



The Economic Impact of the Early Care and Education Industry in Calaveras County

Executive Summary

June 2008

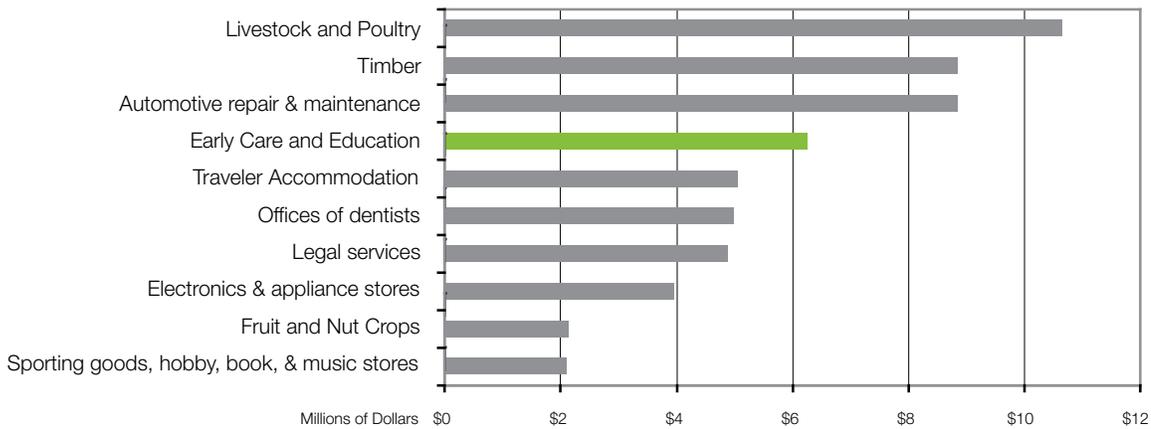


The early care and education (ECE) industry is vital to Calaveras County's economy. It currently:

- Generates \$6.2 million annually and provides 169 full-time equivalent jobs
- Benefits all industries in the county by enabling parents to work and attend higher education programs to update their skills
- Lays the groundwork for Calaveras County's future economic success by preparing the next generation for success and attracting business to Calaveras County

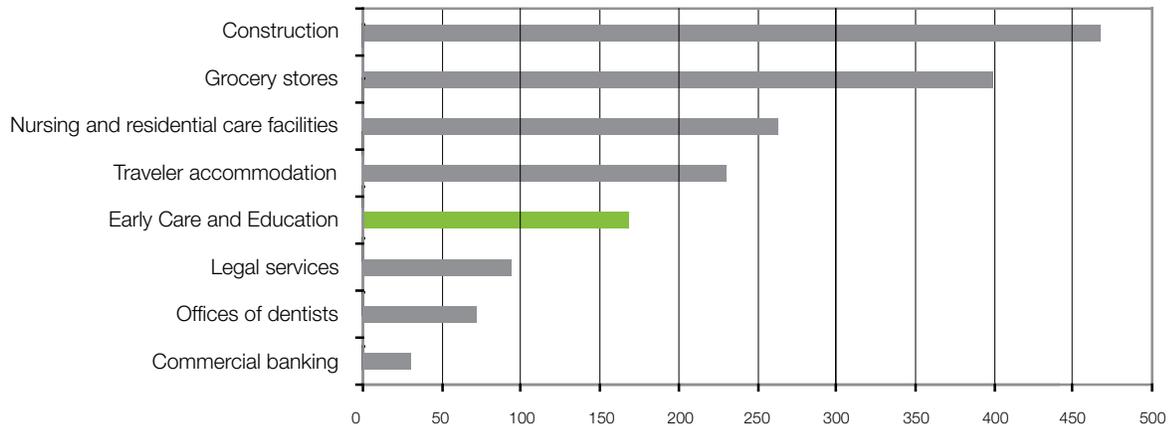
To meet the increasing demand for ECE services and benefit every Calaveras County resident, all ECE industry stakeholders – businesses, government and ECE leaders—must work and plan together to create innovative solutions to the barriers that the industry and its consumers face.

