A Report on the Findings of the Connecticut Center for Economic Analysis



The Economic Impact of the All Our Kin Family Child Care Tool Kit Licensing Program **Evaluation conducted by** Fred Carstensen, Jill Coghlan, Marcello Graziano, Kathryn Parr, and William Waite, Connecticut Center for Economic Analysis at the University of Connecticut.

**Report authored by** Shannon Hill, M.A., 2011

This research was funded by the Annie E. Casey Foundation, the William Caspar Graustein Memorial Fund, and the Community Fund for Women & Girls at The Community Foundation for Greater New Haven. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the author(s) alone, and do not necessarily reflect the opinions of these foundations.

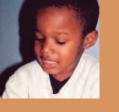






## **Table of Contents**

- 3 Letter from All Our Kin
- 5 Letter from The Annie E. Casey Foundation
- 7 Executive Summary
- 8 What is the All Our Kin Family Child Care Tool Kit Licensing Program?
- 9 Who Are All Our Kin Graduates?
- 10 A Small Program with a Big Impact: The Tool Kit Licensing Program's Community-Wide Results
  - 10 The Tool Kit Licensing Program Supports Struggling Families and Allows Parents to Enter the Workforce
  - 13 The Tool Kit Program Increases the Earnings and Quality of Life of Child Care Providers
  - 14 The Tool Kit Program Benefits the Regional Economy
- 14 **Potential Impact**
- 14 Return on Investment
- 16 Methodology





In 1999, All Our Kin first opened its doors in a housing project with two staff members, six mothers, six children, and one core belief: all children deserve access to high-quality early learning opportunities. Our work grew out of the conviction that parents should not be forced to choose between their families' economic survival and their children's safe, healthy development.

Today, in these difficult economic times, it is more important than ever that families have access to affordable, high-quality child care. That is why we are so excited about the University of Connecticut Center for Economic Analysis' evaluation of our Family Child Care Tool Kit Licensing Program. Not only does it demonstrate that our program helps low-income families get the child care they need to enter the workforce, but that it actually gives our economy a boost when it so desperately needs one.

Our program invests in those who are most invested in young children, helping family child care providers become licensed and empowering them with the resources and training they need to run a successful business and high-quality child care. The study shows that 60 percent of providers earned \$5,000 more the first year after licensure and 45 percent of providers earned at least \$10,000 more the second year. Moreover, by increasing the availability of flexible, affordable, high-quality child care, the program also enables more low-income parents to work; the study estimates that for every child care provider licensed through the program, four to five parents entered the workforce. Between 2006 and 2009, All Our Kin's program generated \$18.4 million in additional tax revenue and \$15.2 million in gross regional product (GRP) — for New Haven alone. We plan to replicate the program throughout the state, and hope that the results of the study encourage others to invest in family child care providers.

In doing so, Connecticut can build upon a proven community development model that improves the state economy, ensures child care professionals succeed as business owners, and gives low-income parents the support they need to work. It also provides our children, the workforce of tomorrow, with the educational foundation they need to succeed in school and beyond. Children in high-quality early childhood education programs are less likely to be held back, drop out of school, go on welfare, or commit crime. According to studies, every dollar invested in early childhood education today saves the public eight dollars later.

When that figure is combined with the immediate economic impact, it is easy to see that investing in our children, and those who teach and care for them, really is the best of investments: the social benefits are enormous and the economic return rate is high — both today and for years to come.

#### **Jessica Sager**

Co-Founder and Executive Director, All Our Kin

#### Janna Wagner

Co-Founder and Chief Knowledge and Learning Officer, All Our Kin



## The Annie E. Casey Foundation uses a two-generation approach in pursuing its mission to promote better outcomes for the nation's most vulnerable children and

**families.** We believe kids do well when their families do well, and families do better when they live in supportive neighborhoods and communities. This two-generation approach is guided by a set of core principles that seeks to change *the future* for large numbers of at-risk kids by finding ways to help their parents succeed *in the present* while also helping them attain economic stability for their families. Our hypothesis is that when parents can secure a steady income and build economic assets they are better able to successfully address the physical, emotional, and educational needs of their children.

