



The Childcare Challenge:

Impact, Cost, and Opportunity in Northeast Indiana

Ambassador Enterprises

The Regional Chamber of Northeast Indiana

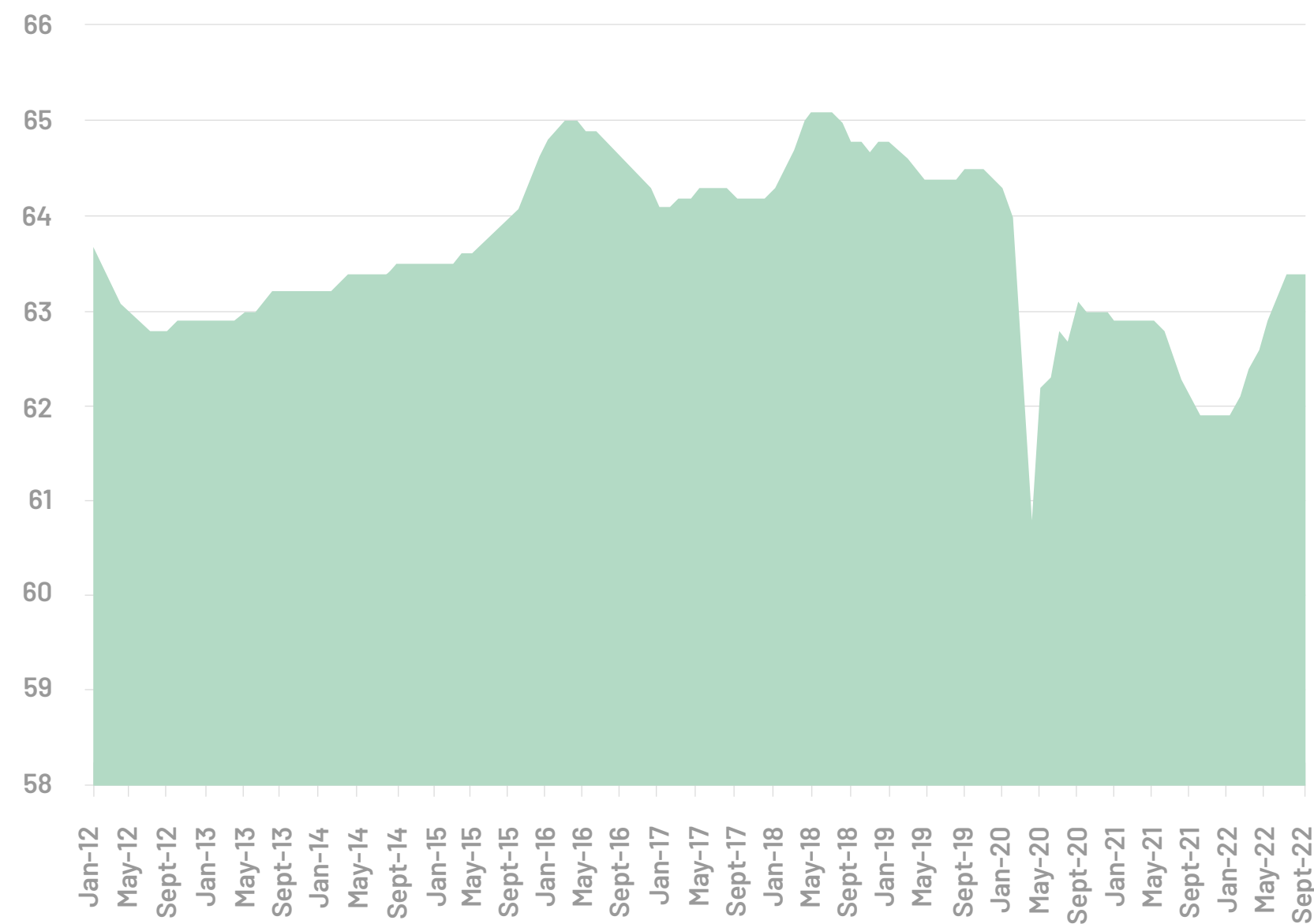
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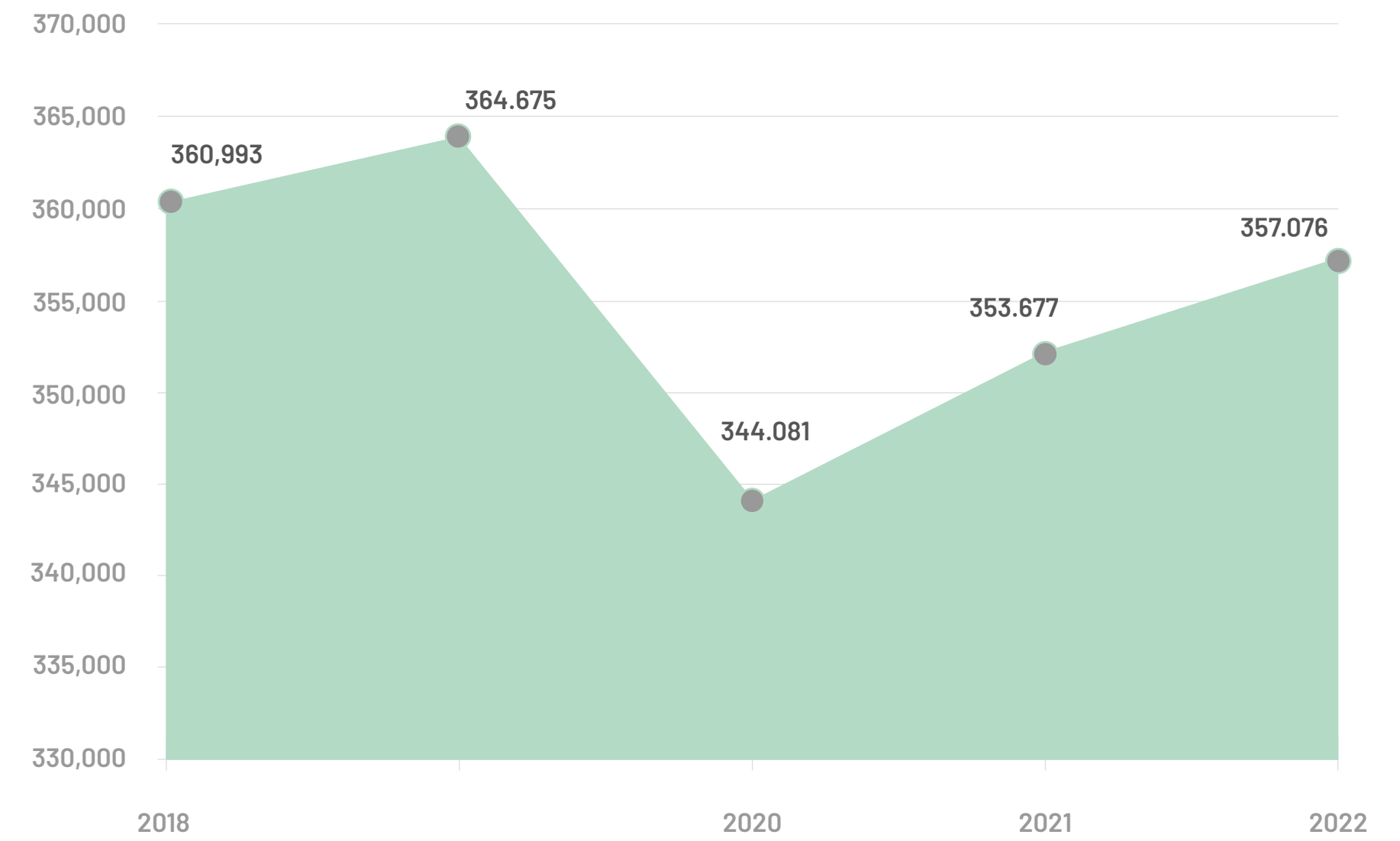


