

The Economic Impact OF THE Child Care Industry *in Ventura County*

PREPARED BY THE

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER



BACKGROUND

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 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.

ACKNOWLEDGEMENTS

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This publication was made possible through the generous financial support of the David and Lucile Packard Foundation



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Section One

Introduction

This report is a tool to bridge the gap between economic development planning and child care advocacy. A previous child care economic impact report in 1999 demonstrated that child care is a critical component for any comprehensive plan for sustained economic development of Ventura County.¹

The formal child care industry in Ventura County encompasses the range of programs designed to nurture, support, enrich, and educate children from birth through age 13 outside of traditional K – 12 education. The industry has two main functions, both of which have changed significantly over time, and both of which link the industry to the economy.

The first function of the child care industry is to enable parents to maintain employment or get additional training or education. In traditional child-rearing models, parents were solely responsible for the care and education of their own young children during the workday. Single-parent working families and families with two working parents were rare. In those families who did have two working parents or a single working parent, care and education was generally entrusted to relatives, neighbors, and friends. Today, families with one parent working and the other providing full-time child care represent a shrinking share of Ventura County's households, while single-parents are among the fastest growing segments of the workforce,² and today, the majority of children live in families in which all parents work.³

The other major function of the child care industry is to provide developmentally appropriate learning opportunities for children. The research and public will surrounding the education and developmental needs of young children have increased dramatically over the last two decades. Many more parents now prefer early education and out-of-school-time programs as part of their children's education. For children birth through age five, quality programs help to develop core skills and competencies that prepare them for future success in traditional K to 12 education. For children ages 6 through 13, before- and after-school programs ensure children's safety while often also providing enriching educational activities outside of the traditional school curriculum.

Policy makers, business leaders, urban planners, and a host of other community leaders are already discussing ways to improve the economic vitality and quality of life for families in Ventura County. However, child care is often left out of economic planning and analysis although it is an important aspect of Ventura County's economy for three main reasons.

First, the child care industry plays a significant role in enabling employers to attract and retain employees and to increase productivity by reducing employee turnover and absenteeism. Like transportation and housing, without accessible, affordable child care, employees may experience barriers to working, and their employers and the economy as a whole suffer.

Child Care is an economic driver. It:

- Enables employers to attract and retain employees and increase productivity of employees
- Provides significant jobs and generates considerable revenue in its own right
- Ensures a strong economy in the future by preparing children to be skilled, productive workers who can meet future labor force demands

¹ National Economic Development and Law Center. *Economic Impact of Child Care in Ventura County, 1999.*

² Ventura County Workforce Investment Board. *State of the Workforce 2002.*

³ U.S. Census Bureau. *Census 2000.*



Second, child care is a major industry in Ventura County in its own right. Research presented in this report demonstrates that child care is a significant income-generating, job-creating industry sector, contributing similar annual gross receipts to many other important and recognized industries in the county.⁴

Third, quality child care programs ensure a strong economy in the future. Recent research on early brain development demonstrates that, far from being a luxury, child care for children from birth through age five is a vital service, improving children's health, school readiness, and contribution to society.⁵ The quality of child care opportunities is linked to positive outcomes in school for children in all income brackets, though studies have shown particularly striking findings in children from low-income families. Three separate longitudinal studies of targeted, intensive intervention programs for low-income children have indicated significant long-term outcomes in areas such as grade repetition, special education needs, juvenile criminal activity, and adult welfare participation. These effects reduce future public spending in such areas as K-12 education, remedial and special education, criminal justice and welfare assistance. Compared to other areas of public investment, these early childhood development interventions yield a high rate of public return, making targeted investments in quality early childhood education one of the strongest candidates for public funding.⁶

This report, an update to *The Economic Impact of the Child Care Industry in Ventura County, 1999*, analyzes the significance of the child care industry to Ventura County's economy. Specifically, this report:

- Describes demographic and economic trends and their implications for Ventura's child care industry
- Quantifies the direct economic impact that child care currently has on the economy of Ventura County through gross receipts and direct employment
- Discusses economic development and business benefits of child care, including bottom-line returns for individual businesses and substantial returns on targeted public investment
- Provides recommendations to build the capacity and sustainability of quality, affordable child care

Understanding the interaction between the supply of affordable, accessible, quality child care and economic growth and how to improve the efficiency of investments in the industry increases Ventura County's economic competitiveness.

DEFINING THE CHILD CARE INDUSTRY

All of the establishments captured in the formal child care industry for this report are required by law to meet minimum health and safety standards set by either the military or the state legislature and primarily regulated by the California Department of Social Services, either through the Community Care Licensing Division or the California Department of Education. These establishments include all formal full-day and part-day public and private licensed child care centers, including: Head Start programs, child development programs funded by the California Department of

⁴ See Section 3 for further discussion of results and methodology.

⁵ J.P. Shonkoff and D.A. Phillips, Editors. *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, D.C.: National Academies Press, 2000.

⁶ Art Rolnick and Rob Grunewald. *Early Childhood Development: Economic Development with a High Public Return*. Fedgazette. Minneapolis, MN: Federal Reserve Bank of Minneapolis, January, 2003.

