

THE ECONOMIC IMPACT OF THE CHILD CARE INDUSTRY IN MARIPOSA COUNTY



The Mariposa Local Child Care Planning Council

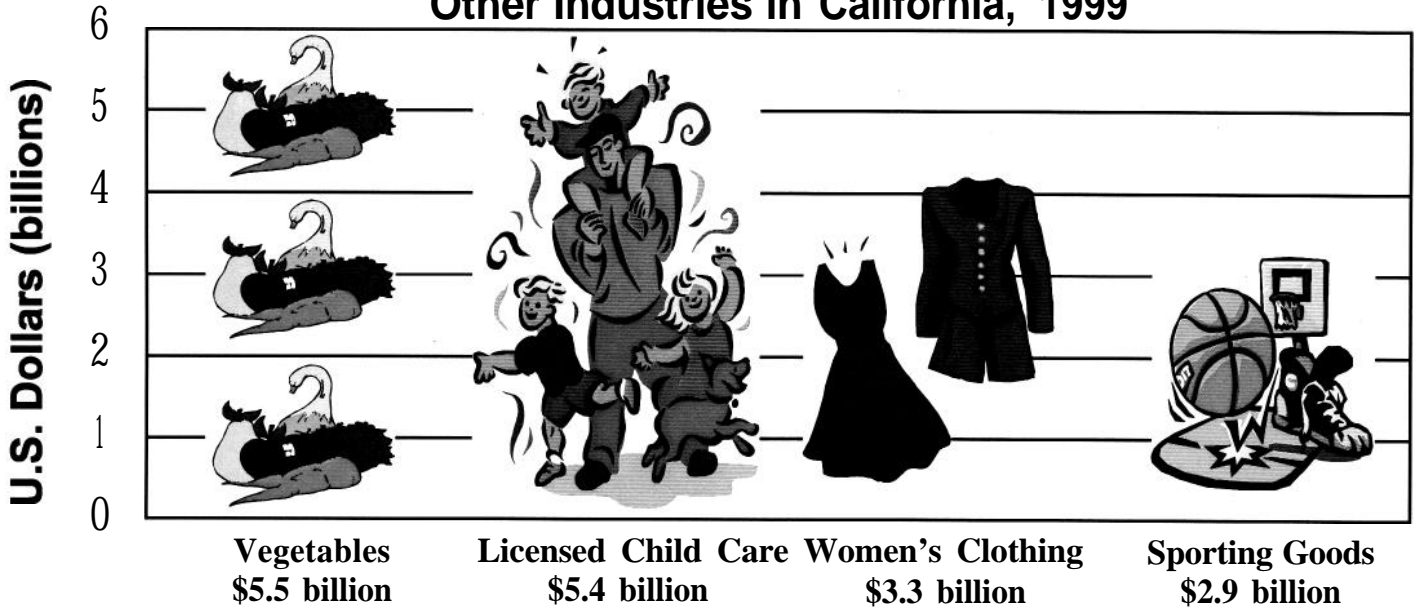
A report prepared by Sue Overstreet for the
Mariposa County Local Child Care Planning Council
June 2002

CALIFORNIA CHILD CARE INDUSTRY PROFILE

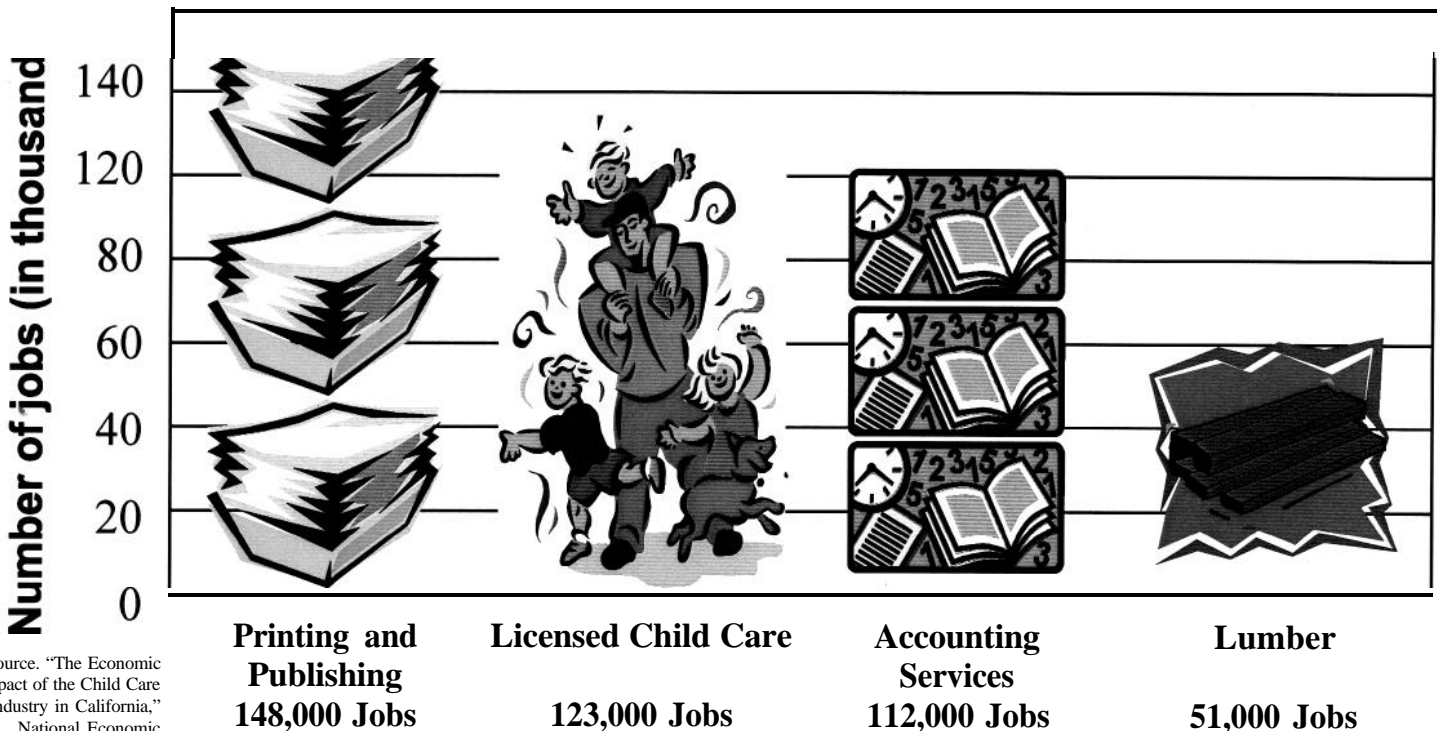
The licensed child care industry generates between \$4.7 and \$5.4 billion in revenues statewide - similar in size to both the livestock and vegetable crops industries. The licensed child care industry directly employs over 123,000 people in California. This is three times more employees than the state's advertising industry and more than twice as many employees as the lumber industry. Licensed child care also generates indirect employment through the goods and services the industry and its employees purchase. An additional 86,000 indirect and induced jobs are created and sustained by the child care sector.