Employee Shortages: Declining Labor Force Participation & Employment

Labor Force Participation Rate, Northeast Indiana 2012-2022



Employment in Northeast Indiana, 2018-2022



Data from LightCast™, sourced from the US Bureau of Labor Statistics

Work Willing Parents:

A Definition

For the purposes of this study, we coined the term “Work Willing Parents”, which can be defined simply as:

Parents of children under the age of 6 who are not currently working BUT would return to the workplace, full-time, if affordable, accessible, local childcare was made available.



A Potential Solution:

“Work Willing” Parents in Need of Childcare

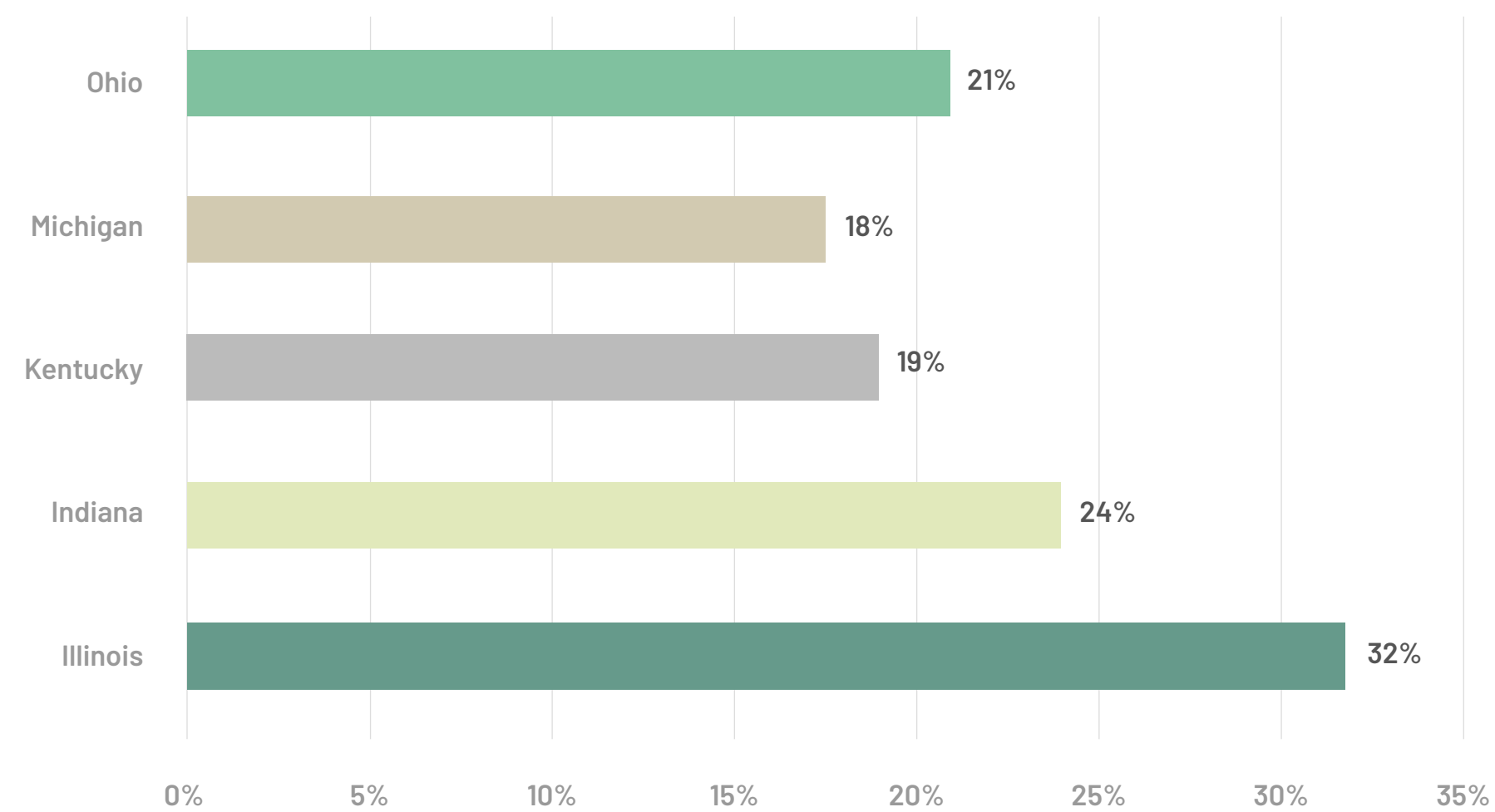
- 1 Surveys and Conversations with Local Employers identify the Challenge of Childcare as a Primary Driver of Worker Shortages in the Region
- 2 National Research, from the Federal Government, Policy Think Tanks, and Academic Researchers point to the Need for Enhanced Childcare Solutions to address Chronic Worker Shortages
- 3 Pilot, Cost-Sharing Programs are Moving the Needle on a Small Scale in Communities Across the Country and Locally



The Scope of the Problem:

Cost, Access and Availability

Average Cost of Childcare, as Percent of State Median Salary



Data on the Cost of Childcare per Median Salary from the Bureau of Labor Statistics, as reported by the President's Council of Economic Advisors. Childcare Enrollment data in Indiana from the Brighter Futures project.