Education (state pre-schools, general child development centers, federal block grant child care centers, and latchkey programs), military child development programs, and licensed family child care homes. Family child care homes are licensed as small or large, depending on the number and ages of children served (small and large family child care homes can serve a maximum of 8 and 14 children at any one time, respectively, of varying ages). The formal child care industry includes before- and after-school programs for children ages 6 through 13 that are licensed by the state.

There are types of informal care and education that are not included as part of the “formal child care industry” for this report. These arrangements are either not regulated, such as care outside the child’s home in a relative’s home, or care that is provided by a nanny or babysitter. Although informal care and education arrangements are widely used, and add much to the economy, it is difficult to ascertain their impact. The formal child care industry is easier to capture economically (e.g., the sector is subject to taxes, state regulations, credentials etc), therefore this report focuses primarily on formal child care. By excluding unlicensed, informal care, this report’s findings are conservative estimates of the total impact that child care has on the economy.

OUTLINE OF THE REPORT

Following this introduction, section two describes the demographic and economic profile of the county and the implications for the child care industry. Section

three analyzes the overall economic effects of the child care industry as measured by both industry earnings and employment and current levels of government investment. Section four explores the links between child care, business, and economic development. Finally, section five considers future implications for the county’s economy, and makes conclusions and recommendations.

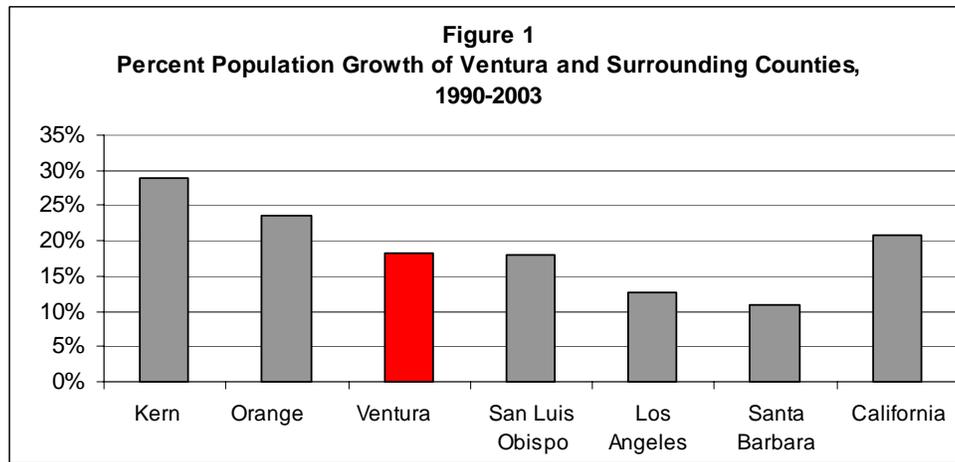
Analyses in this report exclude unlicensed care by nannies, babysitters, or relatives, making the economic estimates conservative in terms of the full impact of the industry.

Section Two

Demographic and Economic Profile of Ventura County

POPULATION SIZE AND CHARACTERISTICS

Ventura County's population increased 18 percent from 1990 to 2003, to an estimated 791,300 residents in 2003.⁷ Regionally, Ventura County grew as fast or faster than San Luis Obispo, Los Angeles, and Santa Barbara counties, but slower than Kern and Orange counties and California as a whole (see Figure 1). Ventura is the 12th most populous county in California.⁸



Implications for Child Care

Ventura County's population is steadily increasing and projections indicate that this trend will continue, increasing demand for child care programs. However, the county is not growing as fast as other nearby counties or the state.

Within Ventura County, the city of Moorpark experienced the fastest rate of growth at 23 percent. The slowest growing urban area in Ventura was of Ojai with a growth rate of only 3 percent. Currently Oxnard is Ventura's most populous city with over 170,00 residents.⁹

Projections demonstrate that current population trends are expected to continue in the next several decades. Specifically, Ventura County's population is projected to increase an estimated 22 percent from 2000 to 2020, totaling over 924,410 residents.¹⁰ The population of children is estimated

⁷ California State Department of Finance. E1City/County Estimates, 2003.

⁸ Ibid.

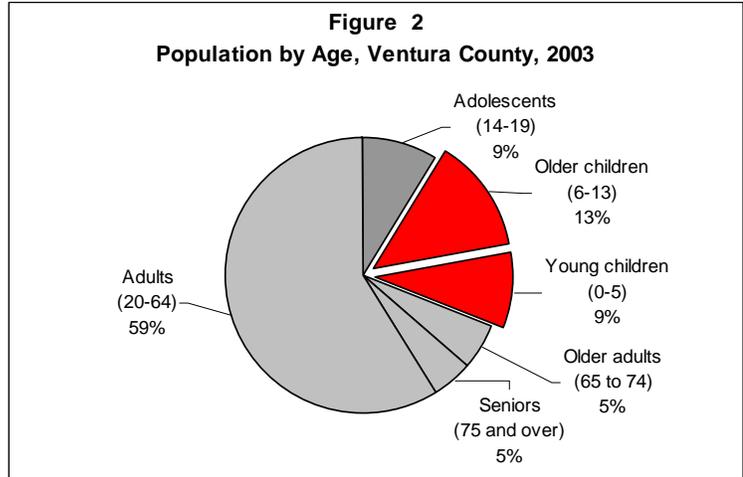
⁹ Ibid.

