

HOW TO UNDERSTAND THE TOOL

The Economic Impact Tool (the star) is one portrayal of how your child care business helps your community and the local economy. It is important to note that your tool is only as accurate as the information provided, and it gives you one way to talk about how your child care business is important to the families you serve, your economy, and your community.

To help you understand the different points of the star, here is some basic information that can help you explain the numbers and information.

Parent Income and Taxes

This information tells us how many families you serve and parents you help so that they can go to work and/or to school.

- Income (wages) was determined by the Illinois' minimum wage of \$8.25/hr.
- Taxes that a parent may pay were calculated at a low average of 18%.

Local Purchases – Information about businesses you help

This information tells us how many businesses you help because you buy supplies and materials for your business. It also tells us how your purchase helps these businesses and the economy.

- When a child care provider receives money for taking care of children, they often spend that money on materials, supplies, and services to run their business. Surrounding businesses gain from a child care provider's purchase. The businesses themselves will also purchase supplies from other local businesses, and this process keeps going. We call this process a "multiplier" process.
- The point about how your child care purchases "boosted the economy" is calculated using a multiplier. For Illinois, research shows the last multiplier was 1.72.
- What does 1.72 mean? It means that for every \$100 you receive for your services, the ultimate impact in the economy is really \$172 of new goods and services in the economy – the \$100 you receive + additional \$72.

Employee Taxes (For Centers Only)

This information shows how you provide jobs by hiring people to help your business. As a result, you pay taxes for their salaries and services.

- Taxes were calculated at 18%.

Community Resources to the Community (For Family Child Care Providers Only)

This information tells us the different ways that your business brings more resources and support into the community.

- The number is determined by the additional resources you bring to your community through the Child Care Assistance Program and the child care food program.

Note: If you are a child care center that used estimated numbers, please refer to the "Estimation for Child Care Centers" Information Sheet on our website: www.actforchildren.org