By providing a stable source of care, the child care infrastructure enables working parents to earn at least \$13 billion annually - a substantial and sustained contribution to the state's economic growth and overall prosperity. Those earnings, in turn, create more than \$40 billion in total direct, indirect and induced personal income, almost \$5 billion in tax revenues, and support an estimated 1.1 million jobs.

Licensed Child Care Industry Revenues Compared with Other Industries in California, 1999



Child Care Direct Employment Compared with Other Industries in California, 1999



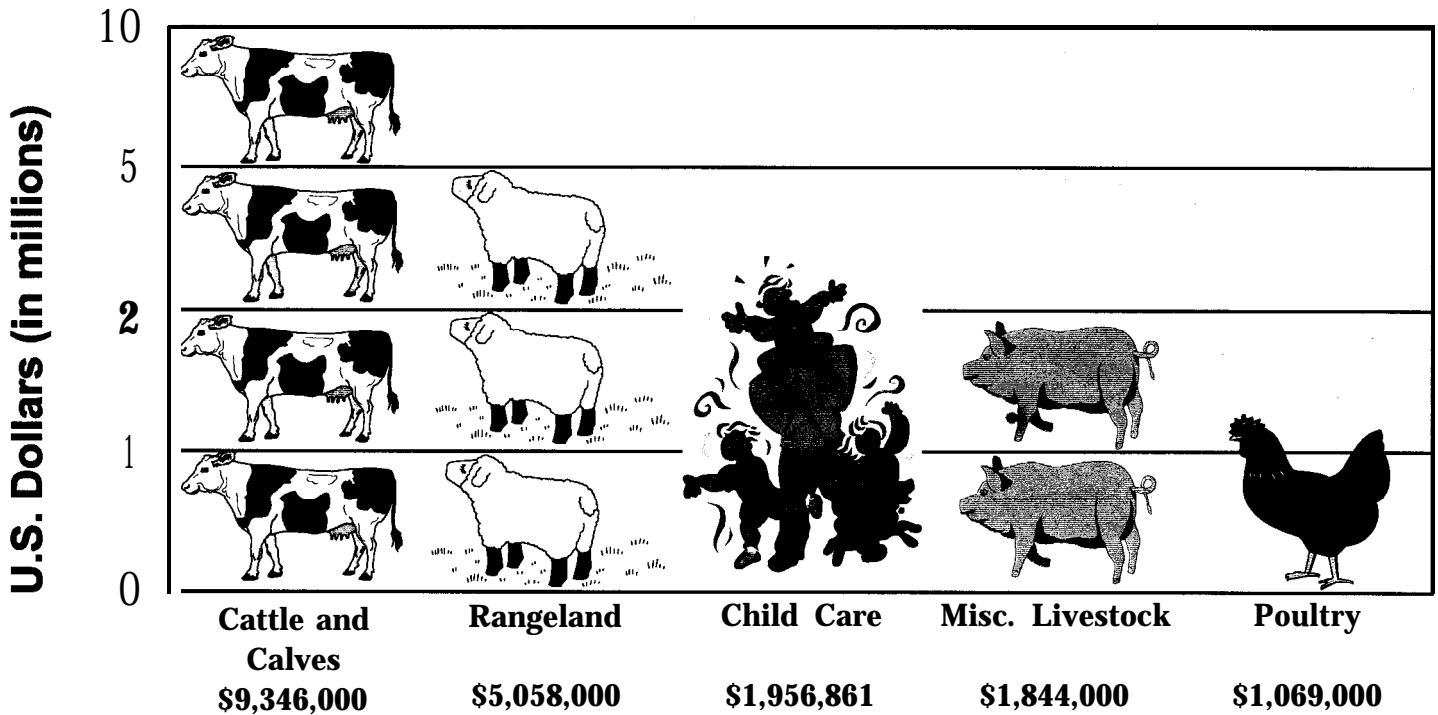
Source: "The Economic Impact of the Child Care Industry in California," National Economic Development and Law center, 2001

