



Economic Impact of the Early Care and Education Industry in Georgia

Child Policy Partnership





Agenda

- Welcome and Introductions
- Why Conduct an Economic Impact Study?
Bright from the Start representative
- Study Overview and Results
Research team representatives
- Informing Public Policy
Policy Advisory Team member
- Conclusions



Welcome and Introductions

Who was involved in this study?

- Study conducted by the Child Policy Partnership, consisting of researchers from UGA and GSU
- Report commissioned by Bright from the Start: Georgia Department of Early Care and Learning (BftS)
- Methodology advised by Technical Advisory Team, consisting of early childhood leaders and researchers in the state
- Study implications advised by Policy Advisory Team, consisting of early childhood industry leaders and supporters



Welcome and Introductions

Why we're here today:

- To share methodology and findings from the Early Care and Education Economic Impact Survey;
- To position the Early Care and Education Industry as part of the Community Economic Development strategies across Georgia; and
- To engage participants in discussion of usefulness of study results for informing public policy.



Economic Impact Studies

“Across the US, communities are forming teams to conduct regional economic analyses of the child care sector to help strengthen the awareness of child care as an important component of the social infrastructure that supports economic development.”

R. Ribeiro & M. Warner (Jan. 2004), *Measuring the Regional Economic Importance of Early Care and Education: The Cornell Methodology Guide*, 2.



Why Conduct an Economic Impact Study?

- Help us understand the impact of licensed and regulated early care and education on Georgia's economy
- Draw attention to the industry
- Elevate the industry's image
- Inform policy decisions



Study Overview and Results

Study Question:

What is the short-term economic impact of the early care and education industry in Georgia?



Study Overview and Results

Major Study Components:

- Developed and administered Early Care and Education Economic Impact Survey to family and center establishments
- Gathered data and estimated gross receipts for industry
- Used economic modeling to estimate total economic impact of industry in Georgia

In consultation with the Policy and Technical Advisory teams.



Study Overview and Results

Study Products:

- *Economic Impact of the Early Care and Education Industry in Georgia* report
- 14 regional *Profiles of the Early Care and Education Industry*
- 3 Policy Briefs for wide dissemination:
 - Overall results
 - Statistical fact sheet for the state
 - Contributions of the industry to cost savings
- Executive Summary and Data Card

Available at www.decal.state.ga.us starting August 18.



Study Overview and Results

The Survey

The Early Care and Education Economic Impact Survey:

- Surveyed providers across Georgia to supply important data for the economic impact analysis not available elsewhere.
- Provided a profile of the industry which highlights its complex contributions to the economy.



Study Overview and Results

The Survey

Methodology: Survey

- Reviewed other state's instruments
- Designed family and center instruments for Georgia
- Licensed/regulated providers surveyed:
 - Family child care homes
 - Military family child care homes
 - Early care and education centers
 - Group child care homes
 - Early Head Start and Head Start sites
 - Military early care and education centers
 - Georgia's Pre-K Programs in local school systems



Study Overview and Results

The Survey

Methodology: Survey *continued*

- Timeline:
 - First mailing of survey May 8, 2007
 - Survey collection closed Jan 31, 2008
- Design:
 - “Hard to reach” sub-study
 - Pre-incentive, post-incentive
 - 4-pg, 8-pg, web, certified mail, and phone

Study Overview and Results

The Survey

Survey Response Rates:

Provider Type	Surveys Sent	Undeliverable	Number Returned	%
Family Child Care Homes	5,875	715	2,772	53.7%
Center-based Care	4,498	416	1,976	48.4%
Total	10,373	1,131	4,748	51.4%

Study Overview and Results

The Survey

Profiles of the Children Served:

	Family Child Care Homes	Center-based Programs
% of children receiving free or reduced price lunch	24%	45%
% of children receiving DFCS child care subsidies	17%	18%
% of children with diagnosed disability	4%	4%
% of children whose first language is not English	3%	6%
% of children who are Black	56%	40%
% of children who are White	39%	44%
% of children who are Hispanic	3%	7%

