



# Child Care Contributes to North Dakota's Economy

In October of 2004, the *Economic Impact of Child Care in North Dakota* report is being released by the North Dakota KIDS COUNT! program. While much has been written about the social and educational benefits of child care, this report outlines the



*It's about kids.*

numerous economic contributions of child care to North Dakota. Our data show that child care is a significant industry in North Dakota. Consider:

## Who needs child care in North Dakota?

Child care helps thousands of North Dakota families join the labor force and provide for their families.

- The vast majority of children in North Dakota have parents who are employed.
- In two-parent North Dakota homes, 71% of children under six have two employed parents. Nationally, 53% of children under six in two-parent homes have two employed parents.
- In single-parent North Dakota homes, 78% of children under six have an employed parent. Nationally, 72% of children under six in single-parent homes have an employed parent.
- Parental employment rates are considerably higher in North Dakota than in the U.S., indicating that families' potential need for child care is significant in North Dakota.

## Child care involves a continuum of care

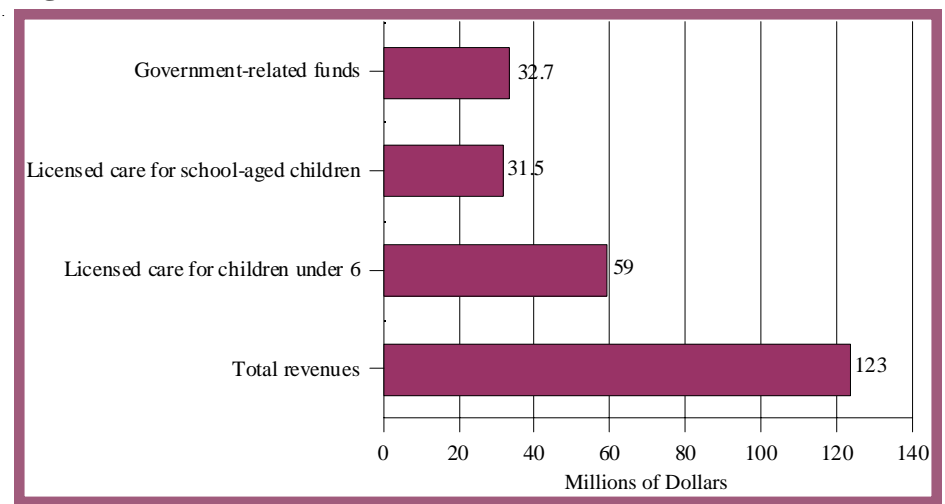
This report defines child care as a continuum of care children may receive throughout a day, including early childhood education and preschool experiences.

- More than \$123 million in revenue is generated in the child-care industry. As little as a 1% increase in child-care expenditures would bring more than \$2.28 million to the state's economy (see Figure 3).
- Child care is the tenth largest occupation in North Dakota.
- Over \$743 million of North Dakota's income is generated by families who are reliant on paid child care.

## Direct economic contributions of child care to our economy

Revenues from North Dakota's child-care industry are substantial. Licensed child care for children under six years of age generated gross receipts of nearly \$59 million. Child care for school-aged children brought in an additional \$31.5 million. Government funds related to child-care programs, such as the Child and Adult Care Food Program and comprehensive child development programs such as Head Start and Early Head Start resulted in an additional \$32.7 million in revenues to the state. In total, more than \$123 million dollars were directly contributed to the North Dakota economy through the child-care industry (see Figure 1).

**Figure 1. Revenues from Licensed Child Care in North Dakota, 2002**



## Child-Care Workforce

Child care is the tenth largest occupation in the state, employing over 6,000 people.

Unfortunately, child-care workers' wages are relatively low. Child-care workers earn 63% of the median hourly income for North Dakota workers (see Figure 2).

**Figure 2. North Dakota Workers' Wages in 2002**

### Child-Care Workers

Median Hourly Wage \$7.06

Mean Annual Wage \$15,590

### All Workers

Median Hourly Wage \$11.12

This wage discrepancy occurs even though child-care workers are well educated: about 36% of head child-care teachers have a bachelor's degree and over 90% of child-care teacher assistants have at least a high school degree. In the U.S., about 78% of child-care workers have at least a high school degree.

Child-care job turnover is high in North Dakota. About 60% of child-care teacher assistants have been at their current job less than a year. Nationally, about one-third of child-care workers leave their position each year.

**For Sources and Additional Information, View the Complete Report Online at [www.ndkidscount.org](http://www.ndkidscount.org):**

North Dakota KIDS COUNT! 2004. *Economic Impact of Child Care in North Dakota*. Fargo: North Dakota State University.

## Indirect economic contributions of child care to our economy

Indirect economic effects result when child-care programs and their employees purchase goods or services. This creates new revenues for the state and serves as a catalyst for maintaining or increasing employment in other industries. According to our analysis:

*The economic impacts noted here are very conservative because they exclude unlicensed child-care programs.*

- Every additional \$1.00 spent on child care in North Dakota creates another \$0.53 in economic activity throughout the state.
- Every 100 new jobs in North Dakota's child-care industry generates an additional 31 jobs in other industries.
- In 2001, the 17,201 North Dakota families who filed for federal child-care tax credit received credits totaling \$6.6 million, which came back to the state as expendable income.
- Each new federal dollar contributed to the child-care industry generates another \$0.86 to the broader North Dakota economy through purchases by child-care programs and spending from wages.

**Figure 3. Current and Potential Economic Contributions of Child Care in North Dakota**