¹⁰ California State Department of Finance. Interim County Population Projections, Estimated July 1, 2000 and Projections for 2005, 2010, 2015, and 2020.

to grow slightly slower over the same time—22 percent, and there will be approximately 61,924 children under the age of five living in Ventura County by 2020.¹¹

Childbirth is historically the primary driver of population growth in Ventura County. Recently, however, net migration has become an increasingly significant source of population growth. From 1990 to 2002, the county's natural population increase (the difference between the number of births and deaths) was almost 90,000 residents. During the same time period a net estimate of 19,075 people moved into Ventura County (net immigration). When compared to domestic immigrants, recent international immigrants are younger, less educated, and have a lower household income.¹²

Of 58 counties in California, Ventura County ranks 19th in the percentage of the population under 14, with an estimated 176,500 residents under 14 years of age (22 percent of the general population). Younger children, children ages from birth through age five total 71,200 and make up nine percent of the general population (see Figure 2).¹³



Of the 98,000 families with children under 18 years old in Ventura County in 2000, over 21 percent are single-parent families, a significant increase from 1990 when just over 15 percent of families with children under 18 were single-parent families. Single-parent families typically rely on child care in order to work and to go training/school. If this trend continues there will be an increased need for an improved child care infrastructure in order to maintain employment and training opportunities for this growing population.¹⁴

Implications for Child Care

Single-parent families, the families most dependent on child care, are prevalent in Ventura County—well over 20 percent of families with children under 18, and over 16 percent of families with children under 6, are single-parent families.

DIVERSITY

Children in Ventura County are significantly more diverse in terms of race and ethnicity than the general population. While White/Caucasians represent 57 percent of the total population, they represent only 41 percent of children ages 0 to 4 years of age (under five years old.) In contrast, while residents of other diverse Non-Hispanic/Latin ethnicities, including those of two more races make up only 3 percent of the general population, they make up 22 percent of children under 5 years

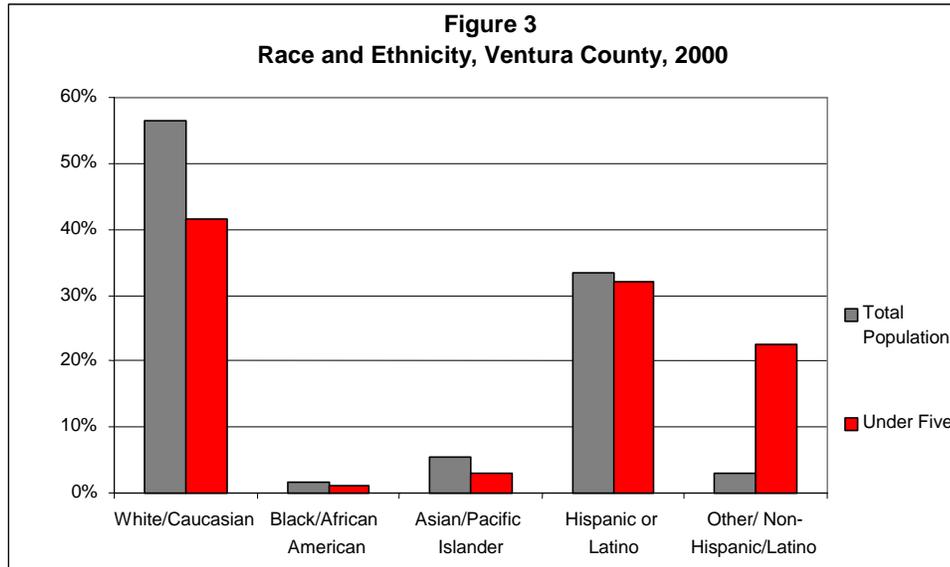
¹¹ California State Department of Finance. County Population Projections with Age, Sex and Race/Ethnic Detail July 1, 1990-2040 in 10-year Increments.

¹² P.Chang. "The State of the Region", December 2002. Southern California Association of Governments.

¹³ Kids Count Census Data (ranking) and U.S. Census Bureau. Census 2000.

