



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

Child Policy Partnership





Welcome and Introductions

Who was involved in this study?

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



Why Conduct an Economic Impact Study?

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

Study Overview and Results

economic
and
Georgia?

What is the short-term
impact of the early care
education industry in

Major Study Components:

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



Study Overview and Results

The Survey

The Early Care and Education Economic Impact Survey:

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



Study Overview and Results

The Survey

Summary of Survey Findings:

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



Study Overview and Results

Economic Impact Analysis

Economic Impact Analysis:

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



Study Overview and Results

Economic Impact Analysis

Methodology: Economic Impact Analysis

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

Study Overview and Results

Economic Impact Analysis

Methodology: Economic Impact Analysis *continued*

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

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

Total Economic Impact includes all three.



Study Overview and Results

Economic Impact Analysis

Parent Fees=

Number of Providers
X Average Enrollment per Provider
X Average Weekly Cost
X Weeks

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

Study Overview and Results

Economic Impact Analysis

Federal and State Funds:

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



Study Overview and Results

Economic Impact Analysis

Total Gross Receipts:

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



Study Overview and Results

Economic Impact Analysis

Total Economic Impact of Industry:

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



Study Overview and Results

Economic Impact Analysis

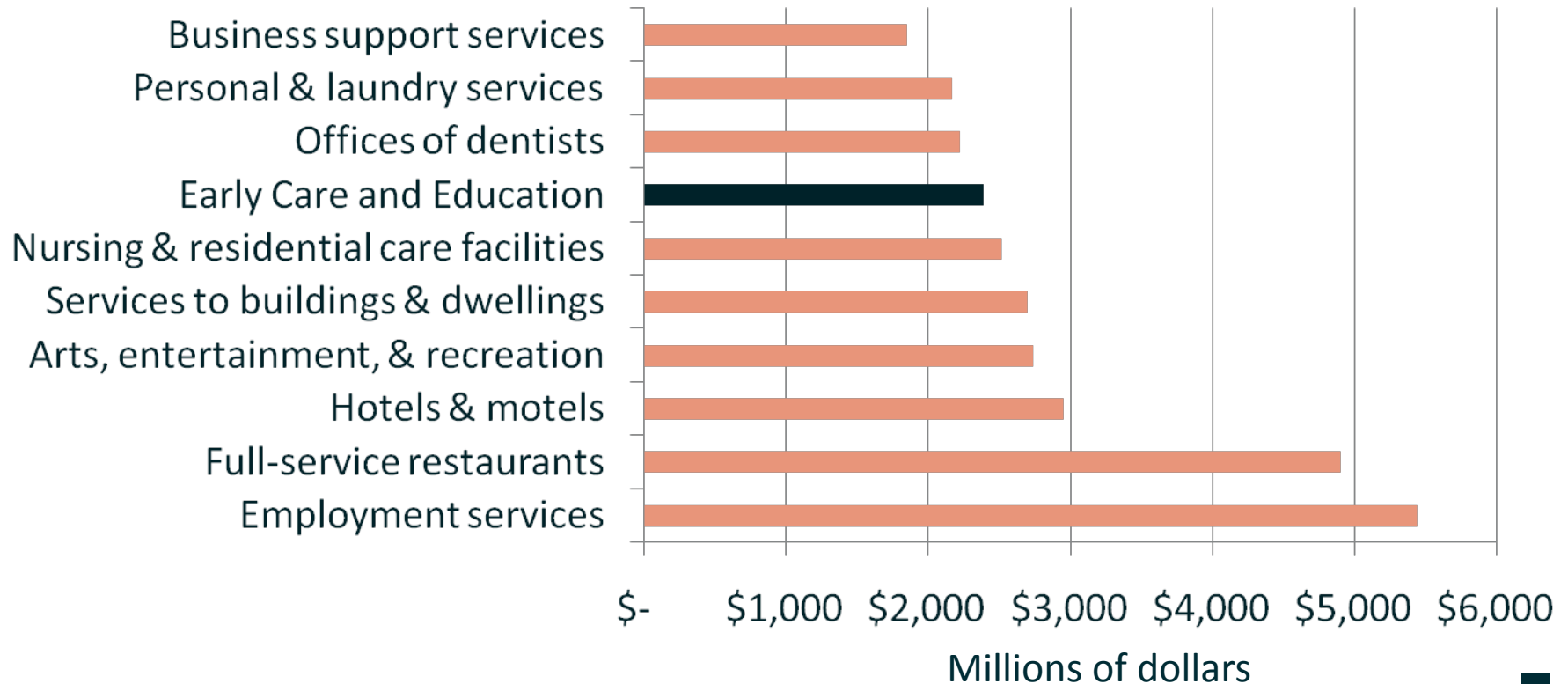
Other Measures of Economic Impact:

- The employment multiplier for the industry is 1.21, meaning that the industry generates an additional 12,900 jobs in other sectors in Georgia.
- The level of parents' annual earnings that are supported by the availability of child care in Georgia is \$13.6 billion (but may be as large as \$32.7 billion).
- The industry generates \$117 million in federal, state, and local tax revenues.

