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

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This study is a collaboration between Georgia State University's Andrew Young School of Policy Studies and the University of Georgia's Carl Vinson Institute of Government.

Research Team

Dr. Peter Bluestone, Andrew Young School of Policy Studies, Georgia State University
Karen DeVivo, Carl Vinson Institute of Government, University of Georgia
Nicholas Warner, Andrew Young School of Policy Studies, Georgia State University

Dr. Melinda Moore, Carl Vinson Institute of Government, University of Georgia
Dr. Lakshmi Pandey, Andrew Young School of Policy Studies, Georgia State University
Dr. Brian Simmons, Carl Vinson Institute of Government, University of Georgia
Jake Vaughan, Andrew Young School of Policy Studies, Georgia State University
Dr. Theresa Wright, Carl Vinson Institute of Government, University of Georgia

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Communications Team

Kelly Howard, Designer, Carl Vinson Institute of Government, University of Georgia
Courtney Alford-Pomeroy, Carl Vinson Institute of Government, University of Georgia

Georgia Department of Early Care and Learning

Amy M. Jacobs, Commissioner
Dr. Bentley Ponder, Deputy Commissioner for Quality Innovations and Partnerships
Rob O'Callaghan, Director of Institutional Research & Data Quality
Woody Dover, Enterprise Project Management Director

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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

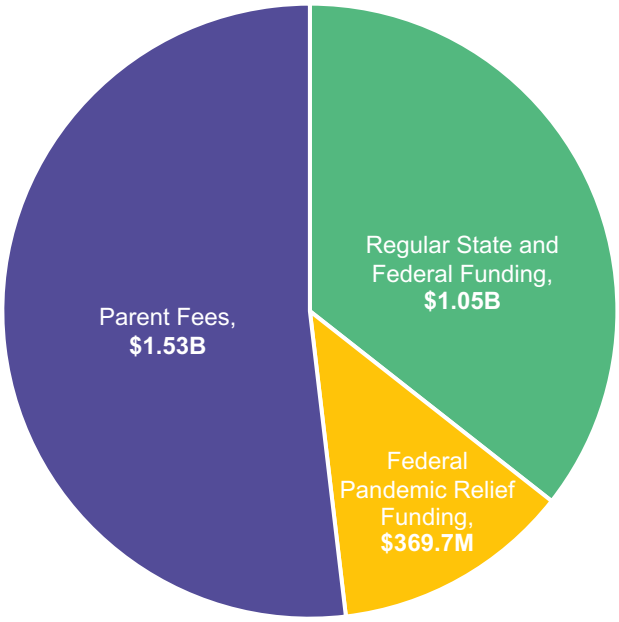
The state had more than 5,300 licensed or regulated providers in 2021 that served approximately 309,000 children across the state.

- 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

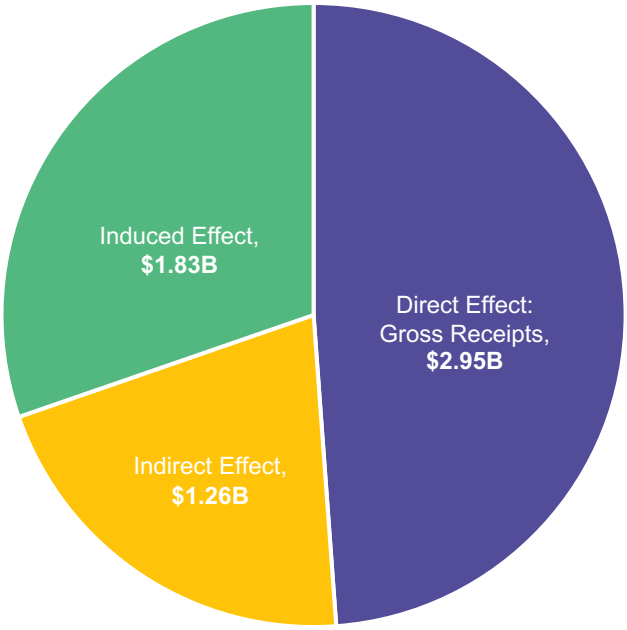
Gross receipts capture the amount of resources going through an industry and are a first step in measuring the economic impact of that industry. Gross receipts for the ECE industry, which totaled $2.95 billion in 2021, are the sum of parent fees and federal and state payments to programs. In 2021, the industry received $1.05 billion in regular state and federal funding as well as $369.7 million in federal supplemental pandemic-related funding.

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.

Introduction

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 examines the size and short-term economic impact of the early care and education (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 education in 2020. By January 2021, while COVID-19 case numbers and related deaths were still on the rise throughout the country, most pandemic-related restrictions had been lifted.

In Georgia, the economy in January 2021 was showing clear signs of recovery, with unemployment dropping to 4.8% from the pandemic peak of 12.4% in April 2020.[1] Public schools had reopened in August 2020, with remote learning allowed based on local COVID-19 caseloads. In early 2021, as vaccines became widely available and pandemic precautions lifted, children returned to group care settings. Supplemental federal pandemic-related funding helped stabilize the ECE industry in 2021, as attendance and thus parent fees slowly rebounded. For the more than 5,000 ECE providers in Georgia, by May 2021, attendance was within 1% of the expected level, based on pre-pandemic trends.

This study quantifies the daily economic activity, also called the short-term economic impact, of the ECE industry over calendar year (CY) 2021. The analysis begins by estimating the gross receipts of the industry, which captures the amount of resources going through the industry and is the first step in measuring the economic impact of the 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 are an essential gauge of the ECE industry's economic value to the state, but they only show part of the picture. Programs in the industry also purchase items and services from businesses outside of the early care and education sector, 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.

1. US Bureau of Labor Statistics estimates for January 2021.

Thus, the analysis uses gross receipts to calculate the total economic impact of Georgia's ECE industry in 2021 using IMPLAN, a widely used and accepted input-output economic model that allows researchers to estimate the indirect effects and induced effects of an industry. These estimates show the industry's reach beyond simply its spending.

In addition to short-term economic impact, the early care and education industry provides long-term benefits to children, families, and society through increases in short-term and long-term worker productivity and reductions in spending on social services. It is beyond the scope of this study to capture such effects, and the figures cited in this report do not include these additional benefits.

In 2021, the Georgia Department of Early Care and Learning (DECAL), Georgia's legislatively created early care and education department charged with overseeing various components of the state's early education system, contracted with Georgia State University's Andrew Young School of Policy Studies and the University of Georgia's Carl Vinson Institute of Government to conduct a third economic impact study of Georgia's early care and education industry.[2] This study follows earlier ones completed in 2008 and 2016 and relies on data collected as part of DECAL's scheduled provider surveys. In addition, DECAL's internal research and policy analysis team provided administrative data and preliminary data analyses.

This multi-report study is conducted in several phases to better understand the impacts of the COVID-19 pandemic and subsequent recovery efforts on Georgia's early care and education industry. The first phase of this research, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*, was published in February 2024. As the second phase, this report analyses the size, scope, and economic impact of Georgia's early care and education industry in calendar year 2021, as the country, Georgia, and the industry were emerging from the COVID-19 pandemic.

DEFINING THE EARLY CARE AND EDUCATION INDUSTRY IN GEORGIA

Consistent with earlier studies, the ECE industry is defined as all early care and education programs licensed or regulated by DECAL, including programs serving children ages birth to 5 years for full weekday care as well as programs serving school-age children up to age 13 after and before school and during the summer. Thus, the industry described in this study comprises four primary types of providers:

- **Child care learning centers** are state-licensed programs operated by a person, society, agency, corporation, institution, or group that receives pay for group care. Child care learning centers care for seven or more children under the age of 14 for less than 24 hours per day.
- **Family child care learning homes** are state-licensed programs that operate in a private residential home less than 24 hours per day and provide care for three to six children under the age of 14 for pay.
- **Georgia's Pre-K Program** is a voluntary, universal educational program for Georgia's 4-year-olds to prepare children for kindergarten. The program is funded by the Georgia Lottery for Education. Georgia's Pre-K classrooms can be housed in public schools or in private child care learning centers.
- **Early Head Start and Head Start** sites are federally funded programs that provide comprehensive early childhood and family development services to children from birth to 5 years old, pregnant women, and

2. Additional information about DECAL can be found at www.decal.ga.gov. DECAL commissioned and funded this research.

families. Most meet state licensing requirements. In Georgia, many Head Start providers work with Georgia's Pre-K programs to braid funds to increase the services that they can provide. Head Start and Early Head Start can be housed in child care learning centers, in family child care learning homes, in public schools, or in license-exempt child care centers.

In the analyses detailed in this report, providers are grouped into three categories: center-based locations, family-based locations, and school-based Pre-K locations.

This definition of the industry does not include providers exempt from DECAL regulation and licensing that do not offer full-day care, but it does include exempt providers included in the DECAL licensing database like Georgia's Pre-K providers based in public schools, some Head Start and Early Head Start providers, and certain other center-based exempt providers with some form of governmental oversight (e.g., the Department of Defense).

The following types of care are NOT included in this analysis:

- Nonlicensed, nonregulated care
- Care provided by grandparents or other relatives, whether paid or not, or any in-home care for fewer than three unrelated children for pay, even if they receive CAPS funding[3]
- Businesses that do not provide full-day care but do offer camps or afterschool programs

Further, the parent fees discussed in this report are only those associated with weekday full-time care for private enrollment birth through age 5, before- and afterschool care for Georgia's Pre-K students at private providers, and afterschool and summer care for school-age children at these same providers. Some providers offer other services like sick or nighttime care, and the revenues associated with these services are not included.

This definition of the industry determines the number of businesses whose revenues are included in the estimates of gross receipts. The early care and education industry creates economic impact in a variety of ways that are hard to quantify. In those instances, following the strategies employed for previous economic impact studies, the research team did not attempt to estimate these impacts and simply excluded them. The following are the primary economic inputs excluded from this analysis:

- Any tuition, business expense, or wages associated with informal and unlicensed care, including family, friend, and neighbor (FFN) providers
- Any tuition, business expenses, or wages associated with afterschool or summer care occurring at exempt locations (Afterschool programs at public schools, operating as exempt, are a prominent example.)
- Any revenues or parent fees associated with part-time, weekend, nighttime, or sick care

Due to these exclusions, this analysis understates the total size and scope of providing early care and education in Georgia.

3. A family, friend, or neighbor (FFN) provider is an informal type of care arrangement made between a parent or caregiver and a family member, a friend, or a neighbor to care for young children. If the parent is eligible for federal child care subsidies through the Childcare and Parent Services (CAPS) program and would like to use an FFN provider as their subsidy provider, the parent and the FFN provider must officially register, and the provider must meet a set of specific requirements. FFN caregivers are essential to the care ecosystem and are often the first choice for many families. For more information about FFN care, see Natalie Renew, 2023, *Diving into the Data: How Data Can Shift the Narrative for Home-Based Child Care*, Home Grown: homegrownchildcare.org/diving-into-the-data-how-data-can-shift-the-narrative-for-home-based-child-care/

DATA SOURCES

Multiple data sources were brought together for the analyses in this study. These include provider counts and attributes from monthly DECAL licensing file data and weekly price and teacher wage data from the 2021 Georgia Market Rate Survey conducted by Care Solutions. The impact analyses rely on US Census population data for the number of parents and birth-through-age-5 children. Multiple data sources from the Georgia and US Departments of Labor are used to analyze wages, employment, and occupations within the ECE industry and in comparable industries.

This report relies on several key metrics used as baseline measures to gauge the impact of Georgia's ECE industry, including the number and types of DECAL licensed or regulated providers, the number of children served in each age cohort, the number of children served compared to the overall child population in the state, the number of educators and others employed in the industry, and annual industry revenue.

The economic impact analyses rely on data collected for 2021, and all economic impact numbers are intended to represent the entire calendar year. The gross receipts of the ECE industry are commonly used in economic impact studies, including previous studies of the industry in Georgia, to measure the size of the industry and as the main input for estimating its total direct economic impact. Gross receipts are generally understood to be the sum of parent fees and federal, state, and local payments to programs.

Data Sources Used in This Study

- DECAL licensing file data: monthly
- 2021 Georgia Market Rate Survey conducted by Care Solutions: weekly price, enrollment, and teacher wage data
- US Census Bureau: population data
- Georgia Department of Labor: wage and employment data
- Occupational Information Network (O*NET) database: occupational characteristics and employment data within the ECE-related industries
- Quarterly Census of Employment and Wages (QCEW): employment counts and average wage data for the ECE industry and comparable industries
- Occupational Employment and Wage Statistics (OEWS), using data from the Bureau of Labor Statistics: occupation-specific wage data
- IMPLAN web app, 2019–2021 data years, using inputs provided by the research team and IMPLAN Group LLC

ESTIMATING ECONOMIC IMPACT

This report uses a standard, well-respected method for determining the short-term economic impact of the early care and education industry in Georgia. This method, based on enrollment and weekly average tuition

rates, has been used before to measure the size of the ECE industry in Georgia and other states. It is designed to estimate the total amount of parent fees being paid to providers for care. Federal and state funding are added to that total to represent the aggregate level of gross receipts received by providers over a year.

IMPLAN, a widely used and accepted input-output economic model, enables researchers to go beyond measuring economic impact simply by gross receipts. It allows researchers to estimate the *indirect effects* and *induced effects* of an industry. In this analysis, indirect effects refer to the increased demand for goods and services by firms that are suppliers to the early care and education industry. Induced effects refer to changes in the broader economy due to the spending of employees in both the ECE industry and those industries that do business with the early care and education industry.

REPORT ORGANIZATION

This report is organized into five main chapters.

Chapter 1 provides an analysis of the size of the early care and education industry in Georgia in 2021, including estimates of the number of children and parents it served. The pandemic sparked concern across the country of an industry collapse, as fear of the virus, work-from-home orders, and rising unemployment led parents to keep their young children home. To investigate whether these concerns were realized, the chapter includes an analysis of the number of providers in 2021 and provider closures in Georgia over time, from 2019 to 2021. Ultimately, this analysis shows that the pandemic did not seem to have a widespread impact on the provision of early care and education in the state. The data introduced in this chapter also provide context for the economic impact analyses presented later in the report.

Chapter 2 estimates the gross receipts of the early care and education industry in Georgia in 2021, which totaled $2.95 billion. This chapter details both regular state and federal funding for the industry as well as pandemic-related supplemental funding. Also included is an estimate of parent fees collected in 2021.

Chapter 3 describes the economic model used to calculate the immediate impacts of the early care and education industry on the state's economy and provides an estimate of the industry's total economic impact in Georgia, which topped $6 billion in 2021. This chapter also compares the total economic impact of the industry over time, from 2014 to 2021.

Chapter 4 imagines how the industry would have fared in 2020 and 2021 had the targeted federal pandemic-related funding not been allocated and had DECAL not been able to quickly distribute that funding to providers. The chapter begins with estimates of the direct pandemic-related funding received by providers in each year and then uses IMPLAN to model the economic impact of the industry in the absence of that funding.

Chapter 5 provides a brief look at the ECE workforce in 2021, which numbered more than 64,000, and shows its economic impact. This chapter also compares ECE entry-level workers' wages to those of closely related occupations. The analysis shows that ECE workers are among the lowest paid compared to similarly skilled occupations, which likely contributes to the high rate of turnover in the industry.

The final section concludes the report with key insights about and lessons learned from the first pandemic recovery year. This section also previews upcoming reports in this research series.

Chapter 1

The Size of Georgia's Early Care and Education Industry in 2021

The early care and education industry is an important economic driver, touching the lives of hundreds of thousands of families in every part of the state, employing more than 64,000 workers, and generating millions of dollars in tax revenues each year. This chapter uses a variety of metrics to explore the size and reach of the ECE industry in Georgia in 2021, as the state was emerging from the COVID-19 pandemic. Because the public health emergency caused such turmoil, some analyses include data from 2019 and 2020 to explore how the industry weathered the uncertainty and disruptions of 2020.

