to be recognized as viable strategy for promoting human capital development; a strategy that can take society’s investments and turn them into returns that are truly sustainable.

¹ Mildred E. Warner, *Putting Child Care in the Regional Economy: Empirical and Conceptual Challenges and Economic Development Prospects*, COMMUNITY DEVELOPMENT: Journal of the Community Development Society, Vol. 37, No. 2, Summer 2006, at 1.

² See Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER, 2004, at 1–2.

³ Examples of such programs are Head Start programs and pre-kindergarten programs.

⁴ Mildred E. Warner, *Putting Child Care in the Regional Economy: Empirical and Conceptual Challenges and Economic Development Prospects*, at 1.

⁵ Childcare here refers to the range of programs designed to nurture, support, enrich, and educate children through age 12 outside of traditional K-12 education. Examples are licensed center-based care, family childcare homes, before- and after-school, public pre-schools, and Head Start child development centers.

⁶ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 1–2.

⁷ Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, LINKING ECONOMIC DEVELOPMENT AND CHILD CARE RESEARCH PROJECT, 2004, at 4.

⁸ *Id.*

⁹ Jean Burr & Rob Grunewald, *Lessons Learned: A Review of Early Childhood Development Studies*, US: FEDERAL RESERVE BANK OF MINNEAPOLIS, 2006, at 13.

¹⁰ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 35.

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- ¹¹ *Id.* at 2, 32–3. (referencing the Abecedarian Study conducted by the University of North Carolina at Chapel Hill, the Chicago CPC Study, and the High/Scope Perry Study).
- ¹² Robert H. Dugger, *A Briefing on the Economic Value of a Child--Assuring Growth and Job Creation*, TUDOR INVESTMENT CORPORATION, 2004.
- ¹³ Ajay Chaudry et. al, *Childcare Choices of Low-Income Working Families*, URBAN INSTITUTE, 2011, at 1.
- ¹⁴ PowerPoint: Mildred E. Warner, Plenary Presentation, State Administrator's Meeting: *Childcare: Critical to Economic Recovery*, (July 2009), available at https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CDUQFjAA&url=http%3A%2F%2Fgovernment.cce.cornell.edu%2Fmirror%2Fdocuments%2Fpresentations%2Fsam_2009.ppt&ei=pGlQUd-YO47S9QSw44HgDQ&usg=AFQjCNFjovl4ZN46b_9d6bX0fRZVupqcnA&sig2=bSrFluEk80VtRTwXviUstw&bvm=bv.44158598.d.eWU.
- ¹⁵ Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, at 4.
- ¹⁶ See generally, Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*.
- ¹⁷ See generally, Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER, 1990.
- ¹⁸ Ajay Chaudry et. al, *Childcare Choices of Low-Income Working Families*, at 8.
- ¹⁹ *Id.* at 22.
- ²⁰ See *id.* at 28.
- ²¹ Amy Gillman et. al., *The ABCs of Childcare*, LOCAL INITIATIVES SUPPORT CORPORATION/COMMUNITY INVESTMENT COLLABORATIVE FOR KIDS, June 2008, at 9.
- ²² See *id.*
- ²³ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 25.
- ²⁴ *Id.* at 27.
- ²⁵ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 26–7.
- ²⁶ See, Programs and Services: DREW Child Development Corporation, <http://drewcdc.org/programs/childwelfare.html> (last visited Mar. 20, 2013).
- ²⁷ See, Economic Development: Chicanos Por La Causa, Inc., <http://www.cplc.org/economic-development/economic-development.aspx> (last visited Mar. 20, 2013).
- ²⁸ See *id.*
- ²⁹ See Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 23.
- ³⁰ See, Programs > Education: Inquilinos Boricuas en Accion, <http://www.iba-etc.org/education.html> (last visited Mar. 20, 2013).
- ³¹ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 22.
- ³² *Id.* at 22.
- ³³ *Id.*
- ³⁴ See, Workforce Development Center: Chicanos Por La Causa, Inc., <http://www.cplc.org/social-services/workforce-development.aspx> (last visited Mar. 20, 2013).
- ³⁵ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 25–6.
- ³⁶ Childcare is a labor-intensive business. Between 70-80% of a center's budget is spent on personnel costs. See *Id.* at 13.
- ³⁷ *Id.* at 35.
- ³⁸ T.E.A.C.H. Early Childhood® Project Myths and Facts, http://www.childcareservices.org/downloads/Myths_06_01.pdf (last visited Mar. 18, 2013).
- ³⁹ *Id.*
- ⁴⁰ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 18.
- ⁴¹ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 15.
- ⁴² Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, at 5.
- ⁴³ *Id.*
- ⁴⁴ ChildCare Ventures, <http://www.scccu.org/custom/fi/scccu/fb/disclosure/childcare-brochure.pdf> (last visited Mar. 18, 2013).
- ⁴⁵ Coastal Enterprises Inc., Targeted Loan Programs, http://www.ceimaine.org/Targeted_Loans#Childcare (last visited Mar. 18, 2013).
- ⁴⁶ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 8.
- ⁴⁷ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 21.
- ⁴⁸ See e.g., Solomon, S., "Head of the Class: Will Parents pay more for day care if the centers are positioned as school?" Inc., March 1990, p. 83.
- ⁴⁹ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 29.
- ⁵⁰ Self Help Credit Union, Child Care Loans, <http://www.self-help.org/business/loans-credit/child-care-loans.html> (last visited Mar. 18, 2013).
- ⁵¹ Ohio Community Development Finance Fund, <http://www.financefund.org/about-us/impacting-ohio> (last visited Mar. 19, 2013).
- ⁵² Cities with populations of 50,000 or more receive grants from the U.S. Department of Housing and Urban Development for community development activities that benefit low-and moderate-income people. See Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 31.
- ⁵³ *Id.*
- ⁵⁴ Coastal Enterprises Inc., Targeted Loan Programs, http://www.ceimaine.org/Targeted_Loans#Childcare (last visited Mar. 18, 2013).
- ⁵⁵ Community Investment Collaborative for Kids (CICK), <http://www.lisc.org/section/ourwork/national/child> (last visited Mar. 18, 2013).
- ⁵⁶ Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, at 27.
- ⁵⁷ *Id.*
- ⁵⁸ *Id.*