Enrollment in Childcare, Northeast Indiana, 2019 vs. 2022

County	2019 Enrollment	2022 Enrollment	Change, 2019-2022
Adams*	451	307	-144
Allen	8,976	5,500	-3,476
DeKalb	921	518	-403
Huntington	504	784	280
Kosciusko	1,101	434	-667
LaGrange*	205	139	-66
Noble	675	244	-431
Steuben	589	708	119
Wabash	319	536	217
Wells*	406	276	-130
Whitley	567	590	23

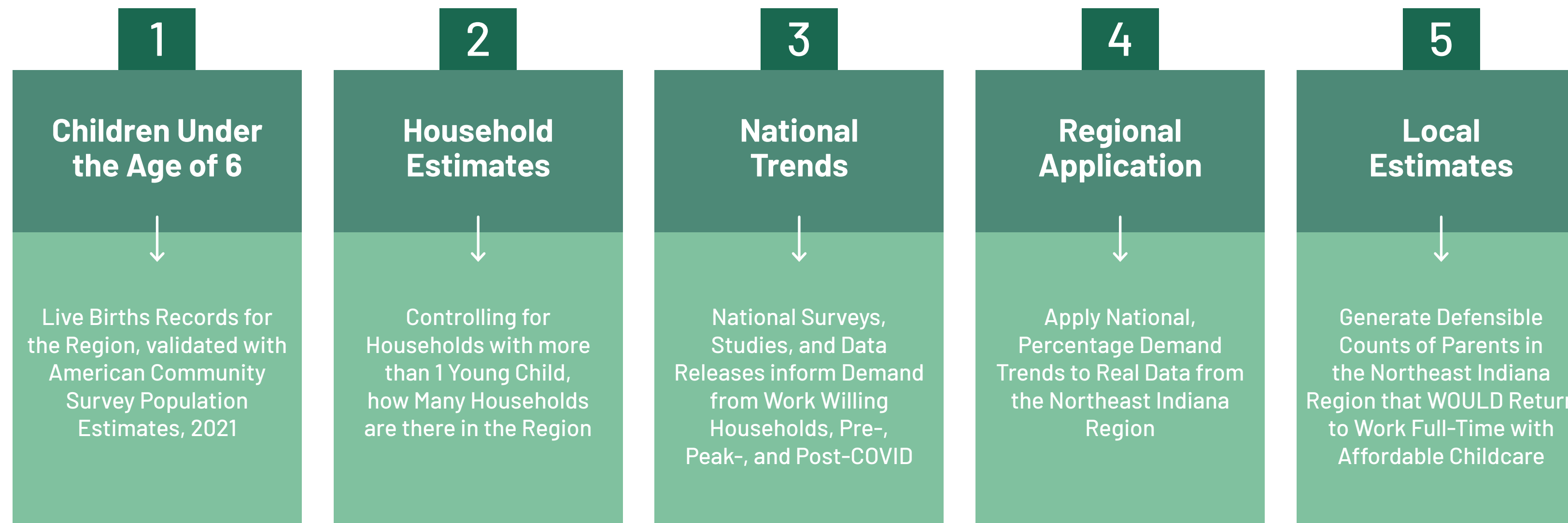
Modeling the Regional Impact: Quantifiable Research Questions

- 1 How Many “Work Willing” Parents are there in Northeast Indiana?
- 2 What is the Economic Impact of these Parents Returning Full-Time to the Labor Force?
- 3 What is the Cost to Provide the Childcare required to Realize these Economic Gains?
- 4 How can this Cost be Divided AND
- 5 What is the Return for this Investment in Childcare?