¹⁴ U.S. Census Bureau. Census 1990 & Census 2000.

of age.¹⁵ As in the adult population, children identified as Hispanic/Latino make up close to one third of the population of children 0 to 14 years of age (see Figure 3).¹⁶



There are a growing number of children who enter kindergarten as English learners. The proportion of these children increased from 28 percent in 1995 to 1996, to 33 percent in 2002 to 2003. Of those kindergartners learning English for the first time in 2002 to 2003, 95 percent were Spanish speakers. The next most common languages for English learners to speak as their primary language in kindergarten were Tagalog and Vietnamese.¹⁷

LABOR FORCE SIZE AND CHARACTERISTICS

The labor force in Ventura County numbers almost 372,020.¹⁸ Currently, 68 percent of the working-age population participates in the labor force. That includes a significant number of single-parents with children at home and parents who live in dual working parent households. For example, over one in four labor force participants in Ventura County is a working parent with a child under 18 living in a household where all parents work, and almost one in ten labor force participants has a child under age six.¹⁹

Currently, almost 63 percent of children between the ages 6 through 13 have all parents in the labor force, and 53 percent of children under six have all parents in the labor force.²⁰ In total there

Implications for Child Care

There are 92,025 children, birth through age 13 that have all parents in the workforce.

are 92,025 children ages 0 through 13 that have all parents in the household working.²¹ While not all families use licensed care- some may arrange work schedules so that one parent is home with children and others may place children with family, friends or neighbors—these demographics do highlight the need for care and education programs for children so that their parents can work.

¹⁵ U.S. Census Bureau. *Census 2000*.

¹⁶ Ibid.

¹⁷ California Department of Education, DataQuest.

¹⁸ *Civilian Labor Force Estimates*: December 2003. The labor force includes those who are employed or actively looking for work.

¹⁹ U.S. Census Bureau, *Census 2000*.

²⁰ U.S. Census Bureau. *Census 2000*. As cited by the California Child Care Resource and Referral Network in the *2003 Child Care Portfolio*.

²¹ Ibid.

A high percentage of labor force participants in Ventura County commute to surrounding counties with better economic opportunities. In April 2002, Ventura County had 116,600 more people in the labor force than there were jobs. The Ventura County Workforce Investment Board estimates that almost 98,000 of these people either commute to other counties for work or are self-employed.²² These workers highlight an asset for Ventura County's economic development. If adequately trained, this abundant supply of workers could attract businesses to relocate to the county. The high percentage of commuters in Ventura County also indicates a need for child care options that exist outside the traditional workday.

Implications for Child Care

Ventura County must strengthen economic infrastructures such as child care to increase labor force participation and productivity for existing workers. Like transportation and housing, without accessible and affordable child care, parents will be unable to meet Ventura County's labor demands. The high number of commuters in Ventura County indicates a need for child care options that occur outside the traditional workday.

EMPLOYMENT OUTLOOK

Ventura County has maintained a strong economy throughout the past decade, although economic activity slowed during the recent recession.²³ During the 1990s and early 2000s, the percentage of those within the labor force who could not find a job (the unemployment rate) has been lower in Ventura County than in California. Unemployment rates rose as high as almost 9 percent in the early and mid-nineties, but dropped back down so that in 2003 Ventura County's average unemployment rate was 5.3 percent compared to California's average of 6.8 percent.²⁴

Ventura County's economic strength is due in part to its diverse mix of agricultural, retail, health and business services, manufacturing, and high tech companies.²⁵ Between 1990 and 2003, overall employment in Ventura County rose by 23 percent, or 57,000 jobs.²⁶ During that same time period the trade/transportation/utilities sector employed the largest percentage of the labor force, followed by government, professional & business services, and manufacturing.²⁷ Losses occurred in the agriculture sector: 367 jobs between 1999 and 2002.²⁸

From 2001 to 2008, all of Ventura County's major occupational groups are expected to grow significantly, except mining (which includes oil production). The greatest gains will occur in finance, insurance & real estate, and in manufacturing. Manufacturing includes non-durable goods manufacturing and Ventura County's aerospace industry, both of which are experiencing rapid growth (see Figure 4).²⁹

²² Ventura Workforce Investment Board. *State of the Workforce, 2002*.

²³ UCSB Economic Forecast Project. *The 2004 Ventura County Economic Outlook*. University of California, Santa Barbara. February 2004.

²⁴ Labor Market Information Division, California Economic Development Department. Industry Employment & Labor Force- by Annual Average: March 10, 2004.

²⁵ Labor Market Information Division, California Economic Development Department. "Occupational Outlook Report: 2002-2003."

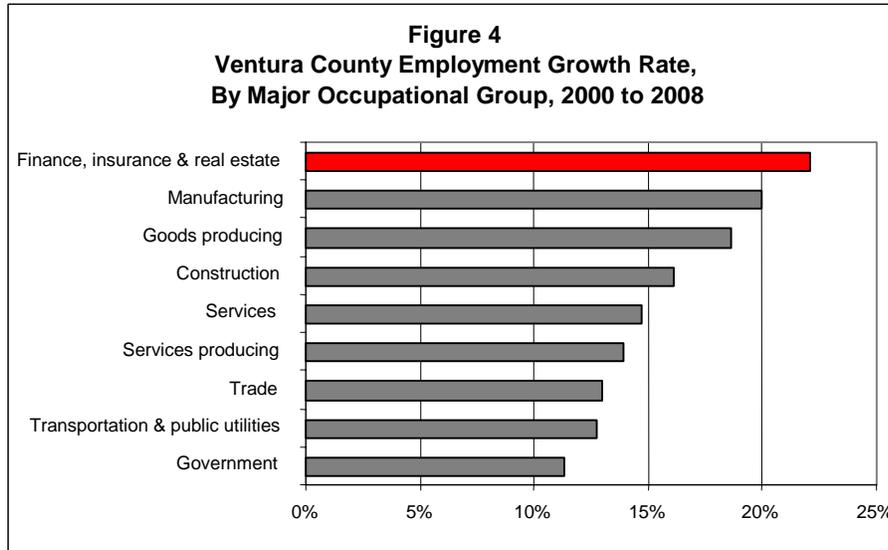
²⁶ Labor Market Information Division, California Economic Development Department. Industry Employment & Labor Force- by Annual Average: March 10, 2004.

