

Short-Term Economic Impact of Georgia's Early Care and Education Industry in 2021



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Executive Summary

The early care and education (ECE) industry is fundamentally important to the wider economy in Georgia. Access to reliable child care allows parents to participate in the workforce and contribute to their family's well-being, boosting the overall economy and ensuring a stable labor force. Children need a safe place to be that promotes their healthy development while their parents are working. The industry in Georgia employs thousands of teachers, administrators, health and safety staff, and other aides. These workers spend their earnings in the state, which in turn produces additional employment and spending opportunities in other sectors of the economy.

This study, a collaboration between researchers at the Georgia State University Andrew Young School of Policy Studies and the University of Georgia's Carl Vinson Institute of Government, examines the size and economic impact of the ECE industry in Georgia in 2021, as the state and the nation were beginning to emerge from the unprecedented effects of a global pandemic that had so disrupted families and early education in 2020.

THE ECE INDUSTRY IN 2021

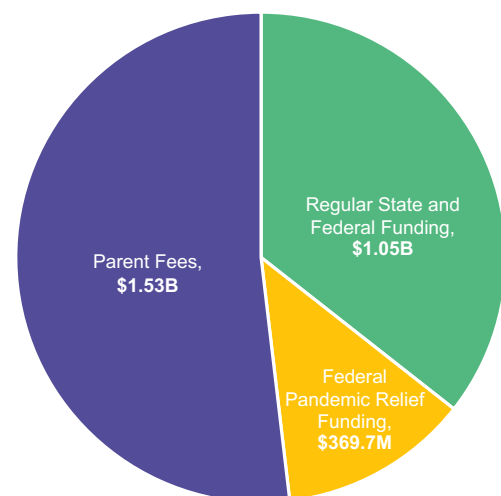
The state had more than 5,300 licensed or regulated providers in 2021 that served approximately 309,000 children across the state.

- Despite temporary pandemic-related closures, the number of licensed or regulated providers in Georgia remained steady between 2019 and 2021, suggesting that the infusion of federal pandemic relief dollars and the rapid distribution of those funds by the Georgia Department of Early Care and Learning were successful in stabilizing the industry.
- Enrollments were down in 2021. The ECE industry in Georgia typically provides care for approximately 340,000 children each year. In 2021, this number dropped to 309,000, likely due to the COVID-19 pandemic. Similarly, Georgia's Pre-K Program enrollment dropped from roughly 58%–60% of all eligible 4-year-olds to only 49.1%.
- The industry in 2021 employed 64,631 individuals and supported an additional 16,559 jobs in other industries.
- The average annual wages of child care workers (as measured by the US Bureau of Labor Statistics) were just \$27,166 in Georgia in 2022, the lowest among all closely related occupations.
- A rough estimate of parents' annual earnings supported by the availability of early care and education in Georgia is \$36.5 billion based on Census data from 2021.

GROSS RECEIPTS AND ECONOMIC IMPACT

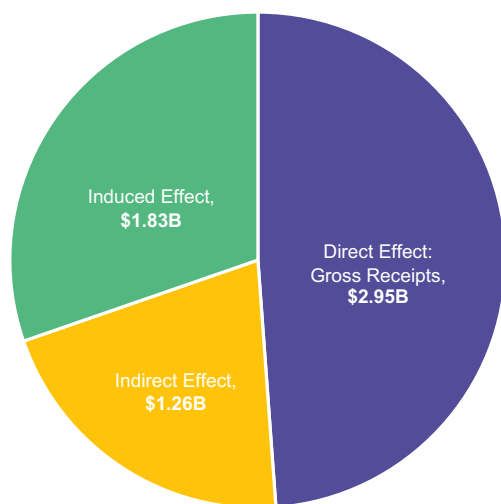
Gross receipts capture the amount of resources going through an industry and are a first step in measuring the economic impact of that industry. Gross receipts for the ECE industry, which totaled \$2.95 billion in 2021, are the sum of parent fees and federal and state payments to programs.

Gross Receipts of the ECE Industry in 2021: \$2.95B



Programs in the industry also purchase items and services from businesses outside of the ECE sector (indirect effects), and these expenditures “multiply” or “ripple” through the economy as workers in these industries receive wages and spend some of their income purchasing even more goods and services (induced effects). The research team used IMPLAN, a widely used and accepted input-output model, to estimate the indirect and induced effects of the ECE industry. These estimates show the industry’s reach beyond simply its spending.

Total Economic Impact of the ECE Industry in 2021: \$6.04B



- In total, the industry generated **\$6.04 billion in economic activity** in Georgia in 2021.
- The industry has grown over time, increasing 28.7% from 2014 (\$4.7 billion), likely due in part to inflation and the infusion of federal pandemic dollars.
- The total annual gross receipts of the industry for a 12-month period in 2021 were an estimated \$2.95 billion, a 15% increase over 2019 (\$2.56 billion).
- The industry generated \$610.0 million in federal tax revenue and \$226.5 million in state and local tax revenue in 2021.
- For every dollar of direct spending in the industry in 2021, the indirect and induced effects resulted in an additional \$1.05 of economic activity in Georgia. In addition, for every 100 jobs within the ECE industry, another 26 jobs were supported in other industries.
- In 2020 and 2021, the ECE industry received and utilized a total of \$571 million of targeted, pandemic-related supplemental federal funding. These dollars resulted in \$243 million in indirect effects and \$332 million in induced effects, for a total of \$1.1 billion in total output. Had this funding not been distributed, the total economic impact of the ECE industry in Georgia would have been 8.2% to 9.2% lower in 2020 and 12.5% lower in 2021.