Before estimating gross receipts and then applying the IMPLAN model to calculate an industry's short-term economic impact, it is important to understand the size and scope of that industry. The number of early care and education programs and number of children and families served are all important factors in calculating and understanding the early care and education industry's economic impact in Georgia. Thus, this chapter estimates the size and scope of the industry based on these metrics to provide context for the economic impact analysis that follows.

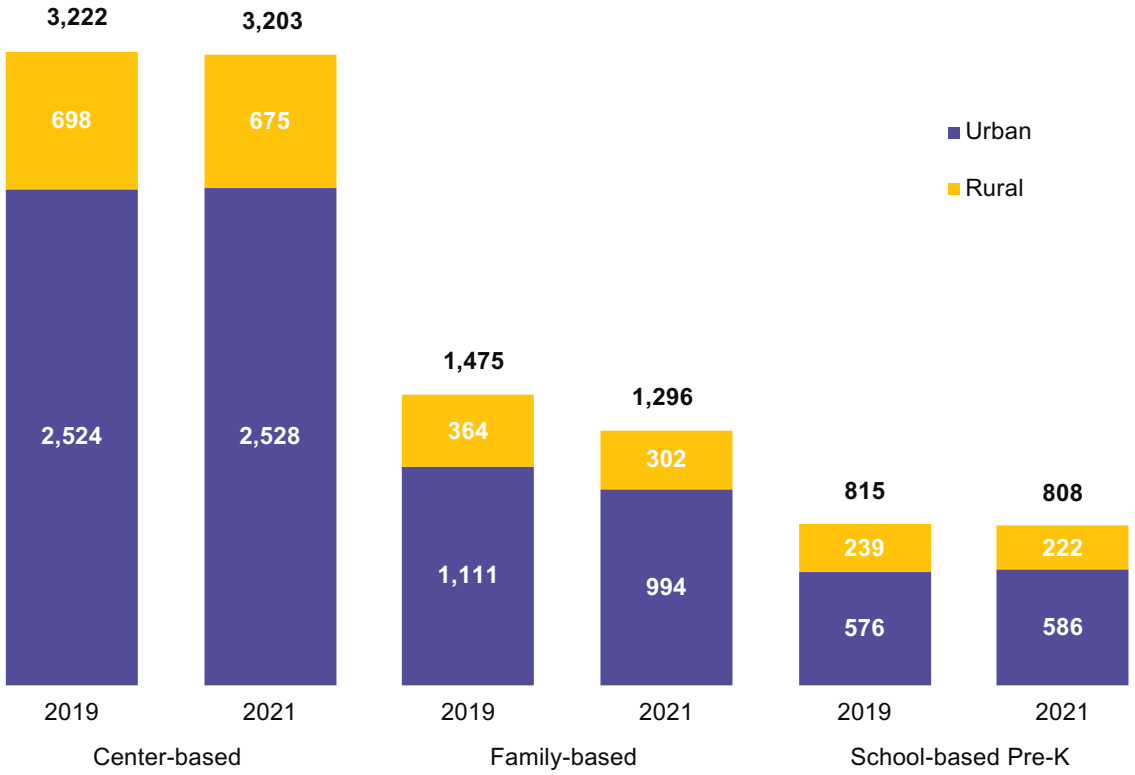
NUMBER OF EARLY CARE AND EDUCATION PROVIDERS, 2021

The ECE industry is made up of center-based and family-based providers. Somewhat uniquely, many elementary schools in Georgia provide learning and care to 4-year-olds through the free Georgia's Pre-K Program, funded by the state lottery.

Figure 1 shows the number of center- and family-based providers as well as the school-based Georgia's Pre-K Program providers located in urban and rural counties in 2021. Providers are defined as "rural" if they are located in a county with a population below 50,000 or in a county legislatively defined as rural due to their military installations (i.e., Liberty County and Camden County). Providers are defined as "urban" if they are located in a county with a population of 50,000+. Not surprisingly, three-quarters of the providers are located in urban counties.

The state had 5,307 licensed or regulated providers in 2021, a slight drop from 5,512 providers in 2019. While the pandemic certainly caused temporary shutdowns and may have led to some permanent closures, this drop in the number of providers is in line with the existing trend of slow consolidation toward fewer but larger providers. In keeping with these trends, the declines were more dramatic for family-based providers and providers in rural areas.

Figure 1. Count of ECE Providers in Georgia by Type and Urban/Rural Status, 2019 Versus 2021



Source: DECAL monthly licensing data, 2021

Note: Some providers shuttered for one or more months in early 2021 due to the COVID-19 pandemic. For the analysis presented in this figure, providers were counted based on the number of months they were open. A provider that operated for a full year counted as one; providers open for partial years were counted based on the fraction of the year open, and the totals were rounded.

Providers are defined as "rural" if they are located in a county with a population below 50,000 or in a county legislatively defined as rural due to their military installations (i.e., Liberty County and Camden County). Providers are defined as "urban" if they are located in a county with a population of 50,000+.

HOW DID THE PANDEMIC IMPACT THE NUMBER OF ECE PROVIDERS IN GEORGIA?

To explore how the pandemic affected the supply of early care and education in Georgia, the research team analyzed data from DECAL on provider closures between January 1, 2019 and December 1, 2021. Studies early in the COVID-19 pandemic from the National Association for the Education of Young Children suggested that the financial stress ECE providers faced during the public health emergency may have led to permanent closures in the industry. Mass closures would have had a catastrophic impact on the country's economy once the pandemic subsided, as working parents would have been unable to find adequate care for their children.[4] A companion analysis to this report published in February 2024, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*, found evidence suggesting that the infusion of federal pandemic dollars and DECAL's rapid deployment of those funds to ECE providers were successful in stabilizing the industry in Georgia during the first few months of the pandemic.

Due to the way these data are reported, the figure below presents the closure analysis results for three categories of providers: child care learning centers, family child care learning homes, and "other," which includes six other types of providers: Department of Defense care facilities, ECE facilities housed in public schools (including Georgia's Pre-K classrooms), some Head Start and Early Head Start providers, university-based centers, and other providers not otherwise classified. This category accounts for about 17% of total providers. Note that these categories differ from those used throughout the rest of this report.[5] The goal of this supplemental analysis is not to verify or corroborate the Figure 1 counts but instead to look at trends in center closures over time.

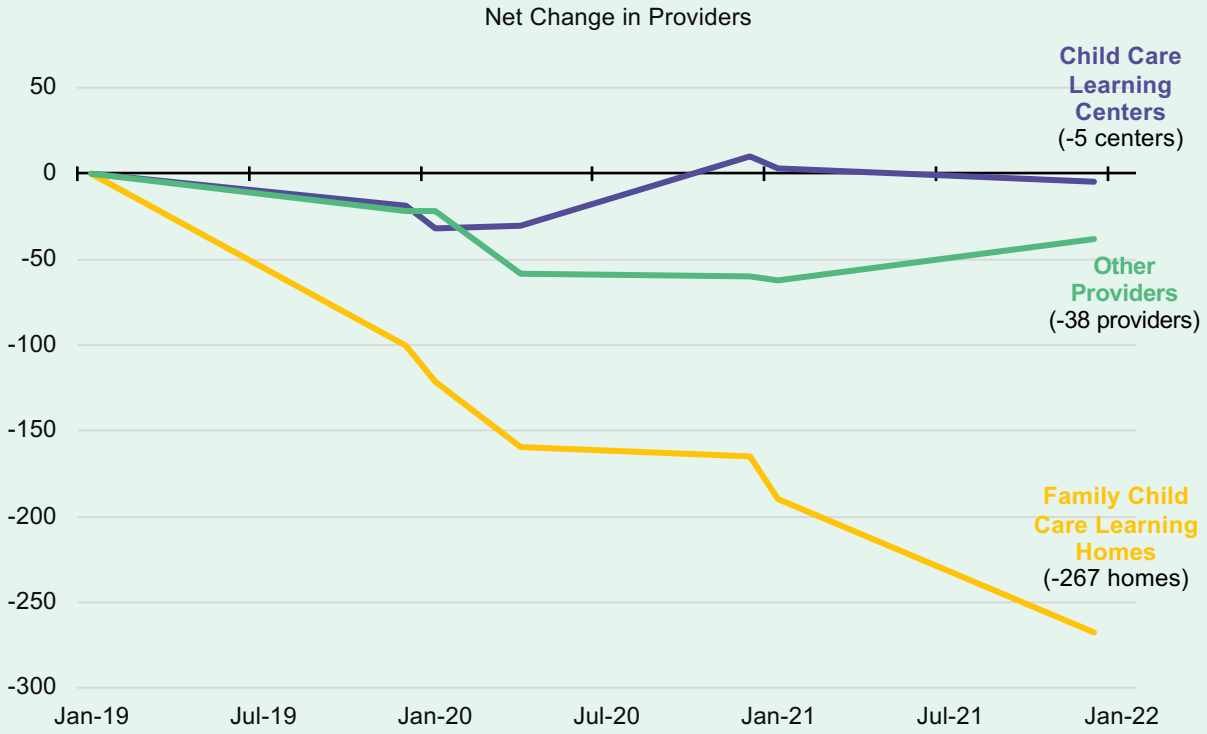
An initial observation from the figure below is that the number of family-based providers dropped in every data period. This finding is in keeping with the longer-term trend of consolidation in the industry, with smaller family child care homes closing and larger child care learning centers expanding.[6]

4. National Association for the Education of Young Children (NAEYC). 2020, April 17. *From the Front Lines: The Ongoing Effect of the Pandemic on Child Care*. Retrieved from www.researchconnections.org/childcare/resources/37935?utm_content=buffer88307&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer. See also, Ying-Chun Lin & Meghan McDaniel. 2023. *Understanding Child Care and Early Education Program Closures and Enrollment during the First Year of the COVID-19 Pandemic* [OPRE Report #2023-237]. Office of Planning, Research, and Evaluation, Administration for Children and Families, US Department of Health and Human Services. Retrieved from www.acf.hhs.gov/sites/default/files/documents/opre/2023-237%20COVID%20Highlight.pdf.

5. Some providers shuttered for one or more months in early 2021 due to the COVID-19 pandemic. For the analysis presented in Figure 1, providers were counted based on the number of months they were open. A provider that operated for a full year counted as one; providers open for partial years were counted based on the fraction of the year open, and the totals were rounded. The supplemental figure presents simple counts of the number of open facilities on the first of each month. In addition, the "other" category in the supplemental figure includes some providers that were classified as "center-based" in Figure 1.

6. More than 90,000 licensed family child care homes closed in the United States between 2005 and 2017. From 2011 to 2017 nationwide, more than 54,000 licensed family child care homes closed, a 35% decline. See National Center on Early Childhood Quality Assurance. 2020, March. *Addressing the Decreasing Number of Child Care Providers in the United States*. Retrieved from childcareta.acf.hhs.gov/sites/default/files/addressing_decreasing_fcc_providers_revised_march2020_final.pdf

Early Care and Education Provider Closures in Georgia: Trends over Time, January 1, 2019 to December 1, 2021



Notes: "Other" includes Department of Defense care facilities, ECE facilities housed in public schools (including Georgia's Pre-K classrooms), some Head Start and Early Head Start providers, university-based centers, and other providers not otherwise classified. Some of these providers are included in the count of center-based providers shown in Figure 1, which partially accounts for the difference in center numbers between the two.

Overall, this figure indicates that longstanding trends seem to have driven closures more than the pandemic during the 2019–2021 period. The largest change in provider counts came in 2019, prior to the pandemic, with 100 family child care learning homes and 19 child care learning centers closing between January and December of that year. April of 2020 saw some potential pandemic-related drop-off, but only among Other providers, with 36 closures. Between April 1 and December 1, 2020, the ECE industry experienced the brunt of the pandemic. As case numbers rose and fear of the virus increased, many parents kept their children home, impacting child care providers across the state. Despite these chaotic events, the ECE industry saw a net increase in providers, growing from 5,348 providers in April 2020 to 5,380 in December 2020. These results further support the conclusion that federal funding and state actions during 2020 were successful in stabilizing Georgia's ECE industry that year. Between December 2020 and December 2021, the industry saw a net loss of 95 providers, primarily family child care learning homes. Again, this trend further supports the conclusion that long-term cycles, rather than the pandemic, dictated provider closures over the three years studied.

As mentioned earlier, the analyses in this report are based on the numbers and types of providers shown in Figure 1. These providers choose to supply different services. Table 1 shows the count of providers serving each age group during 2021. The most frequent age group served was preschool, with 78% of providers in the state offering care for that age group. In rural areas, 92% of centers and 96% of home-based providers offer care for that age group, potentially suggesting high demand. The preschool care category only includes 4-year-olds who were not enrolled in Georgia's Pre-K Program, so that share is even higher when accounting for school- and center-based Pre-K providers. Infants are the age group least likely to be served, with two-thirds of providers offering care for that group.

Table 1. Number of Providers Serving Age Groups in Georgia, 2021, by Urban/Rural Status

	Center-Based Providers		
	Urban	**Rural**	**Total**
Infants (0m–12m)	1,933	464	2,397
Toddlers (13m–35m)	2,089	507	2,596
Preschool (36–47 months and 4 years, not in Georgia's Pre-K)	2,307	618	2,925
Georgia's Pre-K, before- or afterschool care	894	111	1,005
School age (5–13 years)	2,317	545	2,862
School age (5–13 years), summer care	1,037	229	1,266
	Family-Based Providers		
	Urban	**Rural**	**Total**
Infants (0m–12m)	860	255	1,115
Toddlers (13m–35m)	969	288	1,257
Preschool (36–47 months and 4 years, not in GA's Pre-K)	944	289	1,233
Georgia's Pre-K, before- or afterschool care	745	237	982
School age (5–13 years)	288	116	404
School age (5–13 years), summer care	860	255	1,115

Source: DECAL monthly licensing data, 2021

Notes: Some providers shuttered for one or more months in early 2021. For the analysis presented in this table, providers were counted based on the number of months they were open. A provider that operated for a full year counted as one; providers open for partial years were counted based on the fraction of the year open, and the totals were rounded.

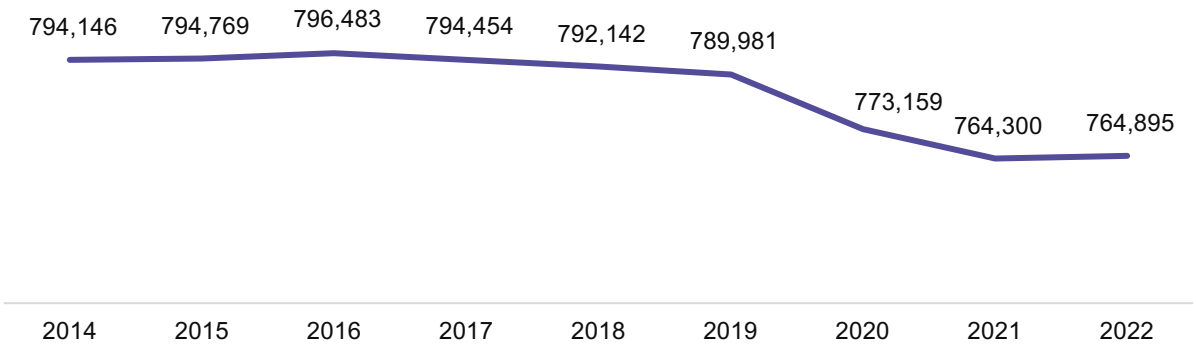
Totals do not include Georgia's Pre-K Program classrooms housed in public schools or in private child care learning centers. However, care for these students before or after the Pre-K school day is included: "Georgia's Pre-K, before- or afterschool care."