²⁷ Labor Market Information Division, California Economic Development Department. Current Industry Employment: March 12, 2003.

²⁸ University of California, Santa Barbara, UCSB Economic Forecast Project. *The 2004 Ventura County Economic Outlook*. February 2004.

²⁹ Labor Market Information Division, California Economic Development Department. Industry Employment Projections, 2001-2008.





Within those major industry occupational groups, professional occupations are expected to experience the fastest growth between 2001 and 2008, with Network & Computer Systems Administrators adding 50 percent more jobs by 2008. Overall, the occupations with the fastest job growth for 2001 to 2008 will include:³⁰

- Network & Computer Systems Administrators
- Packaging & Filing Machine Operators
- Biological Technicians
- Computer Software Engineers, Software
- Computer Software Engineers, Applications
- Office Clerks
- Combination Food Preparation & Serving Workers
- Cashiers
- Waiters & Waitresses
- Landscaping & Groundskeeping Workers

The growth areas in services, food preparation, retail and manual labor have jobs that pay low wages that often require work outside of traditional workday hours. Four out of the five of these occupations paid an average wage of less than \$11 per hour in 2003.³¹ In addition, none of these occupations require a bachelor's degree and require only short or long term on the job training.³² The workers who take these jobs require supports that sustain families who are not economically self-sufficient.

CHILD CARE AND THE FAMILY BUDGET

The Self-Sufficiency Standard measures the amount of income needed for a family to adequately meet its needs without government assistance. This standard varies depending on the location and size of the family. Ventura County's 2003 self-sufficiency wage was \$47,562 for an adult

³⁰ Labor Market Information Division, California Economic Development Department. Occupational Projections: Occupations with the Fastest Growth, 2001-2008.

³¹ Labor Market Information Division, California Economic Development Department. Occupational Employment Data (2002) & Wage Data (2003): Occupational Employment Statistics Survey Results.

³² Ibid.

with two small children,³³ which was significantly higher than Kern, Los Angeles, San Luis Obispo, and Santa Barbara counties, but lower than Orange County.³⁴

One of Ventura County's strongest attributes for attracting businesses and high-skilled workers to the area is its growing, diverse economy compared to other counties in the Southern California region, and to California in general. However, increasing housing costs may affect the ability of new residents to take and keep employment. Out of 191 metro areas surveyed by the National Association of Home Builders in 2002, the Ventura County PMSA ranks 173, meaning it is one of the least affordable housing markets in the United States when its median income is also considered. In addition, Ventura County average apartment rents have rose by more than 55 percent between 1997 and 2003.³⁵ The Ventura County Workforce Investment Board's *State of the Workforce: 2002* concludes that: "high monthly costs for rent and mortgage and related payments may force a household to cut back on discretionary expenses such as education and training that would improve the skills and the ability of workers to move up."³⁶ Residents of Ventura County who earned the median hourly wage, could not afford the cost of a home at the median price of \$440,000 in February of 2004 (a 26.4 percent from the prior year) or the average rent for a two bedroom apartment in a community like Thousand Oaks (\$1,418.)³⁷ In a survey of farm workers in Ventura County, 55 percent of farm workers personally paid more than 30 percent of the household income on housing.³⁸

The median hourly wage for all occupations in Ventura County is almost 96 percent of the state of California's.³⁹ However, more than half of all jobs in Ventura County pay less than the self-sufficiency wage for a single adult with an infant child (\$17.73/hour).⁴⁰ Of the top ten jobs with greatest absolute projected growth from 2001 to 2008, only one (General & Operations Manager) paid the same as or more than an hourly self-sufficiency wage (\$16.29/hour for single-parent family with two school-aged children) in 2003. In fact, six of the ten jobs pay less than 75 percent of an hourly-self sufficiency wage. The mean entry-level hourly wage for Ventura County (\$8.29) is considerably lower than the self-sufficiency wage for a single adult (\$10.62).⁴¹

Half of the jobs in Ventura County don't pay a self-sufficiency wage for single-adult with and infant child. Six of the ten jobs with greatest projected growth pay less than 75 percent of the hourly self-sufficiency wage for a single-parent with two school-aged children.

Child care programs are a significant expense for families in most income brackets in Ventura County. The average annual cost for full-time licensed center-based child care for an infant is more than \$10,000, and full-time center-based child care for a preschooler costs over \$6,000 in Ventura County.⁴² Annual full-time, unsubsidized center-based child care for an infant costs significantly more than the annual undergraduate tuition/fees for a Ventura County resident at California State University-Channel Islands (\$2,794 for two

The average annual cost for full-time licensed center-based child care for an infant is over \$10,000—significantly more than the in-state undergraduate tuition at California State University-Channel Islands (\$2,794).

