

## Child Care: *An Essential Service for Disaster Recovery*

### Federal Funding in Disaster Relief and Recovery

When a major disaster strikes in the United States, the President issues a Presidential Disaster Declaration releasing federal disaster relief funds for the “critical services” necessary to restore local communities.

One community service not considered eligible for federal relief funds is child care. But child care is a necessary condition for getting communities back to normal routines and parents back to work. Redefining child care as a critical service is not only good for the educational development of young children but makes it possible for the parents of young children to resume their place in the workforce.

Historically, public facilities eligible for federal disaster assistance include roads and bridges, schools, hospitals, courthouses, fire stations and other facilities owned and operated by public jurisdictions. The Robert T. Stafford Act defines how these relief funds can be spent, and through Section 406, it identifies those public facilities and private non-profit facilities that are eligible for funds for repair, restoration or replacement using federal relief funds. Section 406 states:

*The President may make contributions to a private nonprofit facility under paragraph (1)(B) only if the facility provides critical services (as defined by the President) in the event of a major disaster. Definition of critical services. – In this paragraph, the term “critical services” includes power, water (including water provided by an irrigation organization or facility), sewer, wastewater treatment, communications, and emergency medical care. (Robert T. Stafford Act, § 5172. REPAIR, RESTORATION, AND REPLACEMENT OF DAMAGED FACILITIES {Sec. 406})*



### *Child Care and Economic Recovery*

Extensive research has documented that the provision of child care services is essential to the economic health and vitality of a community. In disaster situations, when the economic life of local communities virtually grinds to a halt, workers with young children cannot resume their jobs unless there is safe, secure child care for their children. This is when the business community comes to realize that child care is a critical service for workers. Without the timely reintroduction of child care services, communities struggling to recover in the aftermath of a major disaster face a roadblock: Jump-starting local economies requires a reliable workforce and workers need safe, secure child care before they can get back to work.

### *Rationale for Including Child Care as an Essential Service*

Child care is both a public and a private good. As a public good, it is a critical part of our education system that fosters the social, emotional and cognitive development of our youngest citizens. Research has confirmed the critical importance of early education for brain development (Shore 1997), and economists now insist that early care and education are some of the best investments we can make toward economic development in both the short and long term (Heckman and Masterov 2005, Warner 2006). Over the long term, quality care and education build our future workforce: Research by the Federal Reserve Bank suggests long-term returns to early education exceed average returns of the stock market (Rolnick and Grunwald 2003). In the short term, investing in early care and education is a more effective economic development strategy than industrial or retail recruitment (Bartik 2006).

Rebuilding physical infrastructure has long been a central focus of disaster recovery, particularly the basics, such as roads, bridges, water and sewer; electricity. More recently, social infrastructure has begun to assume greater importance as well. Economists now argue that in order to attract and retain labor, communities must focus on quality of life and basic social services (Florida 2001, Warner and Liu 2005). Cornell University researchers have found that for each dollar of new spending on child care, an additional 91 cents is generated in the regional economy (Warner and Liu 2005, 2006). Indeed, following Hurricane Katrina the economic recovery in Mississippi is now hampered by labor shortages. Despite offering higher wages, employers in the region can not attract needed labor due to lack of housing and support services such as child care.



## CASE STUDY: REBUILDING CHILD CARE IN MISSISSIPPI

In 2005, Chevron's Pascagoula Refinery in Mississippi prepared to help refinery employees and the surrounding communities recover from the unprecedented destruction caused by Hurricane Katrina. The leadership team overseeing the recovery saw that many of the child care centers serving local communities and Chevron employees had been damaged by the storm, and many Chevron employees could not return to work until safe, secure child care services were restored.

"After the hurricane, it was obvious how interconnected things were," said Steve Renfroe, a member of the Chevron leadership team overseeing local recovery efforts. "A disaster of the magnitude of Katrina has the power to stop the economy, but how do you restart it? Think of the portable electric generators which provided the initial energy to restart the refinery. Child care is like that generator. It enables parents to go back to work. But child care was not on the federal government's list of critical services so it was not immediately eligible for federal funds."

Chevron partnered with the Early Childhood Institute (ECI) at Mississippi State University to map the level of destruction to the child care infrastructure in the three Mississippi coastal counties – Jackson, Harrison and Hancock – devastated by Hurricane Katrina. Results "reported on October 6 [2005] found that from 62 percent to 94 percent of licensed slots in the three coastal counties were lost or potentially lost." (Mississippi State University Early Childhood Institute, 2006)

Chevron contributed \$500,000 and provided work crews to repair and rebuild 40 child care centers in Jackson County. In Harrison County, Chevron partnered with Save the Children, which made a \$795,000 donation, Help and Hope Foundation, the Mississippi Low Income Child

Care Initiative and U.S. Fund for UNICEF to repair and rebuild 42 child care centers. In November 2006, Chevron made a \$2 million donation to Save the Children to construct two new child care centers in the communities of Bay St. Louis and Bay Waveland. In addition, child care center owners invested over \$1.6 million in insurance payouts, their savings and countless hours of sweat equity to repair and rebuild their centers.

Immediately after Hurricane Katrina struck, ECI had joined in the formation of Embrace Mississippi's Children and collected tons of supplies and gifts and about \$128,000 in cash contributions from around the country to resupply the centers with books, toys and furniture. ECI received grants or contracts totaling \$1.55 million from the W.K. Kellogg Foundation, the Community Foundation of Northwest Mississippi and individual donors (Mississippi State University Early Childhood Institute, 2006). At the same time, ECI provided training and technical assistance to upgrade child care center staff capabilities in the three counties.