Providers are defined as "rural" if they are located in a county with a population below 50,000 or in a county legislatively defined as rural due to their military installations (i.e., Liberty County and Camden County). Providers are defined as "urban" if they are located in a county with a population of 50,000+.

GEORGIA'S CHILD POPULATION, 2021

The population of children ages birth through 5 in Georgia is the primary source of demand for the industry. The growth or decline in the number of families with small children and the population of these young children drive fundamental changes in the need for early care and education. The pre-existing declining trend in the birth-through-age 5 population accelerated in 2021, possibly due to the pandemic. In 2021, an estimated 764,300 children in this age range were living in Georgia, a 3.8% drop from 2014.

Figure 2. Georgia's Population Birth Through Age 5, 2014–2022



Source: Kids Count Data Center, based on population estimates from the US Census Bureau (July 2023 update)

Note: The population estimate for 2020 shown here is slightly lower than that shown in the first report in this series, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*, due to updated numbers from the US Census Bureau.

According to the Kids Count Data Center, approximately 34% of children ages 0–4 living in Georgia in 2021 were African American, 41% were White, 16% were Hispanic/Latino, and 4% were Asian. Georgia children from all racial and ethnic groups are living in families that face economic challenges. In 2021, approximately 25% of children under age 6 in Georgia were living in low-income working families, and roughly 22% of children birth to age 5, or 167,000 children, were living in poverty, up from 20% in 2019.[7]

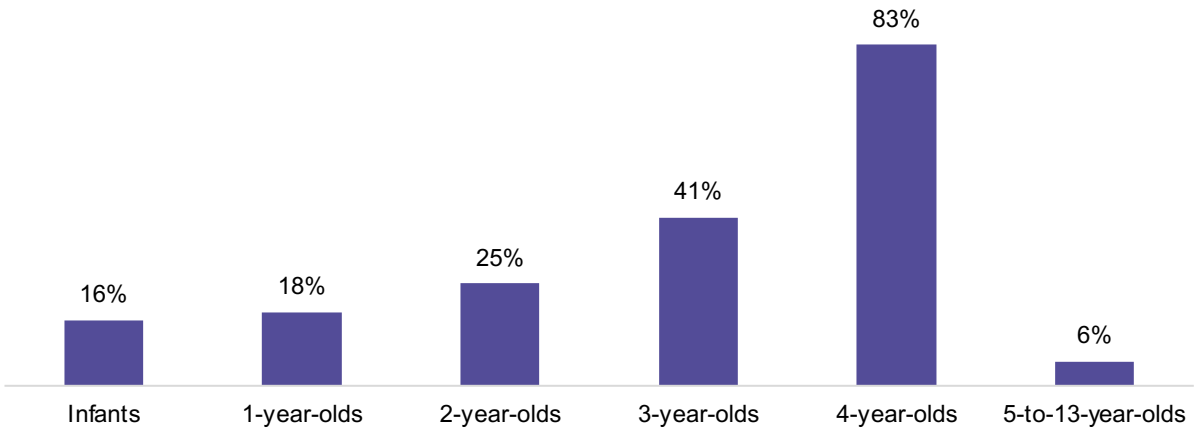
CHILDREN SERVED BY THE ECE INDUSTRY IN GEORGIA, 2021

The early care and education industry in Georgia typically serves roughly 340,000 children annually, but this number dropped to approximately 308,000 children in 2021, likely due to the ongoing pandemic. Future reports in this series will examine whether the number of children served rebounded in later years, after disruptions caused by the pandemic had passed.

7. See Kids Count Data Center from the Annie E. Casey Foundation: datacenter.aecf.org. A "low-income working family" is defined as a family with an income of less than 200% of the federal poverty line and at least one parent working 50+ weeks the previous year. "Living in poverty" is defined as an annual salary at or below the federal poverty level based on family size and composition.

Figure 3 shows the percentage of the population of children by age served by the ECE industry in Georgia in 2021. Clearly, enrollment in early care and education varied dramatically across age groups, increasing with age from birth to age 4. This pattern is consistent with a similar analysis conducted in 2015.[8]

Figure 3. Percentage of Georgia's Children Served by the Licensed or Regulated ECE Industry in 2021, by Age Group



Sources: US Census Vintage 2023 Estimates by single years of age as of July 1, 2021. Enrollments estimated using (1) Georgia Market Rate Survey for 2021, (2) DECAL Administrative Data for unique CAPS and Georgia's Pre-K fall student counts, and (3) DECAL provider licensing file for March 2021

Table 2 provides more details about the percentage of the population served. Sixteen-percent of Georgia infants, defined as children between birth and 12 months old, were enrolled in a licensed or regulated ECE program in 2021, increasing to 18% for those age 1 and 25% of those age 2. Well over one-third (41%) of Georgia's 3-year-old population attended a formal program in 2021, and the percentage of 4-year-olds in licensed or regulated care was the highest at 83% served, which included children attending Head Start and Georgia's Pre-K programs. For children of school age, ages 5 through 13, only 6% were served by the industry in 2021. Note, however, that afterschool and summer programs exempt from DECAL licensing are not included in this analysis, with programs housed at public schools being a primary example. Thus, the data presented in Figure 3 and Table 2 likely underestimate the percentage of Georgia's school-age children who are served by the industry.[9]

8. See Georgia State University Andrew Young School of Policy Studies & University of Georgia Carl Vinson Institute of Government. 2016, June. *Economic Impact of the Early Care and Education Industry in Georgia*, p. 20.

9. To calculate the enrollment numbers in Table 2, the research team started with CAPS and Head Start enrollment by single age for as close to July 1, 2021 as possible. The CAPS counts are part of the licensing data from DECAL; Head Start enrollment data come from the Georgia Head Start Association; and Georgia's Pre-K 4-year-old enrollment counts come from DECAL. Unfortunately, due to differences in data availability, the methodology for calculating private-only enrollment (i.e., not Head Start, CAPS, or Georgia's Pre-K) differs slightly from year to year. For 2021 (the numbers reported in Table 2), the research team used the Market Rate Survey to determine average single-age enrollment, by center-based versus family-based care in rural and urban counties. The estimates for private-only care were then adjusted down based on the latest STABLE data. These revised estimates were then applied to the counts for providers, again, by center-based versus family-based care in urban versus rural counties.

Table 2. Percentage of the Population in Georgia in 2021 Served by the Licensed or Regulated Early Care and Education Industry, by Age Group

	Population	Enrollment	Percentage
Infants	120,640	18,793	16%
1-year-olds	123,459	22,791	18%
2-year-olds	125,505	31,431	25%
3-year-olds	128,788	52,563	41%
4-year-olds	131,223	108,757	83%
School age (5-to-13-year-olds)	1,267,261	74,515	6%

Sources: US Census Vintage 2023 Estimates by single years of age as of July 1, 2021. Enrollments estimated using (1) Georgia Market Rate Survey for 2021, (2) DECAL Administrative Data for unique CAPS and Georgia's Pre-K fall student counts, and (3) DECAL provider licensing file for March 2021

Licensed capacity of programs is another way of understanding the supply of early care and education in the state. Examining changes in capacity over time provides additional insights into how the pandemic affected the supply of early care and education in Georgia. Table 3 compares licensed capacity in March and December of 2021. As the table shows, total licensed capacity in the state in March 2021 was 367,430, 85.4% of which was located in urban areas. Licensed capacity had risen slightly to 369,909 by December, a 0.7% increase. In addition, the table highlights that family-based providers serve a very small percentage of Georgia's children, representing only about 2% of the licensed capacity in the state in 2021.

Table 3. Licensed Capacity in Georgia by Provider Type and Urban/Rural Status, March 2021 versus December 2021

	March 2021			December 2021			
	Urban	Rural	Total	Urban	Rural	Total	Change Mar to Dec
Center-based	307,180	52,302	359,482	308,777	53,589	362,366	+2,884 (+0.8%)
Family-based	6,085	1,863	7,948	5,715	1,828	7,543	–406 (–5.1%)
Total	**313,265**	**54,165**	**367,430**	**314,492**	**55,417**	**369,909**	**+2,479 (+0.7%)**

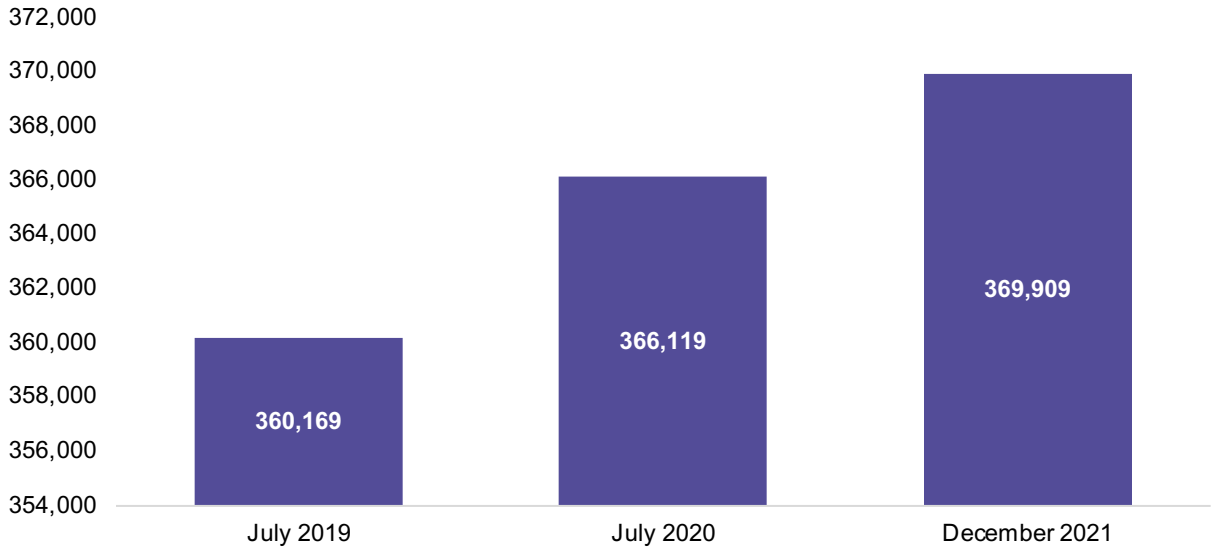
Source: DECAL, March, December 2021 licensing data

Notes: Providers are defined as "rural" if they are located in a county with a population below 50,000 or in a county legislatively defined as rural due to their military installations (i.e., Liberty County and Camden County). Providers are defined as "urban" if they are located in a county with a population of 50,000+.

"Center-based" numbers do not include public school–based Georgia's Pre-K sites.

Figure 4 shows licensed capacity over time, from July 2019 to December 2021. The overall trend is clearly increasing, with no drop in licensed capacity caused by the pandemic.

Figure 4. Licensed Capacity Over Time, July 2019 to December 2021



Source: DECAL licensing data

Note that licensed capacity does not necessarily represent the number of slots available for children. Licensed capacity in child care learning centers is determined by square footage, and some facilities may not be designed to hold their allowable number of children due to room configurations. Some programs may also choose to care for fewer children than are legally permitted in the facility. For example, accreditation standards may require lower enrollments than the licensed capacity, so some programs voluntarily choose to limit enrollments to meet the standards. In addition, class sizes may be smaller than space would allow in order to accommodate the needs of younger children, especially infants.

PARENTS SERVED BY GEORGIA'S ECE INDUSTRY, 2021

Child care allows parents to work, both supporting their families and contributing to the state's economic health. The number of parents who rely on early care and education and the wages those parents earn are another metric of the industry's importance in Georgia.

According to the US Census Bureau, Georgia had 191,275 households with children under 6 years old and two parents in the labor force and 145,425 single-parent households with children under age 6 and that parent engaged in the labor force in 2021. Table 4 shows average household wages for each family type. The total wage and salary income of all of those households in 2021 was an estimated $36.5 billion.

Note that this number is a very rough estimate of total parents' wages supported by the availability of early care and education in Georgia and captures a different population than the 309,000 children served by licensed

or regulated providers in 2021. On the one hand, this estimate inherently includes care that is not part of the definition of the ECE industry used throughout this report, such as households that rely on nonlicensed, nonregulated care or those using informal care through grandparents, friends, or other relatives. It also includes wealthy households that rely on nannies or au pairs. On the other hand, this estimate using US Census data does not include nonworking families who utilize child care services or the many working parents who rely on afterschool, before-school, and summer care for their school-age children.

Table 4. Number of Georgia Households with Children Under 6 Years Old with Parent(s) in the Labor Force, 2021

	Number of Households	Average Household Wages	Estimate of Total Parents' Wages Supported
Two-parent families, both parents in the labor force	191,275	$143,722	$27,490,381,475
Single-parent families, parent in the labor force	145,425	$61,639	$8,963,853,276
Total			**$36,454,234,751**

Source: Calculation based on data from American Community Survey, 2021

Note: Rows may not total due to rounding of the base data.

CONCLUSION

This chapter uses a variety of metrics to explore the size and scope of the ECE industry in Georgia in 2021, as the state was emerging from the COVID-19 pandemic. The analyses suggest that the industry weathered the pandemic with few provider closures. In fact, licensed capacity was higher in 2021 than in 2019, though the number of providers dropped slightly during this period. These results indicate that even during the height of the pandemic, the ECE industry in Georgia continued to follow the long-term trend of consolidation within the industry, with fewer but larger providers.

The ECE industry provided care for approximately 309,000 children in 2021, a likely temporary drop due to the pandemic from the typical 330,000 to 340,000 served each year. 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.

The information in this chapter provides context for the estimates of industry gross receipts and short-term economic impact that follow.

Chapter 2

Estimating Gross Receipts for Georgia's ECE Industry in 2021

The short-term economic impact of Georgia's early care and education industry is estimated using annual gross receipts. In this study, gross receipts represent the amount of resources that go through the ECE industry. This metric is widely used by researchers, including in economic impact studies done by other states to measure the size of the early care and education industry.[10] The information in the previous chapter about the size and scope of the industry gives context to the estimate of gross receipts as well as some background for understanding where the numbers presented in this chapter come from. ECE programs collect monies from various sources and, in turn, spend those dollars on their employees' wages, transportation for their students, supplies, and other goods and services. Gross receipts include all of the revenues received by programs across the state and are nearly equivalent to the industry's aggregate expenditures. The gross receipts estimates produced in this chapter are then inputted into the IMPLAN model to calculate the total economic impact of the industry in 2021 (see Chapter 3).

Gross receipts can be calculated in numerous ways depending on the data available, but in general they are the sum of federal, state, and local payments to programs; parents' fees; and other contributions from companies, philanthropists, or other entities. Data on other contributions were not available for the year 2021 at the time of publication, so these monies are not included in the calculations given in this report. However, other contributions accounted for less than 1% of the gross receipts of the ECE industry in Georgia in 2014, so this omission is unlikely to significantly affect the economic impact numbers.

