



Economic Impact of *the*
Early Care and Education Industry
in Georgia

Economic Impact Briefing and Public Policy Forum

October 2015



Economic Impact of *the*
Early Care and Education Industry
in Georgia

Introduction to Study

Commissioner Amy Jacobs
Georgia Department of
Early Care and Learning

Overview

- In 2014, DECAL commissioned an economic impact study similar to the one finalized in 2008.
- Study results quantify the economic impact of early education in Georgia.
 - Benefits providers, teachers, and other businesses that support the industry by **demonstrating that early education is a viable economic engine in the state.**
 - Study results can also be used to **garner additional resources for children and families.**

Economic Impact of the Early Care and Education Industry in Georgia

Study Includes:

- Economic impact analysis
 - Revenue and taxes generated by industry
 - Jobs created
 - Revenue created by the industry enabling parents to work
 - Indirect effects of child care businesses stimulating other industries
- Statewide survey of early education programs
 - Financial data
 - Workforce data

Economic Impact of the Early Care and Education Industry in Georgia

Why Redux?



Impact of Great Recession



Increased focus on early care and education



Need for workforce data



Better understand the questions to ask

Economic Impact of the Early Care and Education Industry in Georgia



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in Georgia*

Economic Impact Findings

Dr. Sally Wallace
Georgia State University

What do we mean by *Impact*?

Early care and learning provides benefits to:

- Benefits to children:
 - Improving outcomes in education
 - Increased labor market opportunities
 - Health security
- Benefits to parents:
 - Wages via employment options
 - Job security
- Benefits to society and the economy:
 - Economic development
 - Reduced long term costs associated with better education and labor outcomes

Economic Impact of the Early Care and Education Industry in Georgia

The Economic Impact

More economic effects from the fact that early care and education is a large industry

- Direct impacts: expenditures made on the industry itself
- Indirect impacts: expenditures of the industry on other industries (e.g. transportation, janitorial services)
- Induced impacts: household spending impacts: employees purchase other goods, etc.
- “The Whole is Greater than the Sum of the Parts”

Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis

Methodology:

- Measure the size of the industry
 - Number of providers from DECAL licensing database
 - Number of people employed in the industry based on data collected from the Early Care and Education Provider Survey
 - Number of children served based on data collected from the Early Care and Education Provider Survey
 - Total industry annual gross receipts
 - Tuition and Fees based on data collected from the Early Care and Education Provider Survey and DECAL licensing data
 - Government payments to providers based on data provided by DECAL
 - Government funded programs based on data provided by DECAL
 - Donations based on data collected from non-profit IRS tax return data

Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis

- Gross receipts reflect the *direct* spending in the industry and its *direct* economic effect.
 - This measure can be used as an industry's total economic impact but ignores how one industry's activity supports the activity of other industries.
- This analysis also includes an estimate of the *indirect* economic impact.
 - Effect related to inter-industry trade and consists of goods and services purchased by the firms that supply inputs to the early care and education industry.
- It also includes an estimate of the *induced* economic impact.
 - Effect that consists of increased household purchases of goods and services in the state by persons employed by early care and education centers and family child care homes and by those businesses and individuals who do business with the industry.

Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis: Direct Effects

Calculation of Tuition and Fees based on data collected from the Early Care and Education Provider Survey

By Age Group:

Count of Providers X Average Enrollment X Annual Tuition = Total Tuition and Fees

Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis: Direct Effects

Total Parent Tuition	\$1.58 Billion
Early Learning Centers	\$1.52 Billion
Family Child Care Homes	\$58 Million

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Economic Impact Analysis: Direct Effects

Total State and Federal Funding	\$856 Million
CCDF - Child Care Subsidies	\$218.1 Million
CCDF - Quality Initiatives	\$12.8 Million
Head Start and Early Head Start	\$191.2 Million
Georgia's Pre-K Program	\$293.8 Million
Child and Adult Care Food Program	\$111.3 Million
Summer Food Service Program	\$13 Million
TANF funds for DFCS Afterschool Care Program	\$15.4 Million

Economic Impact of the Early Care and Education Industry in Georgia

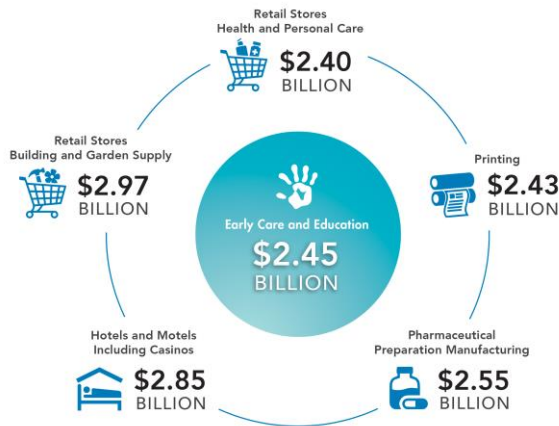
Economic Impact Analysis: Direct Effects

Total Gross Receipts	\$2.45 Billion
Parent Tuition	\$1.58 Billion
Federal and State Funding	\$856 Million
Charitable Contributions	\$17 Million

Total gross receipts is the sum of tuition and fees, federal and state funding, and charitable contributions.