All told, ECI estimates that in Jackson County, 3,412 child care slots (a child care slot is a space for one child in a child care center or family child care home) received teaching and material kits and 2,805 child care slots received furnishings and/or reconstruction aid. In Harrison County, 2,678 child care slots received material kits, 1,036 child care slots received furnishings and 2,235 child care slots received reconstruction aid.

"Realizing its importance, we began rebuilding this infrastructure. Others decided to help and in the end, the partnership included university, philanthropic, state government and private sector support," said Renfroe.

## The Multiplier Effect in Recovery Efforts

Recovery efforts following Hurricane Katrina have demonstrated the importance of child care as social infrastructure, like health care and K-12 education, and also as a critical link to economic recovery. Regional economists measure these linkages between sectors with multipliers that tell us how much additional economic activity is stimulated in the broader regional economy by an increase in spending or employment in any given sector. Interestingly, a national study of all 50 states found child care sector multipliers were as high as other critical infrastructures that are considered critical services worthy of public investment (Warner and Liu 2005, 2006).

### CHILD CARE AS VALUABLE AS OTHER CRITICAL SERVICES

SECTOR	OUTPUT MULTIPLIER <sup>1</sup>	EMPLOYMENT MULTIPLIER <sup>1, 2</sup>
Child Care	Each \$1 of new spending generates an additional <b>\$.91</b> in the regional economy	Each new job generates an additional <b>1/2</b> job in the broader economy
Hospitals	Each \$1 of new spending generates an additional <b>\$.79</b> in the regional economy	Each new job generates an additional <b>2/3s</b> job in the broader economy
K-12 Education	Each \$1 of new spending generates an additional <b>\$.91</b> in the regional economy	Each new job generates an additional <b>1/3</b> job in the broader economy
Local Passenger Transit	Each \$1 of new spending generates an additional <b>\$.72</b> in the regional economy	Each new job generates an additional <b>1/3</b> job in the broader economy
Water and Sewer	Each \$1 of new spending generates an additional <b>\$.67</b> in the regional economy	Each new job generates an additional <b>2 2/3s</b> job in the broader economy

Average of models of all 50 states and the District of Columbia using IMPLAN models for 2001. Source: Warner and Liu, 2005, 2006.

<sup>1</sup> Based on Type II multipliers which include household spending as endogenous. This is only based on a sector's purchases from other sectors.

<sup>2</sup> This multiplier does not include the enabling effect of child care on parent labor mobilization which was estimated at over 5 workers for every child care worker. (based on the lowest staff ratio for infants). It is higher when averaged across all kids.

## Policy Recommendations

The Federal Emergency Management Agency (FEMA) can take four actions to protect and restore community child care infrastructure in disasters:

**1. Define child care as a “critical service.”** Economic impact studies indicate that the child care sector ranks among those top critical infrastructures in any community, along with power, water, hospitals, and schools. Rapid recovery of child care services in a community is critical to the overall recovery of the community after a disaster event. **FEMA should include child care in its list of “critical services” and make federal disaster relief funds available to child care providers in the aftermath of a disaster.**

**2. Provide flexible funding for protecting, restoring and accessing child care in emergencies.** Immediately following a disaster, timely funding is critical to the recovery of the child care infrastructure, as clearly illustrated in the actions taken by Chevron, Mississippi State University and Save the Children in Jackson and Harrison Counties in the aftermath of Hurricane Katrina. Readily accessible funding is also required for a range of preparedness and mitigation actions designed to protect child care infrastructure before the next disaster strikes. **FEMA should establish a funding mechanism designed to provide timely funding after a disaster to child care providers and to fund preparedness and mitigation actions designed to reduce the impacts of future events on child care facilities and operations.**

**3. Empower public/private partnerships.** Partnerships such as the one between Chevron, Mississippi State University and Save the Children are an especially effective means for addressing

emergency issues in the child care sector. The private sector has the advantage of local knowledge and flexible logistics networks that can be used for rapid response. The charitable sector can mobilize volunteer labor and funds. We need a collaborative approach that builds on the strengths of each partner and capitalizes on the synergies between them.

**FEMA should facilitate the establishment of partnerships between government agencies at all levels (federal, state and local) and child care providers and support organizations designed to promote preparedness and mitigation activities among child care providers and to assist the child care infrastructure to recover after a disaster.**

**4. Collect, map and distribute data on child care centers.** Recent legislation established a National Emergency Child Locator Center to help reunite families with children who have been separated from their families during a disaster as the Center for Missing and Exploited Children did for over 5,400 children in the aftermath of Hurricane Katrina. **FEMA should support efforts to collect, map and distribute data on child care centers for state and local emergency agencies to use in preparing for, responding to and recovering from disasters.**

## Conclusion

Child care is a critical service in any community. The timely repair and recovery of the child care infrastructure is critical to the economic recovery of a community from a major disaster event. Designation of child care as a critical service, flexible financing, public/private partnerships and data management will facilitate the restoration of child care after a disaster and speed the community's economic recovery.

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## About Save the Children

Save the Children is the leading independent organization creating lasting change for children in need in the United States and around the world.

Save the Children USA is a member of the International Save the Children Alliance, a global network of 28 independent Save the Children organizations working to ensure the well-being and protection of children in more than 120 countries.

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