



# The Economic Impact of the Child Care Industry in Ventura County



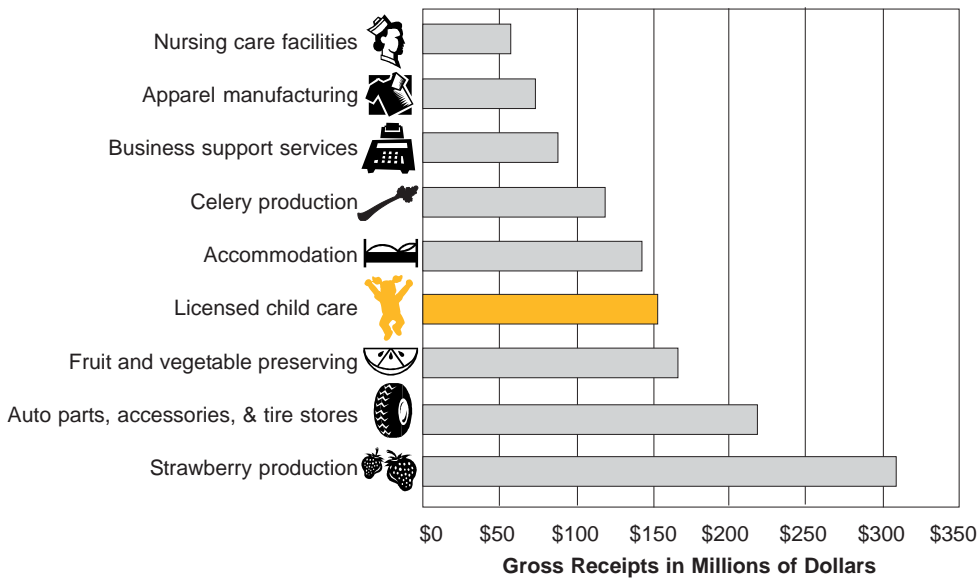
The child care industry is integral to the vitality of Ventura County's economy. It:

- Generates \$153 million annually and provides over 4,700 jobs
- Benefits all industries in the county by enabling parents to work productively outside the home and attend higher education programs to update their skills
- Lays the groundwork for Ventura County's future economic success by preparing future generations for success in school and in life and by attracting business to Ventura County.

To benefit every Ventura County resident, all child care industry stakeholders – businesses, government and the child care industry – must work and plan together to reach innovative solutions to the barriers that the industry and its consumers face.

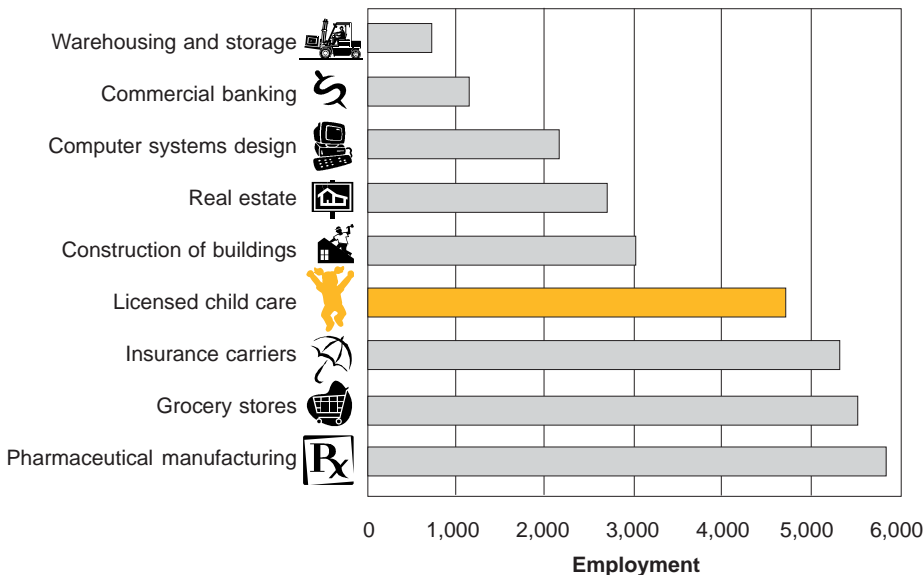
# Child care is a significant industry in Ventura County.

**Figure 1**  
Gross Receipt by Industry, Ventura County, 2004



- The child care industry generates \$153 million annually in gross receipts, more than accommodation and celery production (see Figure 1).
- The industry directly supports over 4,700 jobs, employing almost as many people as pharmaceutical manufacturing, grocery stores and insurance carriers, and more people than computer systems design and commercial banking (see Figure 2).
- The formal child care industry currently has the capacity to serve approximately 27,000 children at any one time—but that is only 29 percent of all children between birth and age 13 with all parents in the labor force.