Economic Impact of the Early Care and Education Industry in Georgia

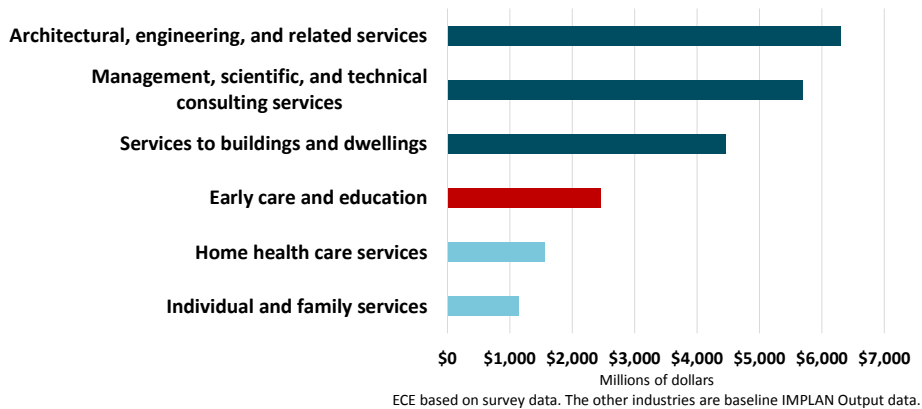
Economic Impact Analysis: Direct Effects



Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis

Gross receipts compared to other high demand industries



Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis: Total Economic Impact

Direct Effect Gross Receipts	Indirect Effect	Induced Effect
\$2.5 Billion	\$.91 Billion	\$1.3 Billion

Economic Impact *of the* Early Care and Education Industry *in* Georgia

Economic Impact Analysis: Total Economic Impact

\$4,700,000,000

Dollars of Total Economic Activity
Supported Annually in Georgia

Economic Impact *of the* Early Care and Education Industry *in* Georgia

Economic Impact Analysis

Other measures of the economic impact:

- Serves an estimated 337,024 children and provides child care for approximately 551,941 working parents
- Provides 67,507 jobs in the industry itself and supports an additional 17,454 jobs in other market segments
- Supports approximately \$24 billion in parents' annual earnings through the availability of child care
- Generates \$374 million annually in federal tax revenue and \$161.7 million in state and local tax revenues

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Economic Impact Analysis

Employment Compared to Other Industries in Georgia



Economic Impact of the Early Care and Education Industry in Georgia

Economic Impact Analysis

Conclusions:

- Economic impact is substantial-- **\$4.7** billion total effect
 - **\$2.45B** Direct Effect
 - **\$0.91B** Indirect Effect
 - **\$1.33B** Induced Effect
- Over 337,000 children are served
- More than 551,000 parents are able to engage in the workforce due to the availability of early care and learning centers and family child care homes
- 67,000 people employed in the industry and supports 17,454 more in other industries
- \$374 million in federal tax revenue and \$161.7 million in state and local tax revenues

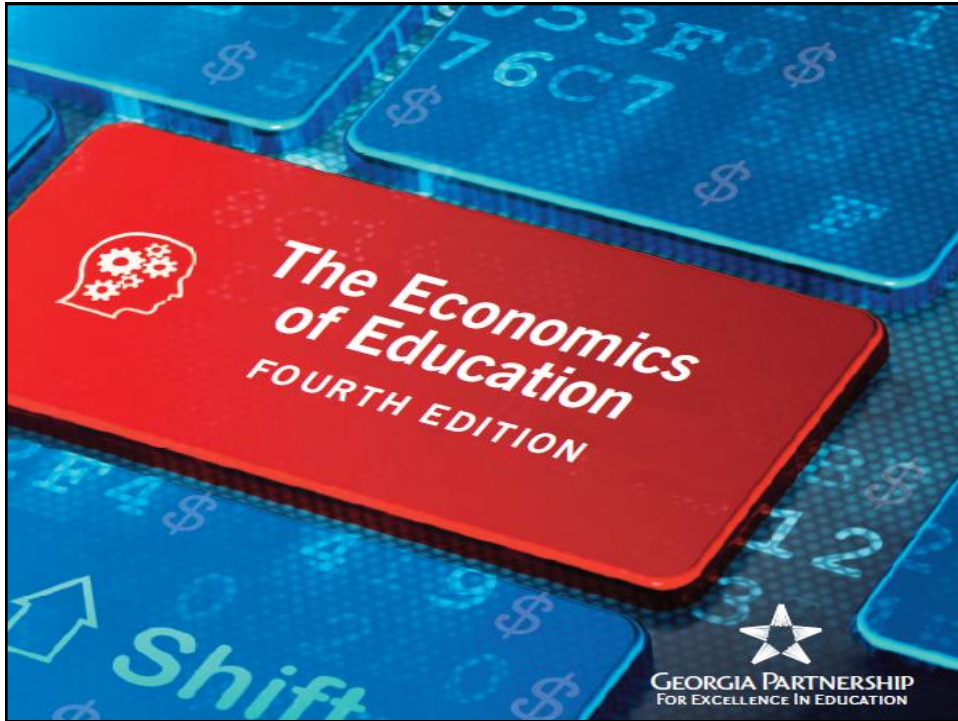
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Economics of Early Education

Dr. Dana Rickman
Georgia Partnership for
Excellence in Education



Economic Impact of the Early Care and Education Industry in Georgia

1. Examine the Data for Education in Georgia
2. Economic Impact of Georgia Non-Graduates
3. Strengthening the Birth to Work Pipeline
4. What Can We Do?