MARIPOSA COUNTY CHILD CARE INDUSTRY

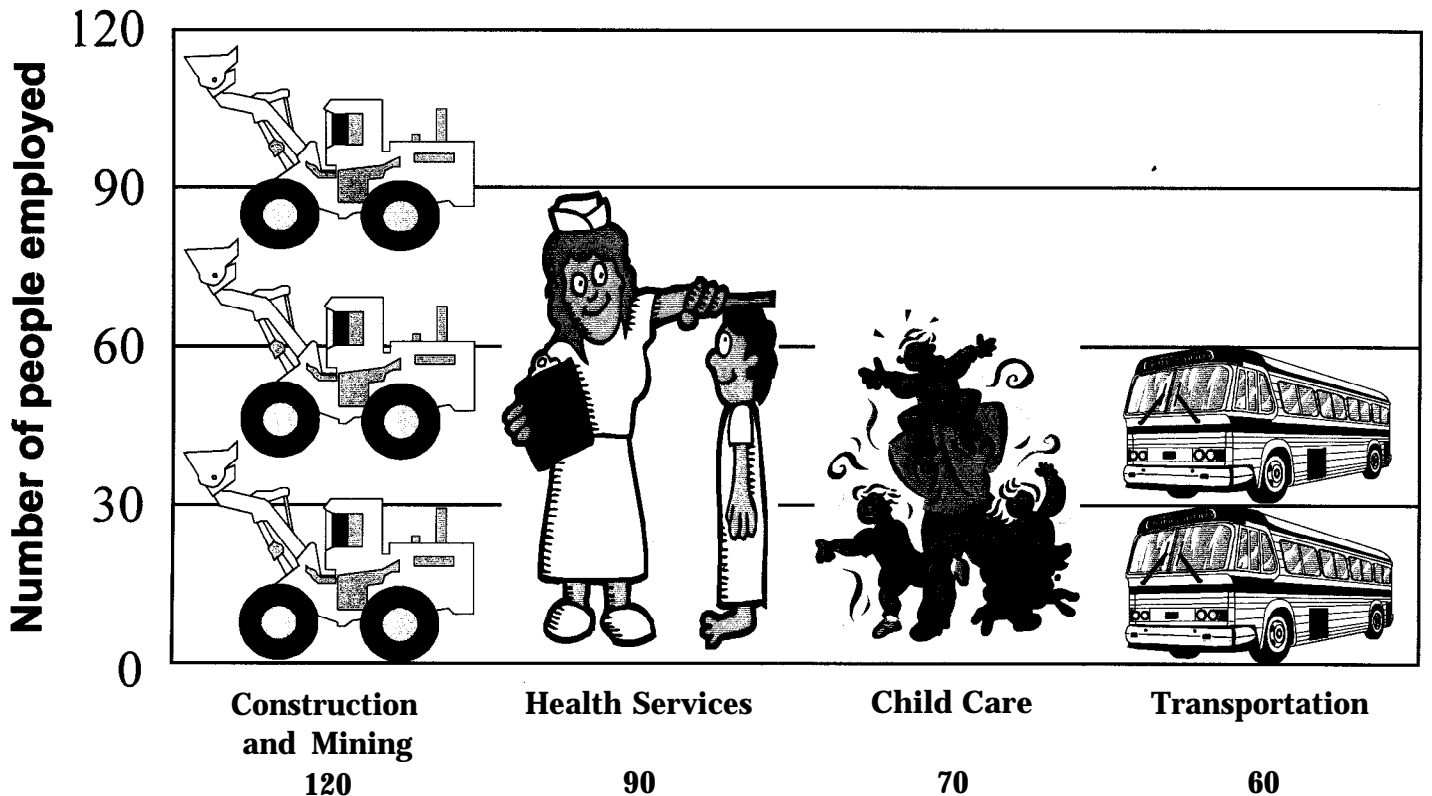
Mariposa County's child care industry provides a social and economic infrastructure that is critical to the County's overall economic vitality and its quality of life. Child care sustains the County's workforce by enabling parents to take new jobs, sustain their existing jobs and increase their productivity.

Based on enrollment and average yearly costs for infant, preschool and school-age care it is estimated the child care industry generates \$1,956,861 each year. Some of this money is in the form of state and federal child care subsidies that flow into the County rather than coming directly from its residents. In addition to the 70 people employed directly in child care homes, centers and support agencies, an additional 20 jobs (in construction, retail, manufacturing, etc.) are supported by the existence of the child care industry.

Mariposa County Agricultural Products Compared to Child Care



Mariposa County Employment Numbers Compared to Child Care



The Economic Impact Report of the Child Care Industry in Mariposa County

This report was completed under the direction of the Mariposa County Local Child Care Council (LPC). Their mission statement is as follows:

MISSION

On behalf of Mariposa County's children, the Local Child Care Planning Council is dedicated to promoting and supporting a community-wide effort that results in a child care system that meets the needs of all our children.

Mariposa Local Child Care Planning Council



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MARIPOSA COUNTY ECONOMIC IMPACT REPORT FOR THE CHILD CARE INDUSTRY

Introduction

The Local Investment in Child Care (LINCC) project was initiated in 1996 by the National Economic Development and Law Center (NEDLC) and funded by the Packard Foundation. It began a process that gives counties solid evidence of the economic impact of the child care industry. The Mariposa County Local Child Care Planning Council has commissioned this report using LINCC's methodology. The child care industry makes a significant contribution to the economy of Mariposa County. The purpose of this report is to demonstrate the significance of the child care industry. Included in this report is an economic profile of Mariposa, the impact of the child care industry, child care and productivity, and some observations about the need for quality child care.

Overview

Last year NEDLC released the state report, "The Economic Impact of Child Care in California". To quote from this document, "The licensed child care industry generates between \$4.7 and \$5.4 billion in revenues statewide -- similar in size to both the livestock and vegetable crops industries. The licensed child care industry directly employs over 123,000 people in California. This is three times more employees than the state's advertising industry and more than twice as many employees as the lumber industry. Licensed child care also generates indirect employment through the goods and services the industry and its employees purchase. An additional 86,000 indirect and induced jobs are created and sustained by the child care sector. By providing a stable source of care, the child care infrastructure enables working parents to earn at least \$13 billion annually - a substantial and sustained contribution to the state's economic growth and overall prosperity. Those earnings, in turn, create more than \$40 billion in total direct, indirect and induced personal income, almost \$5 billion in tax revenues, and support an estimated 1.1 million jobs. Moreover, the

productivity gains created by the licensed child care industry contribute \$65 billion to gross state product. This “leveraging” effect contributes more to the economy than the sector-specific impact of several high-profile industries, including electronics, motion pictures, and food products.” The Mariposa County report mirrors the surprising figures quoted above. The industry has made and will continue to make a significant contribution to the economy of Mariposa County.