³³ D. Pearce, J. Brooks. "The Self-Sufficiency Standard for California 2003: December 2003". NEDLC. Data from Ventura, CA PMSA- Oxnard. Similar data available for Santa Paula and Simi Valley.

³⁴ Ibid.

³⁵ University of California, Santa Barbara, UCSB Economic Forecast Project. *The 2004 Ventura County Economic Outlook*. February 2004.

³⁶ State of the Workforce:2002", Ventura County Workforce Investment Board.

³⁷ DataQuick Information Systems & the Dyer Sheehan Group Inc. for the 2003 UCSB Economic Outlook Based on an average apartment two bedrooms. Amounts are as of January 2003.

³⁸ Resource Management Agency, Planning Division. *Farmworker Housing Study, County of Ventura, 2002*.

³⁹ California Employment Development Department. *Occupational Employment (2002) & Wage (2003)*

⁴⁰ D. Pearce, J. Brooks. "The Self-Sufficiency Standard for California 2003: December 2003". NEDLC. Data from Ventura, CA PMSA- Oxnard. Similar data available for Santa Paula and Simi Valley.

⁴¹ California Employment Development Department, Labor Market Information Division. *County Snapshot, Ventura County, 2003*.

⁴² Child Development Resources of Ventura County. Information based on a 2004 survey of child care centers.



semesters).⁴³ For a family earning median income (\$66,730) with an infant in full-time center-based care and education, child care costs take up 15 percent of the family's total income.⁴⁴ However, for a single-parent working as strawberry field worker, earning a median income of \$8,000, full time unsubsidized center-based child care for a preschooler would take up 75 percent of that parent's annual income.⁴⁵ For a family at median income that has both a preschooler and infant in full time center-based care and education, these child care costs take up more than 22 percent of total income.⁴⁶ Families are likely to have fewer resources when parents and children are young, thus increasing the child care burden for families when they need it.⁴⁷

The 1996 welfare reforms have increased demand for child care by an estimated 15 percent.⁴⁸ And while the reforms increase eligibility for low-income and working poor families to receive child care assistance, at least 13,000 income-eligible children are on waiting lists for child care subsidies in Ventura County.⁴⁹ The Ventura County Workforce Investment Board recognizes the importance of child care supports for low-income families seeking employment and training, "For those moving off of welfare, successful integration into the labor force has been found to hinge on quality jobs and on the availability of child care through work-site facilities or subsidized care...(nationally) only one in five former welfare recipients who do not receive child care subsidies are still employed after two years."⁵⁰

"For those moving off welfare, successful integration into the labor force has been found to hinge on quality jobs and the availability of child care through work-site facilities or subsidized care."

Ventura County Workforce Investment Board

IMPLICATIONS

Ventura's shifting economic and demographic landscape creates a challenge for its child care industry. Changing and evolving economic and social conditions – population shifts, growing diversity, a shortage of qualified workers, and continuing welfare reform – fuel continued need for accessible, affordable, and quality child care programs.

⁴³ California State University. *CSU 2004/2005 Academic Year Resident, Undergraduate Student Fees*. Estimate is based on full-time registration (greater than 6.1 units per semester) for two semesters (\$2,334) plus annual campus fees (\$460). http://www.calstate.edu/budget/FeeEnrll_Info/FeeInfo/Campus_Mand_Fees/04-05MandFees.pdf

⁴⁴ US Census Bureau. American Community Survey Profile: 2002.

⁴⁵ Resource Management Agency, Planning Division. *Farmworker Housing Study, County of Ventura, 2002*.

⁴⁶ US Census Bureau. American Community Survey Profile: 2002.

⁴⁷ G. Becker and N. Tomes. "Human Capital and the Rise and Fall of Families." *Journal of Labor Economics*, Vol. 4(3):S1-S39, 1986.

⁴⁸ Ventura County Workforce Investment Board. *State of the Workforce 2002*.

⁴⁹ California Child Care Resource and Referral Network. *The Child Care Portfolio, 2001*.

⁵⁰ Ventura County Workforce Investment Board. *State of the Workforce 2002*.

Section Three

Economic Profile of the Child Care Industry

To assess the economic characteristics of the child care industry in Ventura County, this section quantifies:

- The size of the industry, as reflected in output or gross receipts
- The total direct employment of the industry
- The capture of federal and state monies designated for child care
- The size and characteristics of the child care market

The section also addresses factors necessary to increase the industry's capacity to meet the needs of Ventura County's children, families, and economy. It should be emphasized that the economic analysis covers the formal child care industry and excludes license-exempt child care as defined in the introduction of this report. Thus, the findings are underestimates of the full impact of child care.

In addition, the analyses in this section do not include revenue and employment in indirect support services through the child care infrastructure, including research, oversight, administration, and training activities at government, non-profit, and for-profit establishments. Again, this results in a conservative estimate of the impact the child care industry has on the county's economy.

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 that industry over the course of a given year. For the child care industry, gross receipts are equal to the total amount of dollars flowing into the sector in the form of payments for care, including both parent fees and private and public subsidies.