All Our Kin's work is at the nexus of this twogeneration approach. Much is known about All Our Kin's work creating affordable child care options for low-income communities. Yet despite that success, much less is known about the economic impact of All Our Kin's work — from both the perspective of access to affordable, quality child care as a critical work support, and the economic impact of the micro-enterprise businesses it is helping to create. This publication offers an opportunity to visit both those questions. Access to quality and affordable child care is an essential ingredient to building family economic security because it helps parents retain steady employment and reduce workplace absenteeism. There is significant evidence that when low-income families receive help meeting the high costs of child care, they are more likely to enter and remain in the workforce. Here in Connecticut, during the 2004–2007 time period, the overall number of child care slots in the state dropped by almost 32% — except for New Haven, where the reverse happened. New Haven actually experienced a 27% increase in slots; this is generally credited to the work of All Our Kin, who during this time period trained and assisted in the licensing of over 200 new providers.

This study, and a soon-to-be-released white paper, also begins to shed light on All Our Kin's important role in rebuilding social networks that strengthen low-income families' abilities to manage the daily stresses of poverty. This is only part of the story of a small organization with a very large vision doing very fine work.

## John E. Padilla

The Annie E. Casey Foundation

## Executive Summary

### University of Connecticut: All Our Kin's Family Child Care Tool Kit Licensing Program Delivers \$15–20 of Economic Benefits for Every Dollar Spent

All Our Kin's Family Child Care Tool Kit Licensing Program delivers significant economic benefits to the New Haven region and family child care providers, according to a study done by the University of Connecticut's Center for Economic Analysis.

Family, friend and neighbor caregivers provide much of the daily child care to families in low-income neighborhoods. Through the Tool Kit program, New Haven-based All Our Kin, Inc. provides materials, mentorship and support to help unlicensed family, friend and neighbor caregivers meet health and safety standards, fulfill state licensing requirements, and become part of a professional community of child care providers. The Tool Kits include application materials, health and safety supplies, vouchers for first aid training, and curriculum materials such as educational toys and high-quality children's books. All Our Kin also provides caregivers with mentorship, counseling, and support as they complete the licensing process. Through the program, the availability and quality of care for Connecticut's infants and toddlers are expanded and improved. The program, a true example of collaboration in action, was conceived by the New Haven Early Childhood Council and is implemented in partnership with the Connecticut Children's Museum.

In the past seven years, over 200 family child care providers have become licensed through All Our Kin's Tool Kit Licensing Program. In 2010, with the support of the Annie E. Casey Foundation, the William Caspar Graustein Memorial Fund, and the Community Fund for Women & Girls at The Community Foundation for Greater New Haven, All Our Kin commissioned the University of Connecticut's Center for Economic Analysis to conduct an economic analysis of the program.

#### A Small Program with a Big Economic Impact: How the Family Child Care Tool Kit Licensing Program Affects the New Haven Economy

#### 1 | Parents Enter the Workforce

The Connecticut Center for Economic Analysis study found that All Our Kin's Tool Kit Licensing Program is an important workforce support for low-income families. By facilitating access to high-quality child care, the program increases opportunities for parents to enter the workforce. The study demonstrates that:

- Each licensed provider enables between four and five parents to enter the workforce.
- The study projects that over the period 2006–2016, the Tool Kit Licensing Program will have enabled approximately 440–450 more full-time equivalent employed individuals to join the workforce.

**2 Providers' Earnings and Standards of Living Increase** The Connecticut Center for Economic Analysis found that All Our Kin's Tool Kit Licensing Program has long-term sustainable results. Eighty-seven percent of program graduates surveyed who graduated during the 2006-2009 study period are still running family child care programs. Graduates reported that after completing the program, they benefited economically and were able to enjoy a higher quality of life:

- Sixty-six percent of graduates reported that their income increased after completing the Tool Kit Licensing Program.
- Nearly 60 percent of participants reported earning at least \$5,000 more the first year after licensure. In the second year, over 45 percent reported earning at least \$10,000 more.
- Graduates of the program reported earning between \$20,000 and \$25,000 per year, with an average income of approximately \$23,000 per year. This is 10.4 percent more, on average, than the typical wage for early care and education industry counterparts in New Haven.
- After completing the program, 55 percent of graduates were able to pay down debt, 42 percent had opened a savings account, and 31 percent had moved to a larger apartment or house.
- Over 50 percent of Tool Kit program graduates went on to achieve either an Associate's Degree in Early Childhood Education or a Child Development Associate credential.