Defining Child Care²

Child care includes a range of services that educate and nurture young children and enable parents to work or attend school. For the purposes of this report child care includes full and part-time licensed child centers, family homes, Head Start and non-governmental preschools, as they are part of the system of care that parents rely on during working hours.

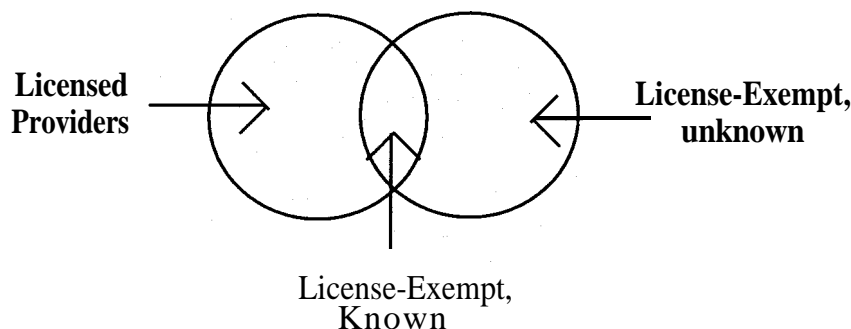
Child care may be licensed or unlicensed. Licensed child care meets minimum health and safety standards set by the state legislature and regulated by the Department of Community Care Licensing in the California Department of Social Services. Licensed establishments include most child care centers and many home-based providers, or family child care homes.

Licensed child care establishments, especially child care centers, must make capital investments in buildings and equipment to provide high-quality care. They must also invest in employee salaries and benefits to attract and retain educated, credentialed staff. In short, licensed child care must meet state criteria for quality while maintaining a viable business.

In contrast, unlicensed child care generally is not regulated by the state and is not governed by any standards. It includes care outside the child’s home--in the home of a relative, a neighbor, or a babysitter--as well as care that is provided in the child’s home by nannies, babysitters, relatives, or others.

This kind of care can be exempt from licensing (thus the name license-exempt care). For example under State law, a license is not required for a family child care home serving only the provider’s children and children from one other family, or a school-based extended day program.

Because licensed child care is a formal party of the economy (i.e., the sector is subject to taxes, state regulations, etc.), its economic impact is more easily quantified. The primary focus of this report is on licensed care. The Local Planning Council has taken a look at the contribution unlicensed child care and the support agencies make to the Mariposa economy. This information is included later in this report. Information regarding the child care industry clearly demonstrates its importance to each community. However, due to the very nature of the license-exempt provider, researchers in the child care field recognize that nearly half of all children being cared for are in the care of license-exempt and virtually unknown providers. Many of these providers are Family, Friends, or Neighbors (FFN).



Mariposa County Demographics

Mariposa County is located in the Central Sierra Nevada foothills. It has a population of 17,130 and 6,613 households according to the April 2000 census. The county is expected to grow to 24,300 by 2020, a 40% increase over 20 years. The county covers 1,451 square miles, yielding a population density of 12 people per square mile, well below the State of California definition of less than 300 people per square mile for rural counties.

Employment Outlook

An estimated 45 percent of Mariposa County's labor force works in food service, retail and hotel jobs, reflecting the important role tourism at Yosemite National Park plays in the county. Education and income levels in Mariposa County are below California averages. The most recent employment figures come from the California Employment Development Department, which reported 6,140 people employed in Mariposa County with 520 unemployed. The unemployment rate of 7.8% was much higher than the statewide average of 4.9% in 2000.³

By the year 2006 it is projected the number of people employed in Mariposa County will increase by 17.4 percent. The greatest growth is expected in the trade (27.3%) and services (20.3%) industries and government employment (9.4%).⁴

Implications for Child Care

Child care services will continue to be in high demand in Mariposa County. There is a high demand for subsidized care because of the lower than average income and the higher than average unemployment rate. Adults employed in the tourism industry and related services are often parents of young children needing child care. The county needs to expand its supply of affordable child care to provide an adequate social infrastructure that will enable more families and single parents to go to work. This will help to achieve CalWORKs (California's program replacing individual entitlements under the prior Aid to Families with Dependent Children) goal of self-sufficiency, while also increasing the county's supply of labor.

Economic Impact of the Child Care Industry

This section assesses the quantitative impact of the child care industry in Mariposa County. Current federal, state and local data have been collected and analyzed to provide a picture of the overall effects of child care in the local economy. A local industry (agricultural products) is examined and compared to the child care industry. Also included are:

- The size of the child care industry as reflected in gross receipts;
- The size of the child care industry as reflected in direct employment;
- The extent of the industry's local economic integration, as reflected in indirect employment; and
- Occupational characteristics of child care workers.