Examine the Data for Education in Georgia

Academic Achievement Milestones

School Readiness

Literacy by 3rd Grade

Numeracy by 8th Grade

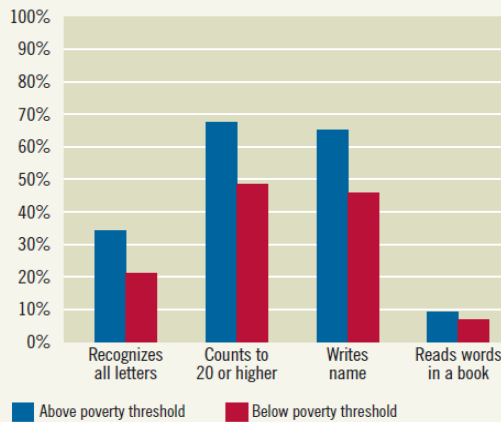
High School Graduation



Workforce and/or College Ready

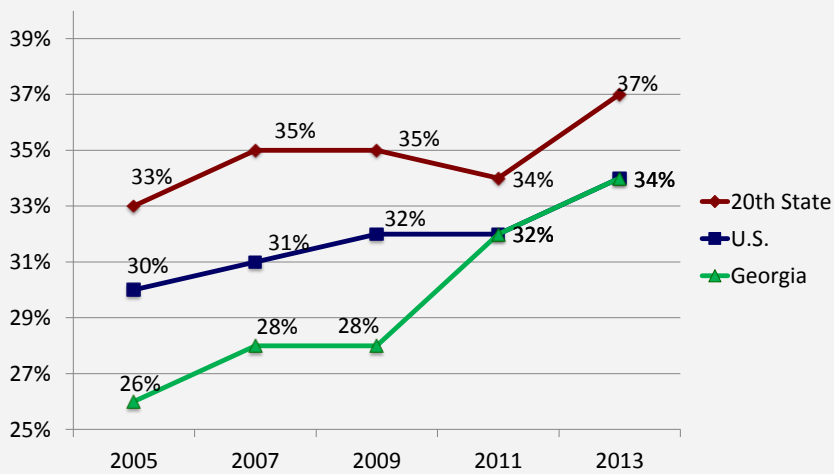
School Readiness

Percent of Children with School Readiness Skills

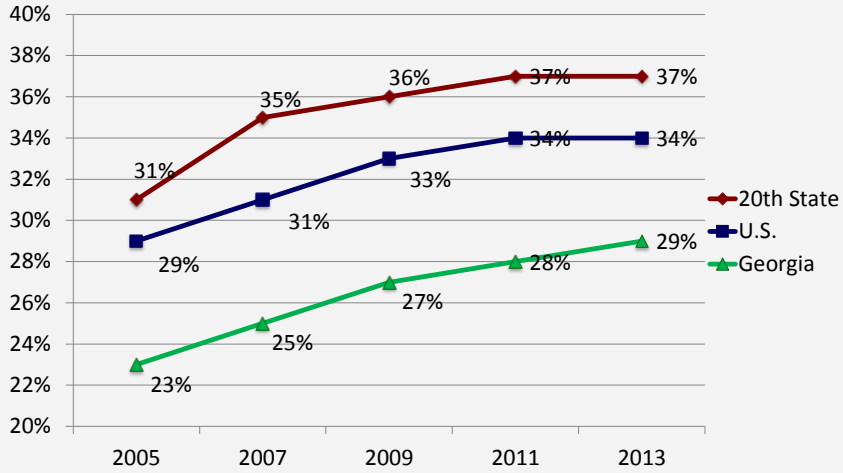


Source: O'Donnell, K. "Parents' Reports of the School Readiness of Young Children from the National Household Education Surveys Program. Table 2." National Center for Education Statistics. 2008. Retrieved from www.childtrendsdatabank.org

NAEP 4th Grade Reading Percent At or Above Proficient



NAEP 8th Grade Math Percent At or Above Proficient

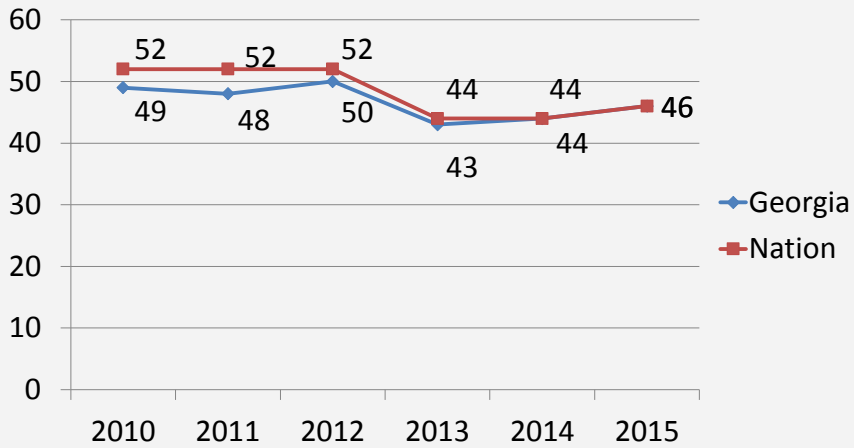


Georgia High School Graduation Rates

Year	State High School Graduation Rate	Statewide High School Drop-Outs
2011	68%	19,139
2012	70%	19,692
2013	72%	19,013
2014	73%	19,567
TOTAL		77,411