#### 3 | The Regional New Haven Economy Benefits

The study finds that the combination of the Tool Kit Licensing Program's workforce development and workforce support has a substantial economic impact in New Haven:

- Between 2006 and 2009, All Our Kin's Tool Kit Licensing Program created about \$18.4 million in additional tax revenue.
- During the same period, the Tool Kit Licensing Program generated \$15.2 million in macroeconomic benefits to the New Haven region.
- Between 2010 and 2016, the Connecticut Center for Economic Analysis predicts that the All Our Kin program will result in approximately \$9.4 million annually in macro-economic benefits, and create about \$17 million per year in additional tax revenue.
- For every \$1 spent by All Our Kin on the Tool Kit Licensing Program, the study finds that approximately \$15-20 are returned to society in terms of increased gross regional product (GRP).

## What is the All Our Kin Family Child Care Tool Kit Licensing Project?



... by 2016, the Tool Kit Licensing Program will have enabled approximately 440–450 more full-time equivalent employed individuals to join the workforce. Today, there is a critical need for accessible, high-quality child care. In Connecticut, families need approximately 160,000 child care slots, but licensed centers and family child care providers can only accommodate 90,000 children.<sup>1</sup> Far too many children spend their days in under-resourced child care programs where the providers lack the knowledge and training to nurture children's development. This poor quality early care means many children frequently start school with significant deficits in language, cognitive, social, and emotional development.

Since 1999, the Connecticut-based nonprofit All Our Kin has worked to expand access to high-quality early care and education. Their innovative programs train and support family child care providers in order to ensure child care providers, children, and families have the foundations necessary for future success. Through these programs, child care professionals succeed as business owners; working parents find stable, high-quality care for their children; and children, the workforce of tomorrow, gain an educational foundation that lays the groundwork for achievement in school and beyond.



In the past seven years, over 200 family, friend, and neighbor caregivers have become licensed through All Our Kin's Tool Kit Licensing Program. All Our Kin invests in those who are most invested in young children, and by empowering these caregivers, impacts not only their lives, but the lives of every child they go on to teach.

Family, friend and neighbor caregivers provide much of the daily child care to families in low-income neighborhoods. Through the Tool Kit program, All Our Kin provides materials, mentorship and support to help unlicensed family, friend,



and neighbor caregivers meet health and safety standards, fulfill state licensing requirements, and become part of a professional community of child care providers. The Tool Kits include application materials, health and safety supplies, vouchers for first aid training, and curriculum materials such as educational toys and high-quality children's books. All Our Kin also provides caregivers with mentorship, counseling, and support as they complete the licensing process. As a result of the program, the availability and quality of care for Connecticut's most vulnerable infants and toddlers are expanded and improved.

In the past seven years, over 200 family, friend, and neighbor caregivers have become licensed through the Tool Kit Licensing Program. All Our Kin invests in those who are most invested in young children, and by empowering these caregivers, impacts not only their lives, but the lives of every child they go on to teach.

This program, a true example of collaboration in action, was conceived by the New Haven Early Childhood Council and is implemented in partnership with the Connecticut Children's Museum.

# Who are All Our Kin Graduates?

- Ninety-eight percent are female
- Sixty-five percent are Latino, thirty percent are African American, and five percent are White
- Fifty percent were already providing unlicensed child care services when they began the program
- Fifty-eight percent care for four to seven children per week
- Eighty-seven percent run their own child care business
- Forty-five percent have a waiting list for their child care programs

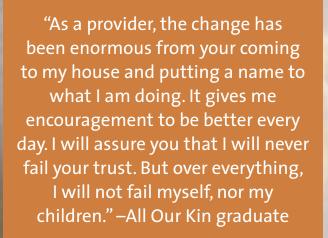
## A Small Program with a Big Impact: The Tool Kit Licensing Program's Community-Wide Results

## 1 | The Tool Kit Licensing Program Supports Struggling Families and Allows Parents to Enter and Remain in the Workforce

The All Our Kin program serves as an important workforce support for low-income families. Without the high-quality, affordable child care that All Our Kin graduates provide, many parents would never be able to afford child care or find child care that coincides with their work schedule. The Connecticut Center for Economic Analysis estimates that by facilitating access to high-quality child care, each licensed provider enables between four and five parents to enter the workforce. This means that by 2016, the Tool Kit Licensing Program will have enabled approximately 440–450 more full-time equivalent employed individuals to join the workforce.