State and national surveys do include "child day care services" as an industry classification, but they underestimate the size of the industry because of its diversity of establishments, which includes self-employed individuals, programs run by religious or social organizations, and not-for-profit and for-profit small businesses and chains.⁵¹ This study uses a more accurate method of measuring the size of the child care industry, primarily relying upon data from the Child Development Resources of Ventura County (the county's Child Care Resource and Referral Agency) and Economic Opportunity Corporation, the California Department of Education, and Children's Home Society.⁵² The information from these entities provides a comprehensive picture of the child care industry in the county.

For licensed child care centers (excluding Head Start programs) and licensed family child care homes gross receipts were calculated by multiplying average yearly consumer price by usage. Because children's enrollment can be part- or full-time, usage was defined as full-time slot fulfillment rather than the number of children served. In addition, to ensure that gross receipts were accurately

⁵¹ The North American Industry Classification System (NAICS) is the most used classification system, separating industries into 20 major sectors, and 1,196 industry subsectors. "Child Day Care Services" is NAICS code 624410.

⁵² Child Development Resources of Ventura County collects comprehensive local data on the availability and use of licensed establishments, Head Start programs and most formal, license-exempt programs. The Economic Opportunity Corporation has comprehensive information about Los Niños Migrant and Seasonal Head Start. The California Department of Education has comprehensive information on programs funded by the California Department of Education.



captured, child care costs and slot fulfillment information were broken down by type of establishment (licensed child care centers and licensed family child care homes.) For center-based programs, price and slot fulfillment were further broken down by age of child (infant, pre-school age and school age). Annual government expenditure information was used for all Head Start programs. For a detailed methodology, please see Appendix A.

Based on the methodology briefly described above, the estimated value of annual gross receipts for the formal child care industry in Ventura County is \$153 million:

- \$50.5 million for licensed family child care homes
- \$82.6 million licensed child care centers⁵³
- \$9.2 million for Head Start
- \$1.5 million for Early Head Start programs
- \$150,000 Migrant Head Start
- \$69,000 Native American Head Start
- \$1.4 million Navy Child Development Centers
- \$1.7 million Navy Child Development Home Network
- \$5.9 million for the Child Care Food Program

The child care industry generates \$153 million in gross receipts in Ventura County.

The majority of gross receipts are paid by parents, but a portion are paid by government assistance programs that assist in making child care programs affordable for low-income families. This gross receipts value includes any subsidies from employers to parents, since they would make up a portion of the consumer price paid towards child care programs the parents purchase for their children. This analysis does not include any employer monies invested in a program outside of consumer price. For example, if a company made a grant to an on-site or near-by establishment, which enabled the establishment to offer services at a lower cost to parents, only the cost to parents would be captured. This estimate also excludes investments from philanthropic organizations. This discrepancy results in an underestimate of the total dollars going into the industry.

GROSS RECEIPTS COMPARED WITH OTHER INDUSTRIES

Comparing the child care industry's gross receipts with other industries in the state puts the gross receipts calculation into context. Ventura County industries range widely in size, from \$938,000 for dance schools to \$2.5 billion for motor vehicle and parts dealers.⁵⁴ Comparing the child care industry with Ventura County's other industry sectors indicates that child care generates more gross receipts than accommodation (\$143 million) and celery production (\$117 million) and is similar in size to other industries in the county, such as fruit and vegetable preserving (\$166 million).⁵⁵

The child care industry generate nearly 50 percent as many gross receipts as strawberry production (\$310 million; see Figure 1), the county's leading crop.⁵⁶

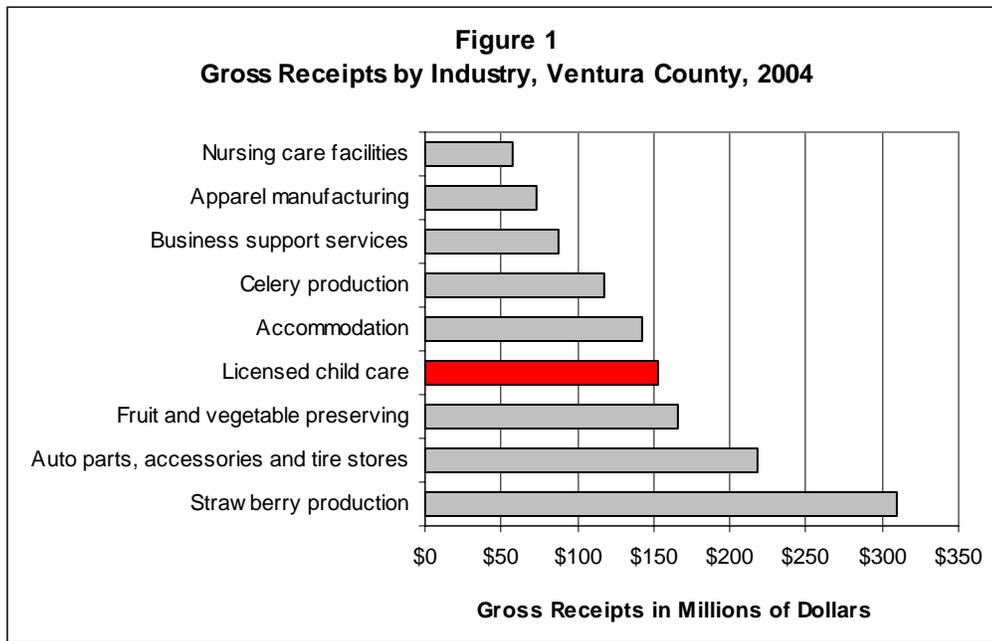
The child care industry generates more gross receipts than celery production and accommodation in the county.

