

Family Impact Seminar, 2009

Georgia Policy Opportunities:
The Economic Impact of the
Early Care and Education Industry



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This briefing booklet describes the short-term economic impact of the early care and education industry in Georgia and provides a summary of some of the economic impacts specific to parents and children. In addition, policy implications that arise from these findings and the experiences of other states are discussed as well as components and impacts of quality care.

Overview of the Issue*

The early care and education industry is an important part of Georgia's economy. The industry enables parents to engage in the workforce, allowing them to care for their families financially as well as to contribute federal, state, and local taxes that, in turn, provide needed goods and services to the population at large. The industry benefits children in terms of cognitive and social development, school readiness, and health and well-being, thereby contributing to the long-term economic development of the state. Finally, as an industry, it generates significant amounts of economic activity on a daily basis. Georgia's child care environments provide employment to teachers, administrators, and a variety of support staff, all of whom spend money, thereby providing additional economic activity in the state. As part of the economic fabric of Georgia, the early care and education industry may be unparalleled in terms of its support of short- and long-term economic development in the state.

State governments have three main reasons for taking a leading role in the support of the early care and education industry. First, promoting and subsidizing child care encourages parents to work. This increases the likelihood that parents from low-income households will become economically self-sufficient and thus employed and not enrolled in the welfare system (Blau & Tekin, 2007; Danziger et al., 2004). Second, if the state is to encourage parents to work and enroll their children in child care programs, it is vital that parents have the knowledge to make informed decisions about child care options. For example, parents often are not aware of the benefits and characteristics of high-quality care (Cryer & Burchinal, 1997). The government plays an important role in the dissemination of information about the benefits and the characteristics of quality care, as well as regulating providers to ensure quality. Third, and perhaps most important, quality child care benefits children in terms of cognitive and social development, school readiness, and health and well-being. These benefits to children accrue to society through greater productivity growth and lower public expenditures on welfare, criminal justice, and special education (see for example, Heckman 2000). Evidence from leading researchers, including Nobel-prize winning economists and Federal Reserve Bank analysts, consistently point to the economic importance of laying a strong foundation in early childhood (e.g., Heckman, 2000; Rolnick & Grunewald, 2007; Wolfe & Tefft, 2007). Parents do not typically consider these benefits when they are choosing whether or not to enroll their children in a child care program, but rather base their decision only on their own personal cost-benefit calculation.

* All sections of this briefing booklet found under a header marked with an asterisk are excerpted from *Economic Impact of the Early Care and Education Industry in Georgia* (2008). Child Policy Partnership for Bright from the Start: Georgia Department of Early Care and Learning (BftS).

Studies in New York, New Jersey, Ohio, Kansas, North Carolina, and many other states find that the early care and education industry is a major economic factor in terms of its impact on overall spending, employment, and tax revenue. These studies often conclude that despite relatively low salaries within the early care and education industry, the industry itself ranks among more well-touted sectors of the economy, such as motor vehicle manufacturing and investment banking and securities, in terms of economic significance. When the long-term impacts of the early care and education industry are added to the short-run economic effects, researchers are hard-pressed to find another industry that adds as significantly to long-run economic development.

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

Short-term Economic Impact

The early care and education industry is an important economic engine in the state.

- The industry generates \$2.4 billion in gross receipts each year.
- There are over 10,000 licensed for-profit and not-for-profit early care and education centers, family child care homes, group child care homes, pre-kindergarten programs, military family child care homes, Head Start sites, and military early care and education centers.
- Georgia's early care and education industry cares for an estimated 383,379 children each year.
- The industry employs 61,203 individuals directly, and an additional 12,900 jobs are generated as a result of the economic activity in the early care and education industry.
- The total addition to Georgia's economy from the early care and education industry is \$4.1 billion annually (not including additional long-term benefits).
- A conservative estimate of the level of parents' annual earnings that are supported by the availability of child care in Georgia is \$13.6 billion—but may be as large as \$32.7 billion.
- The size of the sector in terms of economic activity puts it on par with industries such as computer and electronic product manufacturing; motor vehicle parts manufacturing; the arts, entertainment, and recreation industries; and pharmaceutical manufacturing.