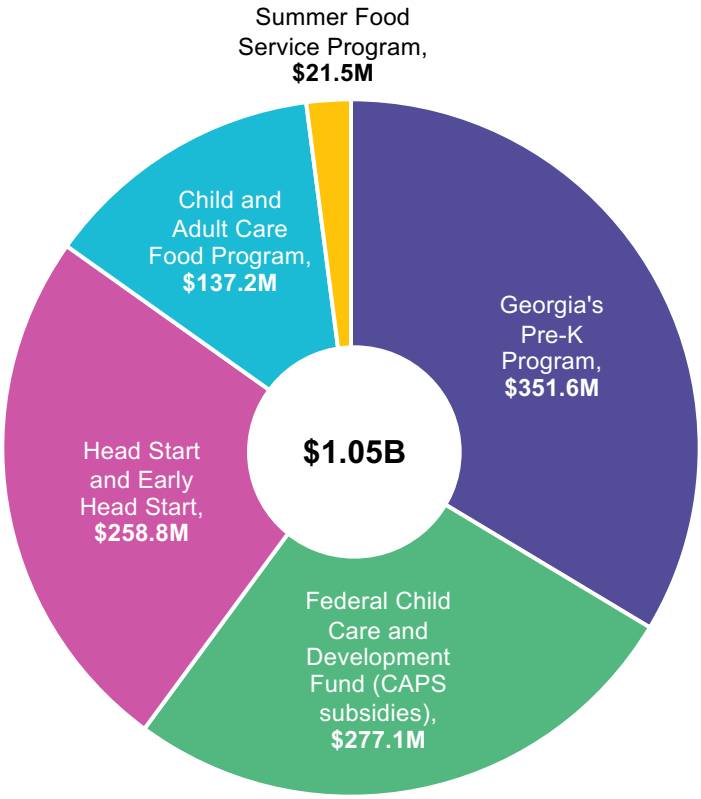
REGULAR STATE AND FEDERALLY SUBSIDIZED PROGRAMS, 2021

A variety of state and federal programs provide funds to ECE establishments in Georgia each year. Because these funds become part of the monies that the programs use to pay wages, purchase supplies, and operate their businesses, they are included in gross receipts and add to the industry's total direct economic impact.

A total of $1.42 billion in federal and state funding was included in the gross receipts for Georgia's ECE industry for calendar year (CY) 2021, a substantial increase over the $1.01 billion in such funding in 2019. This large increase is primarily attributable to several COVID-19-related funding sources discussed later in this chapter. Figure 5 shows the regular, annual federal and state funding for the ECE industry in Georgia, which totaled $1.05 billion in 2021.

10. For example, see Committee for Economic Development of The Conference Board. 2019. Child Care in State Economies. Retrieved from www.ced.org/assets/reports/childcareimpact/181104%20CCSE%20Report%20Jan30.pdf

Figure 5. Federal and State Funding for the ECE Industry in Georgia, 2021, Regular Annual Programs



Source: DECAL

These five regular state and federal funding sources for the ECE industry in Georgia are described in detail below.

Georgia's Pre-K Program

Georgia's Pre-K Program is funded by the Georgia Lottery and administered by DECAL. It is open to all eligible 4-year-olds in Georgia and aims to prepare children for kindergarten. Georgia's Pre-K classrooms are located in public schools and private child care learning centers, and many private providers offer care to these students before and after a typical school day for an additional parent fee.

Georgia's Pre-K Program represents the largest state or federal funding source for early care and education in Georgia, topping $351.6 million in 2021. In that year, the Pre-K Program operated in 1,813 sites, with 808 sites based in public schools and 1,005 sites based in private child care learning centers. Of the 808 school-based programs, 586 were in urban areas and 222 were in rural areas of the state (see Figure 1). Among the center-based providers, 894 were located in urban counties, and 111 were in rural counties.

For the 2020–2021 school year, the program funded slots for approximately 84,000 4-year-olds,[11] though attendance was depressed due to the pandemic, with only roughly 67,000 children attending. According to the Kids Count Data Center, since 2012, approximately 58–60% of Georgia's 4-year-old population has been enrolled in the Georgia's Pre-K Program each year. That percentage dropped to 49.1% in 2021, likely due to the pandemic. By 2022, the percentage of enrolled 4-year-olds was back up to 55%, suggesting that 2021 was an anomalous year.[12] This resurgence in attendance also suggests that the 2021 drop in the total number of children served by the industry discussed in Chapter 1 was also likely a one-year pandemic-related phenomenon.

Despite the low enrollment percentage in 2021, the state continued to fund the Georgia's Pre-K Program at levels similar to previous years, ensuring a stable supply of classrooms once the pandemic subsided. For the 2020–2021 school year, DECAL made temporary policy changes to Georgia's Pre-K Program to mitigate the impact of the pandemic. DECAL temporarily stopped calculating funding based on observed attendance and Pre-K enrollment, instead paying for slots instead of enrollment.

Throughout 2021, DECAL strongly encouraged programs to place a priority on having students physically present in Pre-K classrooms. However, the level of COVID-19 community spread sometimes necessitated the closure of Pre-K classrooms, requiring distance instruction. Thus, for the 2020–2021 school year, DECAL allowed programs to select from three different instructional models: traditional, hybrid, and full distance. Each model had specific guidelines and requirements for implementation.

Also included in the Pre-K funding number are two Summer Transition Programs that operate during the months of June and July. The Rising Pre-K program is for students who are age-eligible for Georgia's Pre-K in the fall (4 years old by September 1) and whose home language is Spanish. The Rising Kindergarten program was created to support students who are age-eligible for kindergarten (5 years old by September 1) in the fall and who did not attend a Georgia's Pre-K or Head Start program or who need additional help before entering kindergarten. Each program offers high-quality instruction with a focus on language, literacy, and math, and they are designed to reduce the achievement gap. These programs were suspended in the summer of 2020 due to the pandemic, but they resumed in summer 2021. The 2021 Summer Transition Programs supported 318 Rising Kindergarten classes, more than double the 2019 number to combat pandemic learning loss. DECAL also funded 68 Rising Pre-K classes in 2021.[13]

Head Start

Early Head Start and Head Start are federally funded programs regulated by the federal government. As of 2021, approximately 384 Head Start and Early Head Start sites were operating in Georgia, serving about 23,300 children.[14] In 2021, federal government expenditures on these programs in Georgia totaled approximately $259 million. Because Head Start and Early Head Start operate as federally funded and regulated entities, some locations are included in the DECAL licensing database. To the extent they are included in the database, they are grouped within center-based providers.

11. DECAL licensing database Pre-K informational bulletin (84,264 awarded seats in July 2019).
12. See Kids Count Data Center from the Annie E. Casey Foundation: datacenter.aecf.org. Kids Count Georgia's Pre-K Program data come from DECAL.
13. DECAL. 2021, July 16. "Georgia's Pre-K Program Returns for Post-Pandemic 2021-2022 School Year" [Press release]. Retrieved from www.decal.ga.gov/documents/attachments/prekfirstdayrelease2021FINAL.pdf.
14. Some Head Start programs share spaces with other early childhood learning programs. Those that are stand-alone centers (n=84) are included in the count of center-based providers in Figure 1 and in other analyses in this report. Georgia Head Start Association and the Head Start Early Childhood Learning and Knowledge Center: Head Start Program Facts: Fiscal Year 2021 | ECLKC (hhs.gov)

Federal Food Programs

DECAL also administers two federal nutrition subsidy programs, the Child and Adult Care Food Program (CACFP) and the Summer Food Service Program. Together, these programs represented $158.7 million in food reimbursements to ECE providers in Georgia in 2021.

CACFP provides reimbursements for nutritious meals and snacks served to eligible children enrolled at participating child care learning centers and family child care learning homes. CACFP also provides reimbursements for meals served to children and youth participating in afterschool care programs. In 2021, ECE providers in Georgia received approximately $137.2 million in reimbursements from CACFP. The Summer Food Service Program provides funding for free and healthy meals in low-income areas during summer months when public school is not in session. In 2021, providers in Georgia received approximately $21.5 million in funding from this summer meals program.

In 2021, a total of 67,875,568 free meals were served to children through CACFP and the Summer Food Service Program. Many program flexibilities were granted to allow program operators to serve meals safely to children while minimizing potential exposure to COVID-19. These flexibilities gave sponsors an opportunity to be creative in providing meals, including allowing parent/guardian meal pickup, drive-through meal services, and home delivery.[15]

CAPS Program

The state-run and federally and state-funded Childcare and Parent Services (CAPS) program helps support the ECE industry by subsidizing the tuition expenses of economically disadvantaged families. CAPS is funded through the federal Child Care and Development Fund (CCDF) plus a state match, with a total of approximately $277.1 million in 2021.

Throughout most of 2021, the program provided child care subsidies to approximately 50,000 low-income children per week in Georgia, helping many families access child care while parents worked or studied. Families are awarded scholarships for child care that are accepted by thousands of providers across the state. Typically, CAPS subsidy payments are based on the provider's published base rate, the family's ability to pay, and the provider's Quality Rated rating. The difference between tuition and the CAPS payment is typically the responsibility of the family, though the ACCESS program instituted in May of 2021 temporarily paid the parent portion of tuition. This program is described in detail later in this section. Usual CAPS policy also requires that children attend during a given week for their ECE provider to bill CAPS for care of that child. Because of low attendance due to the pandemic and to help stabilize the ECE industry, DECAL stopped basing CAPS payments on current physical attendance but instead allowed providers to bill for any child with an active CAPS scholarship who had been present at least one day since March 1, 2020. This policy change meant that the support families and providers received through CAPS remained fairly consistent from 2019 through 2021 and beyond.

On November 1, 2021, Georgia expanded CAPS coverage to include an additional 10,000 children. This increase in the number of children also included expanding CAPS eligibility limits, making more children and families

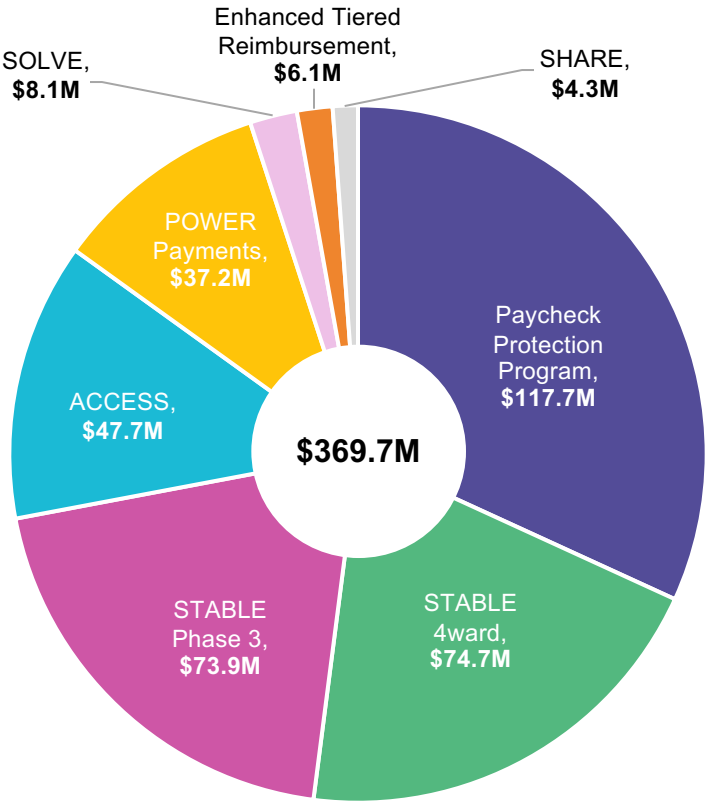
15. DECAL. 2021. *FY 2021 Annual Report*. Retrieved from www.decal.ga.gov/documents/attachments/BFTSAnnualReport2021.pdf

eligible for the program. New guidelines increased the entry income threshold from 50% of the state median income (SMI) to 85% of SMI. The expansion, which continued through October 1, 2024, utilized funding from the federal American Rescue Plan Act. The CAPS expansion funding expended in CY 2021 is included in the CCDF wedge in Figure 5.

FEDERAL PANDEMIC RELIEF FUNDING, 2021

In addition to the regular federal and state funding sources outlined in the section above, in 2021, Georgia's ECE industry received approximately $369.7 million in specific pandemic-related funding designed to stabilize the industry during such an unprecedented time. Figure 6 shows the breakdown of this supplemental funding.

Figure 6. Pandemic-Related Supplemental Federal Funding for Georgia's Early Care and Education Industry, 2021



Source: DECAL

Note: The North American Industry Classification System (NAICS) is used by federal agencies and others to classify businesses by type so that data for businesses in North America can be presented and analyzed in a uniform manner. The Paycheck Protection Program number is based on NAICS code 624410 = "child day care services."

These eight supplemental pandemic-related federal funding sources for the ECE industry in Georgia are described in detail below.

STABLE Payments

As the scope of the COVID-19 public health emergency became apparent in 2020 and 2021, federal and state governments recognized the vital importance of the early care and education industry and the considerable impact the pandemic would likely have on providers. The federal government passed a series of acts that provided supplemental funding allocations for DECAL, which used this funding to establish and administer the Short-Term Assistance Benefit for Licensed Entities (STABLE) program. The funding was intended to help stabilize the cost of maintaining child care programs during the public health emergency. The first two rounds of STABLE payments were disbursed in 2020, followed by additional rounds in 2021.

STABLE 3

In the spring of 2021, DECAL paid out $73.9 million for a third round of STABLE payments. The application period for STABLE 3 began on March 22 and ended on April 5, 2021. Licensed home-based providers were eligible for a $2,500 one-time payment. Child care learning centers with a licensed capacity of 25 or fewer children were eligible for a $6,000 one-time payment. For those with a licensed capacity of 26 or more children, payments were based on a percentage of licensed capacity, with a minimum payment of $6,240 and maximum of $90,000 for extremely large centers. In total, 3,845 providers applied for and received STABLE 3 funds, including 2,731 child care learning centers and 1,114 family child care learning homes.[16]

DECAL also used the STABLE 3 application process as an opportunity to collect provider rate data that would eventually be used to calculate enhanced CAPS payments through the ACCESS program, described below.[17]

STABLE 4ward

Between November 2021 and September 2023, more than $800 million was distributed to licensed child care providers in Georgia through STABLE 4ward. The first application period for STABLE 4ward opened on October 18, 2021, and child care providers had three weeks to submit their applications. Payments began at the end of November 2021 and continued monthly thereafter, through September 30, 2023. Several additional application periods opened up for new applicants in 2022 and 2023. In 2021, a total of $74.7 million was distributed to ECE providers in Georgia through STABLE 4ward.[18]

ACCESS

In 2021, DECAL created the Awarding Child Care Education Scholarship Supplements (ACCESS) initiative to temporarily support CAPS families by increasing access to and paying for child care while they worked or attended an education program. The ACCESS initiative launched on May 17, 2021, and was phased out in 2023 and 2024. Through ACCESS, the CAPS program paid the provider its full published rate for the type of care provided, and CAPS families did not pay the provider any tuition-related fees or co-payments for child care services.[19] Thus, CAPS paid the family fee and any difference between the typical CAPS rate and the amount

16. DECAL. 2021, March 23. "STABLE Application Guidance for Round 3." Totals based on interview with Woody Dover, enterprise project management director at DECAL, June 14, 2024.
17. Insights based on interview with Woody Dover, enterprise project management director at DECAL, June 14, 2024.
18. DECAL. 2021, October 28. "STABLE 4ward Guidance."
19. Note that family fees were reinstated beginning on October 2, 2023, meaning families began paying their family fee again, but CAPS continued paying the rest of their tuition cost minus the family fee.

the provider charges (a differential that parents typically pay). DECAL collected data on provider rates via the STABLE 3 application process in late March to early April, before providers were aware that the ACCESS program was being considered.

ACCESS was funded through the federal Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act and was designed to mitigate the negative financial impact of the COVID-19 pandemic on Georgia's early care and education industry and to help eligible Georgia families (also negatively impacted by the pandemic) pay for child care. In 2021, DECAL distributed $47.7 million to providers through the ACCESS initiative.

Enhanced Tiered Reimbursement

Quality Rated is Georgia's voluntary quality rating and improvement system used to assess, improve, and communicate the level of quality in early and school-age care and education programs. Similar to rating systems for other service-related industries like hotels and restaurants, Quality Rated assigns a quality rating to early and school-age care and education programs that meet a set of defined program standards.