Nearly 60 percent of participants reported earning at least \$5,000 more the first year after licensure, 45 percent reported earning at least \$10,000 more in the second year, and 86 percent of providers saw an increase of \$5,000 or more in their third year.

The study reveals that most of the families who use the child care services provided by All Our Kin graduates are lowincome families. Approximately 34 percent of the families All Our Kin graduates serve receive public assistance through Temporary Aid for Needy Families, and nearly 70 percent of the children receiving care from All Our Kin graduates receive the Care 4 Kids subsidy, a program sponsored by the Connecticut Department of Social Services that helps low-income families (below 50 percent of Connecticut's state median income) pay for child care costs. Over 25 percent of providers indicated that all of the children in their care re-





The additional workforce provided by All Our Kin graduates, the parents who utilized their child care services, and the increased personal income of All Our Kin graduates has thus far resulted in \$18.4 million in macroeconomic benefits. The program has also created about \$15.2 million in tax revenue.

ceive the Care 4 Kids subsidy. Seventy-six percent of child care providers also indicated that they are willing to extend their operating hours if the parents' schedules require it, and several providers already open early in the morning or close late in the evening to accommodate working families.

In addition to making it easier for low-income families to find affordable high-quality child care, All Our Kin graduates provide cultural and linguistic continuity for the children and families with whom they work. Culture influences all aspects of a child's development, and all children deserve early care and education that is supportive of their racial, ethnic, and cultural backgrounds. Hannah Matthews, a Senior Policy Analyst at the Center for Law and Social Policy (CLASP), writes:

Young children's social and emotional development is supported when there is cultural and linguistic continuity between their experiences at home and in child care. Having providers and caregivers who reflect the home cultures and speak the languages of babies and toddlers provides a secure environment for babies and toddlers and contributes to effective communication with parents. It also reinforces the importance and value of their cultural background.<sup>2</sup>

As Matthews' quote highlights, one of the primary virtues of cultural and linguistic continuity is the caregiver's ability to communicate with the children and families they work with, share their background and customs, and offer a culturally and linguistically responsive program. Cultural and linguistic continuity helps children develop their cultural identity, supports the development of their home or primary language, and shapes young children's social and emotional



development. Parents and caregivers may feel more comfortable discussing certain issues in their primary language, and parents may prefer to leave their children in the care of someone who understands and values their customs and traditions. The Connecticut Center for Economic Analysis' study reveals that nearly 50 percent of the children All Our Kin graduates care for do not primarily speak English at home, and that 80 percent of All Our Kin graduates speak Spanish. By assisting individuals who often face linguistic barriers, therefore, the All Our Kin program addresses the need for cultural and linguistic continuity between families and providers.

All Our Kin graduates develop relationships with the families they serve, and frequently act as an important source of information and encouragement for parents. Sixty-three percent of program graduates indicated that they have helped families make referrals to the *Birth to Three* program, a program that assists and strengthens the capacity of families to meet the developmental and health-related needs of infants and toddlers who have delays or disabilities.<sup>3</sup> Over 50 percent of providers indicated that they have given information regarding other types of community service resources. Many providers also share information and materials on child development with parents.

One parent writes, "My life has been changed by All Our Kin. [They] supported my child care provider's licensing, and helped her prepare a wonderful space for children. They offer her many supports, and she shares all of her knowledge

One parent writes, "My life has been changed by All Our Kin. [They] supported my child care provider's licensing, and helped her prepare a wonderful space for children. They offer her many supports, and she shares all of her knowledge of parenting and child development with me and my children. I feel confident leaving my children in her care. All Our Kin helps us both, me and my child care provider, to do our jobs." of parenting and child development with me and my children. I feel confident leaving my children in her care. All Our Kin helps us both, me and my child care provider, to do our jobs."



### 2 | The Tool Kit Program Increases the Earnings and Quality of Life of Child Care Providers

Becoming a licensed family child care provider through the All Our Kin Tool Kit Licensing Program is about more than filling out the necessary paperwork; it means meeting the state's health and safety standards, working to improve the quality of the curriculum, and learning how to operate a successful child care business. Graduates of the program not only improve the quality of their child care, but find their own lives transformed.