**Figure 2**  
Employment by Industry, Ventura County



“Most of the numerous projects and initiatives that county and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, well-focused investments in early childhood development yield high public as well as private returns.”

- Art Rolnick and Rob Grunewald,  
Minneapolis Federal Reserve Bank

## ***Enables parents to be part of Ventura County's workforce and upgrade their skills***

- One in four workers in Ventura County has a child and lives in a household where all parents work. Together these working parents earn \$2.2 billion every year.
- The average annual cost for full-time licensed child care for an infant is over \$10,000, which is significantly more expensive than the in-state undergraduate tuition at California State University-Channel Islands (\$2,794).
- Of the top ten jobs with most projected openings from 2001 to 2008, six jobs do not pay 75 percent of the self-sufficiency wage for a single parent family with two school-age children.
- In April 2002, Ventura County had 116,600 more people in the labor force than there were jobs. Estimates indicate that almost 98,000 of these people either commute to other counties for work or are self-employed. If adequately trained this abundant supply of workers could attract businesses to the relocate to the county.

# The child care industry *is an economic driver* in the County.

## ***Supports employee productivity in Ventura County industries***

- PNC Financial Services Group found a 91.7 percent return on investment from a newly implemented back-up child care program.
  - Unscheduled absences cost small businesses an average of \$60,000 annually and large companies an average of \$3.6 million. Nearly one-quarter of unscheduled absences are due to family issues, including child care needs.
  - Employee turnover is estimated to cost 1.5 times an employee's salary. In a survey of businesses in Northeastern Ventura County, nearly 75 percent reported that programs aimed at helping families balance work and family responsibilities have a positive impact on recruitment and retention.
  - Quality, accessible child care is a critical component of Ventura County's quality of life, attracting businesses and young professionals to the county.
  - Kevin Sharer, President and CEO of Amgen understands that child care benefits increase productivity, "Camp Amgen (an onsite child care center) has been a highly valued benefit for Amgen staff and their families since it opened eight years ago...Parents are more productive knowing that their children are in a safe, positive and nurturing environment."
- "If a community cannot provide options for affordable, quality child care, that community will have challenges attracting and retaining the employers it needs for economic viability. The need for appropriate options for child care is a central issue that needs to be consistently reviewed and improved."*  
*Michele Pettes, President, Economic Development Collaborative - Ventura County*
- "You can also look at it (on-site child care and flex time) and say, this is a money-making operation. For every woman who doesn't quit after she gets pregnant, we save \$50,000 by not having to hire and train someone else. We have very little turnover, more productivity from mothers and fathers, and we attract a better type of employee."*  
*Yvon Choinard, Owner and Founder, Patagonia*

# The child care industry *enables future economic success* in Ventura County.

*Helps to prepare young children for opportunities in the new economy*

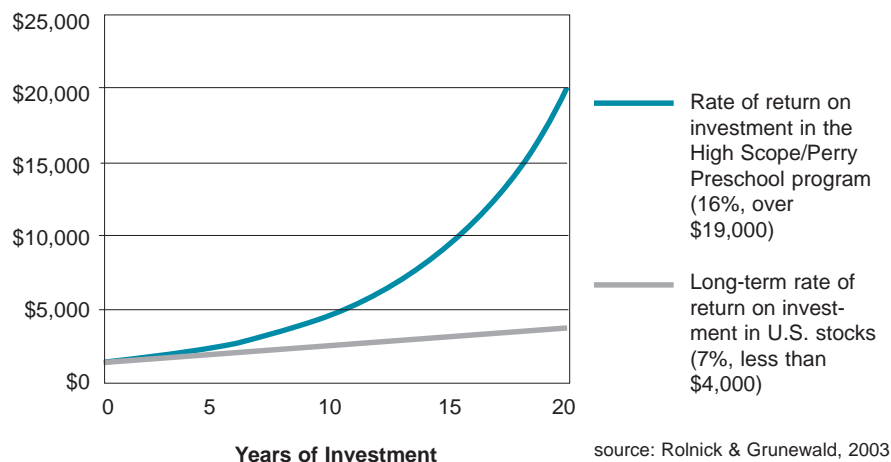
- Young children in high-quality preschool settings show greater language development, mathematical ability, thinking and attention skills and fewer behavior problems in kindergarten than children in lower quality care settings.
- Long-term studies of child-focused quality education programs for low-income 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.
- Research also shows that high quality preschool programs may be cost effective for children in most income brackets. 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-class children are held back at some point during school and 11 percent drop out before graduating high school.

*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.

- A recent analysis by the Minneapolis Federal Reserve Bank found that a model early childhood program for low-income children generated an overall 16 percent rate of return on investment. This is considerably higher than the long-term return on U.S. stocks, which is 7 percent (see Figure 3).
- Ninety-one percent of Police Chiefs agree: “If America does not make greater investments in after-school and educational child care programs to help children and youth now, we will pay more later in crime, welfare, and other costs.”