DECAL required that all eligible programs receiving CAPS funding be Quality Rated—earning one, two, or three stars or being in the process of becoming rated—by December 31, 2021, to continue to receive that funding.[20] High-quality early care and education supports healthy child development and sets the foundation for life-long learning. DECAL has the vision that every child in Georgia will have access to high-quality early care and education regardless of family income or location. By requiring programs that receive CAPS funding to become Quality Rated, DECAL hopes to increase the number of high-quality programs serving Georgia's most vulnerable children and increase the number of high-quality options from which parents can choose.

To help providers raise the quality of the care they provide, CAPS increased Quality Rated tiered reimbursement bonus payments by 15 percentage points per star level. These enhanced bonus payments were offered from November 2021 through September 2024. One-star programs increased from 10% to 25%; two-star programs increased from 20% to 35%; and three-star programs increased from 40% to 55%. Child care providers in the process of achieving a rating, including those with a probationary or provisional status, received a 15% increase from the current CAPS base rates to support their efforts to increase quality and successfully achieve a star rating.

In 2021, DECAL distributed $6.11 million in enhanced tiered reimbursements to licensed or regulated providers in the state.

PPP Loans

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Paycheck Protection Program (PPP), administered through the US Small Business Administration, to support businesses during the pandemic. This program provided funds that would be forgiven if employment levels were maintained.

Between January 16 and May 26, 2021, more than 500 ECE providers in Georgia applied for and received PPP loans, for a total of $117.7 million in additional federal funding in 2021.[21]

20. The original deadline—December 31, 2020—was pushed back by one year due to the pandemic
21. Estimated using NAICS Code 624410 "Child Day Care Services." See data.onlineathens.com/paycheck-protection-program-loans/?page=1&searchtext=624410&state=Georgia.

SOLVE

The Supporting Online Learning for Virtual Education, or SOLVE, program provided three-month scholarships for families with students in Georgia public school districts that were offering only (or primarily) virtual learning in the fall of 2020 and into 2021. This program was funded through the CARES Act.[22] The scholarships supported families with children ages 5–12 by providing for care, supervision, and support during the school day at a licensed ECE provider while the students were engaged in virtual learning. To be eligible for the scholarships, families could not make more than 85% of the state's median income.[23] Approximately $8.1 million in SOLVE scholarships was awarded in 2021.

SHARE

In 2021, $4.3 million was devoted to the School-Age Help and Relief Effort (SHARE) grant, funded by the federal Coronavirus Response and Relief Supplemental Appropriations Act. These pandemic-related grants, which ranged in size from $800 to $2,000 for centers and were set at $500 for family-based providers, were for child care providers who cared for and supported school-age children (ages 5–12).[24] The funding was intended to help bolster child care providers who incurred additional expenses when caring for and supporting school-age children while they attended school virtually and during the summer months to provide academic and social enrichment programs.

POWER Payments

In spring of 2021, DECAL made one-time, $1,000 bonus supplemental payments available to Georgia's early care and education professionals working in DECAL-licensed child care programs (at both center-based and home-based providers), Department of Defense programs, exempt Early Head Start and Head Start programs, or the Georgia's Pre-K Program in public schools or private centers. To receive the Providing Our Workforce Essential Recognition (POWER) payments, staff had to work a minimum of 20 hours per week in an eligible program and apply for the bonus. Teachers and assistants, directors and assistants, nutrition staff, custodial staff, bus drivers, floaters, and family support staff were all eligible for the payments. The bonuses were funded through the federal CARES Act. Between May 17 and June 18, 2021, DECAL issued more than 37,000 POWER payments, for a total of approximately $37.2 million. DECAL offered additional POWER payments in 2022 using federal pandemic recovery funds.

PARENT FEES, 2021

Parent fees, which historically account for the largest portion of total revenues in Georgia's ECE industry, can be estimated using administrative and survey data from DECAL. Parent fees totaled $1.53 billion in 2021, representing the largest portion of gross receipts in Georgia.

22. Note that most of DECAL's CARES Act funding came through the CCDF block grant. SOLVE dollars came from the Governor's Emergency Education Relief fund, a different funding stream.
23. DECAL. n.d. "SOLVE Program FAQs." Retrieved from www.decal.ga.gov/documents/attachments/SOLVEFAQ.pdf.
24. DECAL. n.d. "School-Age Help and Relief Effort (SHARE) Grant Application Guidance." Retrieved from www.decal.ga.gov/documents/attachments/SHARE_GrantApplicationGuidanceFAQ.pdf

Total parent fees can be calculated using the following formula:

Number of programs by age group × Average enrollment by age group × Average weekly tuition rate × Weeks in care

The number of ECE providers serving each age group is based on administrative data on programs licensed or regulated by DECAL (see Figure 1).[25] On average, infants, toddlers, and preschoolers are assumed to be in care for 48 weeks per year. School-age and Georgia's Pre-K children are assumed to be in before/afterschool care for 36 weeks per year and in full-time holiday/summer care for 14 weeks, based on a typical Georgia school-year calendar. Georgia's Pre-K programs housed in public schools are not included in the parent fee calculation because they do not appear to collect any parent fees associated with their Pre-K students.[26]

Periodically, DECAL contracts with a private firm to survey ECE providers throughout the state to determine child care market rates and other provider information. Response data from the 2021 Market Rate Survey were used to estimate average enrollment and weekly tuition rates for urban and rural providers.[27]

Table 5 shows the results of these calculations by age group, with a few adjustments due to the pandemic. At the beginning of 2021, the ECE industry was still feeling the impacts of the COVID-19 pandemic. Roughly 10% of children were still not attending care face-to-face at that time. To arrive at total parent fees, the research team estimated parents' fees for a full year under normal conditions. That calculation is the number of programs statewide supplying care to an age group multiplied by the average enrollment estimates and average weekly tuition rates for the birth-through-5 age groups. These totals were then annualized using a typical number of weeks of service per year. Finally, this full year was then reduced by 3.9% based on the smaller portion of parents' fees collected during the first quarter of 2021.[28]

Supplying care to younger age groups is costlier due to lower teacher-to-student ratio requirements and the intensity of care that younger children need. Tuition for the younger age groups usually reflects these higher per-child care costs, as reflected in the "average weekly tuition rate" by age group.

In addition to typical tuition, parents often pay an annual registration fee per child. Data from the 2021 Market Rate Survey responses were used to estimate the average registration fee, which was then aggregated to create a statewide estimate of annual fees. Parents fees after CAPS are the estimate of the additional amount received by providers for their CAPS children. The amounts are known in the industry as the "family fee" and

25. DECAL monthly licensing data, 2021
26. Based on 2016 Economic Impact Survey responses and Georgia School District Expenditure and Revenue reporting regarding Georgia's Pre-K programs
27. Georgia Child Care Market Rate Survey (ga.gov)
28. The 3.9% annual figure starts as a weekly estimate. Based on CAPS and on DECAL site visit data for 2020, an estimated 90% of providers were open for face-to-face instruction in the first week of 2021, 83% of students were physically attending if their provider was open for face-to-face instruction, and 12% of students at closed providers were still paying. These percentages resulted in tuition for that week being 24.5% below the expected amount if the pandemic had not occurred. These shares were reduced week by week until tuition and attendance were within 1% of normal in May and then back to expected in early June. The weekly average difference between the pre-COVID expected tuition was 3.9%. Summer estimates exclude Pre-K before- and afterschool care and school-age afterschool care but include school-age summer care, so those weeks have a little lower tuition generally. Because summer was assumed to be back to normal, summer care was not discounted by the 3.9% applied to other care categories.

"rate differential," which are ultimately the responsibility of CAPS recipient families and are determined on an individual family and provider basis. Beginning in mid-May 2021, DECAL instituted the ACCESS program, through which the CAPS program paid the provider its full published rate for the type of care, and CAPS families did not pay the provider any tuition-related fees or co-payments for child care services.[29] Thus, CAPS paid the family fee and any difference between the typical CAPS rate and the amount the provider charges (a differential that parents typically pay). The $58.7 million shown in Table 5B for "parent fee after CAPS subsidy" represents the fees and rate differentials paid by parents in the first half of 2021, before the ACCESS program began.

Table 5A. Parent Fee Calculation for Center-Based Providers in Georgia, 2021

Urban Centers	Provider Count	Average Enrollment	Weekly Rate	Weeks	Estimated 2021 Total*
Infants (0–12 months)	1,933	6.0	$215.00	48	$119,073,778
Toddlers (13–35 months)	2,089	18.0	$209.00	48	$363,832,619
Preschool (36–47 months) & 4 years (not Georgia's Pre-K)	2,307	22.8	$199.00	48	$487,419,243
Georgia's Pre-K – before or after	894	29.0	$80.00	36	$69,008,930
School-age (5 years+)	2,317	16.8	$162.00	36	$207,137,611
School-age summer	1,037	21.0	$141.00	14	$42,987,798

Rural Centers	Provider Count	Average Enrollment	Weekly Rate	Weeks	Estimated 2021 Total*
Infants (0–12 months)	464	5.1	$114.04	48	$12,937,183
Toddlers (13–35 months)	507	14.3	$109.00	48	$36,458,074
Preschool (36–47 months) & 4 years (not Georgia's Pre-K)	618	15.6	$104.00	48	$46,688,892
Georgia's Pre-K – before or after	111	31.0	$60.00	36	$6,869,351
School-age (5 years+)	545	14.4	$89.00	36	$22,943,392
School-age summer	229	15.5	$95.00	14	$4,720,835
			Center-based total		**$1,420,077,706**

* The "estimated 2021 total" is discounted by approximately 3.9% to account for pandemic-related temporary closures in early 2021. Consequently, the rows do not sum. See the text for more details about the discounting process.

29. Note that family fees were reinstated beginning on October 2, 2023, meaning families began paying their family fee again, but CAPS continued paying the rest of their tuition cost minus the family fee.

Table 5B. Parent Fee Calculation for Family-Based Providers in Georgia, 2021

Urban Family	Provider Count	Average Enrollment	Weekly Rate	Weeks	Estimated 2021 Total*
Infants (0–12 months)	860	0.6	$166.00	48	$4,090,274
Toddlers (13–35 months)	969	1.7	$162.00	48	$12,572,722
Preschool (36–47 months) & 4 years (not Georgia's Pre-K)	944	1.6	$159.00	48	$11,142,695
School-age (5 years+)	745	0.7	$132.00	36	$2,164,281
School-age summer	288	0.5	$117.00	14	$245,307

Rural Family	Provider Count	Average Enrollment	Weekly Rate	Weeks	Estimated 2021 Total*
Infants (0–12 months)	255	0.4	$101.00	48	$528,840
Toddlers (13–35 months)	288	1.6	$98.00	48	$2,090,658
Preschool (36–47 months) & 4 years (not Georgia's Pre-K)	289	1.8	$97.00	48	$2,290,507
School-age (5 years+)	237	0.9	$94.00	36	$621,887
School-age summer	116	0.6	$88.00	14	$82,889
				Family-based total	$35,830,060
				Center-based total (from Panel A)	$1,420,077,706
				Parent fee after CAPS subsidy+	$58,714,297
				Registration and other fees	$19,683,982
				Total, all provider types	**$1,534,306,045**

* The "estimated 2021 total" is discounted by approximately 3.9% to account for pandemic-related temporary closures in early 2021. Consequently, the rows do not sum. See the text for more details about the discounting process.

+ Parents of children receiving CAPS scholarships typically pay a parent fee and any difference between the CAPS payment and the provider's published rate ("rate differential"). Beginning in May 2021, DECAL paid both fees through the ACCESS program. Thus, the fees shown here are from the first half of 2021, prior to ACCESS.

Sources: Calculations based on DECAL licensing data from 2021 for the number of providers operating. KOALA data were used to estimate the number of providers serving different age groups. Enrollment data from the 2021 Georgia Market Rate Survey were used to estimate average weekly prices and average enrollment figures.

Notes: Summer and school-age care includes fees for the school-age private enrollment. Average enrollment represents average enrollment per center that provides services, not per classroom. Totals may not sum exactly due to rounding.

Based on this calculation, the total amount of parent fees collected by programs (not including those collected after CAPS subsidies in the first half of 2021) was approximately $1.32 billion from urban counties and $136 million in rural counties. In total, parent fees totaled $1.53 billion in Georgia in 2021. This total is in line with the $1.55 billion collected in 2019, suggesting that the drop in parent fees documented for 2020 was temporary.[30]

30. Total parent fees collected in Georgia dropped 18% to 38% in 2020 due to declining paid enrollment related to the pandemic. For details, see the first report in this series, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*.

TOTAL GROSS RECEIPTS, 2021

Annual total gross receipts for the ECE industry in Georgia are estimated at $2.95 billion for 2021. Table 6 presents a breakdown of all state and federal funds received by ECE programs in 2021. Regular annual state and federal funding for the ECE industry in Georgia totaled approximately $1.05 billion, with Georgia's Pre-K Program representing the largest state or federal funding source for ECE programs at $352 million in CY 2021. Supplemental pandemic-related federal funding added another $370 million in gross receipts for the year, and parent fees made up the rest at approximately $1.53 billion. Thus, parent fees represented approximately 52% of gross receipts for 2021, with federal and state funding making up the other 48%.

Table 6. Gross Receipts of Georgia's Early Care and Education Industry, 2021

	2021
Federal Child Care and Development Fund (primarily CAPS subsidies)	$277.1M
Georgia's Pre-K Program	$351.6M
Head Start and Early Head Start	$258.8M
Child and Adult Care Food Program	$137.2M
Summer Food Service Program	$21.5M
STABLE Phase 3	$73.9M
STABLE 4ward	$74.7M
ACCESS	$47.7M
Enhanced Tiered Reimbursement	$6.1M
Paycheck Protection Program (NAICS 624410)	$117.7M
SOLVE	$8.1M
SHARE	$4.3M
POWER Payments	$37.2M
Total state and federal funding	$1.42B
Total parent fees	$1.53B
Annual gross receipts	**$2.95B**