Number of Providers

In Georgia, there are over 9,000 licensed private for-profit and not-for-profit early care and education centers and registered family child care homes. In addition, there are 247 group child care homes, 339 Early Head Start and Head Start sites, 24 military early care and education centers, 717 Georgia's Pre-Kindergarten Program sites located in the public school system, and 44 military family child care homes. Family child care homes are the largest subgroup of child care establishments and include 5,831 individual licensed homes while there are 3,171 private for-profit and not-for-profit early care and education centers in Georgia (Bright from the Start (BftS) supplied data, 2007). Family child care homes account for 57% of all establishments. The National Association of Child Care Resource and Referral Agencies (NACCRRA, 2007) reports that Georgia is similar to other states in terms of its relative ratio of center-to-family establishments.

Early Head Start and Head Start are federally funded programs, regulated by the federal government. In Georgia, there are 339 Early Head Start and Head Start sites that serve approximately 23,500 children (U.S. Department of Health and Human Services (DHHS), 2008). The federal government expenditures on these programs in 2007 were \$169 million (DHHS, 2008). The state-funded Georgia's Pre-K Program (Pre-K) was one of the earliest publicly funded Pre-K programs in the United States. It was initiated as a pilot program in 1992 and then expanded to include 8,700 at-risk 4-year-old children in 1993. Georgia's Pre-K Program became a universal program

in September 1995 and currently is administered by BftS and funded by the Georgia Lottery for Education. The Program currently serves over 75,000 children in Georgia during the school year. Georgia's Pre-K Program classrooms are located in public schools and private child care centers, many of which offer care before and after the typical school day.

Employment. Data from Georgia's Early Care and Education Economic Impact Survey indicate that the level of employment in child care services is 61,203, which puts the early care and education industry employment numbers on par with food manufacturing. Employment in this industry is twice as large as the growing home health care services and business support services. Georgia Department of Labor's Georgia Workforce Trends (2004) estimates that another 12,200 child care jobs would be added by 2014.

In 2006 in Georgia, U.S. Bureau of Labor Statistics reports that the average annual wage of educational administrators in "preschool and child care" was \$34,120 while it was \$76,750 for educational administrators in "elementary and secondary education" (BLS, 2007). For non-management occupations, the estimated average annual income for those in child care occupations was \$16,060. Among a group of states chosen as comparisons based on their early childhood education initiatives, Georgia's average wages for workers in the industry are substantially lower than those in the other states. In North Carolina, Illinois, Pennsylvania, and Minnesota, the average annual wages for general child care occupations in 2006 were (respectively): \$18,120, \$19,700, \$18,500, and \$19,020.

Gross Receipts

There is another measure of the size of the industry—gross receipts. It is the gross receipts estimate that is typically used to measure economic impact. Gross receipts measure the total amount of resources that go into the early care and education industry. In the workings of the economy, gross receipts represent monies that the early care and education industry receives, and in turn are the monies available by the industry to spend on employees, capital, transportation, and other goods and services. Most other state studies of the economic impact of the early care and education industry use gross receipts. Gross receipts is the sum of parent fees, federal, state and local government payments to providers and payments in the form of specific programs, and other contributions from companies, philanthropists, and other entities.

Parent Fees. The total level of parent fees in child care in Georgia was \$1.6 billion in a 12-month period over 2006-07, according to Georgia's Early Care and Education Economic Impact Survey.