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- ⁵⁹ Components of Local Commissions, http://www.co.marion.or.us/NR/rdonlyres/02C0ECFC-8721-4AFA-89BF-DA2858966690/1615/Components_of_LocalCommissions.pdf (last visited Mar. 23, 2013).
- ⁶⁰ Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, at 27.
- ⁶¹ Qualistar Colorado, <http://www.qualistar.org/what-is-the-qualistar-rating.html> (last visited Mar. 15, 2013).
- ⁶² Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 28.
- ⁶³ *Id.*
- ⁶⁴ *Id.*, at 31.
- ⁶⁵ *Id.*
- ⁶⁶ *Id.*
- ⁶⁷ See notes 6–12, *infra*.
- ⁶⁸ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 32.
- ⁶⁹ *Id.* at 30.
- ⁷⁰ See *id.*
- ⁷¹ Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 25.
- ⁷² Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 25.
- ⁷³ *Id.* at 27.
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- ⁷⁵ *Id.*
- ⁷⁶ *Id.*
- ⁷⁷ Mildred E. Warner et. al, *Economic Development Strategies to Promote Quality Child Care*, at 15.
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- ⁷⁹ *Id.*
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- ⁸² Jan Stokley, *The Challenge Of Child Care: For Community Development Corporations*, at 40–1.
- ⁸³ *Id.* at 38.
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- ⁸⁵ Saskia Traill & Jen Wohl, *The Economic Impact of the Child Care Industry in North Carolina*, at 37.
- ⁸⁶ See notes 13–4, *supra*.