Accounting the Child Care industry

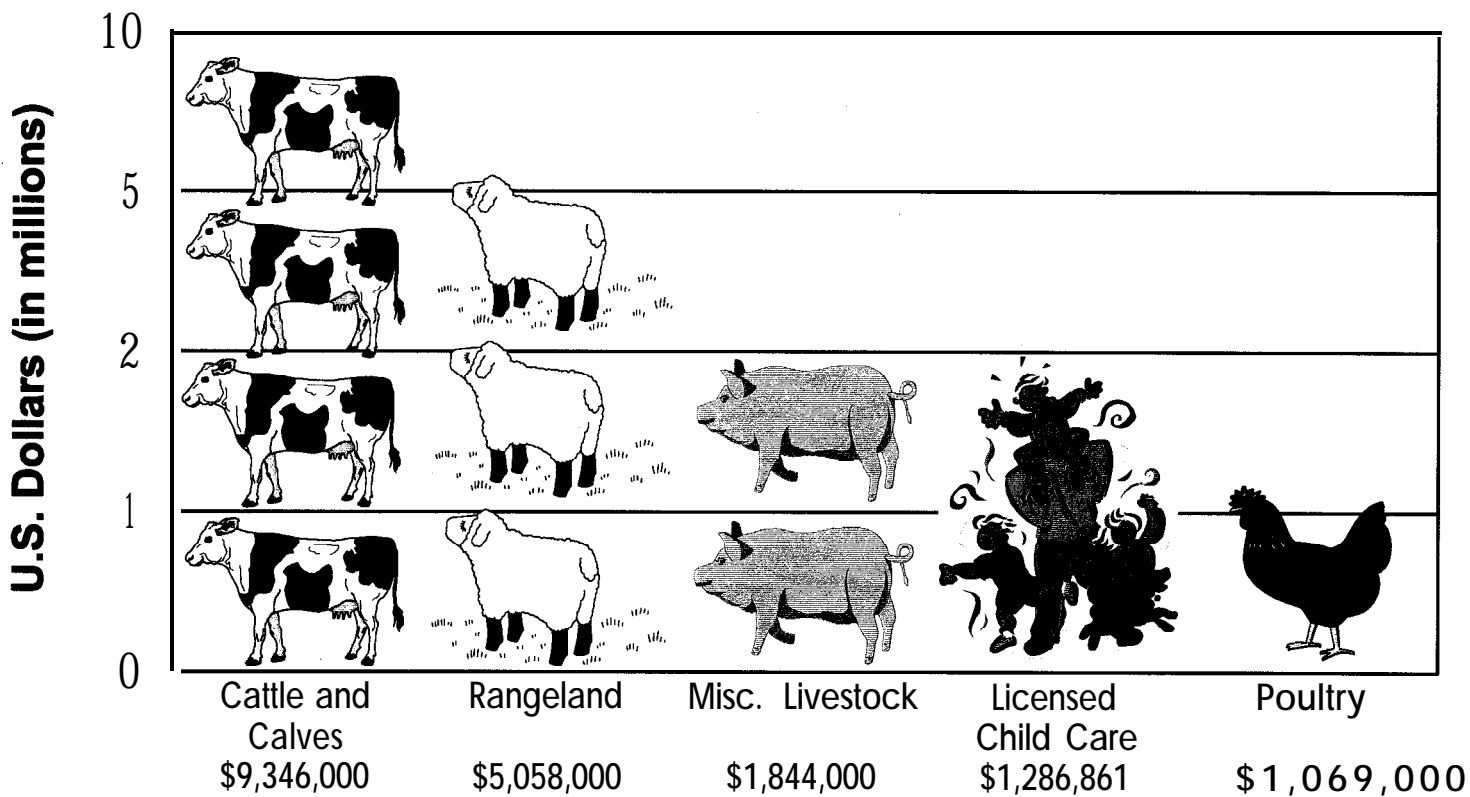
Because of the difficulties of using traditional economic accounting tools that apply to child care, the National Economic Development and Law Center (NEDLC) and their Local investment in Child Care Project (LINCC) created a sound methodology for measuring direct employment and gross receipts for the licensed child care field.³ This methodology utilizes up-to-date statistics on **licensed** child care facilities maintained by Mariposa's Resource and Referral agency. R&R collects data on licensed child care capacity, enrollment and average tuition rates, based on age group and full- and part-time care. Based on the standardized data collected by R&R and Infant Child and Enrichment Services (ICES), we are able to estimate direct employment and gross receipts of **the licensed** child care industry in the county.

Measuring Industry Output or Gross Receipts

Output, also known as gross receipts, measures the size of an industry in terms of the overall value of the goods and services produced by the industry. Mariposa County’s Resource and Referral agency recently identified 30 licensed child care establishments (23 family child care homes and 7 centers) that care for approximately 293 children. The average annual cost for full time, licensed care for a family with a median income of \$33,444 for one child is \$5,017.⁶ Based simply on enrollment data and market rates of care, the estimated gross receipts in the **licensed** child care industry to be approximately \$1,286,861, including \$1,108,757 for family child homes and \$178,104 for child care centers.

Figure 1 compares child care gross receipts with some of the major Mariposa agricultural products gross value for year 2000.’