Federal and State Funds. The federal government provides funds through its Child Care and Development Fund (CCDF), administered in Georgia by the Department of Human Resources (DHR) and BftS. For 2006, those funds are estimated at \$15.7 million. The Georgia Department of Human Resources administers federal Temporary Assistance for Needy Families (TANF) funds, allocated to a variety of early care and education programs, including after-school care. DHR estimates that \$14.0 million in TANF funds were allocated to different programs related to child care in 2006 (DHR, 2007). Head Start and Early Head Start are administered by the federal government through the Administration for Children and Families, Department of Health and Human Services. Reported expenditures in Georgia in 2007 were \$169.2 million (DHHS, 2008).

In addition to the federal Child Care and Development Fund, BftS administers other programs as well. First, BftS administers the universal, voluntary pre-kindergarten program for 4-year-olds (Georgia's Pre-K Program). This program is state-funded through the Georgia Lottery for Education, and BftS reports that 2006-07 expenditures were \$309.6 million. Second, BftS also administers two nutrition programs: the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). The CACFP is designed to reimburse providers for

nutritious meals served to children or adults in a child care environment, while the SFSP provides nutritious meals to children from needy areas during periods when schools are closed for vacation. In 2006, these public funds amounted to \$92.7 million (data derived from information provided by BftS).

Summing across all of these sources, the total level of federal and state funds contributing to the industry in Georgia was \$784 million in a 12-month period over 2006-2007.

Other Contributions. The final component of the gross receipts calculation is donations. Based on detailed data provided by the United Way, the estimate of United Way administered contributions to the child care sector in Georgia is \$11.0 million. An estimate of other monetary contributions to not-for-profit child care centers is made using data from Georgia's Philanthropic Collaborative. The Collaborative collects information about grants to not-for-profit child care centers, which it estimates at \$1.6 million for 2006 (Foundation Center, 2007). These two sources indicate that other contributions total \$12.5 million, but this figure underreports these types of contributions to the industry because contributions from companies and other donors are not represented due to the lack of data.

Annual total gross receipts from all of these sources for the early care and education industry in Georgia are estimated at \$2.4 billion. Studies for Illinois (2005), New Jersey (2006), Ohio (2004), North Carolina (2004), Minnesota (2003), and Massachusetts (2004) report gross receipts of (in billions of dollars, respectively): 2.12, 2.55, 1.95, 1.5, 0.96, and 1.5.

Total Economic Impact

The industry's economic activity fuels expansion in other sectors of the economy such as the food industry, transportation industry, and manufacturing industry (among many others). In turn, these expenditures have "multiplier" or "ripple" effects throughout the economy. Thus, a more accurate representation of the total economic impact of the early care and education industry, albeit a less conservative estimate, includes the direct effect (gross receipts of the industry) as well as the indirect effects (increased demand for goods and services by the early care and education industry) and induced effects (changes in spending that result from changes in the income of employees in the early care and education industry and those industries that supply goods and services to the early care and education industry).

The indirect and induced effects were estimated using the IMPLAN economic impact model, an industry-standard model used for regional economic impact analysis. This model estimates that the economic activity of the early care and education industry in Georgia generates an additional \$1.7 billion of economic activity in the state. That means that for every \$1.00 of gross receipts in the industry, an additional \$0.70 is generated in the form of indirect and induced impacts. For every 100 jobs in the early care and education industry, an additional 21 jobs are developed throughout the economy with an average annual wage of \$17,000. Thus, the total contribution of the industry to Georgia's economy in 2006 is \$4.1 billion. The total impact of the direct, indirect, and induced effects also adds over \$117 million in total tax revenues (federal, state, and local). For every \$100 spent in the industry by the federal or state government, an additional \$70 is generated in the economy. The total economic impact of the federal and state spending in the industry alone is \$1.3 billion.

Compared to other states, the economic impact of the industry in Georgia is similar in magnitude. Studies for Illinois (2005), New Jersey (2006), Ohio (2004), North Carolina (2004), Minnesota (2003), and Massachusetts (2004) report total economic impacts of (in billions of dollars, respectively): 4.16, 4.53, 3.43, 2.64, 2.03, and 2.71.

Other Economic Impacts

Not included in the economic impact figures above are the potentially large economic impacts of child care through its effects on parents and the long-term outcomes of children.