The Connecticut Center for Economic Analysis' study found that 66 percent of All Our Kin graduates have a higher income now than they did before getting licensed and completing the program. Nearly 60 percent of participants reported earning at least \$5,000 more the first year after licensure, 45 percent reported earning at least \$10,000 more in the second year, and 86 percent of providers saw an increase of \$5,000 or more in their third year.

On average, graduates of the program reported earning between \$20,000 and \$25,000 per year, with an average income of approximately \$23,000. According to the Bureau of Labor Statistics, this is 10.4 percent more than the average wage for child care providers in New Haven. All Our Kin graduates thus earn, on average, \$2,700 more per year than their industry counterparts. The higher income graduates earn as a result of the All Our Kin program has a substantial impact on their quality of life and gives them the tools to secure a better future for themselves and their families. Thirty-two percent of graduates have moved into a larger apartment or house, 23.7 percent have bought or leased a car, 42.1 percent have opened a savings account, and 55.3 percent have paid off debt.

Many graduates have also used their increased incomes to improve their level of education: 47.4 percent have obtained the Child Development Associate credential, 10.5 percent have obtained an Associate's Degree, and 2.6 percent have obtained their Bachelor's Degree.

The All Our Kin program, therefore, gives child care providers the tools to manage and grow their family child care into a successful business. Perhaps most importantly, however, the Connecticut Center for Economic Analysis' study shows that All Our Kin graduates use their higher incomes to make investments in their futures — investments that will benefit them, their families, and their communities beyond any quantifiable value.

In the words of one All Our Kin graduate, "I am a very happy woman. I am fulfilling my dreams. I am giving something to society. I am shaping and guiding good people. It was not easy to reach my goal. I was able to succeed by counting on the support of All Our Kin. With their help, I have been able to grow." Another provider recounts, "As a provider, the change has been enormous from your coming to my house and putting a name to what I am doing. It gives me encouragement to be better every day. I will assure you that I will never fail your trust. But over everything, I will not fail myself, nor my children."

## 3 | The Tool Kit Program Benefits the Regional Economy

The Connecticut Center for Economic Analysis' study found that the All Our Kin program has a significant impact on the economy of New Haven, due largely to its effect on workforce participation.

Based on survey data, the study estimates that between 2006 and 2009 approximately 26 graduates entered the workforce every year. The additional workforce provided by All Our Kin graduates, the parents who utilized their child care services, and the increased personal income of All Our Kin graduates has thus far resulted in \$18.4 million in macroeconomic benefits. The program has also created about \$15.2 million in tax revenue. Between 2010 and 2016, the study predicts that the All Our Kin program will result in approximately \$9.4 million annually in macroeconomic benefits to New Haven, and create about \$17 million per year in additional tax revenue.

## **Potential Impact**

While the economic impact of the All Our Kin program since 2006 is impressive, the Connecticut Center for Economic Analysis' forecast for the future indicates that All Our Kin has the potential to achieve a far greater impact. Between 2010 and 2016, the study predicts that the All Our Kin program will result in approximately \$9.4 million annually in macroeconomic benefits to New Haven, and create about \$17 million per year in additional tax revenue. Moreover, the economic impact of entrepreneurial initiatives like the All Our Kin program tend to result in sustainable, long-term benefits for the community — benefits that will likely extend far beyond the study period.

During the 2006–2016 study period, therefore, the Connecticut Center for Economic Analysis conservatively estimates that the All Our Kin Tool Kit Licensing Program will have generated an average of \$7.4 million per year in macroeconomic benefits to the greater New Haven region, and created about \$12.6 million in annual tax revenue.

## **Return on Investment**

For every dollar spent by All Our Kin on the Tool Kit Licensing Program, \$15–20 are returned to the community in terms of increased gross regional product (GRP).<sup>4</sup>



## Methodology

This study evaluates the economic impact of the All Our Kin Tool Kit Licensing Program on program graduates and the greater New Haven area.

In order to gather data directly from All Our Kin graduates, the Connecticut Center for Economic Analysis determined that the most cost-efficient and minimally disruptive (to those being surveyed) method was via telephone survey.<sup>5</sup> Prior to conducting the telephone surveys, All Our Kin staff sent a letter to program graduates. The letter described the nature of the survey and confirmed



that the surveyors were acting on behalf of All Our Kin. The Connecticut Center for Economic Analysis utilized bilingual graduate students to conduct the surveys, and approximately 80 percent of the survey participants chose to speak in Spanish.<sup>6</sup> Survey results were initially reported on paper forms and then entered into a password-protected database to facilitate analysis.