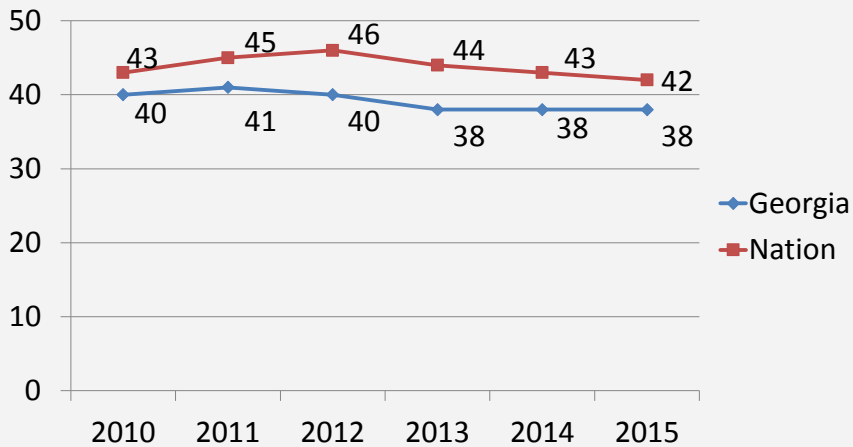
Source: The Governor's Office of Student Achievement, State Report Cards.

Percent of ACT Tested High School Graduates Meeting College Readiness Benchmarks - Reading



Source: ACT, National -- The Condition of College and Career Readiness 2015

Percent of ACT Tested High School Graduates Meeting College Readiness Benchmarks - Math

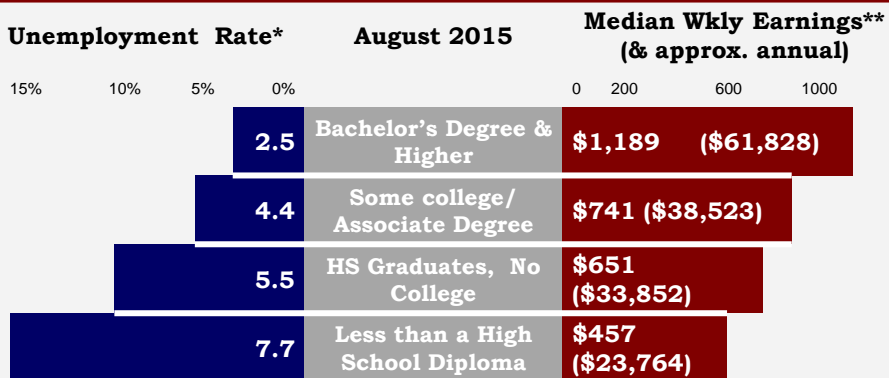


Source: ACT, National -- The Condition of College and Career Readiness 2015

Economic Impact of Georgia Non-Graduates

Education Pays

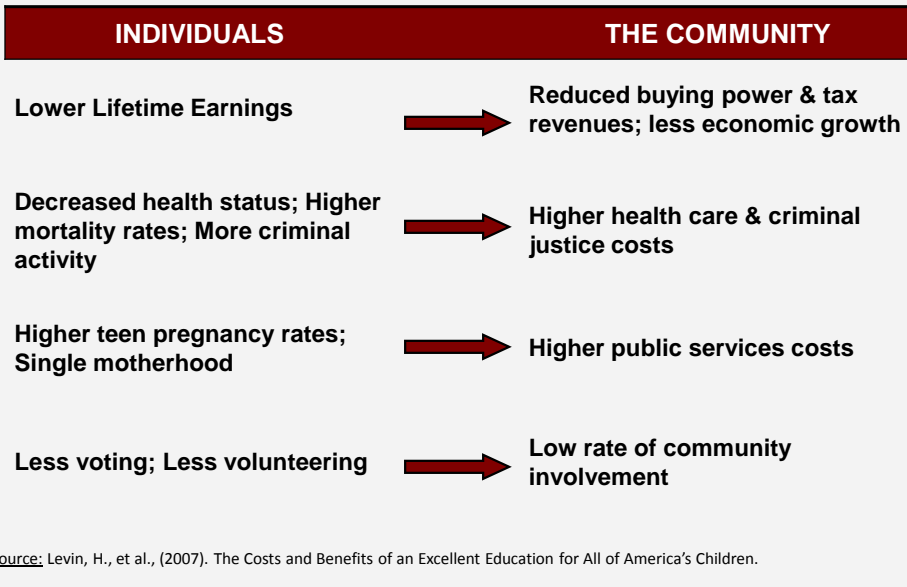
EDUCATIONAL ATTAINMENT & EMPLOYMENT



Source: *U.S. Bureau of Labor Statistics Table A-4. Employment status of the civilian population 25 years and over by educational attainment.