Impact on Parents. In Georgia, the total wage and salary income of all working parents with children under the age of 6 is estimated using U.S. Census data to have been \$32.7 billion in 2006. A somewhat more conservative estimate of those working parents who utilize child care services is the number who receives the federal child care credit. In 2005, the Internal Revenue Service reports that 223,848 Georgia filers took the child care tax credit. Of those, about 50% were married-joint filers. Assuming that both married parents benefit from child care, these data suggest that 335,772 parents utilized the child care credit in 2005. With median annual earnings in Georgia in 2005 of \$40,646 (U.S. Census), this suggests that parents who utilized the credit earn an estimated \$13.6 billion.

There is a large body of literature demonstrating that child care, particularly the cost of child care, is an important determinant of the employment behavior of mothers. Findings from this literature consistently indicate that a higher price for child care is associated with a lower probability that a mother will work (Hill, Waldfogel, Brooks-Gunn, & Han, 2005; Tekin, 2007; Han & Waldfogel, 2001; Anderson & Levine, 1999). Most studies find that a 10% increase in the price of child care would lower the probability that a mother of a young child would work by about 3 to 4 percentage points. In addition, research on child care subsidies indicate that receiving a child care subsidy increases the probability of employment substantially (Blau & Tekin, 2007; Matthews, 2006; Meyers, Heintze, & Wolf, 2002; Brooks, 2002).

While cost of child care is a critical determinant of employment, availability is also important. Snyder, Banghart, and Adams (2006) found that mothers without access to a convenient, local child care center were about twice as likely to leave their jobs as those who did have access. A National Child Care Information Center report points to a 1992 survey that indicated that nearly 30% of workers knew employees who quit their jobs because of inadequate child care (Matthews, 2006). According to the same report, high percentages of workers also experienced lower productivity and higher rates of absenteeism and tardiness because of child care problems.

Impact on Children. Data from Georgia's Early Care and Education Economic Impact Survey, administrative data provided by BftS, and data from Georgia's Pre-K forecasting model (Tasic & Wallace, 2007) show that the industry provides care for an estimated 383,379 children. This figure includes all children in licensed and/or regulated care, but does not capture children in informal and other unreported care.

Longitudinal research has shown that children in quality care experience benefits such as improved student academic performance, reduced high school dropout rates, fewer children being referred for special education placements, fewer children being held back a grade, fewer children suffering from depressive symptoms, lower teen pregnancy rates, higher adult earnings, and fewer individuals being connected with the juvenile justice system (Klein & Knitzer 2007; Pungello, Campbell, & Barrett 2006; Schweinhart 2005; Reynolds et al. 2001). In Georgia in particular, the early care and education industry has increased the quality of experiences that promote school readiness, particularly for children enrolled in prekindergarten programs (Neuharth-Pritchett & Hamilton, 2001). These early experiences improve children's health, school readiness, and subsequent contribution to society (Shonkoff & Phillips 2000; Committee for Economic Development 2006; Knudsen et al. 2006). The results are robust for children in all income brackets (Rolnick & Grunewald 2003; Calman & Tarr-Whelan 2005).

Consistent with these research findings, the results of the 2007 Georgia's Early Care and Education Economic Impact Survey conducted as part of the economic impact study in Georgia indicated that many children are receiving services and benefits through Georgia's early care and education providers.

Three percent of children in family-based child care and 6% of children in center-based child care do not speak English as their first language. By serving this population, the industry likely reduces the number of children who would require second-language education once they enroll in

public school. Consistent with the recent recommendations of the National Task Force on Early Childhood Education for Hispanics, Georgia early care and education providers' responsiveness to the needs of ESL children will likely enhance children's academic readiness for school and resultant contributions to Georgia's workforce (Knudsen et al., 2006).