Study Overview and Results

The Survey

Operations Profiles of Providers:

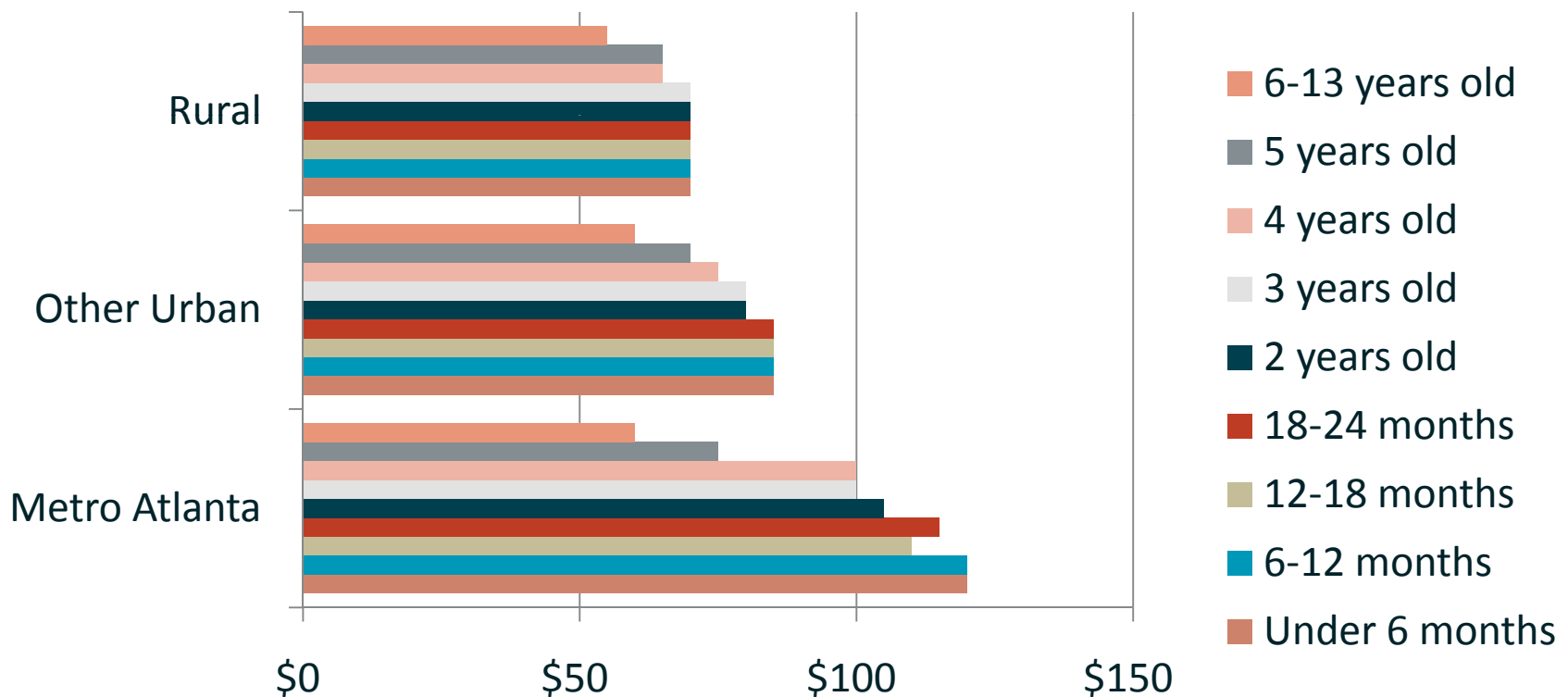
	Family Child Care Homes	Center-based Programs
Average current enrollment	5.5	73.1
% of providers open on Saturday	41%	24%
% of providers with quality designation	4%	12%
Median annual revenues	\$14,000	\$117,350
% of revenues from parent fees (if receive fees)	58%	55%
Median annual costs for an infant	\$4,320	\$5,160