Source: DECAL

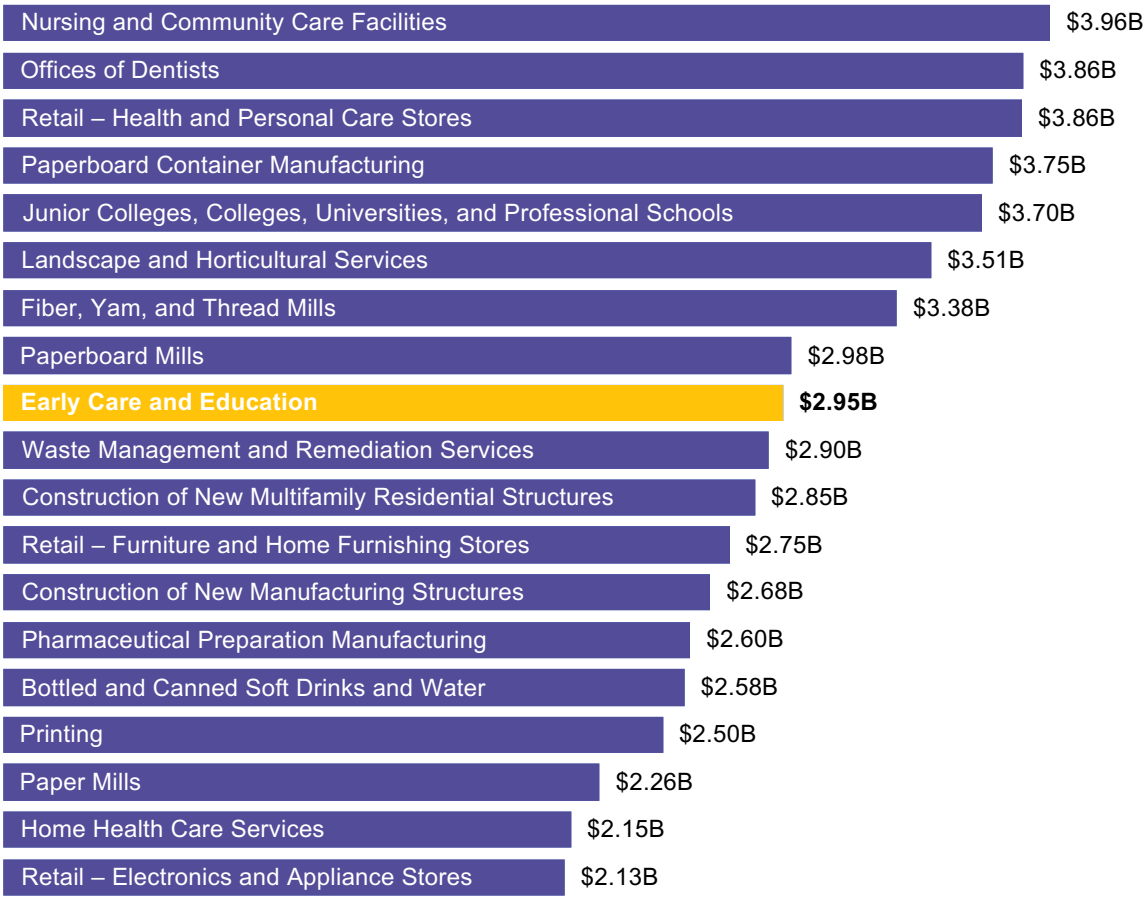
Note: The North American Industry Classification System is used by federal agencies and others to classify businesses by type so that data for businesses in North America can be presented and analyzed in a uniform manner. NAICS code 624410 = "child daycare services"

INDUSTRY COMPARISON USING GROSS RECEIPTS

Context is needed to comprehend what the number $2.95 billion in gross receipts means for Georgia. Thus, this section compares the early care and education industry's gross receipts to those of other industries in the state in 2021.[31]

In terms of gross receipts, the ECE industry in Georgia is comparable to other large industries in the state. Figure 7 shows that its gross receipts are similar to those of the waste management and remediation services industry, retail home furnishings and furniture stores, and the paperboard mills industry.

Figure 7. Early Care and Education Industry Compared to Other Industries in Georgia, 2021

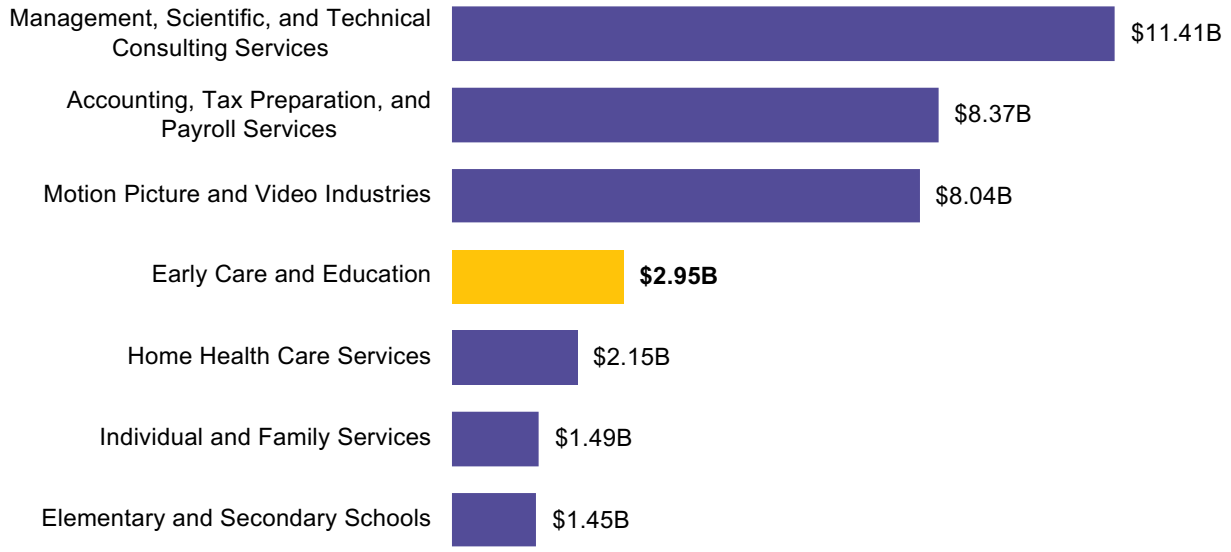


Source: IMPLAN. Total gross receipts for the early care and education industry are calculated based on data from DECAL (see Table 6).
Notes: 2021 levels for all industries

31. Data available through the US Economic Census are years older than the COVID-19 pandemic period. The census understates the size of the industry's gross receipts because its estimates include neither child care businesses operated by a single self-employed individual nor public schools offering Georgia's Pre-K. To more accurately compare this industry in Georgia to other industries, this analysis uses the $2.95 billion in total gross receipts attributable to this industry calculated in Table 6.

The Georgia Department of Labor's Division of Workforce Statistics and Economic Research estimates expected growth for industries in Georgia between 2018 and 2028. Figure 8 compares the total gross receipts for 2021 of some of these fast-growing industries to those attributable to the ECE industry based on data in Table 6. Among industries that are expected to have strong growth over the next few years, early care and education is currently larger than home health care services and individual and family services.

Figure 8. Early Care and Education Gross Receipts Compared to Other Fast-Growing Industries in Georgia



Source: IMPLAN 2021 data. Total gross receipts for the early care and education industry are calculated based on the DECAL administrative data.

CONCLUSION

This chapter provides a detailed estimate of gross receipts for Georgia's early care and education industry in 2021. This industry generated approximately $2.95 billion in 2021, putting it on par with the pharmaceutical preparation manufacturing industry and the waste management and remediation industry in the state. Parent fees represent approximately 52% of gross receipts ($1.53 billion) for 2021, with federal and state funding making up the other 48% ($1.42 billion).

The next chapter uses IMPLAN to analyze how this $2.95 billion ripples through the Georgia economy, creating additional economic impacts.

Chapter 3

Total Economic Impact of the Early Care and Education Industry in Georgia, 2021 and Over Time

Gross receipts are an essential gauge of the ECE industry's economic value to the state, but they only show part of the picture. Gross receipts represent the amount of economic activity directly attributable to the early care and education industry and are a conservative way of estimating the industry's economic impact. Programs in the industry also purchase items and services from businesses outside of the early care and education sector, and these expenditures "multiply" or "ripple" through the economy as workers in many industries receive wages and spend some of their income purchasing even more goods and services.

This chapter begins by estimating the total economic impact of Georgia's ECE industry in 2021 using IMPLAN, a widely used and accepted input-output economic model that allows researchers to estimate the indirect effects and induced effects of an industry. These estimates show the industry's reach beyond simply its revenues. The chapter concludes with a comparison of the total economic impact of the ECE industry over time, from 2014 to 2021.

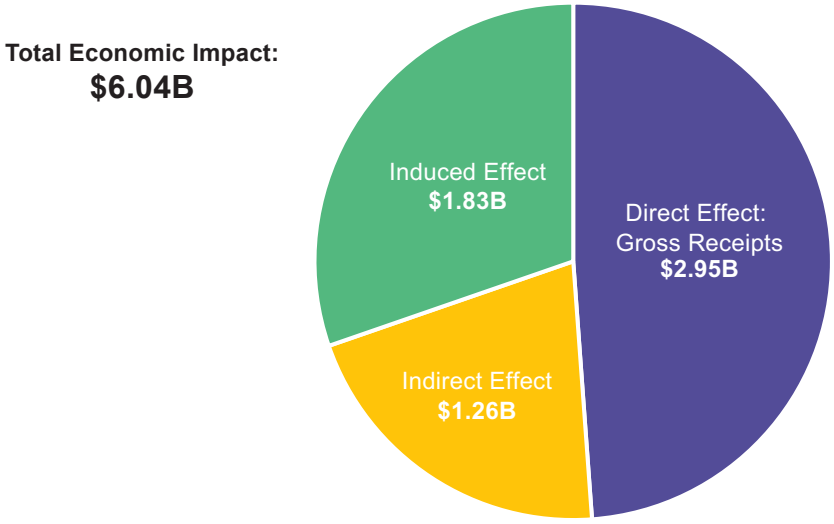
TOTAL ECONOMIC IMPACT OF GEORGIA'S ECE INDUSTRY IN 2021

As discussed in Chapter 2, the industry generated $2.95 billion in gross receipts in 2021, which reflects the industry's direct revenues. The IMPLAN modeling software estimates what happens to spending in all of the associated industries when one more dollar of gross receipts is made in the early care and education industry. IMPLAN identifies two types of effects: indirect and induced. Indirect effects are the result of interindustry trade and capture the increased economic activity associated with businesses that supply goods and services to the early care and education industry. This trade would include, for example, food services, transportation services, and office supplies as well as professional services such as accountants and insurance brokers. The IMPLAN software includes estimates of the number, type, and size of other businesses related to the early care and education industry in Georgia.[32]

These sorts of expenditures increase total economic activity by an additional $1.26 billion per year in Georgia. Total economic impact also includes induced effects, which consist of increased household purchases of goods and services in the state by persons employed in the industry and by the businesses and individuals who do business with the industry. For 2021, the induced effects were an estimated $1.83 billion. When direct spending and indirect and induced effects are combined, the total short-term economic impact in Georgia from the industry over a 12-month period is an estimated $6.04 billion (see Figure 9).

32. IMPLAN is a 546-sector input-output model used to measure the effects of three types of impacts: direct, indirect, and induced. The economic data for IMPLAN come from the system of national accounts for the United States based on data collected by the US Department of Commerce, the US Bureau of Labor Statistics, and other federal and state government agencies.

Figure 9. Total Annual Economic Impact of the Early Care and Education Industry in Georgia, 2021 (in millions of nominal dollars)



The degree to which one industry's activity affects the economic activity of all other associated industries through induced and indirect effects is usually referred to as a "multiplier." Mathematically, a multiplier represents the ratio of total to direct economic impact calculated for the IMPLAN economic model. The early care and education industry had an average multiplier of 2.05 for output and 1.26 for employment in 2021. This means that for every dollar of gross receipts in the industry, the indirect and induced effects resulted in an additional $1.05 of economic activity. IMPLAN estimates that based on the total of the induced and indirect effects, for every 100 jobs within the early care and education industry in Georgia in 2021, another 26 jobs were supported in other industries.

Through its own spending and employment as well as the spending and employment supported in other industries, the early care and education industry generated an estimated $610.0 million in federal tax revenue and $226.5 million in state and local tax revenue in Georgia in 2021.

COMPARING THE ECE INDUSTRY'S TOTAL ECONOMIC IMPACT OVER TIME, 2014–2021

The ECE industry in Georgia has grown over time, even given the 2020 COVID-19 pandemic. Table 7 compares the size of the industry at several time points between 2014 and 2021. Total economic impact grew by approximately $1.3 billion over this period, from $4.70 billion in 2014 to more than $6.04 billion in 2021.[33]

33. Note that inflation likely accounts for some of this growth.

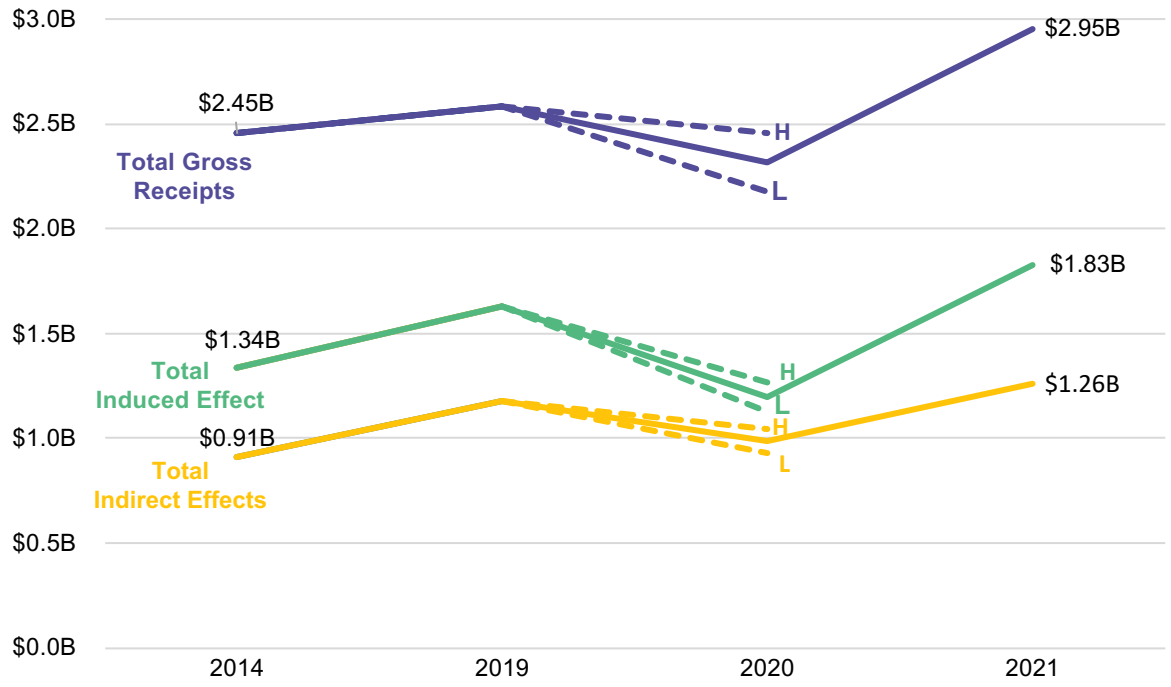
Table 7. Total Annual Economic Impact of the Early Care and Education Industry in Georgia, 2014–2021 (in millions of nominal dollars)

	Direct Effects: Gross Receipts	Indirect Effects	Induced Effects	Total Economic Impact
2021	**$2,953.6**	**$1,260.0**	**$1,828.0**	**$6,041.9**
2020 high	$2,457.4	$1,047.5	$1,270.7	$4,775.6
2020 low	$2,177.4	$928.1	$1,125.9	$4,231.4
2019	$2,579.7	$1,178.9	$1,630.8	$5,389.3
2014	$2,453.0	$907.0	$1,335.0	$4,695.0

Source: Estimates based on gross receipts calculated by the research team and the IMPLAN input-output economic model for the state of Georgia.

Gross receipts, which capture the direct effects of the ECE industry, are difficult to estimate for 2020 due to the pandemic, which caused variation in parent fees collected. Some parents were likely to have continued paying their ECE provider even if their children were not attending and even if the facility was closed to reserve their spots in the program. Initially, most people thought that the pandemic and associated lockdowns and closures would be short-lived. Thus, parents, thinking that life would soon return to normal, were more likely early in the pandemic to continue to pay for a spot in a closed provider or in an open provider when their child was not attending. These shares likely dropped throughout the year as the impact of the pandemic became clearer to parents. Consequently, the research team calculated both a high and low estimate for parent fees, with the true amount likely falling somewhere between the two. Figure 10 visually shows the growth in economic impact from 2014 to 2021, based on the data from Table 7. The solid lines for 2020 represent the average between the high and low estimates.

Figure 10. Changes in Economic Impact of the Early Care and Education Industry in Georgia, 2014–2021



Source: Estimates based on gross receipts calculated by the research team and the IMPLAN input-output economic model for the state of Georgia.