Four percent of children from birth to age 13 have a diagnosed disability. Early care and education environments can supplement disability services in schools and can minimize or eliminate disabilities prior to formal school entry through support systems that maximize the cognitive, physical, and social-emotional development of children with disabilities (Shonkoff & Phillips, 2000). In particular, this study found that more than half of children under age 3 with disabilities who participate in Georgia's early intervention program, *Babies Can't Wait*, do so through child care providers. By cooperating with the state's intervention program and providing structured early care and education environments, the industry may be reducing the number of children with disabilities who require services from the public school system. It is estimated that the excess cost for special education programs above the cost for regular education is over \$6,000 per pupil per year (in 2005 dollars) (Chaikind & Corman, 1991).

Through the Georgia Division of Family and Children's Services and the U.S. Department of Agriculture's Child and Adult Nutrition program, families who might not otherwise be able to afford child care can enroll their children in care and be assured that the nutritional needs of their children are being met. An estimated 17-18% of children in Georgia's early care and education environments receive child care subsidies, and 24% of children in family settings and 45% of children in center settings receive free or reduced price lunch. Research suggests that proper nutrition is related to children's readiness to learn (Shonkoff & Phillips, 2000), again influencing later costs to the public school systems in Georgia.

While the early care and education industry generates an enormous amount of economic activity on a daily basis by employing a large workforce and purchasing materials and services and by enabling parents to work, its largest impact on the economic development of the state may be through its benefits to children. These benefits begin accruing to society through cost savings in the public education and social services sectors as soon as the children enter kindergarten.

Implications for Policy*

Reducing Cost of Care Has Positive Impacts

Programs aimed at reducing parents' cost of care increase the use of child care and increase parental labor force participation. Research shows that early childhood education programs have a number of positive impacts on parents:

- reduced worker absenteeism and job turnover,
- increased satisfaction with work,

and children:

- increased educational attainment,
- reduced incarcerations and teen pregnancy.

The Costs and Benefits of Quality Improvements

The issue of quality in the early care and education industry has the following costs and benefits:

- In the short run, quality programs have a direct impact on the economy because they have higher staffing ratios and expenditures per child. Increasing the average parent fees in the state to the average fees charged by programs with state and national quality distinctions raises the gross receipts of the industry by \$180 million and generates \$126 million in additional economic activity in the state.

- Quality programs offer long-term benefits that accrue through the children they serve through increased skills and productivity within our future workforce.
- Increasing quality in child care is not free. Therefore it is reasonable that without support within the public sector, quality increases could reduce access to child care for some parents due to increased costs of care.

Trends in Georgia Will Increase the Importance of This Industry

Demographic and economic trends in Georgia not only support the industry but necessitate it:

- Georgia's growing young population will ensure new and rising demands of child care providers. Increasing diversity through population growth and migration may require the employment of multilingual staff and new innovations in child care based on cultural needs.
- Increasing numbers of single-parent families, children with working parents, and women in the workforce may translate into higher demands for child care. The presence of care, on the other hand, may encourage higher participation in the labor force by women.
- Georgia's dynamic economy is set to expand in the next decade. Employment in the service and retail sectors is expected to grow rapidly. Because many of these sectors may involve long and non-traditional work hours, child care providers must be able to satisfy these requirements.
- Growth in jobs that require advanced degrees may influence educational choices of the population and indirectly affect the type and quality of care chosen. Also, the presence of adequate child care would reduce barriers of entry into these professions by women and men with children.
- Families with children constitute the lion's share of poor families. Thus, the availability of affordable child care options and child care subsidies is critical in helping poor families.

Given the growing demands on this industry due to Georgia's growing young population, the increasing racial and ethnic diversity of the state, and the other trends listed above, investments in the early care and education industry are likely to be needed; however, the evidence above indicates that those investments will reap returns through economic development and cost savings.

State Options: Financing of Early Care and Education

Arkansas

From 2001 to 2007, Arkansas levied a 3% tax on the sale of beer, 80% of which was dedicated to funding the Arkansas Better Chance (ABC) pre-K program. At the end of the short-term tax in 2007, the legislature replaced the \$6.9 million in lost beer tax funds with other public funds and raised total general-revenue funding for pre-K to \$111 million (Stone, 2008).