Quantifying the “Work Willing” Population:

Parents Who would Return to Work if Childcare was Available



The Work Willing Population, Pre-, Peak-, and Post-COVID in NE Indiana

County	Households with Children Under 6	2019, CEA Impact Ratio, "Pre-Covid" Model (13.60%)	2020, "Peak" Impact Model (18.79%)	2021, Residual "Post" Impact Model (16.59%)
2016 (Aged 5 to 6)	9,025	1,227	1,696	1,497
2017 (Aged 4 to 5)	9,098	1,237	5,500	1,509
2018 (aged 3 to 4)	9,140	1,243	1,717	1,516
2019 (Aged 2 to 3)	9,083	1,235	1,707	1,507
2020 (Aged 1 to 2)	8,867	1,206	1,666	1,471
2021 (Aged 0 to 1)	8,955	1,218	1,683	1,486
All Children, Aged 5 AND Under	54,169	7,367	10,178	8,987

2019 Pre-COVID Impact Ratio developed by the President's Council of Economic Advisors. 2020 and 2021 models developed by the research team, using data and trends from the Bureau of Labor Statistics

Projected Industry Distribution: Work Willing Parents in Northeast Indiana

Industry Sector	Percent of 11 County Region Employment	Average Annual Earnings	Parent Potential Employees, All Counties	Additional Earnings by Workers	Industry Sales and Import Taxes, per Worker
Agriculture, Forestry, Fishing and Hunting	0.68%	\$49,185	61	\$3,012,897	\$22,131
Mining, Quarrying, and Oil and Gas Extraction	0.08%	\$89,404	7	\$606,330	\$31,776
Utilities	0.25%	\$144,282	23	\$3,252,691	\$96,534
Construction	4.82%	\$72,118	434	\$31,265,737	\$1,330
Manufacturing	25.81%	\$79,271	2,320	\$183,873,070	\$4,810
Wholesale Trade	4.11%	\$82,540	370	\$30,511,198	\$56,915
Retail Trade	10.63%	\$41,245	955	\$39,392,391	\$14,202
Transportation and Warehousing	3.62%	\$65,333	326	\$21,273,208	\$2,805
Information	0.87%	\$65,074	79	\$5,113,976	\$14,612
Finance and Insurance	3.28%	\$89,326	295	\$26,344,572	\$9,953
Real Estate and Rental and Leasing	0.92%	\$56,792	83	\$4,705,581	\$30,744
Professional, Scientific, and Technical Services	2.62%	\$73,562	235	\$17,296,969	\$3,093
Management of Companies and Enterprises	0.89%	\$123,329	80	\$9,878,773	\$3,254
Administrative and Support and Waste Management and Remediation Services	4.62%	\$51,401	416	\$21,362,617	\$1,583
Educational Services	1.49%	\$44,701	133	\$5,967,552	\$1,993
Health Care and Social Assistance	13.79%	\$68,180	1,240	\$84,517,112	\$1,770
Arts, Entertainment, and Recreation	0.96%	\$24,378	86	\$2,104,413	\$5,528
Accommodation and Food Services	7.72%	\$21,441	694	\$14,873,982	\$5,277
Other Services (except Public Administration)	3.03%	\$37,823	273	\$10,316,210	\$5,361
Government	9.79%	\$62,504	880	\$54,995,673	\$0
TOTALS	100%	N/A	8,987	\$570,664,955	N/A

Industry Distribution based on total employment trends in the region, as reported by the Bureau of Labor Statistics