Study Overview and Results

The Survey

Average Weekly Parent Fees

Family Child Care Homes:

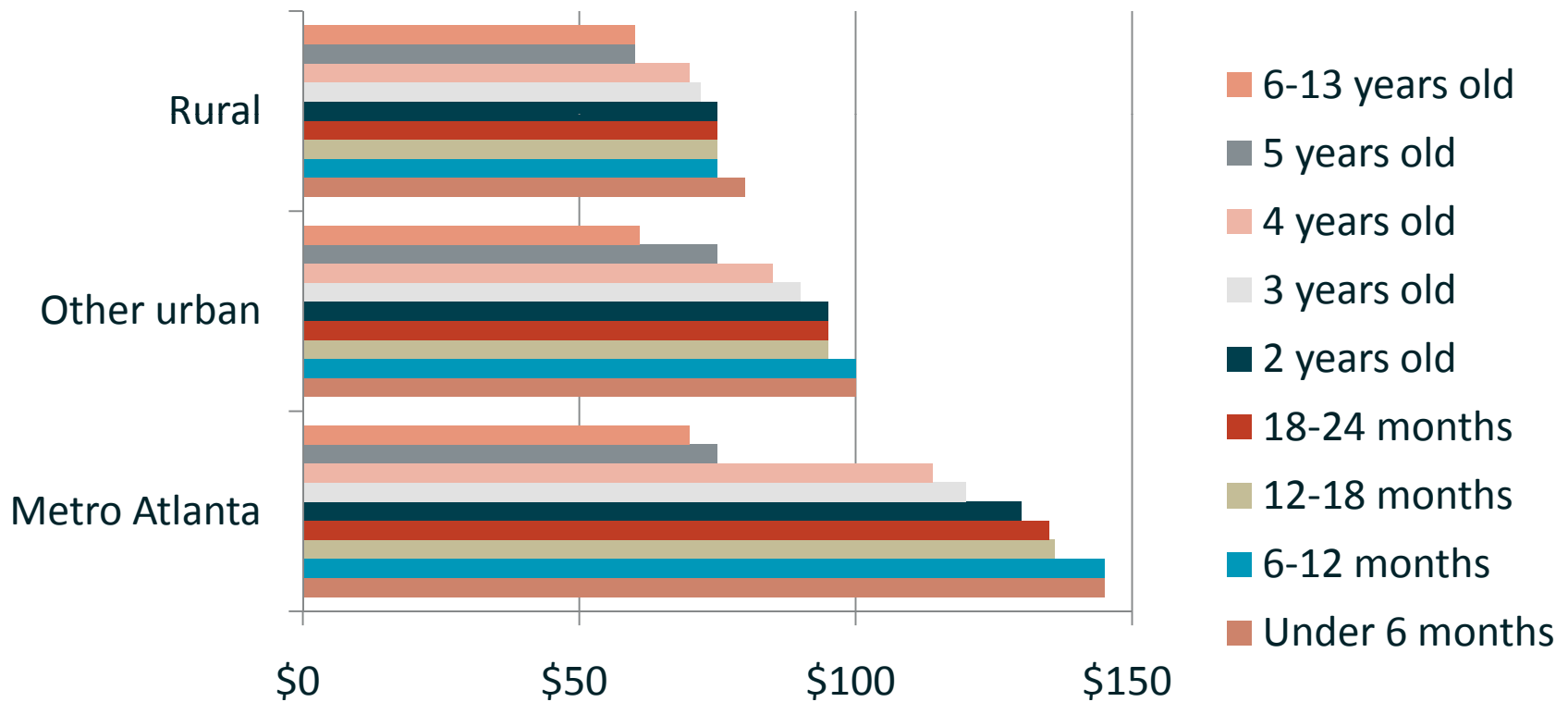


Study Overview and Results

The Survey

Average Weekly Parent Fees

Center-based Care:



Study Overview and Results

The Survey

Profiles of the Workforce:

	Family Child Care Homes	Center-based Programs
% with paid assistant caregivers	18%	N/A
Average number of employees (if any)	1	12
% of caregivers/infant teachers who are Black	73%	48%
% of caregivers/infant teachers who are Hispanic	2%	3%
% of caregivers/infant teachers who are female	87%	98%
% of caregivers/teachers with college degrees	25%	45%

Study Overview and Results

The Survey

Average Hourly Wage of Workforce:





Study Overview and Results

The Survey

Summary of Survey Findings:

- The industry serves a larger portion of Black children than the proportion in the state at large.
- The industry serves children in need; 45% of children in centers and 24% in family settings receive free or reduced price lunch.
- 40% of family providers and 30% of center providers offer care on Saturday, Sundays, and/or holidays.
- Average weekly fees for infants range between \$70 and \$120 in family settings and between \$80 and \$145 in centers.
- The average hourly wage for lead teachers is \$10.45; paid assistant caregivers earn \$7.09 on average.



Study Overview and Results

Economic Impact Analysis

Economic Impact Analysis:

- Collect data from many sources to estimate gross receipts
- Use IMPLAN model to estimate the total economic impact of the industry



Study Overview and Results

Economic Impact Analysis

Methodology: Economic Impact Analysis

- Measured size of industry
 - Number of establishments (BFTS admin data)
 - Size of labor force (survey)
 - Number of children served (survey)
 - Gross receipts =
 - Parent fees (survey)
 - Govt payments to providers (admin data)
 - Govt funded programs (admin data)
 - Donations (non-profit data)



Study Overview and Results

Economic Impact Analysis

Methodology: Economic Impact Analysis *continued*

Gross receipts is the *direct* measure of economic impact used by most states, but it under-estimates impact because:

- Spending by one sector fuels expansions in other sectors (e.g. janitorial, transportation)
→ *Indirect effect*
- Employees in child care industry and the other affected industries spend their earnings generating more economic activity
→ *Induced effect*

Total Economic Impact includes all three.



Study Overview and Results

Economic Impact Analysis

Parent Fees =

Number of Providers

X Average Enrollment per Provider

X Average Weekly Cost

X Weeks

	Contribution to Gross Receipts
Fees to Family Child Care Homes	\$178,384,915
Fees to Center-based Providers	\$1,415,594,263
Total Parent Fees	\$1,593,979,178

Study Overview and Results

Economic Impact Analysis

Federal and State Funds:

	Contribution to Gross Receipts
Federal Child Care and Development Fund	\$15,726,695
TANF-Direct	\$14,000,000
Head Start/Early Head Start	\$169,203,527
Georgia's Pre-K Program	\$309,598,387
Child and Adult Care Food Program	\$82,724,334
Summer Food Service Program	\$9,926,794
DFCS subsidies	\$183,157,419
Total Federal and State Funds	\$784,337,156



Study Overview and Results

Economic Impact Analysis

Total Gross Receipts:

	Gross Receipts
Parent Fees	\$1,593,979,178
Federal and State Funds	\$784,337,156
Other Contributions	\$12,538,040
Total Gross Receipts	\$2,390,854,374



Study Overview and Results

Economic Impact Analysis

Total Economic Impact of Industry:

Direct Effect (\$ Millions)	Indirect Effect (\$ Millions)	Induced Effect (\$ Millions)	TOTAL IMPACT (\$ Millions)
\$2,391	\$763	\$914	\$4,069