Study Overview and Results

Economic Impact Analysis

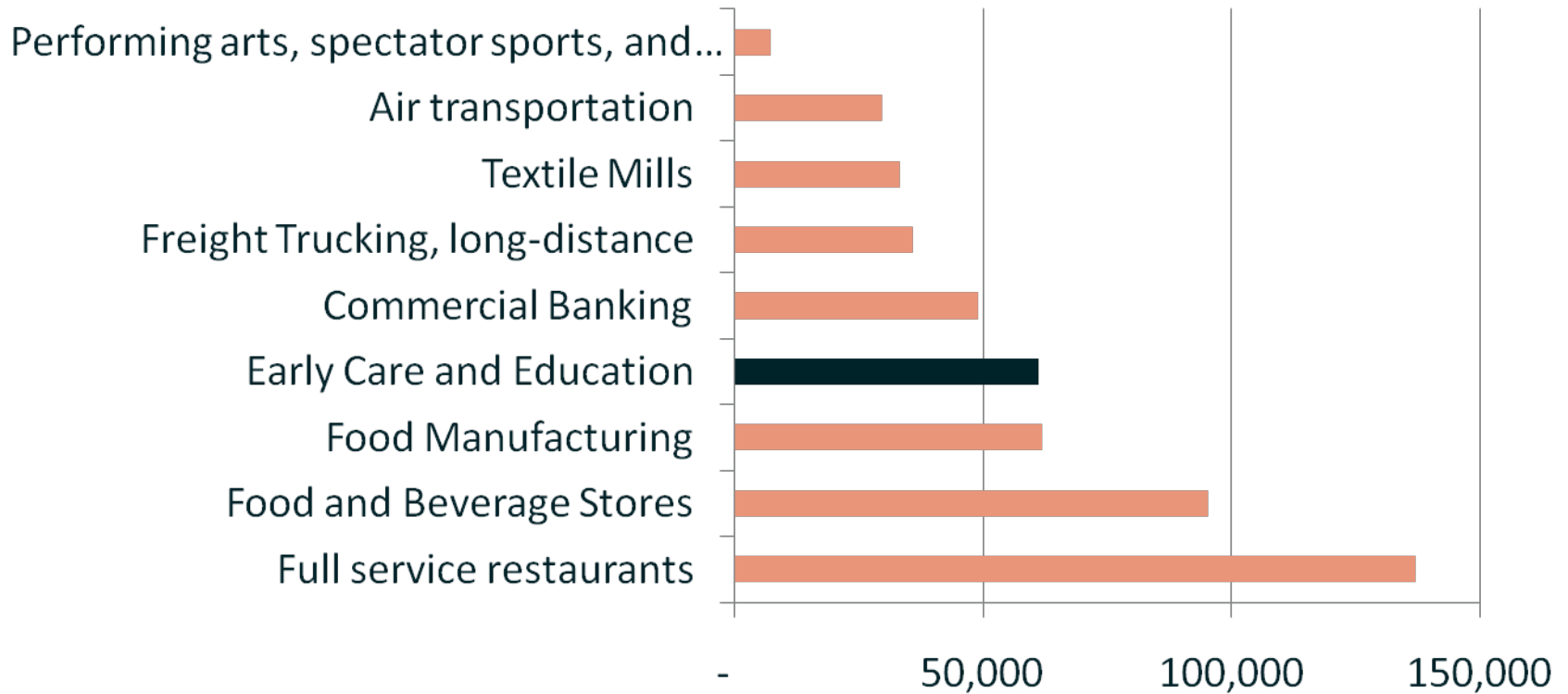
Comparison of gross receipts to “Fast Growing Industries in Georgia”:



Study Overview and Results

Economic Impact Analysis

Comparison of employment to other industries in Georgia:



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



Study Overview and Results

Economic Impact Analysis

Conclusions:

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



Conclusions

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