**Figure 5**  
Return on a \$1,000 investment,  
High Scope/Perry Preschool Program vs. U.S. stocks



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

## RECOMMENDATIONS

Now is the time for government, business, the child care industry, and the general public to work together to ensure that:

- The child care industry is included as a vital part of the county's economic development, workforce development and education strategies.
- All children in child care programs in Ventura County receive high quality child care to maximize the benefits of these programs to children and the county's future economy.
- All child care programs are accessible and affordable to all families in Ventura County.

### *Business strategies:*

- Contribute to the Ventura County Child Care Investment Loan Fund for child care providers who need start-up funding and/or funding for quality enhancements and/or contribute a funding pool for quality improvement programs; including increased accreditation of family child homes and child care centers.
- Establish partnerships with government and child care leaders to create innovative funding mechanisms that address economic needs of child care establishments.
- Support organizations involved in improving professional development opportunities for the county's child care workforce.
- Participate in Project Work/Life and offer child care benefits to employees, including, reimbursements/vouchers and pre-tax flexible spending accounts that include child care as an option for employees.
- Financially support Ventura County's Preschool for All Taskforce and advocate to government to adopt the recommendations of the taskforce.
- Allocate space for child care facilities within business/commerce parks or in close proximity.
- Include child care representatives in economic development and business community planning efforts and activities.

### *Government strategies:*

- Identify and access funding to support and sustain child care related activities through the Ventura County Workforce Investment Board.
- Utilize the Economic Development Collaborative of Ventura County (EDC-VC) to administer the Ventura County Child Care Investment Loan Fund and provide technical assistance to child care providers.
- Integrate quality, affordable, child care as part of a comprehensive system of supports for families in Ventura County.
- Include child care in workforce development activities.
- Increase the capacity of public preschools in Ventura County and partner with Ventura County's Preschool for All Taskforce.
- Require developers to make child care a consideration in all future development by incorporating permit requirements into general plans.
- Review and amend existing community planning and zoning laws to remove barriers affecting the child care industry and add language about the importance of planning for the emerging community child care needs.

### *Child Care Industry strategies:*

- Educate policymakers businesses, the public, and child care providers about the economic advantages of a high quality child care system.
- Serve on Chambers of Commerce, Workforce Investment Boards, and Economic Development Commissions.
- Create incentives for employers, financial institutions and economic development organizations to promote the child care industry.
- Establish a fund for businesses and donors wishing to contribute to the improvement of quality in child care programs.
- Research the true cost of quality child care in Ventura County.
- Partner with the Small Business Development Center, the EDC-VC, Women's Economic Ventures (WEV) and other economic/workforce development organizations to provide business skills trainings and other resources for child care providers.
- Identify "economy-of-scale" factors that maximize and support quality but minimize cost for parents.
- Support the development of a leadership training program for child care providers.
- Collaborate with government officials to ensure state and federal funding is strategically invested.

# The Economic Impact of the Child Care Industry in Ventura County

This report, an update to *The Economic Impact of the Child Care Industry in Ventura County, 1999*, is based on a series of reports originally produced by the Local Investment in Child Care (LINCC) Project, launched in 1997 with support from the David and Lucile Packard Foundation. As part of the LINCC project, the National Economic Development and Law Center (NEDLC) produced Child Care Economic Impact Reports (CCEIRs) for eight counties in California by 1999. Currently, NEDLC is working with states and counties across the nation to produce reports and recommendations on the economic impact of the child care industry. The economic impact reports articulate child care in economic development terms and quantify the ways in which the child care industry is critical to the economy. In addition, the reports help to build local partnerships aimed at increasing the industry's capacity to respond to the shifting child care needs of families. For this report, the Human Services Agency, County of Ventura - which sponsors the county's LINCC Project - contracted with NEDLC to quantify the economic impact of child care in Ventura County. This contract was funded by a grant from the Workforce Investment Board of Ventura County. This partnership formed the Child Care Economic Impact Report Advisory Board of Ventura County, which consists of leaders in the fields of business, government, child care, and economic development.



## NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

NEDLC is a research and consulting non-profit organization that uses community and economic development strategies to improve the economic and social status of low-income persons. NEDLC's mission is to develop and maintain the economic security of low-income persons and communities. With a budget of over five million dollars and a diverse funding base, including support from foundations and fee-for-service revenue, NEDLC works in partnership with hundreds of organizations around the country. Our partners include non-profit organizations, government agencies, business, labor organizations and the philanthropic community. Working together, we develop local capacity and improve and transform systems important to the lives of low-income people across the nation.

## ACKNOWLEDGMENTS

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