

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

## EXECUTIVE SUMMARY

### CHILD POLICY PARTNERSHIP



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

- enables parents to engage in the workforce, allowing them to financially care for their families while contributing federal, state, and local taxes.
- benefits children in terms of cognitive and social development, school readiness, and health and well-being, thereby contributing to the long-term economic development of the state.

Evidence from leading researchers, including Nobel-prize winning economists and Federal Reserve Bank analysts, consistently point to the economic importance of laying a strong foundation in early childhood (e.g., Heckman, 2000; Rolnick and Grunewald, 2007; Wolfe and Tefft, 2007).

The primary objective of this report is to quantify the daily economic activity, which we call the short-term economic impact, of the early care and education industry in Georgia. The important findings from this analysis are:

- **The total annual level of gross receipts of the industry for a 12-month period is estimated to be \$2.4 billion.**
- The additional economic activity associated with the industry adds another \$1.7 billion to Georgia's economy. Thus, **the industry generates \$4.1 billion of economic activity in the state each year** and is on par with industries such as computer and electronic product manufacturing; the arts, entertainment, and recreation industries; and pharmaceutical manufacturing.
- A conservative estimate of the level of parents' annual earnings that are supported by the availability of child care in Georgia is \$13.6 billion—but may be as large as \$32.7 billion.
- Through employment and other spending in the industry, and by fueling expansions in other sectors of the economy, the industry generates \$117 million in federal, state, and local tax revenues.
- Early care and education provides 61,203 jobs in the industry itself and generates an additional 13,500 jobs in other market segments.
- The early care and education industry in Georgia provides care for an estimated 383,379 children in the state each year.
- There are over 10,000 licensed or regulated for-profit and not-for-profit early care and education centers, family child care homes, group child care homes, pre-kindergarten programs, military family child care homes, Head Start sites, and military early care and education centers.



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A unique survey of early care and education providers was developed for this report. The data acquired through this survey not only supply important input for the economic analysis, they also present a profile of the industry in Georgia:

- The industry serves children of all races and ethnicities, but the percentage of black children in care represents a larger portion than the proportion of black children in the state at large.
- Centers and family child care homes serve children of need—45% of children in centers and 24% of children in family child care homes receive free or reduced-price lunch.
- Most centers and family day care providers operate on a 12-month basis; 40% of family day care providers and 30% of centers offer care on Saturdays, Sundays, and/or holidays.
- The average weekly parent fee for infants ranges from \$70 to \$120 for family child care homes and from \$80 to \$145 for centers, based on geographic area.
- The average wage for administrators in centers is \$13.57 per hour; lead teachers earn an average of \$10.45 per hour; and other teaching staff earns, on average, \$7.94 per hour. In family child care homes, the average hourly wage for paid assistant caregivers is \$7.09. Paid leave, paid holidays, and paid time-off for training are among the benefits most often offered by centers.



In addition, this report provides a summary of the current research on the long-term benefits to children, parents, and society of early care and education. Heckman (2000), Heckman and Masterov (2004), and Heckman, Grunewald, and Reynolds (2006) are among those who provide a detailed analysis and cost-benefit calculation of the returns to early education taking into account that the benefits to parents and children 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. This report also presents a discussion about the magnitude of and the ways in which high quality early care and education increases the economic impact of the industry. Quality increases the economic impact of the industry both 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, by making Georgia's future workforce as productive as possible.

The early care and education industry in Georgia is a multi-billion dollar industry. The industry generates significant amounts of economic activity on a daily basis by buying goods and services needed to run their businesses; by providing employment to teachers, administrators, and a variety of support staff; and by providing additional economic activity through monies spent by the industry itself and industries directly related to early care and education.

## REFERENCES

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