Study Overview and Results

Economic Impact Analysis

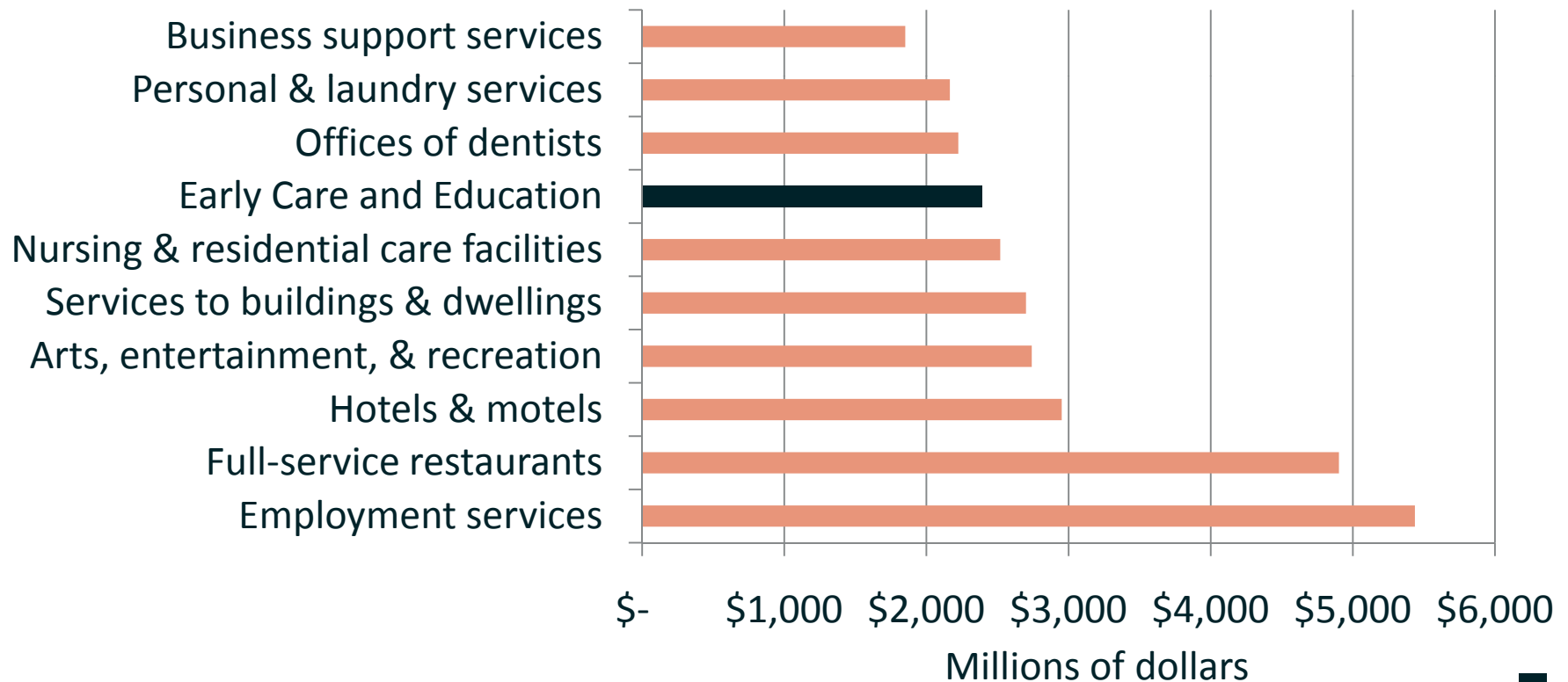
Other Measures of Economic Impact:

- The employment multiplier for the industry is 1.21, meaning that the industry generates an additional 12,900 jobs in other sectors in Georgia.
- 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).
- The industry generates \$117 million in federal, state, and local tax revenues.