Mariposa County Agricultural Products compared to Child Care



Direct Employment Child Care

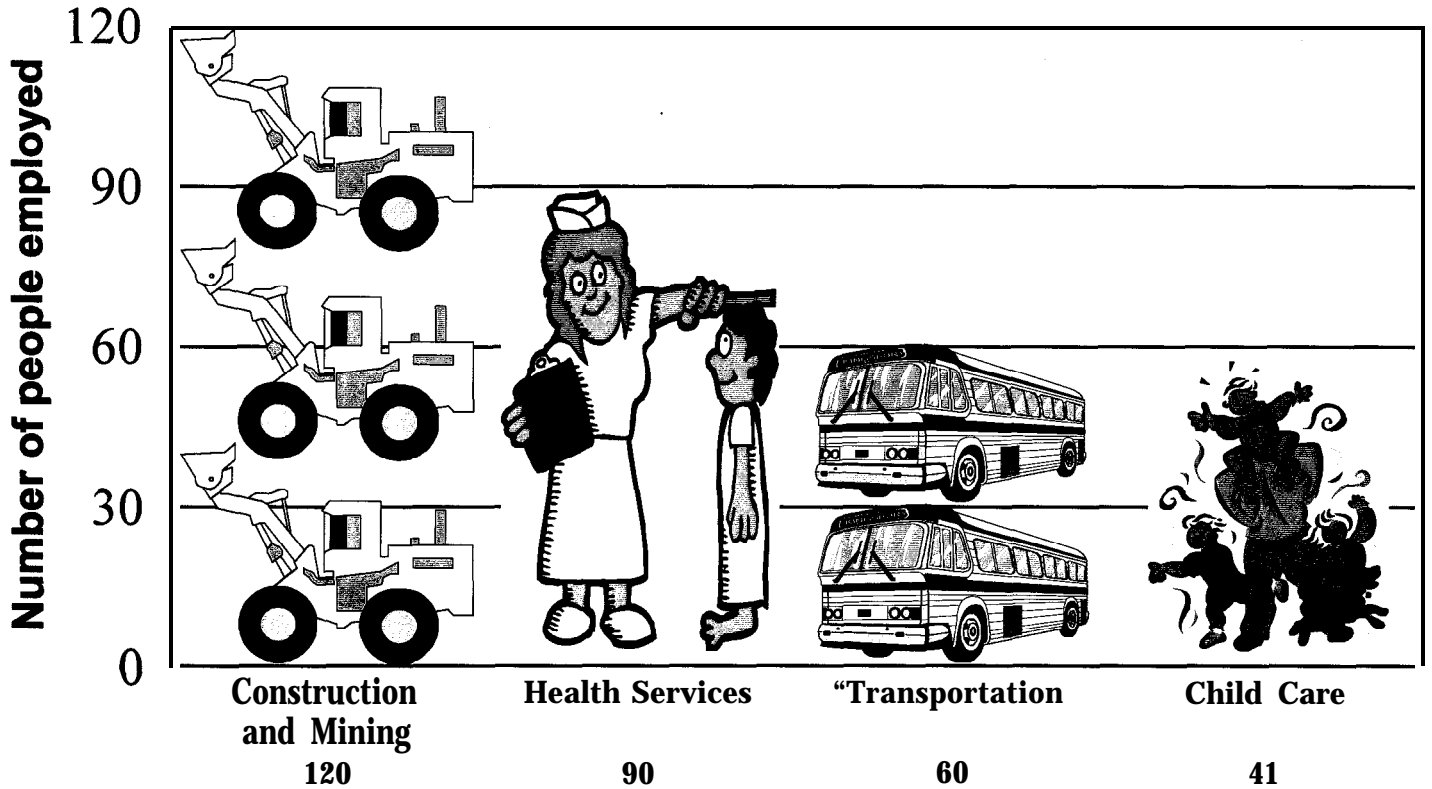
Formulas for calculating the numbers of caretakers rely primarily on the state-mandated staff-to-child ratios. Formulas for calculating the number of support staff employed by child care centers is based on typical practices in the child care field. For small family child care homes, for example, where there must be at least one caretaker for every six to eight children, then the number of caretakers would be roughly equal to the number of homes. In the child care centers the employment figures are calculated based on the number of hours a center is open, the number and ages of children for which a center is licensed, and the required staff-to-child ratio under that license. The number of people directly employed in the licensed care industry in Mariposa County is approximately 41. This represents 0.96% of the people employed in Mariposa County. This is comparable to the percentages found in other counties.'

Indirect and Induced Employment

Like most industries, licensed child care generates indirect employment through its purchases of goods and services, and induced employment reflecting goods and services that are consumed by households directly and indirectly earning income from the industry. For example, a child care operation supports jobs related to food preparation, toy manufacturing, and office/instructional supplies. With child care, programs are constantly spending money on food, supplies, gasoline, utilities, advertising, repair and a wide variety of other necessities. The economic activity this spending stimulates in each sector results in the creation of jobs to support the activity. In other words, the jobs represented by the "indirect employment" figures would not exist without the child care industry. This report estimates indirect and induced jobs based on multipliers that are specific to the child care section. The Bureau of Economic Analysis (BEA) has developed a set of "local multipliers" calculated specifically for child care for each county in California. To purchase Mariposa County's local multiplier would cost over \$600. NEDLC advised us to use the multiplier of a comparable rural county.' Using Kern County's multiplier ratio of 0.507 it was determined that approximately 20 additional jobs were created in Mariposa County related to the child care industry.

Using employment figures for Mariposa County” Figure 2 shows that employment in the child care industry is comparable with other significant jobs in Mariposa County.

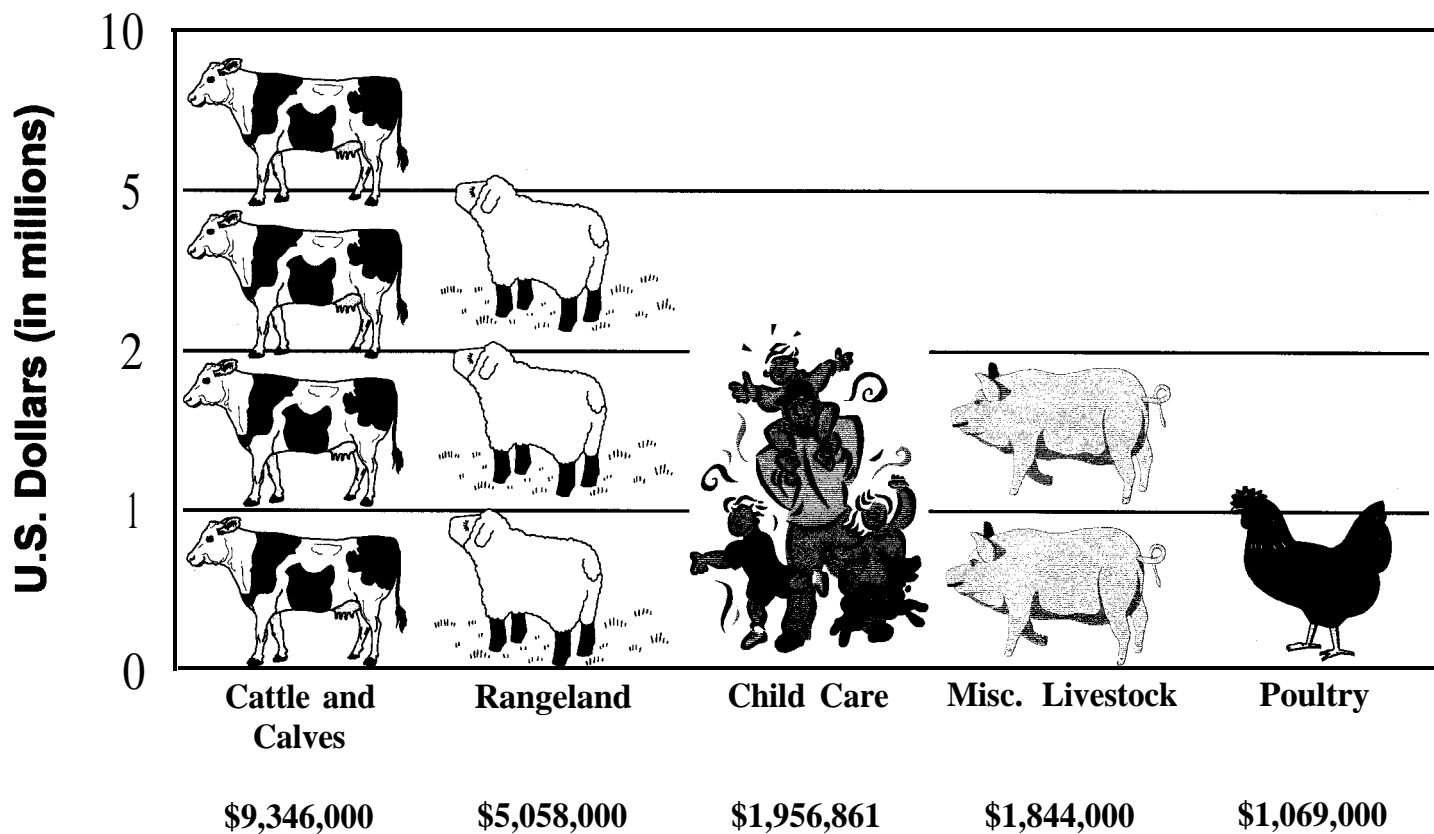
Mariposa County Employment Numbers Compared to Child Care