To estimate the macroeconomic impact of the All Our Kin program at the regional level, the Connecticut Center for Economic Analysis used the data from the telephone surveys and the Connecticut Economic Model from Regional Economic Models, Inc. REMI is a multi-sector, dynamic, economic impact model of Connecticut and its eight counties. REMI measures total economic change over time by comparing a baseline forecast (commensurate with the status quo) to an alternative forecast via changing certain variables such as industry employment or sales.

This report contains an executive summary, information about the Tool Kit Licensing Program, and an overview of findings on the economic impact of the All Our Kin program on the New Haven region, individual family child care providers, and low-income families. Its conclusion is that the All Our Kin Tool Kit Licensing Program significantly benefits the overall economy of New Haven and family child care providers, and provides an important source of workforce development.

For a copy of the Connecticut Center for Economic Analysis report laying out their findings and methodology in more detail, go to www.ccea.uconn.edu.

- <sup>1</sup> Oliveira, Peg. "Beyond Child Care Centers: The Essential Role of Home-Based Child Care in Connecticut's Early Care and Education System." CT Voices for Children, 2006, pp. 3-4, http://www.ctkidslink.org/publications/eceo6homechildcare.pdf
- <sup>2</sup> Hannah Matthews, "Support a Diverse and Culturally Competent Workforce," CLASP: Policy Solutions that Work for Low-Income People, September 2008, www.clasp.org/babiesinchildcare/recommendations?id=0005
- <sup>3</sup> Birth to Three is a state program operating under the requirements of Part C of the Individuals with Disabilities Education Act.
- <sup>4</sup> Gross Regional Product (GRP) is the dollar value of all final goods and services produced in the region during a year.
- <sup>5</sup> The CCEA worked with the University of Connecticut's Office of Research Compliance to prepare and submit a summary of the survey to the Institutional Review Board. It was subsequently determined that, for this study, official IRB approval was not necessary. However, the ORC's staff reviewed the survey materials and the project plan, and confirmed that all aspects of this initiative complied with all relevant policies.
- <sup>6</sup> All of the individuals who were involved with the survey were required to sign a confidentiality agreement, as well as to attend a training and information session prior to contacting any potential survey participants. Additionally, all contact with the survey participants was done during designated times and under the supervision of a CCEA staff member.





THE ANNIE E. CASEY FOUNDATION

New Haven Early Childhood Council









WILLIAM C

This publication was made possible by the generous support of the Annie E. Casey Foundation.

The Tool Kit evaluation was funded by the Annie E. Casey Foundation, William Caspar Graustein Memorial Fund, and Community Fund for Women & Girls at The Community Foundation for Greater New Haven. The Tool Kit project receives additional support from the New Haven Early Childhood Council and United Way of Greater New Haven, and is implemented in partnership with the Connecticut Children's Museum.

All Our Kin receives support from the Annie E. Casey Foundation, Arbor Brothers, Anonymous 105 Fund, Carolyn Foundation, Citizens Bank Foundation, The Community Foundation for Greater New Haven, Community Fund for Women & Girls, Connecticut Charts-A-Course, Connecticut Department of Social Services, David Slifka, Lewis G. Schaeneman, Jr. Foundation, Inc., Liman Fund at Yale Law School, The Miles and G. Elizabeth Lasater Fund, Ms. Foundation for Women, Netter Family Fund, NewAlliance Foundation, New Haven Early Childhood Council, Oristano Foundation, RGK Foundation, RRB Foundation, Seedlings Foundation, Seymour L. Lustman Memorial Fund, TK Foundation, Trinity Church on the Green, The UIL Holdings Corporation, The United Illuminating Company and Southern Connecticut Gas, United States Department of Health and Human Services, United Way of Greater New Haven, William Caspar Graustein Memorial Fund, William Graustein, and Yale University, as well as many additional supporters and friends.



ALL OUR KIN, INC. PO Box 8477 New Haven, CT 06530 www.allourkin.org 203-772-2294

"As a provider, the change has been enormous from your coming to my house and putting a name to what I am doing. It gives me encouragement to be better every day. I will assure you that I will never fail your trust. But over everything, I will not fail myself, nor my children."