Arizona

A broad-based coalition of community members, educators, and business leaders launched the First Things First campaign (2006) to provide dedicated funding to improve the quality, accessibility, and affordability of early childhood opportunities, including pre-K. The Early Childhood Development and Health Fund (ECDHF) was created through an 80-cents-per-pack increase in the cigarette tax, which is expected to generate over \$150 million per year. The ECDHF will distribute money to regional programs that address community-specific early childhood needs, with an emphasis on lower-income areas and a 10% cap on administration expenditures (Stone, 2008). The First Things First strategic plan adopted in early 2008 has included among its priorities a quality rating system and a teacher education and compensation program (Insight Center, 2008).

California

The California Children and Families First Act (1998) added a 50-cent tax to cigarettes. Under the law, each county sets up a First 5 Commission to create a spending plan and distribute funds (Stone, 2008). In September 2006, the legislature allocated \$50 million to serve an additional 12,000 children in state pre-K programs located in neighborhoods surrounding California's lowest-performing elementary schools. A small portion of the money was allocated towards a new family literacy component to help parents better support their children. An additional \$50 million in one-time funds for pre-K facilities was included in the 2006-07 budget. In 2008, the Early Learning Quality Improvement Act established a commission to create a Quality Improvement System, and the California State Preschool Program Act consolidated and streamlined all the current State Preschool, Prekindergarten-Family Literacy, and General Child Care and Development programs serving preschool-aged children, to create the California State Preschool Program (Insight Center, 2008).

Colorado

Taxpayers who contribute money to promote child care may claim 50% of the total contribution as an income tax credit. This can include donations to help establish or operate a child care facility or program, support a registered grant/loan that helps parents who need financial assistance for child care, support a registered child care training program for providers, support a registered program that distributes information for parents needing child care information and referral, and support a registered "grandfathered" child care organization (Colorado Department of Revenue). In 2002 the School Readiness Initiative was passed by the legislature, and the Colorado Child Care Commission adopted Educare Colorado's Quality Rating as the accepted rating system to fulfill the school-readiness rating system (Insight Center, 2008).

Georgia

In 2008 the legislature approved a House Study Committee on Georgia's pre-K program to examine its strengths and weaknesses. There is increased interest from the legislature in understanding the economic impact and the outcomes resulting from this significant investment in early education. The legislature considered a bill to expand the Georgia pre-K program to include three year olds. House Bill 939 would have created a voluntary program using dollars from lottery reserve funds. The bill did not pass (Insight Center, 2008).

Illinois

In 2002, the Illinois Early Learning Council was created, committed to developing a high-quality early learning system available to all children birth to five years old throughout the state by enhancing, coordinating, and expanding programs and services for young children, including pre-K, child care, Head Start, health care, and parental support programs. There have been significant increases in the state budget towards the Early Childhood Block Grant every year since 2003. In 2003, the legislature passed a \$30 million increase; in 2004, another \$30 million increase; in 2005, a third increase of \$30 million passed; and in 2006, a \$45 million increase was passed with the goal of implementing universal access to Pre-K. In 2007, an increase of \$25 million to the block grant for Fiscal Year 2008 was passed (Insight Center, 2008).

Louisiana

"School Readiness Tax Credits" took effect January 1, 2008, to support the new quality rating system for child care systems known as Quality Start:

- Families are eligible for a refundable tax credit when they have a child under six years old enrolled in a licensed child care center that has at least two stars in the Quality Start Rating system.

- Child care providers can receive a refundable tax credit based on both the number of children they serve in the Child Care Assistance Program or children in foster care and the number of stars they have earned in the program.
- Child care teachers and directors are eligible for a tax credit, based on their level of education and whether they teach in centers participating in Quality Start.
- Businesses are eligible for a tax credit if they support quality child care in ways such as: subsidizing child care for their employees; constructing, renovating, or expanding a child care center, purchasing equipment for a center, maintaining or operating a center, or making donations to child care resource and referral agencies. The credit is also linked to the star rating of the center they support.