**U.S. Bureau of Labor Statistics Table 5. Quartiles of usual weekly earnings of full-time wage and salary workers.

Compounded Impacts of High School Non-Completion



Strengthening the Birth to Work Pipeline

Strengthening the Birth to Work Pipeline

**KEY
ISSUE
#1**

Early Life Experiences

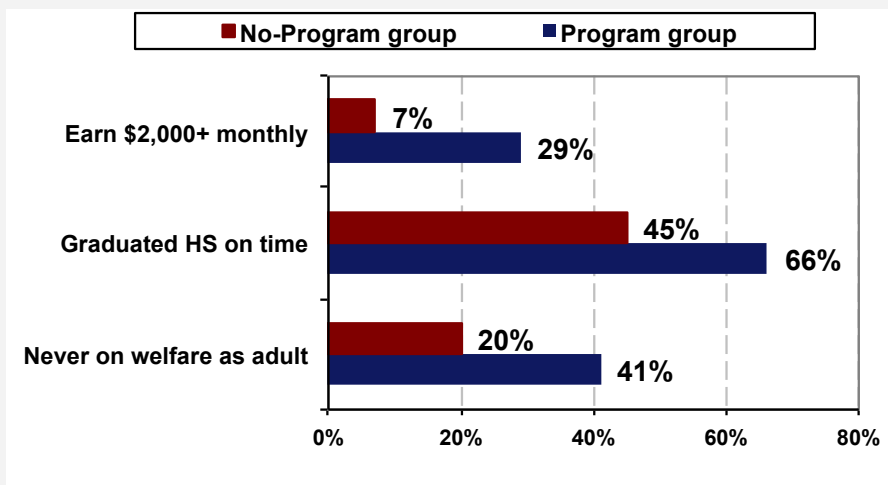
**KEY
ISSUE
#2**

Academic Achievement K-12

**KEY
ISSUE
#3**

Transitions to Work or College

Economic Benefits of Early Education: Perry Preschool Study



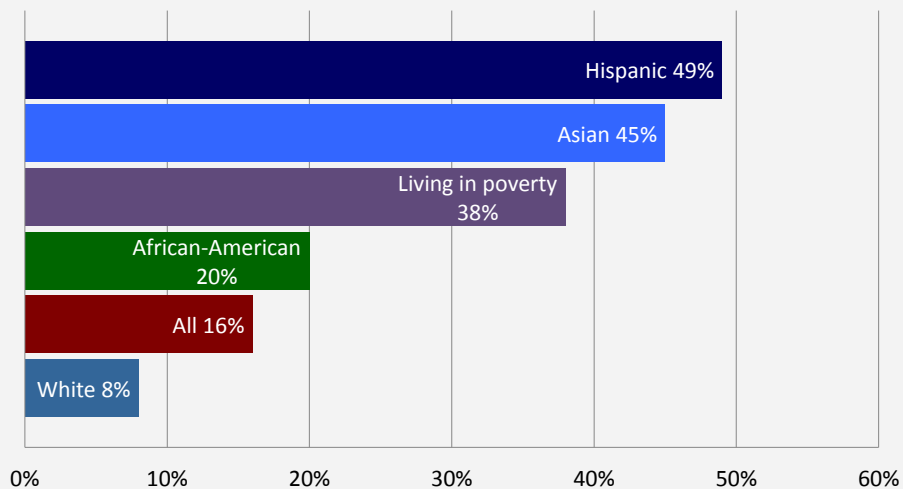
Source: Schweinhart, L.J., et al. (2005). *Lifetime effects: The High/Scope Perry Preschool study through age 40*.

Essential Building Blocks of High Performing States

- ✓ Higher Standards
- ✓ Rigorous Curriculum
- ✓ Clear Accountability System
- ✓ Statewide Student Information System
- ✓ Leadership Training

The Changing Face of Georgia

2001-2010: Percent Population Increase



4-Year Graduation Rate, 2014

	Georgia
All Students	73%
Low-Income	63%
English Language Learners	44%

Source: The Governor's Office of Student Achievement, State Report Cards.

Georgia Needs: The Economic Development Pipeline

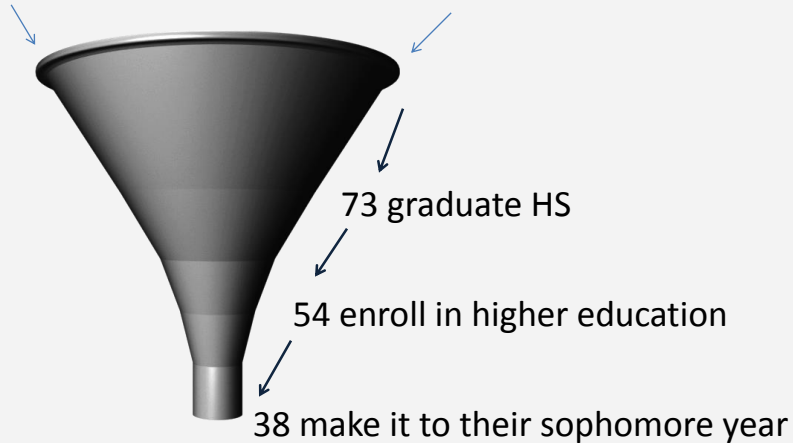
60% of jobs in 2020 will require some higher education

42% of Georgians currently have a post-secondary degree

250,000 new post-secondary graduates by 2025

The Missing 62%

100 Georgia 9th Graders Enter High School!



Source: Ga DOE 2012-2013 school year, calculations by Atlanta Regional Commission estimates

