



Economic Impact of the Early Care and Education Industry in Georgia

EXECUTIVE SUMMARY

The early care and education industry is an important part of Georgia's economy.

Access to child care increases labor force participation, boosts local economies, and helps support a stable workforce. The industry enables parents to work, allowing them to care for their families financially while contributing federal, state, and local taxes to the economy. The industry employs teachers and family child care providers, administrators, and a variety of staff that support the operation of the state's early care and education system. Workers in these early care settings subsequently spend their earnings in Georgia, which in turn distributes additional employment and spending opportunities throughout Georgia's economy.

Quality child care also helps to build Georgia's workforce of the future. For decades, research has supported the economic importance of laying a strong foundation for learning in a child's earliest years. The evidence regarding the positive impact of early education on child development and educational attainment continues to grow (e.g., Arteaga et al. 2014; Deming 2009; Heckman et al. 2012). Early education enhances children's cognitive and social development, school readiness, health, and well-being, better equipping them for the workforce and thereby contributing to the long-term economic development of the state.

PURPOSE OF THE ECONOMIC ANALYSIS

This study, a collaborative effort between researchers at the University of Georgia's Carl Vinson Institute of Government and Georgia State University's Andrew Young School of Policy Studies, builds on a similar 2008 study by quantifying the daily economic activity, also called the short-term economic impact, of the early care and education industry in Georgia. The state has approximately 6,200 licensed or regulated for-profit and not-for-profit early care and education centers, family child care homes, group child care homes, prekindergarten programs, military family child care homes, Head Start sites, and military early care and education centers. Using data collected from a unique survey sent to all of these child care providers in the fall of 2014, this study focuses on the industry in the wake of the Great Recession (2007–2009). The estimates of economic impact are based on 2013–2014 financial data.

OVERVIEW OF RESULTS

- The total annual gross receipts of the industry for a 12-month period are estimated to be \$2.45 billion.
- The additional economic activity associated with the industry adds another \$2.24 billion to Georgia's economy annually. Thus, **the early care and education industry generated \$4.7 billion dollars of economic activity in the state** for 2013, putting it on par with industries such as pharmaceutical preparation manufacturing, printing, and health and personal care stores.



- A conservative estimate of the level of parents' annual earnings supported by the availability of child care in Georgia is \$24 billion.
- Through employment and other spending in the industry and by fueling expansions in other sectors of the economy, the industry annually generates \$374 million in federal tax revenue and \$161.7 million in state and local tax revenues.
- Early care and education provides 67,507 jobs in the industry itself and generates an additional 17,454 jobs in other market segments.

SNAPSHOT OF GEORGIA'S CHILD CARE INDUSTRY

The early care and education industry in Georgia cares for an estimated 337,024 children each year. The data acquired through the survey of child care providers present a profile of the industry in Georgia as well as the children served.

- Centers and family child care homes serve children of need: 44.6% of children in centers and 68.9% of children in school-based programs receive free or reduced-price lunch.
- More than 75% of centers and family child care homes operate 12 months per year; 10.9% of family child care homes and 2.8% of centers offer care on weekends (Saturday or Sunday), while larger percentages (20.6% and 7.7%, respectively) offer care in the evenings.
- The average weekly parent fee for infants ranges in family child care homes from \$91 for rural providers to \$127 for urban providers. Among centers, the average ranges from \$99 for rural providers to \$161 for urban providers.
- The average wage for administrators in centers is \$15.40 per hour. Lead teachers earn an average of \$12.30 per hour (\$16.45 for Georgia's Pre-K or Head Start lead teachers, and \$10.14 for all other lead teachers). Assistant teachers earn, on average, \$9.18 per hour (\$9.68 for Georgia's Pre-K or Head Start assistants, and \$8.85 for all other assistant teachers). In family child care homes, paid assistants or substitutes earn an average of \$8.25 per hour. In public schools offering Georgia's Pre-K, administrators or directors earn an average of \$58.57 per hour, lead teachers earn \$30.88, and assistant teachers \$12.23.
- Paid holidays, paid leave, and paid time for training and education are among the benefits most often offered by centers to their full-time employees, regardless of whether they house Georgia's Pre-K or Head Start programs. Nearly all public schools offering Georgia's Pre-K provide paid leave, health insurance, and retirement plans for their full-time employees.

EFFECTS OF THE GREAT RECESSION

The Great Recession (2007–2009) significantly affected Georgia's labor force, with the unemployment rate topping 10% in the state. The child care and early education industry continues to feel the impacts of the recession. According to both center and family child care home providers, decreased enrollment was where they most felt the recession. For a minority of centers and family child care homes, enrollment has returned to pre-recession levels, but for many more such providers, enrollment has only partially rebounded. During the downturn, providers postponed some business improvements, lowered fees, or extended services. Since then, sizable numbers of providers have made some postponed improvements or are now less likely to discount or waive fees. Approximately 40% of center-based and family child care home providers indicate that earning enough income is one of the greatest challenges to their business, underscoring the recession's lingering effects.

LONG-TERM BENEFITS AND QUALITY OF CARE

Beyond short-term economic impact, the early care and education industry provides long-term benefits to children, parents, and society. This study also summarizes current research in this area. Heckman, Grunewald, and Reynolds (2006), Temple and Reynolds (2007), Bartik, Gormley, and Adelstein (2012), Herbst and Tekin (2012), and the U.S. Executive Office of the President's Council of Economic Advisors (2015) are among those who provide or discuss detailed analyses and cost-benefit calculations of returns on early education. These include benefits to parents and children that accrue to society through increases in short-term and long-term worker productivity and reductions in spending on social services. They find that the long-term benefits of early care and education attest to the enormous impact of the industry.

Quality of care is another important factor that influences the industry's impact. This study explores the magnitude of and ways in which high-quality early care and education increases the economic impact of the industry. Quality boosts the industry's economic impact in the short run through providers, who must hire more workers and generally spend more money per child, and in the long run through children, who are better prepared for school and thus better prepared to eventually become contributing members of Georgia's workforce.

In January 2012, Georgia launched the voluntary Quality Rated program to assess, improve, and communicate the level of quality in early education and school-age care programs. Although the program was in its early stages during the survey period, more than half (54.3%) of the responding center- and home-based Quality Rated providers indicate that the program has improved or is expected to improve teaching practices.

CONCLUSIONS

As the findings of this study demonstrate, early care and education in Georgia is a multibillion dollar industry. Despite the lingering effects of the recent Great Recession, the industry continues to generate significant economic activity daily as providers buy goods and services to operate their businesses and employ teachers, administrators, and a variety of support staff. Additional monies are spent by the industry itself and industries directly related to early care and education, generating further economic activity. Finally, the industry allows parents and families to work in a myriad of industries and businesses because care for their children is available. In coming years, the industry can look forward to an even greater economic impact as the economy continues to improve.

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Bright from the Start: Georgia Department of Early Care and Learning is responsible for meeting the child care and early education needs of Georgia’s children and their families. It administers the nationally recognized Georgia’s Pre-K Program, licenses child care centers and home-based child care, administers Georgia’s Childcare and Parent Services (CAPS) program and federal nutrition programs, and manages Quality Rated, Georgia’s community-powered child care rating system.

The department also houses the Head Start State Collaboration Office, distributes federal funding to enhance the quality and availability of child care, and works collaboratively with Georgia child care resource and referral agencies and organizations throughout the state to enhance early care and education. For more information, go to www.dec.state.ga.us.



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