Quality Start is a voluntary program formed through the Division of Child Care and Early Childhood Education. The overarching goals of Quality Start are to be a guide for parents when looking for quality care, to serve as a benchmark for program improvement, and to provide accountability in measuring funding (Quality Start). Louisiana's Department of Social Services, Division of Child Care and Early Childhood Education provides opportunities for child care staff to receive scholarships for further education and training.

Nagle and Turrell (2005) report that the size of the Louisiana child care sector, when estimated conservatively, shows 12,701 businesses, with 22,644 workers employed, serving more than 149,000 children and 136,000 working parents and generating an estimate of \$658 million in gross revenue. As well, \$1.72 is returned to the economy for every dollar spent in this sector, and 1.27 new jobs are created in the larger economy with each new child care job created.

New York

The Empire State Tax Credit was passed in 2006, which provides a refundable credit of up to \$330 for each child between the ages of 4 and 17 for eligible families. The child tax credit is refundable and is up to up to 110% of the federal tax credit. In June 2007, the Governor's Children's Cabinet was established; one of the cabinet's areas of focus is the development and implementation of the New York State Universal Pre-Kindergarten Program. In 2008, the New York Zero-to-Three Network established a Policy Leadership Circle to create an organized, cross-disciplinary voice for infants, toddlers, and their families to raise public awareness for the first three years of life and develop an agenda for improving public policy and expanding state investment (Insight Center, 2008).

North Carolina

Smart Start was established in 1993 to improve child care quality throughout the state. State funds are distributed to community-based nonprofit corporations; these funds must be spent on activities to improve child care, including on-site technical assistance, quality improvement and facility grants, teacher education scholarships, license upgrades, teacher salary supplements, and larger subsidies for higher child care quality or higher teacher education levels (Bryant et al., 2003). North Carolina's partnership is intended as a long-term collaboration; private contributions have totaled roughly \$257 million to date. The North Carolina Partnership for Children Board, a nonprofit entity created by the initiative, is responsible for devising a long-term development plan for the money and for overseeing distribution of the funds (Stone, 2008).

Oregon

An existing dependent care tax credit for employers provides a 50% credit for expenditures on child care for employees. In 2001 the state piloted a five-year Corporate Child Care Tax Credit, modeled after the federal low-income housing tax credit, which provides a 100% or greater credit for investments made into a pooled fund benefiting low- and moderate-income families. A community agency administers and distributes the funds and solicits contributions from the private sector (National Technical, 2003).

South Carolina

The Education Improvement Act (EIA), established in 1984, dedicates 1% of state sales taxes to education programs. In FY07, the EIA contributed \$22.3 million to pre-K. As a result of a court decision requiring the state to provide pre-K in several low-income communities, the legislature also approved a \$23.8 million general-revenue appropriation for a pilot full-day pre-K program for FY07 (Stone, 2008). In 1999, the legislature authorized the creation of the South Carolina First Steps to School Readiness program to improve early childhood development by providing funding and support for high quality early education program delivered through local county partnerships. In 2006, the legislature charged First Steps with convening a task force to look at quality standards. The legislature is considering a bill to require state-funded child care vouchers to be used at facilities that meet a standard level of quality (Insight Center, 2008).

Washington

Thrive by Five is a nonprofit corporation created in 2006 by public and private partners to work with the state's Department of Early Learning; it is intended to supplement, not supplant, state funding and to make strategic investments in promising models of affordable, high-quality early learning (Stone, 2008). The 2007 legislative session expanded the Early Childhood Education and Assistance Program, the state-funded pre-school program. In addition, the Governor created the P-20 Council to track progress and outcomes. Serving as the body responsible for data collection and accountability, the Council will consider school readiness, student achievement, high school graduation rates, and higher education outcomes (Insight Center, 2008).

