



ECONOMIC IMPACT OF THE EARLY CARE AND EDUCATION INDUSTRY IN GEORGIA

Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry

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EXECUTIVE SUMMARY

The early care and education industry has long been an important part of Georgia's economy, enabling parents to engage in the workforce and support their families financially, while also contributing local, state, and federal taxes to the economy. Access to reliable child care increases labor force participation, boosts local economies, and helps support a stable workforce. This report examines the initial impacts of the COVID-19 pandemic on this vital economic sector in Georgia.

Purpose of the 2019 to 2020 Comparison

The spring of 2020 was one of the most turbulent and unpredictable times in modern history, as COVID-19 began spreading around the world and throughout the United States. Leaders imposed lockdowns to try to curb the spread, forcing many businesses to close. Unemployment soared. In Georgia, Governor Brian Kemp encouraged early care and pre-kindergarten providers to take steps to keep children and communities safe. Many early care and education (ECE) providers closed as cities issued stay-at-home orders, schools shut down, and families sheltered in place. These conditions persisted for much of spring and summer 2020 as health professionals, governments, and families dealt with the devastating impacts of a global pandemic.

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, explores the initial impacts of the COVID-19 pandemic on the ECE industry. The report begins with an analysis of Georgia's ECE industry in calendar year 2019, prior to the onset of the pandemic. This analysis serves as a baseline to measure the impact of the pandemic and subsequent recovery efforts. The report offers a first attempt at quantifying the impact of the pandemic by comparing the industry in 2020 versus 2019 on a variety of metrics. The report then takes a brief look at the ECE workforce in 2019 and 2020. The report concludes with a detailed narrative of the first nine months of the pandemic in Georgia and the policy changes the Georgia Department of Early Care and Learning (DECAL) implemented to ensure the safety of families and the ECE workforce while supporting the industry and helping to keep providers in business. This review includes an examination of how the industry adapted to the pandemic in 2020 and the role of federal and state efforts in bolstering this vital economic sector during these unprecedented times.

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Overview of Results

- The total number of ECE providers decreased from 5,512 in 2019 to 5,380 in 2020, a 2.4% drop. Future phases of this research will examine whether these were permanent or temporary closures.
- The share of providers open dropped dramatically to about 30% in early April 2020, then slowly increased throughout the year. By the end of 2020, about 90% of providers were open for face-to-face instruction.
- Child attendance decreased precipitously in mid-March 2020, but declines across age groups were not uniform. For instance, roughly 47% of infants still physically attended an ECE program, compared to 40% of 4-year-olds. The gaps persisted throughout 2020. By December 2020, some 97% of enrolled infants were in physical attendance at ECE centers, but only 70% of enrolled 4-year-olds were.
- The ECE industry employed about 71,500 people in 2019, with an estimated 72% in full-time positions.
- Employment in the ECE industry dropped dramatically in late March of 2020 and slowly improved throughout the year. However, by December 2020, employment was still down approximately 18% from pre-pandemic levels.
- In 2019, average annual wages in the ECE industry in Georgia were approximately \$20,300. Average annual wages in 2020 were down \$3,200.

Gross Receipts

Gross receipts capture the amount of resources going through an industry and are a measure of the size of that industry. Gross receipts for the ECE industry are the sum of parent fees and federal and state payments to programs.

- Annual total ECE gross receipts for 2019 were an estimated **\$2.6 billion**. In 2020, gross receipts declined by an estimated 1.6% to 13.7%, for an industry total of **\$2.21 to \$2.52 billion**.
- In 2019, parent fees represented about 60% of gross receipts (\$1.55 billion), with the remaining 40% coming from federal and state funding.
- In 2020, parent fees declined to an estimated \$0.96 billion to \$1.27 billion—a year-over-year drop of 18.1% to 38.1%.
- The decline in parent fees was offset by additional federal and state support, which increased by 23.8% to \$1.25 billion.

Overall, gross receipts did decline between 2019 and 2020 but only modestly due to a combination of increased federal and state spending. Estimates indicate that in 2020 total gross receipts dropped to \$2.21–\$2.52 billion, a decline of at least 2% to as much as 14% from 2019. Whereas parent fees represented approximately 60% of gross receipts in the ECE industry in 2019, this percentage dropped to 40% in 2020. Instead, federal and state funding, which had formerly represented roughly 40% of gross receipts, filled this gap, accounting for 60% of gross receipts in 2020. These results provide a first indication that the infusion of federal dollars from the CARES Act and DECAL's rapid deployment of those funds to early care and education providers was successful in stabilizing the industry during an unprecedented time.