Note. For 2020, H and L represent the high and low estimates, respectively, shown in Table 7. The solid line represents the average between the two.

For the high estimate of parent fee collection in 2020, the research team assumed that 85% of nonattending private enrollment was still generating parent fees in the third and fourth weeks of March. This share tapered off as more providers resumed operations and parents began to fully understand the scope of the pandemic during the fall and early winter, with a final value in December 2020 of 10%. For the low estimate of parent fee collection, it is assumed that no nonattending private enrollment generated parent fees during 2020. Thus, the lower estimate only includes those fees associated with a child's physical presence at a center or home-based provider.[34]

Modeling the economic impact of the ECE industry during 2020 using IMPLAN had to be approached with caution due to the dramatic impact the COVID-19 pandemic had on all levels of economic activity. The research team tested a variety of IMPLAN input methods, ultimately arriving at the estimates in Table 7 and Figure 10. Appendix A details the research team's IMPLAN estimation methodology for 2020.

34. For more information on the calculation behind the high and low parent fee estimates, see *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*.

The total gross receipts estimates for 2020 — both the high of $2.46 billion and low of $2.18 billion — are lower than the 2019 estimate of $2.58 billion. This shortfall is then reflected in the total economic impact estimates for 2020 with a high of $4.78 billion and a low of $4.23 billion. However, by 2021, direct gross receipts had rebounded to exceed those in 2019. Much of this growth can be attributed to the infusion of pandemic-related federal dollars, which is discussed in detail in the next chapter.

CONCLUSION

This chapter illustrates just how vital the early care and education industry is to Georgia's economy. In 2021, the industry had a total economic impact of more than $6.04 billion in the state. For every dollar of direct spending in the industry, 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. The ECE industry in 2021 generated an estimated $610.0 million in federal tax revenue and $226.5 million in state and local tax revenues in Georgia.

This chapter also shows that the economic impact of the ECE industry in Georgia has been growing steadily over time, from $4.70 billion in 2014 to $6.04 billion in 2021. Not surprisingly, total impact dipped in 2020 during the height of the COVID-19 pandemic. However, by 2021, total impact had recovered to exceed that in 2019. This quick recovery was made possible by the rapid infusion of targeted federal and state dollars in 2020 and 2021 to bolster the ECE industry. The next chapter explores what might have happened had the pandemic funding not occurred.

Chapter 4

Pandemic Funding and Estimating the Industry in Its Absence

The federal government responded to the COVID-19 pandemic with a series of targeted economic stimulus programs intended to keep early care and education businesses solvent during 2020 and 2021. DECAL acted to get this funding into the hands of providers as quickly as possible to avoid a potentially catastrophic drop in revenues. This chapter attempts to estimate how the industry would have fared had federal funding not come through and had DECAL not been able to distribute those dollars effectively. Thus, the chapter presents models of the ECE industry's economic impact in Georgia in 2020 and 2021 had the industry-specific supplemental federal funding not come through. While no study can fully predict what would have happened in the absence of such funding, the analysis in this section provides insights into the importance of this targeted funding to Georgia's ECE industry and the state's economy overall.

A total of $571 million of targeted supplemental support helped ECE providers stay open during these two years. This chapter begins with a brief summary of the federal pandemic-related legislation that affected the ECE industry in Georgia. Many of the programs supported by this supplemental funding have been detailed in Chapter 2, but a few programs were only active in 2020. These 2020-only expenditures are briefly outlined below.[35]

Note that DECAL recognized that the pandemic legislation represented a historic investment in children and their families, the early care and education industry as a whole, and the ECE workforce. Thus, while $571 million in federal funding was distributed in 2020 and 2021, additional targeted pandemic-related funding was included in the three federal acts described below. DECAL worked deliberately to gain input from stakeholders on how best to not only support the industry during the public health crisis but also how to set the industry up for future success. Based on this input, several programs were established in 2022 and 2023 using pandemic funding. Pandemic-related funding spent after 2021 is not included in this analysis. These programs will be discussed in future reports in this series.

US LEGISLATIVE RESPONSE TO THE COVID-19 PANDEMIC

To address the parallel public health and economic crises caused by the pandemic, the US Congress passed a series of legislative interventions in 2020 and 2021. The three acts most relevant to the ECE industry are briefly described below.

35. See the first report in this series, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*, for a detailed timeline of the state's responses to the pandemic in 2020.

March 27, 2020: Coronavirus Aid, Relief, and Economic Security (CARES) Act

The CARES Act was an approximately $2.2 trillion stimulus bill, the largest stimulus law in US history at that time. The act contained a variety of provisions to boost the economy, including one-time cash payments to US taxpayers (up to $1,200 per adult and $500 per child based on reported income), generous tax rebates to taxpayers with children, extended unemployment assistance, mortgage and rent relief, assistance for local and state governments, and emergency loans to small businesses. In addition, the act established the Paycheck Protection Program (PPP), a business loan/grant program through the US Small Business Administration designed to help small businesses continue to pay their workers during the pandemic.

DECAL received $144,539,371 in supplemental funding allocations from the CARES Act as part of the Child Care and Development Fund (CCDF), which provides block grants to states for funding child care. DECAL used these funds to support the early care and education industry in three primary ways: direct payments to providers (STABLE 1 and 2), emergency funds to cover CAPS children enrolled in but not attending class, and a new CAPS priority group to support essential workers.

Note that only the CARES Act funding specifically targeted at the ECE industry is included in this analysis.

December 27, 2020: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

DECAL received $403,660,875 from CRRSA to help mitigate the negative financial impacts of the COVID-19 pandemic on Georgia's early care and education industry and to provide additional supports to Georgia families in accessing child care.[36] Given the large amount of funding and the spending timeline prescribed by the CRRSA, DECAL distributed this funding in phases.

Phase 1 was comprehensive and broad, supporting all open, licensed programs; the professional workforce who directly serves young children; and families who rely on CAPS to pay for child care.

Phase 2 and subsequent phases were more strategic and targeted, based on specific needs of the ECE industry, the workforce, and families with young children as informed by feedback from providers, families, and stakeholders.

March 11, 2021: American Rescue Plan Act (ARPA)

DECAL received $1,573,679,980 through ARPA. Approximately $968 million of this funding was earmarked for stabilization funds, which were distributed to qualifying DECAL-licensed providers through STABLE 4ward monthly payments from November 2021 through September 2023. The balance of the ARPA funding, approximately $605 million, was allocated as additional CCDF dollars. These funds could be used to support child care providers, the ECE workforce, and families with young children, while also adding resources to the state's ECE infrastructure, raising child care quality, and increasing access to care.[37]

DECAL used this funding for a variety of programs, including ACCESS; the CAPS expansion, which added about 10,000 new children to the program; enhanced tiered reimbursement through Quality Rated; various workforce education initiatives; and a variety of other programs in 2022 and beyond.

36. CRRSAandARPASpendingPlan.pdf (ga.gov)
37. CRRSAandARPASpendingPlan.pdf (ga.gov)

2020-ONLY PROGRAMS

A few relevant programs using pandemic relief dollars were only available in 2020. As part of the CARES Act, in 2020, DECAL received additional CAPS-related funding that was used for two short-term programs that were implemented only in that year. Approximately $20 million was allotted for the CAPS Emergency Payment Policy, designed to help providers with enrolled CAPS children who were not attending. Another $3 million was allotted to help essential workers find and pay for early care and education during the pandemic. In addition, DECAL used CARES Act funding to distribute two rounds of STABLE payments to eligible licensed providers in 2020, totaling $91.4 million.

TOTAL FEDERAL COVID-19 SUPPORT FOR GEORGIA'S ECE INDUSTRY IN 2020 AND 2021

Federal funds helped to dampen the impact of a drop in parents fees in 2020 and 2021 related to the pandemic. In 2020, total parent fees collected are estimated to be between $962 million and $1.3 billion, representing a 38%–18% decrease over 2019 ($1.55 billion).[38] As discussed in Chapter 3, early in the pandemic many parents continued to pay for child care slots even if their child was not attending. As the scope of the pandemic became more apparent, this number began to drop off. However, data are not available on how many parents did or did not pay each week. Therefore, the research team calculated a high and low estimate of parent fees collected for 2020, with the true amount likely falling between the two. By 2021, parent fees had rebounded and were almost equivalent to 2019 levels.

As Table 8 shows, the ECE industry received $201 million in 2020 from supplemental federal funds such as PPP as well as DECAL-administered programs like the STABLE grants. This amount represents roughly 9% of industry total revenues for 2020. In 2021, this amount is estimated to be approximately $370 million, representing roughly 12.5% of total industry revenues that year.

38. Andrew Young School of Policy Studies, Georgia State University and Carl Vinson Institute of Government, University of Georgia. 2023, November. *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*. Atlanta: Georgia Department of Early Care and Learning, Table 2.7.

Table 8. Federal COVID-19-Related Funding for the Early Care and Education Industry Distributed in 2020 and 2021

	2020	2021
STABLE phase 1	$38.8M	
STABLE phase 2	$52.6M	
STABLE phase 3		$73.9M
STABLE 4ward		$74.7M
ACCESS		$47.7M
Enhanced Tiered Reimbursement		$6.1M
Paycheck Protection Program (for NAICS Code 624410)	$84.0M	$117.7M
CAPS Emergency Payment Policy	$19.6M	
Essential Services Workforce group (CAPS)	$2.5M	
SOLVE	$3.3M	$8.1M
SHARE		$4.3M
POWER Payments		$37.2M
Total federal pandemic-related funding	**$200.8M**	**$369.7M**

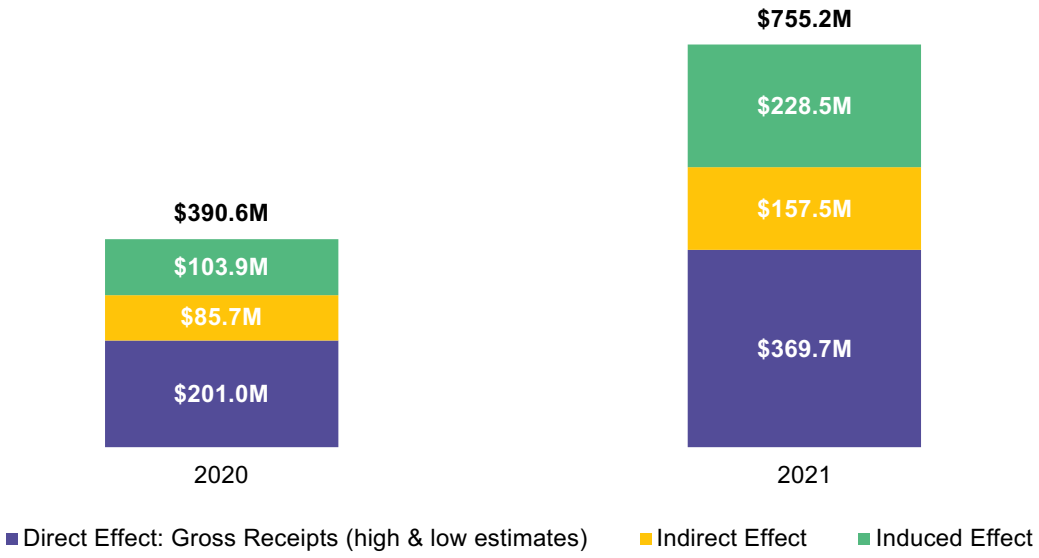
Source: DECAL. See the first report in this series, *Initial Impact of the COVID-19 Pandemic on Georgia's Early Care and Education Industry*, for 2020 data and sources.

Note: The North American Industry Classification System (NAICS) is used by federal agencies and others to classify businesses by type so that data for businesses in North America can be presented and analyzed in a uniform manner. NAICS code 624410 = "child day care services."

The research team used IMPLAN to estimate the economic impact attributable to these pandemic-related federal funds. The results are shown in Figure 11. Not surprisingly, the larger federal funding in 2021 had a larger economic impact. In 2020, the $201 million in supplemental funding had a $391 million total economic impact.

In 2021, these federal funds resulted in $158 million in indirect effects and $229 million in induced effects, for a total of $755 million in total output. The supplemental spending that year also supported 8,127 jobs in the early care and education industry as well as 2,082 additional jobs in the economy broadly.

Figure 11. Total Annual Economic Impact of the Targeted Federal Pandemic-Related Funds to the Early Care and Education Industry in Georgia in 2020 and 2021 (in millions of nominal dollars)



Source: Estimates based on pandemic funding calculated by the research team and the IMPLAN input-output economic model for the state of Georgia.

To better understand how these supplemental pandemic-related funds affected the ECE industry and the overall Georgia economy, the research team used IMPLAN to model the industry as if this targeted funding had not transpired. The results are shown in Table 9.

In 2020, the industry's total economic impact would have been 8.2% to 9.2% lower had the CARES Act targeted funding not been allocated and had DECAL not been able to distribute it to ECE providers quickly. These declines reflect the roughly 9% drop in gross receipts that then ripple out in the indirect and induced effects.

In 2021, without the $370 million in federal pandemic-related supplemental funding, the ECE industry's total economic impact would have been only $5.3 billion, roughly 12.5% lower.

Table 9. Total Annual Economic Impact Without the Federal Pandemic-Related Funds to the Early Care and Education Industry in Georgia (in millions of nominal dollars), 2020 and 2021

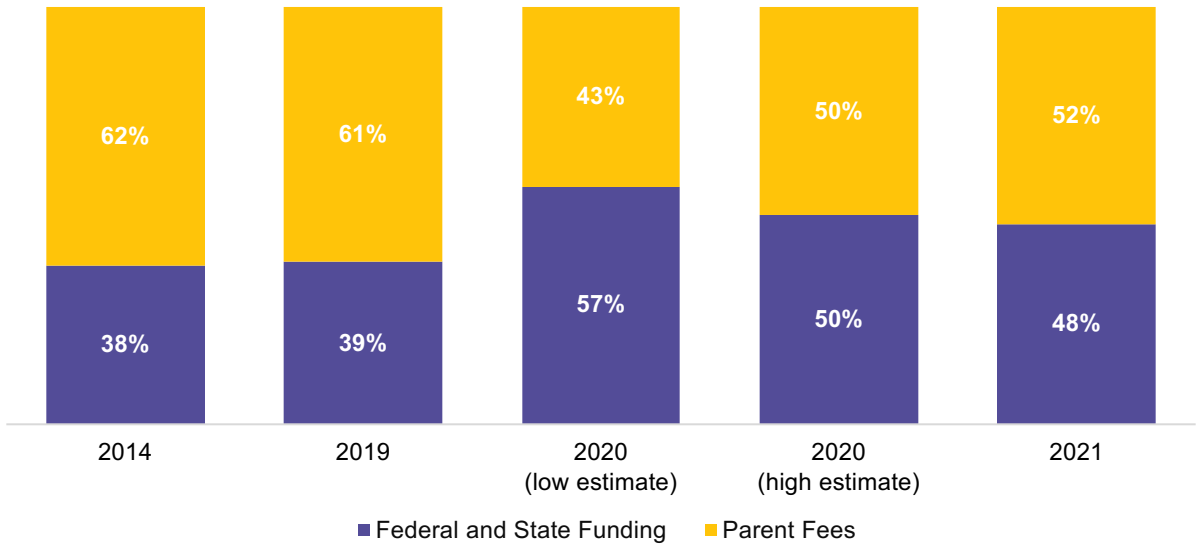
	Direct Effect: Gross Receipts	Indirect Effect	Induced Effect	Total Economic Impact: No Pandemic Funds	Total Economic Impact: With Pandemic Funds	Decrease in Total Impact If No Pandemic Funds
2021	$2,583.9	$1,102.5	$1,599.5	$5,286.5	$6,041.9	–12.5%
2020 high	$2,256.4	$961.8	$1,166.7	$4,385.0	$4,775.6	–8.2%
2020 low	$1,976.4	$842.5	$1,022.0	$3,840.8	$4,231.4	–9.2%

Source: Estimates based on pandemic funding calculated by the research team and the IMPLAN input-output economic model for the state of Georgia.