Georgia's Future Workforce

1. Increasing demand for highly skilled labor force
- +
2. Changing demographics
- +
3. Increasing academic rigor and expectations

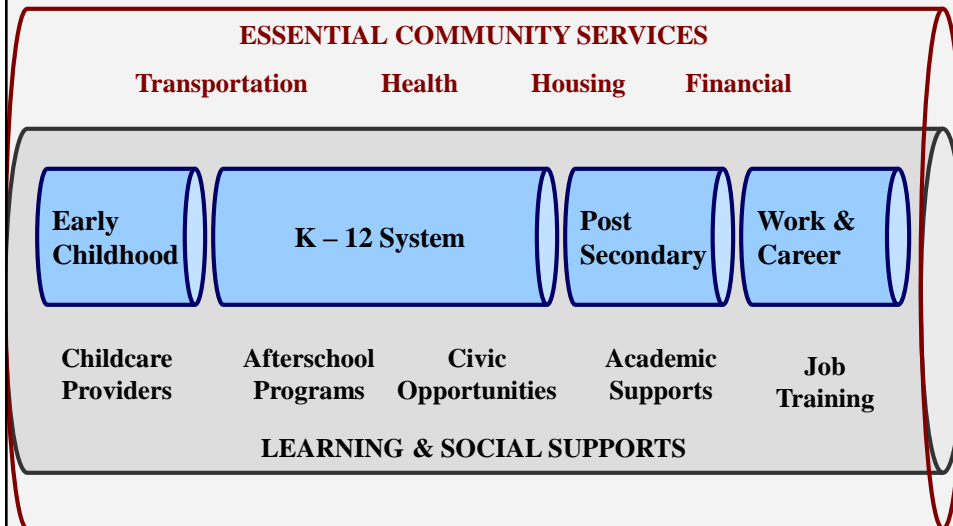
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Perfect Storm?

Positive Collective Impact?

What Can We Do?

How Will You Insulate the Birth to Work Pipeline?



Source: The Forum for Youth Investment

Help Insulate the Pipeline

**Early
Childhood**

Read to children every day: "Talk to Me Baby"
Encourage participation of your early learning centers: "Quality Rated"

K – 12 System

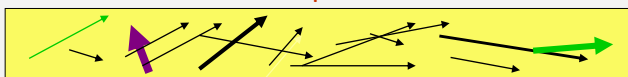
Leverage partnerships with business and post-secondary –
internships and mentoring
Consider dual enrollment HS/ college: "Move on When Ready"
Pay for Advanced Placement (AP) exams

**Post
Secondary**

Provide internships/ apprenticeships
Participate and support: "Go Back. Move Ahead."

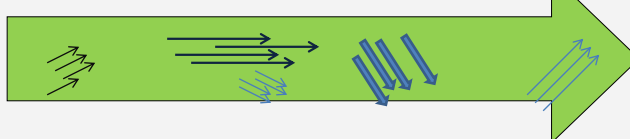
Aligning Educational Strategies for Collective Impact

Random Acts of Improvement



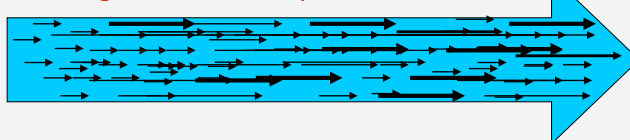
GOALS

Partially Aligned Acts of Improvement



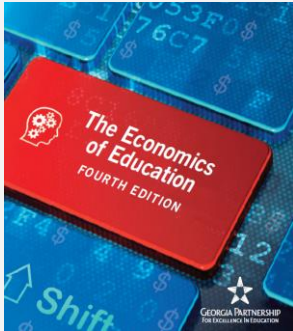
GOALS

Aligned Acts of Improvement



GOALS

Connect with us



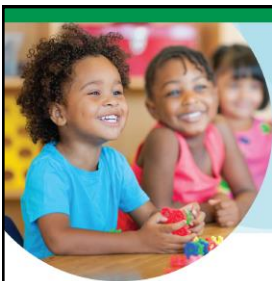
Twitter: @GAPartnership

Facebook: Georgia Partnership for Excellence in Education

Instagram: @GAPARTNERSHIP

LinkedIn: Georgia Partnership for Excellence in Education

Website: www.gpee.org



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Business and Advocacy Response: Call to Action

Mindy Binderman and Hanah Goldberg,
GEEARS

Local Chamber of Commerce
Representative



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in Georgia

Introduction of Industry-Level Findings

Kristie Lewis

Georgia Department of
Early Care and Learning

Early Education Industry

- In Georgia, the industry generally refers to the following:
 - Child care learning centers
 - Family child care homes
 - Group child care homes
 - Early Head Start and Head Start
 - Georgia’s Pre-K Program
 - Exempt care
 - Family, Friend, and Neighbor care

Early Education Industry

- Industry is mixture of private business, not-for profits, and public education.
- Many programs rely on public funds, charitable contributions, and tuition.
- Industry cannot be viewed from a K-12 lens:
 - Varying Regulations
 - Parent Choice
 - Public and philanthropic support

Economic Impact of the Early Care and Education Industry in Georgia



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Industry-Level Findings

Dr. Theresa Wright
University of Georgia

Presentation Overview

Our role in the study

Methods and response rates

Profiles

Impact of the Recession

Quality Rated

Key findings

Economic Impact *of the* Early Care and Education Industry *in* Georgia

Study Overview and Results: The Survey

Surveyed providers across Georgia to **supply** important **data not available** elsewhere for the economic impact **analysis**.