Translating Industry Employment into Economic Impact, State Sales Taxes

Industry Sector	Re-entering Parents, All Counties	.20 Impact	.30 Impact	.40 Impact	.50 Impact	.60 Impact
Agriculture, Forestry, Fishing and Hunting	61	\$271,131.20	\$406,696.80	\$542,262.40	\$677,828.00	\$813,393.60
Mining, Quarrying, and Oil and Gas Extraction	7	\$43,100.32	\$64,650.48	\$86,200.64	\$107,750.80	\$129,300.97
Utilities	23	\$144,282	\$652,879.74	\$870,506.32	\$1,088,132.90	\$1,305,759.48
Construction	434	\$115,292.92	\$172,939.38	\$230,585.84	\$288,232.30	\$345,878.76
Manufacturing	2,320	\$2,231,381.67	\$3,347,072.50	\$4,462,763.33	\$5,578,454.17	\$6,694,145.00
Wholesale Trade	370	\$4,207,770.53	\$6,311,655.79	\$8,415,541.06	\$10,519,426.32	\$12,623,311.59
Retail Trade	955	\$2,712,768.27	\$4,069,152.41	\$5,425,536.55	\$6,781,920.68	\$8,138,304.82
Transportation and Warehousing	326	\$182,655.20	\$273,982.80	\$365,310.40	\$456,638.00	\$547,965.60
Information	79	\$229,660.76	\$344,491.14	\$459,321.51	\$574,151.89	\$688,982.27
Finance and Insurance	295	\$587,073.57	\$880,610.36	\$1,174,147.15	\$1,467,683.93	\$1,761,220.72
Real Estate and Rental and Leasing	83	\$509,461.42	\$764,192.13	\$1,018,922.84	\$1,273,653.55	\$1,528,384.26
Professional, Scientific, and Technical Services	235	\$145,475.62	\$218,213.43	\$290,951.24	\$363,689.05	\$436,426.86
Management of Companies and Enterprises	80	\$52,135.01	\$78,202.51	\$104,270.01	\$130,337.51	\$156,405.02
Administrative and Support and Waste Management and Remediation Services	416	\$131,544.29	\$197,316.44	\$263,088.58	\$328,860.73	\$394,632.87
Educational Services	133	\$53,207.29	\$79,810.93	\$106,414.58	\$133,018.22	\$159,621.87
Health Care and Social Assistance	1,240	\$438,895.07	\$658,342.61	\$877,790.14	\$1,097,237.68	\$1,316,685.22
Arts, Entertainment, and Recreation	86	\$95,447.97	\$143,171.95	\$190,895.93	\$238,619.91	\$286,343.90
Accommodation and Food Services	694	\$732,106.73	\$1,098,160.10	\$1,464,213.47	\$1,830,266.83	\$2,196,320.20
Other Services (except Public Administration)	273	\$292,465.21	\$438,697.81	\$584,930.42	\$731,163.02	\$877,395.63
Government	880	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTALS	8,987	\$13,466,826.21	\$20,200,239.31	\$26,933,652.41	\$33,667,065.51	\$40,400,478.62

Impact Ratios modeled by the Research team, as informed by sales/tax data provided by LightCast™, extracted from the US Bureau of Economic Analysis

The Punchline:

Dollars and Cents by Revenue Stream

The State of Indiana

Based on Industry Distributions, Sales, and Average Salaries, we Calculate:

- **\$20.2 to \$26.9 Million**, New Sales and Import Taxes, Annually
- **\$9.8 Million** Additional Income Taxes, Annually

Work Willing Parents

Additional, Aggregate Annual, Pre-Tax Earnings of **\$570.7 Million**

County	Tax Rate
Adams	1.62%
Allen	1.48%
DeKalb	2.13%
Huntington	1.95%

County	Tax Rate
Kosciusko	1.00%
LaGrange	1.65%
Noble	1.75%
Steuben	1.79%

Local Governments

New Income Taxes Generated Annually of **\$10.3 Million**

County	Tax Rate
Wabash	2.90%
Wells	2.10%
Whitley	1.48%
AVERAGE	1.80%

Estimating the Annual Cost of Childcare for 8,987 Work Willing Parents

	Count of Children	Cost Per Child	Total Annual Cost
Aged 5 to 6	1,498	\$6,134	\$9,187,886
Aged 4 to 5	1,509	\$7,465	\$11,262,574
Aged 3 to 4	1,516	\$7,455	\$11,306,122
Aged 2 to 3	1,507	\$8,378	\$12,626,570
Aged 1 to 2	1,472	\$8,374	\$12,324,700
Aged 0 to 1	1,485	\$8,374	\$12,433,323
All Ages	8,987	\$7,694	\$69,141,175

Cost and Enrollment Data for the Year 2022, from Brighter Futures Indiana utilized to Generate County Estimates, by Age, then Aggregated for Regional Totals

Vested Parties:

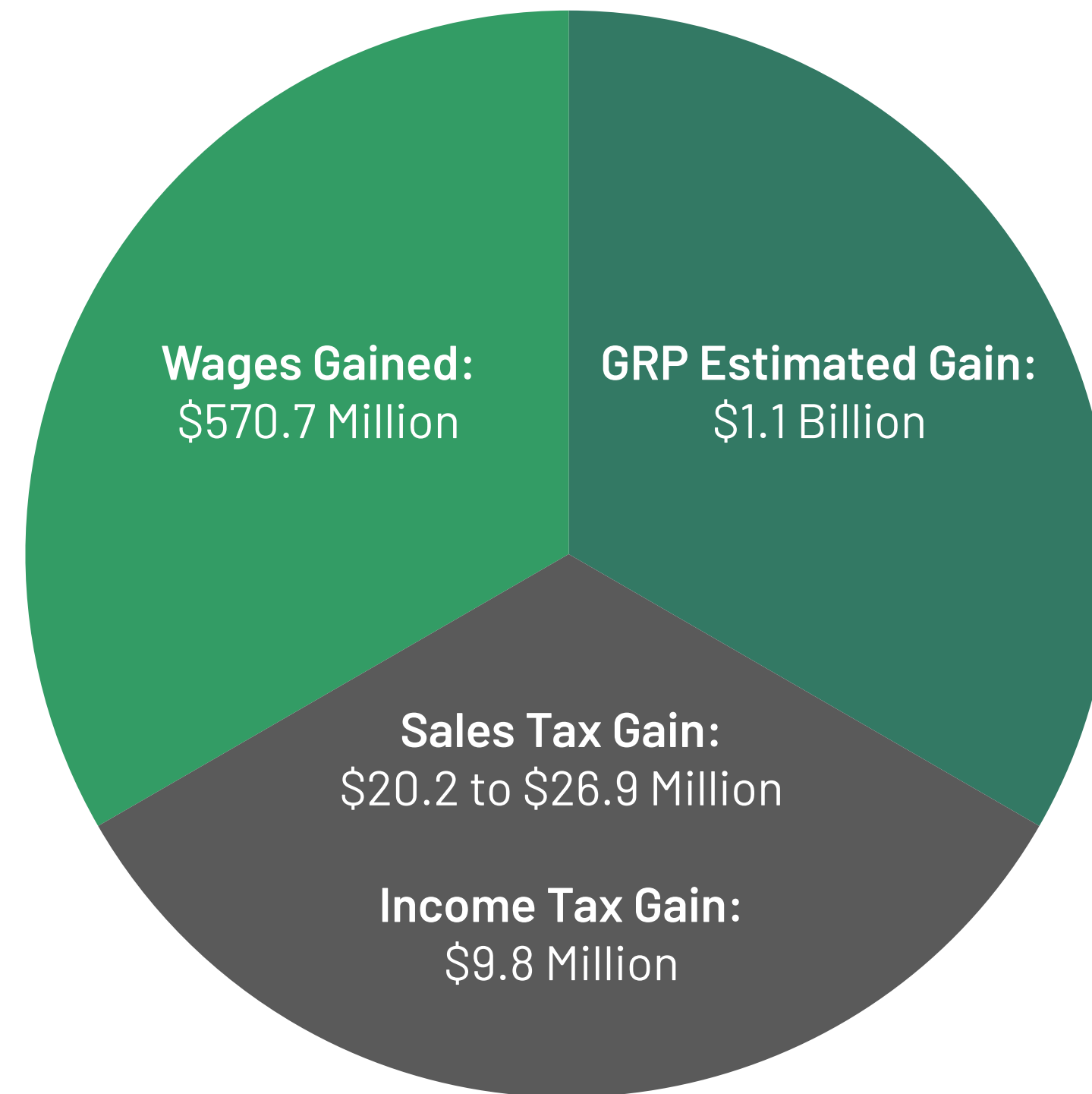
A Cost-Share Approach to Affordable Childcare

- The 3-Party Cost Sharing Pilot** → Current pilot models rely on the employer, employee, and school district to each fund 1/3 of the childcare cost
- Expanding the Model to Include the State of Indiana** → However, as the full analysis shows, the cost/benefit ratio is NEGATIVE for local school districts, they contribute more than they make up from other revenue sources even if the cost is split 4 ways, adding the state as a contributor
- A Revised 3-Party Cost Sharing Model** → Including the State of Indiana as the third funder, however, leads to POSITIVE return-on-investment for the parent, the employer, and the state

The Full Impact:

3 Party Cost-Share with Employer, Employee, and Indiana

Parents Contribute: \$23,047,057
Employers Contribute: \$23,047,057
State Contributes: \$23,047,057



Parents Gain: \$547.7 Million
Employers Gain: \$1.07 Billion
State Gains: \$7 Million to \$13.9 Million

Scaled for Success: Partial Implementation



Scaled Cost/Benefits based on a 3-Party Cost-Sharing Model, with Childcare fees Split Equally between the State of Indiana, Parents, and Employers

Thank You!



Questions, Comments, and
Feedback can be Directed to:



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