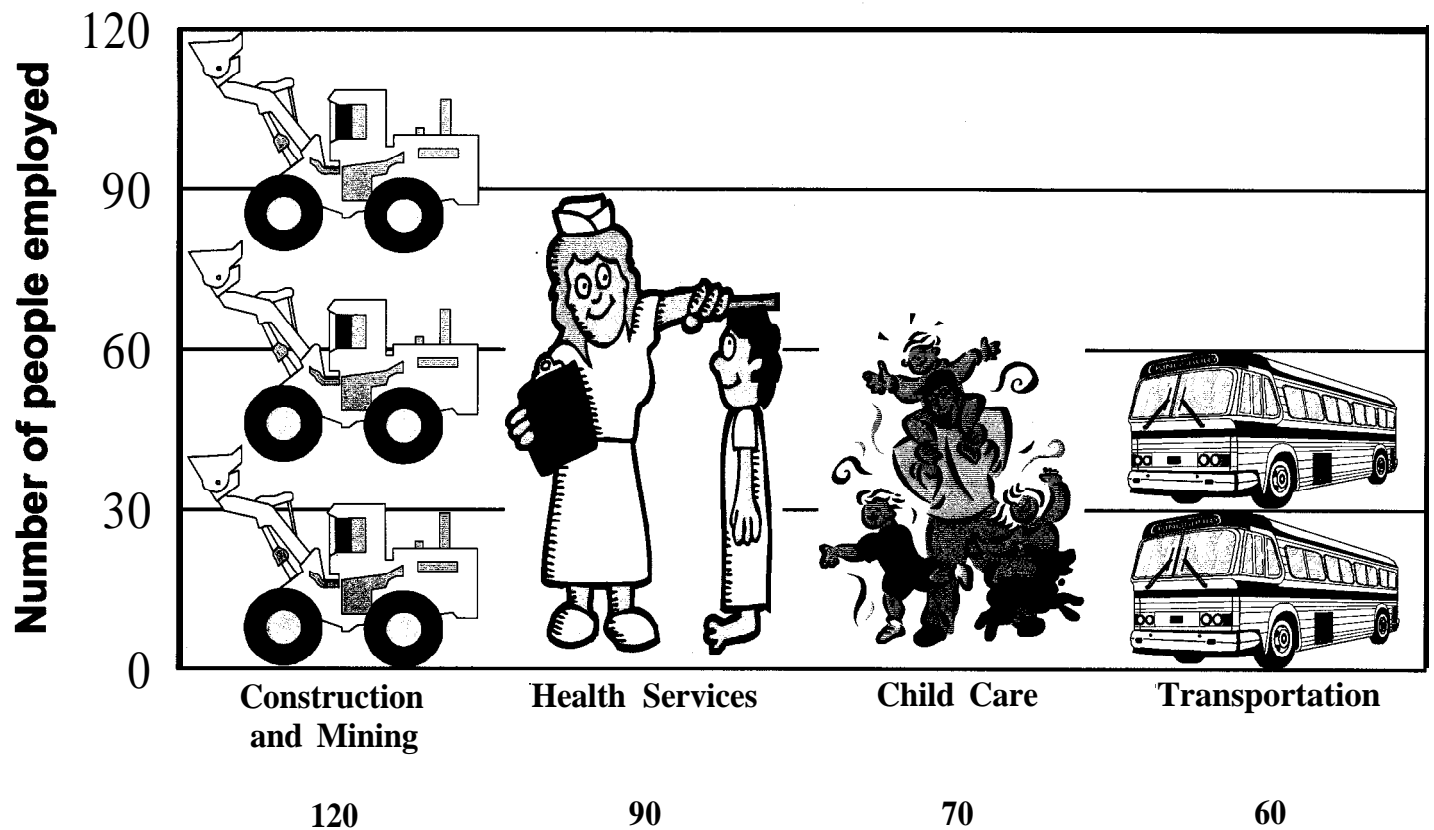
Information on the Industry Compiled by Mariposa Local Child Care Council

Unlicensed child care providers, Head Start personnel and support agencies (employees of Infant/ Child Enrichment Services, Local Child Care Planning Council, Families First Commission) generated economic information which can be added to the figures listed above. This information was gathered informally through interviews and did not use the LINCC methodology. However, it is felt to be very accurate. It was determined these groups generate an additional \$670,000 each year with an additional 29 people employed in the industry. Figures 3 and 4 reflect these figures when added to the information gathered about licensed child care.