Provided an industry **profile highlighting** its **complex contributions** to the economy.

Economic Impact *of the* Early Care and Education Industry *in* Georgia

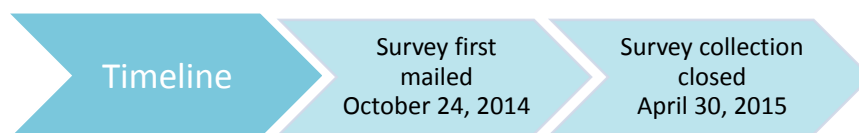
Study Overview and Results: The Survey

Methodology:

- Reviewed 2008 survey instruments
- Designed separate survey instruments (center, family, and school system)
- Surveyed licensed/regulated providers:
 - Early care and education centers
 - Group child care homes
 - Early Head Start and Head Start sites
 - Military early care and education centers
 - Family child care homes
 - Local school systems with Georgia’s Pre-K programs

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

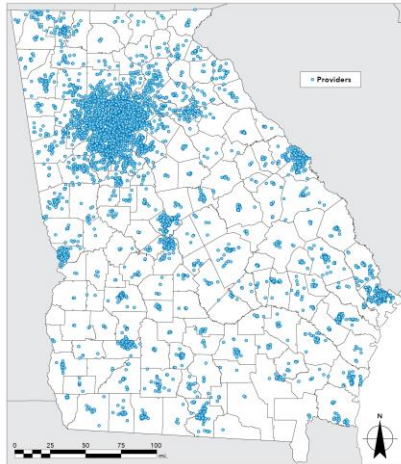


Survey Response Rates:

Provider Type	Surveys Sent	No Response	Surveys Returned	%
Center-based Care	3,254	1,758	1,496	46%
Family Child Care Homes	2,308	1,135	1,173	51%
School-based Care	170 (771)	46 (172)	124 (599)	78%
Total	6,333	3,065	3,268	52%

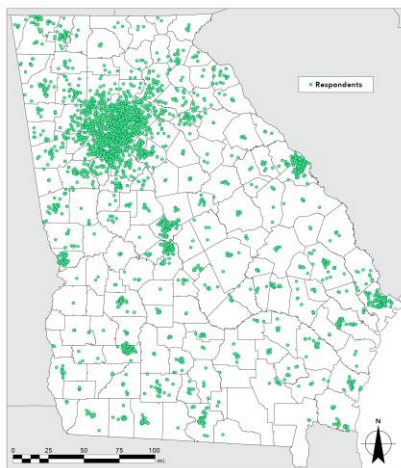
Economic Impact of the Early Care and Education Industry in Georgia

Providers in Georgia



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Survey Respondents



Economic Impact *of the* Early Care and Education Industry *in* Georgia

Study Overview and Results: The Survey

Children Served:

	Population	Enrollments	Percent Served
6 weeks – 12 months	129,104	20,218	15.70%
1 year old	129,915	32,168	24.80%
2 years old	132,990	33,166	24.90%
3 years old	133,811	58,367	43.60%
4 years old	136,855	118,497	86.60%
5–13 (school age)	1,269,071	74,608	5.90%

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

Survey Respondents:

	Center-based Programs	Family Child Care Homes
Average current enrollment	87	6
% offering weekend care	3%	11%
% offering evening care	8%	21%
Annual infant tuition & fees	\$7,280	\$5,720

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

Median Weekly Tuition and Fees: Center-based Care

	Rural	Other Urban	Metro Atlanta
6 weeks – 12 months	\$90	\$119*	\$178*
1 year old	\$90	\$113	\$167*
2 years old	\$90	\$110	\$160
3 years old	\$90	\$108	\$150
4 years old	\$85	\$100	\$145
5 years old	\$60	\$73	\$89
6–13 years old	\$50	\$65	\$75

*Average median value

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

Median Weekly Tuition and Fees: FCCH

	Rural	Other Urban	Metro Atlanta
6 weeks – 12 months	\$85	\$100	\$133*
1 year old	\$80	\$98*	\$125
2 years old	\$80	\$95	\$125
3 years old	\$80	\$93	\$120
4 years old	\$75	\$85	\$110
5 years old	\$75	\$75	\$90
6–13 years old	\$65	\$70	\$75

*Average median value

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

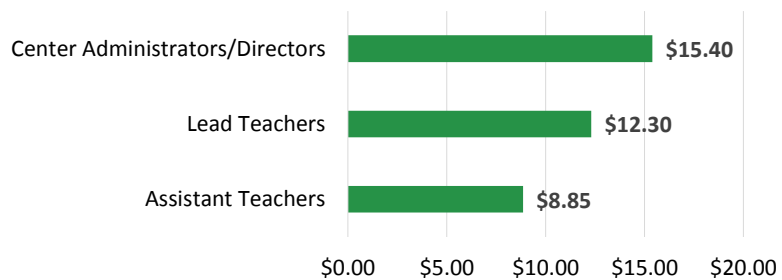
The Workforce:

	Center-based Programs	Family Child Care Homes	School-based Programs
Median number of employees (if any)	13	0	4
% of lead teachers (bachelor's degree or higher)	24%	8%	92%
% of lead teachers (associate's degree)	7%	5%	< 1%
% of female lead infant teachers	97%	94%	N/A
% of female lead Georgia Pre-K teachers	95%	N/A	98%

Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

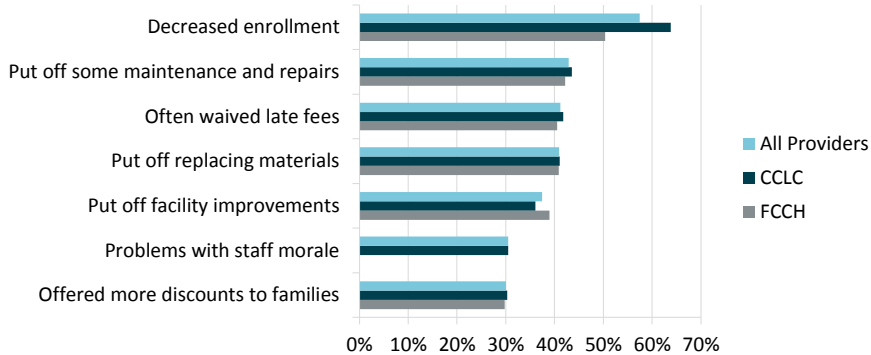
Average Hourly Wage: Centers



Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

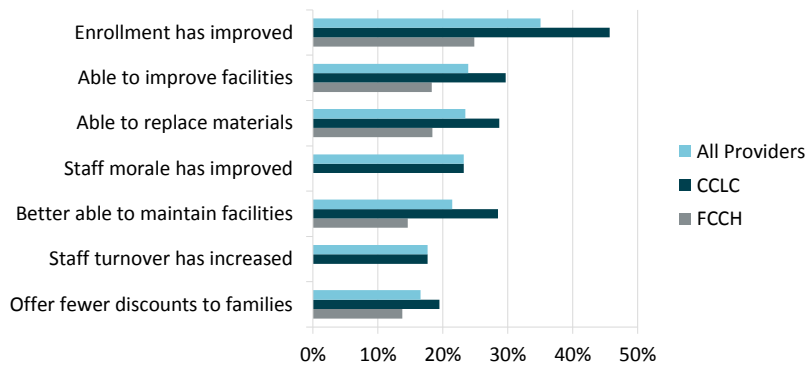
Impact of Recession:



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Study Overview and Results: The Survey

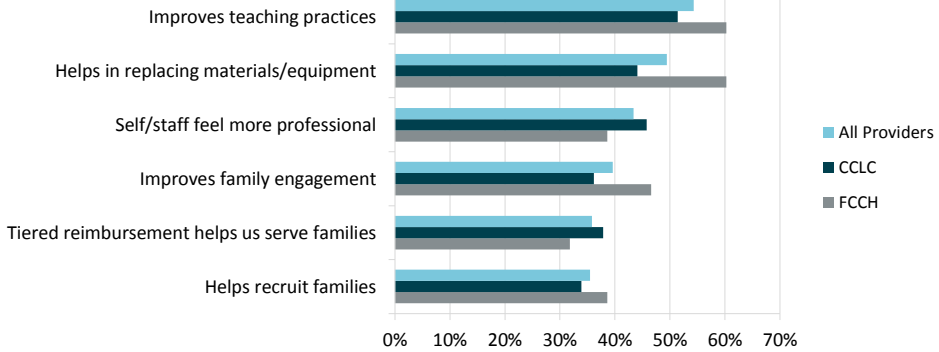
Recession Recovery:



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Study Overview and Results: The Survey

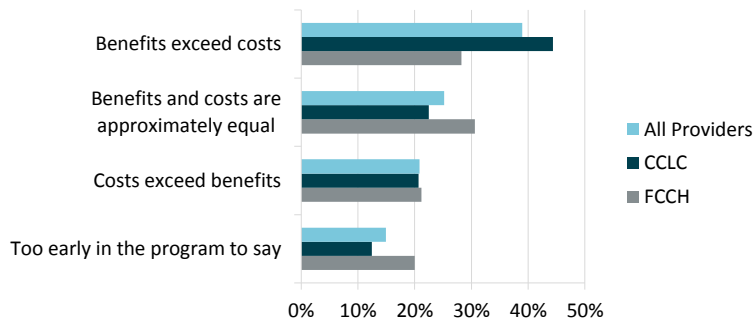
Benefits of Quality Rated:



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Study Overview and Results: The Survey

Quality Rated Benefit/Cost Comparison:



Economic Impact of the Early Care and Education Industry in Georgia

Study Overview and Results: The Survey

🔑 Key Survey Findings:

- 🔑 Family child care homes much more likely than centers to offer evening, holiday, or weekend care
- 🔑 Median weekly fees for infants range between \$85 and \$133 (family settings) and \$90 and \$178 (centers)
- 🔑 Greatest recession challenge for providers was decreased enrollment (for some, enrollment has improved)
- 🔑 Almost half of participating Quality Rated centers report the benefits of Quality Rated exceed the costs

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Closing

Further information can be found at:

www.decal.ga.gov