Study Overview and Results

Economic Impact Analysis

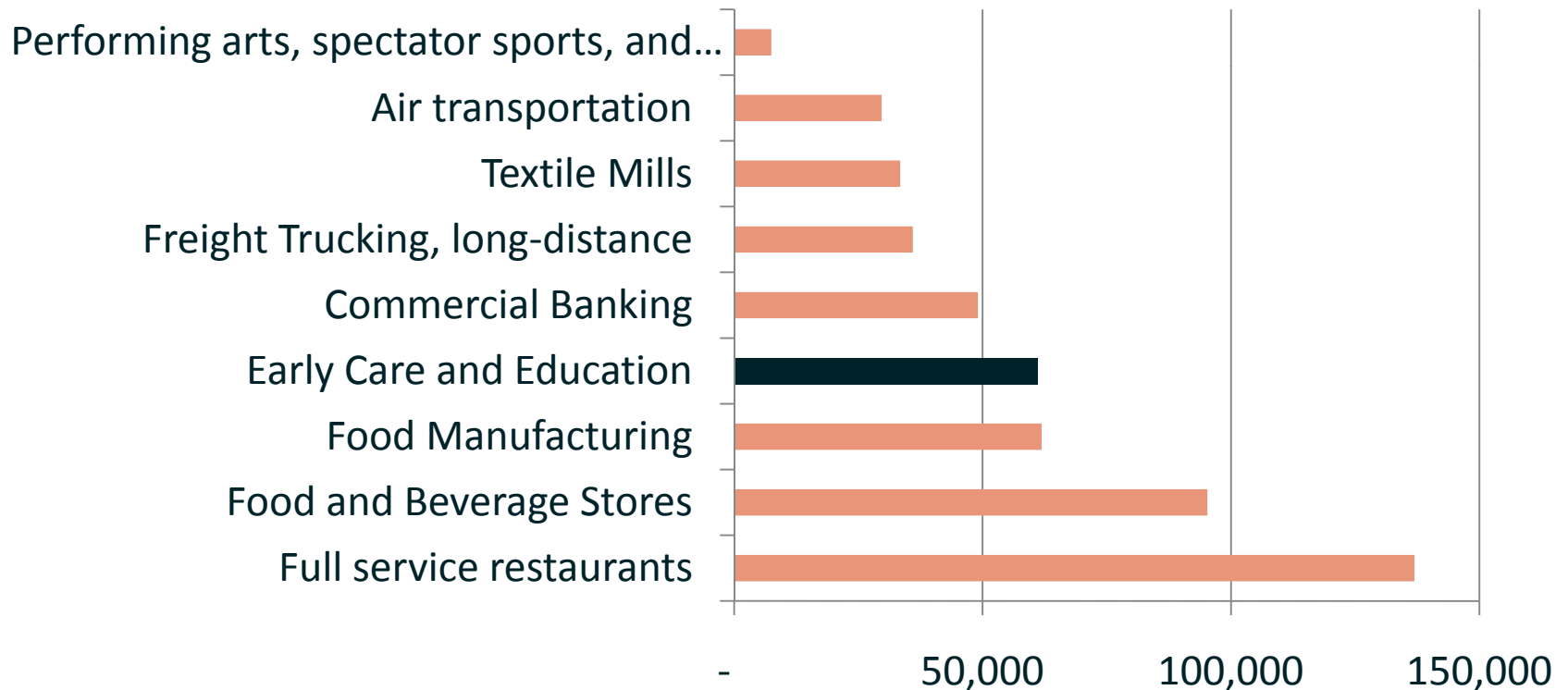
Comparison of gross receipts to “Fast Growing Industries in Georgia”:



Study Overview and Results

Economic Impact Analysis

Comparison of employment to other industries in Georgia:



Source: U.S. County Business Patterns (2005),
Early Care and Education Economic Impact Survey



Study Overview and Results

Economic Impact Analysis

Conclusions:

- The Early Care and Education Industry in Georgia generates **\$4.1 billion** per year in economic activity
- The industry serves 383,379 children and supports parental wages of \$13.6 billion per year
- The industry employs 61,203 individuals, rivaling several other “hot” industries in Georgia



Conclusions

- This study shows that the early care and education industry is an important contributor to Georgia's economy even in the short-term.
- The fastest growing industries in Georgia employ a young workforce who are likely to have children.
 - Growing demand for child care
 - Greater need for employment of multilingual staff
 - Rising need for non-traditional work hours
 - Increased demand for higher quality care
- How can we ensure that this industry helps strengthen Georgia's economy now and in the future?