Figure 1
Gross Receipts by Various Industries
 Calaveras County, 2006



Source: U.S. Census Bureau, 2002 and Calaveras County, Environmental Management Agency, 2007

Figure 2
Direct Employment by Various Industries
 Calaveras County, 2006



Source: U.S. Department of Labor, Bureau of Labor Statistics, 2006



The early care and education industry is an economic driver in the county

ECE enables parents to be part of Calaveras County's workforce and upgrade their skills

- Eighteen percent of workers in Calaveras County has at least one child between birth and age 13 and lives in a household where all parents work. Together these working parents earn \$135 million annually.
- ECE, like other economic infrastructures, builds the local economy and improves the quality of life in the County. Greater economic health reduces crime, enables individuals and families to live better and more fully, and increases government budgets to provide better services for residents. Public and private investments in ECE infrastructure contribute to Calaveras County's overall productivity and economic competitiveness.

A shortage of a high-quality, affordable and accessible ECE may reduce economic productivity

- The average annual cost for full-time, licensed, center-based ECE for a preschooler is over \$6,200 in the county, which is significantly more expensive than full-time, undergraduate tuition at California State University, Stanislaus (\$3,300 in fees for two semesters and \$1,300 for books and supplies).
- A shortage of subsidized ECE facilities inhibits labor force participation and reduces opportunities for low-income residents seeking to upgrade their skills.
- Nationally, unscheduled absences cost businesses an average of \$660 per employee per year. More than 1 in 5 unscheduled absences are due to family issues, including ECE needs.

“Both the mastery of skills that are essential for economic success and the development of their neural pathways follow hierarchical roles...such that later attainments build on foundations that are laid down earlier...Skill begets skill.”

James Heckman,
Nobel Laureate Economist





The early care and education industry enables future economic success in Calaveras County

“Skill acquisition is a cumulative process that works most effectively when a solid foundation has been provided in early childhood. As such, programs to support early childhood development...not only appear to have substantial payoffs early but also are likely to continue paying off throughout the life cycle.”

Janet L. Yellen,
President and CEO, Federal Reserve Bank of San Francisco

ECE helps prepare young children for opportunities in the new economy

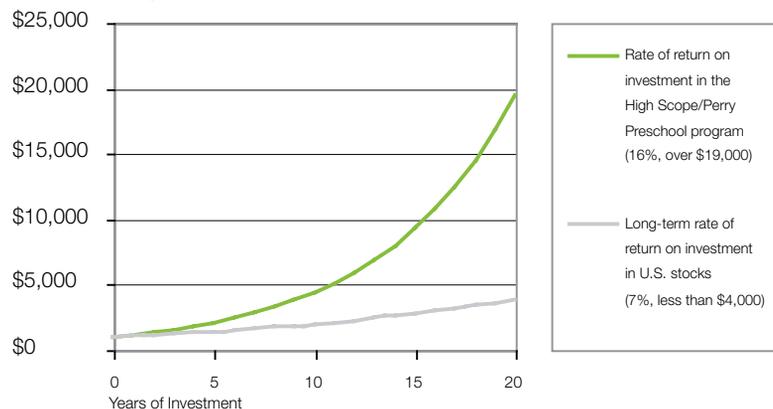
- Young children in high-quality preschool settings show greater language development, mathematical ability, thinking and attention skills and fewer behavior problems in kindergarten than children in lower quality care settings.
- Long-term studies of child-focused, quality education programs for low-income children show significant long-term improvements in employment, educational attainment, public subsidy needs, and homeownership compared to peers who did not participate in these programs.
- One-third of middle-income children and one-fourth of upper-middle income children lack key pre-literacy skills when they enter kindergarten. Also, 12 percent of middle-income children are held back at some point during school, and 11 percent drop out before graduating high school. High-quality ECE programs have proven to reduce similar negative outcomes in low-income children, and may also reduce these outcomes in children from higher income brackets.

ECE provides a positive rate of return on investments

- Long-term studies show that quality programs, particularly for low-income children, decrease the following future negative outcomes: likelihood of special education enrollment, juvenile delinquency, adult incarceration, and welfare participation. This increases the quality of life for all citizens and reduces government spending.
- The Federal Reserve Bank in Minneapolis analyzed rates of return from investing in a model early childhood program for low-income children. They found a 16 percent rate of return on investment—considerably higher than the long-term return from U.S. stocks of 7 percent (see Figure 3).
- According to RAND, a nonprofit research organization, if Universal Preschool was implemented throughout California, it would generate an estimated \$2.62 for every dollar invested.