Components of Quality Care

According to the U.S. Department of Health and Human Services, Administration for Children and Families (2007), a Quality Rating System (QRS) is a systemic approach to assess, improve, and communicate the level of quality in early care and education programs. These systems provide an opportunity for states to increase the quality of care and education for children, increase parents' understanding and demand for higher quality care, and increase professional development of child care providers. A QRS can also be a strategy for aligning components of the early care and education system for increased accountability in improving quality of care.

All Quality Rating Systems are composed of five common elements:

1. Standards: QRS standards are built on the foundation of child care licensing requirements and add multiple steps between licensing and higher-quality standards, such as those associated with accreditation.
2. Accountability measures: Accountability and monitoring processes are used to determine how well programs meet QRS standards and to assign ratings.
3. Program and practitioner outreach and support: Support for providers, such as training, mentoring, and technical assistance, are included to promote participation and help programs achieve higher levels of quality.
4. Financing incentives: Financial incentives, such as tiered subsidy reimbursement (which pays a higher reimbursement rate to providers who care for children from families that receive Child Care and Development Fund subsidies, and who meet standards beyond minimum licensing), are awarded to programs when quality levels are achieved.
5. Parent/consumer education efforts: Most award easily recognizable symbols, such as stars, to programs to indicate the levels of quality and inform and educate parents.

As of July 2007, 13 states (Colorado, Iowa, Kentucky, Maryland, Montana, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, and Vermont) and the

District of Columbia have a statewide QRS.

In Georgia, the Division of Quality Initiatives was created within the Georgia Department of Early Care and Learning to explore new ideas and help implement innovative strategies that focus on improving the quality of early education, child care, and nutrition for Georgia's children and families.

The Division of Quality Initiatives is currently responsible for the oversight of the Standards of Care Program, which offers technical training and technical assistance for center directors and caregivers. The Infant/Toddler Environment Rating Scale, Revised Edition (ITERS-R), and the Early Childhood Environment Rating Scale, Revised Edition (ECERS-R), nationally and internationally recognized quality measures for center-based child care, are used as the basis for training and technical assistance.

In 2007, the National Association of Child Care Resource and Referral Agencies (NAC-CRRA) ranked Georgia 35th for its child care centers when compared with other states, the District of Columbia, and the U.S. Department of Defense. NACCRRA reported that Georgia's strengths lie in center staff training requirements and meeting 9 out of 10 required basic standards of health and safety. In terms of weaknesses, neither the staff-to-child ratios nor the group size requirements meet the National Association of the Education of Young Children (NAEYC) standards. As well, center directors in Georgia are not required to have a Child Development Associate credential. Child care providers in centers and family care homes in Georgia are only required to have a high school diploma or GED.

Summary

In summary, as the state of Georgia considers funding options for supporting the early care and education of its youngest citizens, it would do well to take steps to increase the quality of that care. Georgia policy-makers can learn from the experiences of other states; North Carolina's Smart Start program, in particular, is recognized as a model of sustainability for public-private partnerships (Stone, 2008). Research has found that participation in Smart Start-funded activities significantly improves child care quality and that children who attend higher-quality centers score significantly higher on measures of skills and abilities deemed important for success in kindergarten than children from lower-quality centers (Bryant et al, 2003).

Numerous funding options exist as evidenced by other states' models, ranging from tax incentives to sin taxes to public-private partnerships. Georgia currently supports its early care and education programs with state funding provided through the Department of Human Resources and Bright from the Start; Georgia Lottery for Education funds Georgia's pre-K program. The recently completed economic impact study of the industry has shown that it is an enormous economic driver for the state, generating \$4.1 billion of economic activity in the state each year. Additionally, the industry enables parents to engage in the workforce and benefits children in terms of cognitive and social development, school readiness, and health and well-being, benefits which contribute to the long-term economic development of the state.

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