



The Economic Impact of Child Care

on San Mateo County

Child care as an industry occupies a vital niche in San Mateo County's economic picture, providing not only a crucial service for families, employers, and the community, but contributing to jobs and revenue.

Child Care as an Economic Driver:

- Licensed child care is a **\$236 million dollar industry** in San Mateo County. Child Care Centers generate \$202 million in gross receipts and Family Child Care Homes generate \$34 million.
- Licensed child care **directly employs more than 3,400 people and creates 2,520 jobs in other industries** within San Mateo County.
- For every **\$1 million consumers spend** on licensed child care operation in San Mateo County over a one-year period, more than **52 jobs** are created, including **22 indirect jobs** in other local industries-business services, retail and wholesale trade and eating and drinking establishments.
- A **capital investment of \$1 million** for the construction of child care facilities **creates 23 jobs** for every one year, including more than nine in the construction industry.

Trends and Needs:

- Only 23,180 licensed spaces with an estimated demand of 88,500 spaces. With **licensed spaces for only 26% of children with working parents**, the remaining children are being cared for in informal, unlicensed, or self-supervised settings. In some cases this is the preference of the parents, and in many cases, it is simply because appropriate, affordable licensed care is unavailable.
- The need for licensed child care compared to the supply remains critically inadequate, despite an economic downturn that has reduced parental demand for child care. Sixty-nine percent (69%) of San Mateo County children under age 13 live with families where the parents are in the workforce, compared with the statewide rate of 52%.
- The high cost of child care (averaging about \$1,070/month for infant care) combined with the cost of housing in San Mateo County (averaging \$1,849/month for a 2-bedroom apartment) encourages people to work here for high wages and live elsewhere, resulting in both a loss of local investment and increased commute-related traffic congestion. It is estimated that **for many San Mateo County families child care expenses can exceed housing costs** in the monthly budget.
- Low-income families experience the greatest challenges in the quest for quality child care. While approximately 14,565 children in low-income families need subsidized child care, the limitation of subsidized child care availability leaves almost **4,500 children without access to subsidized spaces**. In San Mateo County, only 43% of infants and preschool aged children needing full-time subsidized child care receive it. Additionally, 23% of school-aged children needing subsidized child care do not have access to it.
- San Mateo County consumers have identified **chronic shortages in infant care, subsidized care, care during non-traditional hours, and affordable care** for families with incomes above subsidy eligibility levels and below the local area median income. In order to receive a child care subsidy, a family must fall below state- or federally-created income guidelines that are not in alignment with the high cost of living in San Mateo County. This means that an uncounted number of working families in our County are also struggling with the high cost of child care.

Economic Benefits to Increasing the Supply of Licensed Child Care:

- Licensed child care is a more stable support for working parents. It increases worker productivity and reduces absenteeism.
- Expanding the supply of licensed child care in San Mateo County would increase the opportunities for capturing federal and state subsidy dollars, enabling income-eligible families to remain in the work force. At present, licensed child care brings \$30 million in federal and state child care transfer payments to the San Mateo economy.
- Investment in licensed child care reduces local public sector costs in other areas over the long-term. Each dollar spent on high quality licensed care saves \$7 in future spending on criminal justice, welfare and other publicly funded programs.

Revised February 2010