Figure 3

Return on a \$1,000 investment, High Scope/Perry Preschool Program vs. U.S. stocks



source: Rolnick and Grunewald, 2003
both rates are adjusted for inflation



Recommendations

Now is the time for public sector, business, the ECE industry, and the concerned public to work together to ensure that:

- ECE is a vital part of the county's economic development, workforce development and overall education system
- High-quality ECE programs and services are affordable and accessible to all families who want and need them
- Local businesses are effectively engaged and educated about the return on investment from high-quality, affordable ECE. It is also time to advocate for a high-quality ECE system and explore cost-effective, family-supportive benefit options that address the ECE needs of their employees.

Public Sector strategies:

- Create tax incentives for businesses that offer ECE benefits, invest in the local ECE infrastructure, and/or offer below-market value rent to ECE programs
- Work with the local Workforce Investment Board to develop a comprehensive strategy for small business development
- Streamline existing licensing and permitting processes including standardizing fee systems and revising regulations
- Encourage coordination among local planning agencies and encourage integration of ECE language into public documents such as city and county general plans
- Provide incentives for developers (e.g., tax incentives, fee waivers, density waivers, etc.) to include ECE into their plans including market-rate and affordable housing, commercial and retail centers, educational institutions, senior centers, parks and recreational facilities, and transit hubs
- Increase financial support of college and university child development centers to increase ECE access for students, staff and the public, and to promote professional development opportunities for the ECE workforce
- Expand public transportation opportunities for working families. Educate businesses about how to leverage existing public sector resources to provide ECE benefits at the most efficient cost

Business strategies:

- Advocate at the local, state and national levels to ensure a comprehensive and integrated high-quality ECE system, including increased public investment in ECE workforce development (e.g., increasing access to the AB212 C.A.R.E.S. stipend program)
- Offer cost-effective, family-supportive policies and practices for employees (e.g., flexible spending accounts, back-up child care, on- or near-site ECE programs, reimbursement for ECE expenses, flexible schedules, etc.)
- Underwrite the cost of developing a communication strategy (with funds or in-kind donations of time and expertise) for the ECE industry to better engage and educate the business community about the economic benefits of ECE
- Include ECE representatives in economic development and business community planning efforts and activities, such as those of local Chambers of Commerce
- Create space for ECE in existing and future development projects, such as housing, schools, industrial parks, and shopping malls
- Provide loan products specifically designed for ECE providers
- Invite local resource and referral agencies to share information about their services that can help employees with children find ECE services
- For employers that operate during nontraditional hours, replicate models of quality, accessible after-hours care

Early Care & Education strategies:

- Build an integrated professional development system to ensure that all early childhood teachers, assistant teachers and staff members are well-trained and ensure an on-going pipeline of qualified practitioners to meet the demands of program expansion
- Develop a clear communication and outreach strategy that educates and engages business leaders and other stakeholders about the return on investment (ROI) from high-quality affordable ECE
- Create a toolkit of ECE options and existing resources for employers to share with their working families
- Publicly recognize businesses that are champions of ECE
- Participate in public hearings for city and county general plans and advocate for the inclusion of language about ECE into these documents
- Incorporate business skills training in all ECE activities and provider trainings
- Form a trade association to purchase goods and services, including healthcare benefits, at economies of scale
- Educate parents about existing ECE programs and educate them about what to expect/demand from quality care
- Work with providers to increase the supply of ECE that offers full-day programs, flexibility, and/or availability during non-traditional hours

The Economic Impact of the Early Care and Education Industry in Calaveras County

The Insight Center for Community Economic Development is a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities.

We work in collaboration with foundations, nonprofits, educational institutions and businesses to develop, strengthen and promote programs and public policy that:

- Lead to good jobs—jobs that pay enough to support a family, offer benefits and the opportunity to advance
- Strengthen early care and education systems so that children can thrive and parents can work or go to school
- Enable people and communities to build financial and educational assets

The Insight Center was formerly known as the National Economic Development and Law Center.

The Insight Center for Community Economic Development provided training and technical assistance in developing this report.

Launched in 2004 with the support of First 5 California, ABCD Constructing Connections, a program of the Low Income Investment Fund, is an innovative program that actively encourages the child care and community development sectors to work together to support and streamline the process of financing, constructing and managing child care facilities in California. Through partnership building and training, Constructing Connections ensures that the child care community gains greater access to sources of financing and support for construction projects and that new child care spaces are continuously created for California's growing population.

Constructing Connections of Amador and Calaveras appointed a working group consisting of stakeholders in the early care and education industry. It was the hard work of this working group that provided the vision, direction and expertise needed for the development of this report.

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For more information about HRC Child Care Resources, please visit www.hroccc.org.