TRENDS IN PARENT FEES AS A PERCENTAGE OF TOTAL GROSS RECEIPTS

Another way to understand the impact of the targeted pandemic funding on the industry is to look at the percentage of total gross receipts represented by parent fees over time. Historically, parent fees account for the largest portion of total revenues in Georgia's ECE industry, hovering around 60% of gross receipts. Federal and state funding typically makes up the other roughly 40%. In 2020, fear of the virus, soaring unemployment, and work-from-home orders meant that many parents kept their children at home, resulting in a sharp drop in parent fees. To bolster the industry and ward off a care crisis once the pandemic had subsided, the federal government stepped in with unprecedented funding. Thus, in 2020, federal and state funding filled this gap, accounting for a much higher percentage of gross receipts in 2020. In early 2021, as vaccines became widely available and pandemic precautions lifted, children returned to group care settings. CAPS and DECAL site visit data show that by May 2021, attendance was within 1% of the expected level, based on pre-pandemic trends. Thus, parent fees resurged in 2021, though the level of government funding (48%) remained elevated due to the continued infusion of federal dollars into the ECE industry that year, as shown in Figure 12. Future analyses will examine whether the ratio of parent fees to government funding returned to pre-2020 levels once all supplemental pandemic funding ceased in later years.

Figure 12. Percentage of the Georgia ECE Industry's Gross Receipts Funded by Parent Fees and Federal/ State Sources, 2014–2021



CONCLUSION

This chapter underscores how important the targeted federal pandemic-related funding was to bolstering the early care and education industry in Georgia during the height of the COVID-19 pandemic in 2020 and 2021. During these two years, a total of $571 million of targeted supplemental support helped ECE providers stay open. These federal funds resulted in $243 million in indirect effects and $332 million in induced effects, for a total of $1.1 billion in total output. Consequently, had the supplemental targeted federal and state funds not occurred, total economic impact of the industry would have been 8.2% to 9.2% lower in 2020 and 12.5% lower in 2021.

Chapter 5

The Early Care and Education Workforce in 2021

More than 64,000 workers were employed in the ECE industry in Georgia in 2021. Positions in this industry include lead teachers, assistant teachers, other teaching staff, administrators/directors, assistant directors, specialists, clerical staff, and support staff such as bus drivers and cooks/nutritionists. The largest segment of this workforce is employed full time at child care learning centers. Due to the data at hand, the estimates of employment in this section are rough and are intended to provide insight into general trends. DECAL initiated several new programs to strengthen the ECE workforce in 2022 and beyond, outside the scope of this report. Future phases of this research will delve more deeply into the pandemic's effects on the ECE workforce as well as how federal and state programs used pandemic funding to support these workers.

This chapter begins by examining the economic impact of the ECE workforce in Georgia, using IMPLAN to estimate employment and labor income in 2021. This analysis is followed by a comparison of wage levels between entry-level ECE workers and other related occupations.

ECONOMIC IMPACT OF ECE EMPLOYMENT IN GEORGIA, 2021

Traditional input-output economic impact analysis like IMPLAN measures not only the direct impact of an industry's employees but also economic transactions that occur in the supply chain (indirect employment) because of the direct economic activity. Impact analysis also includes economic activity that occurs when employees in the direct and indirect jobs spend their salaries and wages. This is known as an induced effect. As shown in Table 10, the ECE industry directly employed an estimated 64,631 workers in the state in 2021. These direct jobs supported an additional 16,559 indirect and induced jobs, for a total of 81,986 statewide. The labor income associated with all employment supported by the ECE industry in the state topped $2.6 billion in 2021.

Value-added is another metric helpful in assessing the impact of this employment. Value-added is the sum of labor income, business profits, and taxes collected on behalf of government. This is the amount that recirculates longest in the state's economy. In 2021, the ECE industry directly produced approximately $1.9 billion in value-added. Total value-added, which includes both the indirect and induced effects, topped $3.5 billion.

Table 10. Estimated Economic Impacts from ECE Employment in Georgia, 2021

Impact	Employment	Labor Income	Value-Added
1 - Direct	64,631	$1,761,848,370	$1,900,484,861
2 - Indirect	6,438	$309,340,160	$596,657,198
3 - Induced	10,121	$577,853,785	$1,072,954,042
Totals	**81,986**	**$2,649,042,315**	**$3,570,096,101**

Source: IMPLAN, research team calculation

Note: Columns and rows may not sum due to rounding of the underlying data.

WAGE LEVELS OF ECE WORKERS AND RELATED OCCUPATIONS

This section compares ECE entry-level workers' wages to those of several comparable occupations. In 2022, the mean average annual income for "child care workers" in Georgia was $27,166, according to Occupational Employment and Wage Statistics (OEWS) by the Bureau of Labor Statistics.[39] The job "child care workers" is defined by two main tasks: (1) attending to children at schools, businesses, private households, and child care institutions; and (2) performing a variety of tasks, such as dressing, feeding, bathing, and overseeing play.[40]

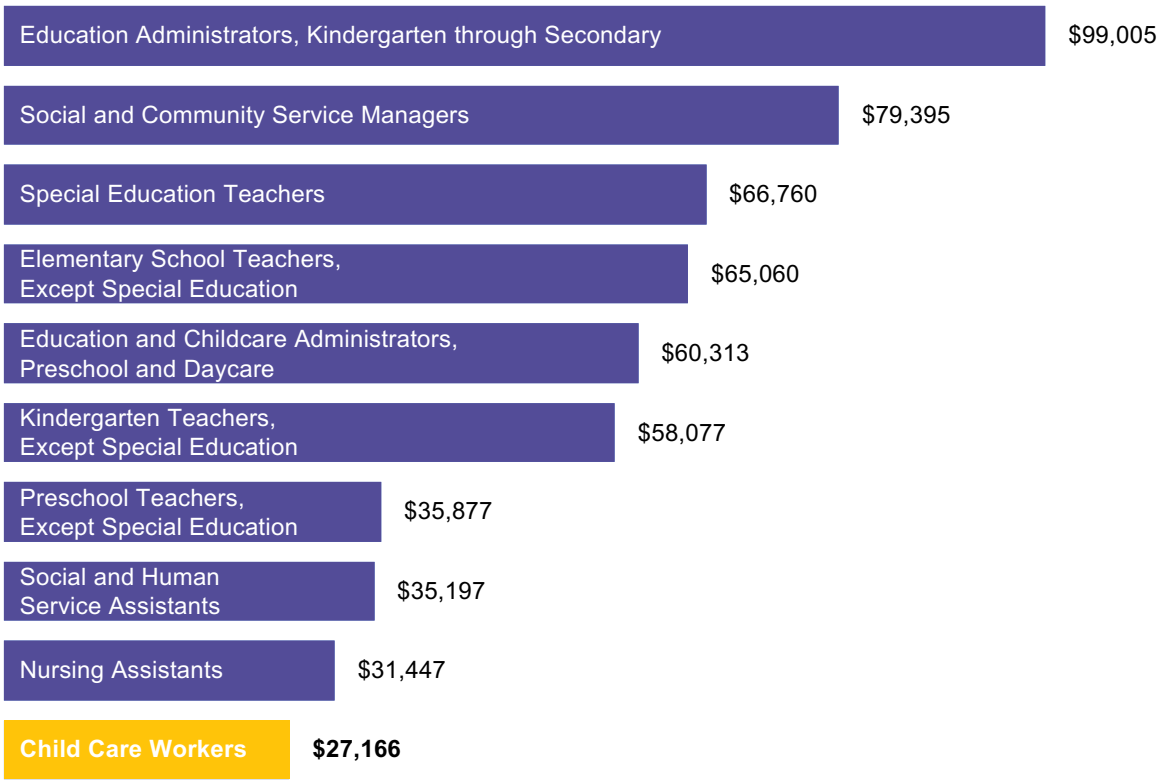
Figure 13 illustrates these comparisons. The research team constructed the figure by first identifying several occupation titles strongly related to child care workers, using the Occupational Information Network (O*NET) database.[41] O*NET is a primary national source on occupations, worker attributes, and job characteristics gathered from worker surveys. For each standard occupational classification (SOC) code, O*NET publishes 20 strongly related occupation titles. O*NET's methodology for determining relatedness heavily relies on three aspects of an occupation: detailed work activity, skills and knowledge involved, and job title.

Figure 13 additionally utilizes wage data corresponding to the O*NET-selected occupations from OEWS for Georgia in 2022. OEWS conducts a semiannual survey to generate estimates of employment and wages for specific occupations, categorized by industry and location.[42]

Annual wages reported for related occupation titles in Figure 13 are derived from a combination of O*NET's relatedness index and the availability of wage data for Georgia in OEWS in 2022. For instance, three of the top five most-closely related occupations to child care workers, including personal care and home health aides, are not included due to the lack of OEWS Georgia wage data.

39. US Bureau of Labor Statistics, US Department of Labor. *Occupational Employment and Wage Statistics*; US Bureau of Labor Statistics. 2023. *Quarterly Census of Employment and Wages* [Data files].
40. As defined by O*NET.
41. O*NET 28.3 Database. O*NET Resource Center, National Center for O*NET Development, www.onetcenter.org/database.html. Accessed September 2023.
42. OEWS uses NAICS codes to classify businesses by type so that data for businesses in North America can be presented and analyzed in a uniform manner.

Figure 13. Mean Annual Wage for Child Care Workers and Closely Related Occupation Types



Source: The wage data reported are for the most recent year available in OEWS, Bureau of Labor Statistics (year 2022) in Georgia.

Notes: Mean wage data identify wage per annum.

Identification of the similar occupation types is sourced from the O*NET database, a national detailed data source on occupation types.

Mean wage data on Personal Care Aides and Home Health Aides, two occupations listed among top 5 most strongly related occupations to child care workers (by O*NET), are not reported due to their unavailability in OEWS for Georgia.

Figure 13 illustrates that child care workers receive the lowest compensation among closely related occupations. Nursing assistants come closest to child care workers' wages, but their average annual wage exceeds that of child care workers by 16%. Social and human service assistants have annual wages in a similar range, though these occupations make roughly 30% more than child care workers. Not surprisingly, the job of preschool teacher — defined by O*NET as workers who instruct preschool-aged students, following curricula or lesson plans, in activities designed to promote social, physical, and intellectual growth — is among the five most-closely related occupations. The relatively higher pay of preschool teachers ($35,877 vs. $27,166) and the increase in responsibilities makes this occupation a logical promotion from the entry-level job of child care worker.

The low wage rate of child care workers compared to similarly skilled occupations may contribute to the labor shortages that have plagued the ECE industry since the start of the pandemic.[43] Even prior to the pandemic, research from the Institute of Medicine and the National Research Council found that the national annual turnover rate for child care workers hovered around 29.4%.[44] Child care worker pay is likely a factor in this low long-term retention rate.

CONCLUSION

This chapter shows that the early care and education workforce is a vital part of Georgia's economy, supporting almost 82,000 total jobs. These jobs have a total value-added of approximately $3.6 billion in the state. At the same time, the average annual wages of entry-level child care workers were just $27,166 in Georgia in 2022, the lowest among all closely related occupations. These low wages are likely a contributor to the high turnover rate within the ECE industry. A future report in this research series will look more closely at the early care and education workforce in Georgia, examining wage data in detail and other metrics as well as DECAL initiatives designed to encourage professionalization and retention.

43. See www.naeyc.org/sites/default/files/wysiwyg/user-74/naeyc_survey_statedatawithquotes_sep2021.pdf.
44. Institute of Medicine and National Research Council. 2015. *Transforming the workforce for children birth through age 8: A unifying foundation* (p. 472). Washington, DC: National Academies Press. Retrieved from doi.org/10.17226/19401.

Conclusion and Next Steps

The early care and education industry is a unique and integral part of Georgia's economy. Even as the global COVID-19 pandemic continued to disrupt life throughout the United States, this multibillion-dollar industry provided care for more than 300,000 children in Georgia, allowing their parents to work. During this unprecedented time, ECE providers were both essential and central to economic recovery throughout 2021. However, they faced new and complicated health and safety regulations and financial pressures through lower enrollments. Providers were supported through targeted federal funding that helped ease the financial pressures. By the end of 2021, the size and impact of this industry was back to pre-COVID levels.

In 2021, the ECE industry's total gross receipts were $2.95 billion, which produced more than $6 billion in economic impact. 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. The industry employed over 64,630 workers and supported an additional 16,559 jobs in other industries.

A future report in this series will examine Georgia's early care and education workforce in detail, including wage levels, credentialling, and pandemic-funded programs, as well as other initiatives designed to increase retention and professionalism in the industry.

Other future reports in the series will continue to assess the industry's economic impact. Importantly, future research will examine how the industry has fared as the federal targeted pandemic-related funding dries up in the years after 2021.

Appendix A

Modeling Economic Impact During 2020

Modeling the economic impact of the ECE industry during 2020 using IMPLAN had to be approached with caution due to the dramatic effect the COVID-19 pandemic had on all levels of economic activity. IMPLAN releases updated data used in its models annually toward the end of the year. These annual data releases correspond to the prior year because data sources used to calibrate the model data are not available until halfway through the following year (e.g., annual IMPLAN data for 2019 were released in late 2020). However, due to the extraordinary nature of the pandemic's impact on the economy, IMPLAN created two iterations of updated data in 2020Q2 and 2020Q3, much earlier than usual, incorporating the latest federal programs as well as other metrics of economic performance, which included the following:

- stimulus checks and unemployment benefits,
- shifts in household spending behavior,
- Paycheck Protection Program (PPP) loans, and
- industry losses and regional shutdowns.

The research team used these two 2020 quarterly model builds to estimate the economic impacts of the ECE industry and found that they were not substantially different from that of the traditional annual estimate provided by IMPLAN for 2020. This similarity is to be expected as the full year's worth of data incorporates the data from the quarterly estimates plus all additional data available by year's end.

The research team also examined the intermediate inputs, excluding wages, that are included in producing ECE services used in IMPLAN. The largest category for such inputs is facilities costs, ranging from 45–50% of the cost of providing ECE services in the years 2019–2021 (these include the pandemic quarters). The second-largest input category is food costs, ranging from 13–15% of all costs in the years 2019–2021. Neither category illustrated a particular directional change during 2020 as compared to 2019 or 2021. This relatively narrow range of major intermediate input shares is additional evidence that the full year 2020 IMPLAN data are well suited for modeling the economic impact of ECE for the years 2019–2021; thus, the tables in Chapters 3 and 4 only report 2020 full-year IMPLAN results.

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The Carl Vinson Institute of Government is a Public Service and Outreach unit of the University of Georgia. The Institute shares the university's overarching public service mission of extending resources of professional knowledge and expertise to help communities in Georgia and beyond improve their quality of life. The Institute of Government is committed to promoting excellence in government through technical assistance, training programs, applied research and technology solutions. The Institute of Government works extensively with governments across Georgia and beyond to develop the knowledge and skills that elected officials, professional staff, and appointed board members need to manage effectively in the 21st century.

The Andrew Young School of Policy Studies at Georgia State University, in downtown Atlanta at the center of one of the nation's largest government and nonprofit hubs, is internationally recognized for its impact and influence on public policy and management issues that affect local, state and national governments around the world and advance economic opportunity, human rights, and social justice.

The 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) subsidy program and federal nutrition programs, and manages Quality Rated, Georgia's child care quality rating and improvement 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.