Mariposa County Agriculture Products Compared to Child Care with LPC Data Included



Mariposa County Employment Numbers Compared to Child Care with LPC Data Included



Child Care Industry Subsidies

Local, state, and federal governments provide support for child care services, including financing child care, child development programs, and training. Mariposa County Infant/Child Enrichment Services (ICES) reported that state and federal support for child care in Mariposa County was almost \$530,000 in 2001. Direct subsidies to providers are one of the forms this support takes.

Occupational Characteristics

Average wages and benefits in the child care field typically rank lower compared to other industries. As a result, high rates of turnover are common in the child care field. High turnover tends to negatively affect child care programs in several ways, ranging from increased staff time and funds needed to repeatedly hire and train new staff, to the heightened emotional stress for children who have to adapt to new caretakers on an ongoing basis. In the Mother Lode Region (Alpine, Amador, Calaveras, Inyo, Mariposa, Mono and Tuolumne Counties) child care workers receive a mean hourly wage of \$11.14.” But in Mariposa County the hourly rate is as low as \$5.75¹² Clearly more needs to be done to insure an adequate wage for those involved with the actual care giving. Child care workers need many skills. The following is a description of the work environment: “Working with children involves extensive physical activity, mental alertness, and enthusiasm. Good general health, physical stamina and emotional stability are essential. The work is never routine, with each day marked by new activities and challenges. Child care requires bending, stooping, and lifting as workers attend to each child’s interests and problems.”¹³ The need for quality child care and well trained child care workers has never been greater. When the economy of Mariposa County is at stake, child care issues need to be part of the public discussion.

Conclusions

Licensed and unlicensed child care is a significant contributor to Mariposa’s economy. The child care industry provides a social infrastructure that is critical to the County’s overall economic vitality and its

quality of life. When the figures gathered using the LINCC methodology and figures from the informal interviews are combined, the industry supports over 70 local jobs and generates almost 2 million dollars. Moreover, it helps to sustain the County's growing workforce by enabling parents to enter new jobs or return to them sooner, and by providing increased productivity and advancement for parents who are already employed.

It is a fact that licensed child care is a more stable support for parental employment than informal care. Because of this the Local Child Care Planning Council encourages all exempt providers to become licensed and therefore eligible for a variety of services designed to help improve child care in Mariposa County. Another point to consider is investment in high quality, licensed child care reduces local public sector expenditures in other categories. One national study found that for each dollar spent on high quality preschool care, \$7 can be saved in future spending on criminal justice, welfare and social services.¹⁴ It is in the interest of the entire community to maintain and encourage high quality child care as defined by the Mariposa County Local Planning Child Care Council: "Quality child care enhances every aspect of the community. It assists children to enter school ready to succeed and to continue to thrive. Quality child care addresses the social, emotional, and physical growth of each child, including those with special needs. Through developmentally appropriate experiences that are intellectually stimulating, quality child care provides a safe and nurturing environment where children feel respected.

In addition, quality child care affects the economic growth of the community through improved employee performance. Parents, whose children are in the care of effective providers, experience less absenteeism and are more productive on the job. Quality child care assists parents in their personal goals, improved employment status, and increased income as they move within the work force with confidence in their child care system.

Quality child care is at the center of the vitality and growth of every community. It promotes positive child development, aids in the prevention of violence and supports the life skills needed for success.

The community that recognizes the importance of quality child care is eventually rewarded through the improved economic and civic contributions of its members."⁵

The intent of this report is to reframe child care from being considered just a supportive social service to being considered an established industry that is helping fuel Mariposa County's overall economic growth.

ENDNOTES

1. National Economic Development and Law Center, *Child Care and Its Impact in California 's Economy: Executive Summary and Policy and Recommendations*, June 2001
2. This section is excerpted from *Child Care and Its Impact in California's Economy*, pp. 1 -3.
3. California Employment Development Department: Labor Market information Division, August 2000
4. Ibid.
5. National Economic Development and Law Center, *A Methodology Guide: Creating An Economic Impact Report for the Child Care Industry*, April 2001
6. California Child Care Resource and Referral Network, *The California Child Care Portfolio-Mariposa County*, January 2001
7. Mariposa County Department of Agriculture, *Agricultural Crop Report, Mariposa County 2000*.
8. National Economic Development and Law Center, *Economic Impact Report of the Child Care Industry, San Benito County*, February 1999, p. 15.
9. *A Methodology Guide: Creating An Economic Impact Report*, p. 16.
10. California Employment Development Department, op.cit.
11. Ibid, March 2002 update.
12. *Mariposa County's Family First Commission* data. March 2002.
13. California Employment Development Department, *Child Care Workers*, January 2002
14. L.J. Schweinhart and D. P. Weikart, *Significant Benefits: The High Scope Perry Pre-School Study Through Age 27*, High/Scope Press, 1993.
15. Mariposa Local Child Care Planning Council adopted this statement January 2002.

Additional information on the methodologies used to prepare this report is on file at the office of the Mariposa County Local Child Planning Council.

APPENDIX A

Mariposa County Child Care Planning Council Members 2001- 2002

Susan Johnson	Child Care Provider
Liz Wilcox	Community Representative
David Conway	Community Representative
Gwen Nitta	Community Representative
Linda Fipps	Child Care Consumer Representative
Carla Shelton	Child Care Consumer Representative
Nancy Bell	Public Agency Representative
Marna Klinkhammer	Public Agency Representative
Nancy Damm	Additional Representative
Lee Joirgensen	Additional Representative
Jim Archer	staff
Cyndi Park	staff

Alternates' Roster

Mary Jane Erickson	Community Representative
Augusta Kidd	Community Representative
Caroline Minto	Public Agency Representative
Jim Archer	Community Representative
Debbie Smith	Public Agency Representative
Kathy Delaney	Public Agency Representative
Pat Fithian	Additional Representative