⁵³ Licensed child care centers include all private license child care centers and public child development centers funded through the California Department of Education.

⁵⁴ Based on the U. S. Census Bureau's 1997 Economic Census, and adjusted to 2004 values using the CPI.

⁵⁵ With the exception of celery production, all gross receipts estimates are based on the U.S. Census Bureau's 1997 Economic Census, and adjusted to 2004 values using CPI. Celery production gross receipts estimates are derived from the Ventura County Agricultural Commissioner's *Annual Crop Report 2003*, and updated to 2004 dollars using the CPI.

⁵⁶ With the exception of strawberry production, all gross receipts estimates are based on the U.S. Census Bureau's 1997 Economic Census, and adjusted to 2004 values using CPI. Strawberry production gross receipts estimates are derived from the Ventura County Agricultural Commissioner's *Annual Crop Report 2003*, and updated to 2004 dollars using the CPI.



DIRECT EMPLOYMENT

Direct employment for child care in 2004 in Ventura County is estimated to be 4,721 full-time equivalent jobs (FTEs) including:

- 1,266 FTEs in licensed family child care homes
- 3,116 FTEs in child care centers
- 65 FTEs in Navy Child Development Centers
- 62 FTEs in the Navy Child Development Home Network
- 152 FTEs in Head Start
- 19 FTEs in Early Head Start programs
- 41 FTEs in Migrant and Native American Head Start programs

The child care industry directly supports 4,721 full-time equivalent jobs.

This figure is derived from the number of children in different types of programs, assuming compliance with minimum staffing requirements imposed by licensing laws for different age groups, and minimal support staffing in centers (for specific staff-to-child ratios please refer to Table 2 in Appendix A). Direct employment figures for all Head Start programs were derived by estimates from administrators from the various programs (please see Appendix A for a detailed methodology).

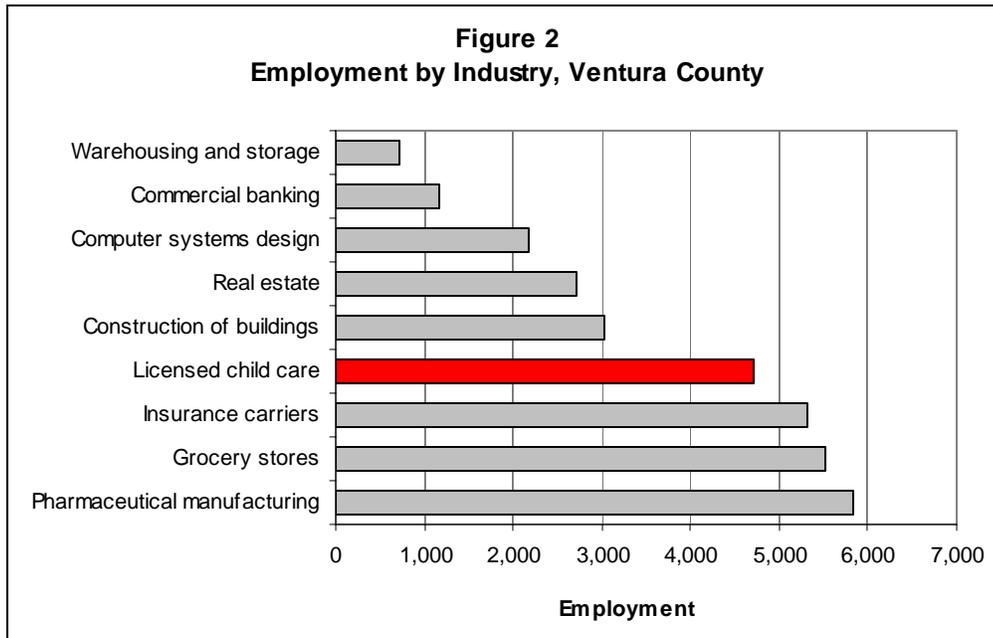
The total number of people working in the child care industry is likely higher because so many child care professionals work part-time. Therefore, the estimate derived from statewide data also understates the total child care economic activity because it only counts licensed establishments (excluding license-exempt individual care-giving by nannies, babysitters, relatives, or neighbors). In addition, the estimate is calculated based on the minimum staff-child ratio required by state law. Some child care operators choose to maintain higher ratios in order to improve program quality, to achieve specific quality goals that increase their business' competitiveness, or to qualify them for accreditation from the National Association for the Education of Young Children.

DIRECT EMPLOYMENT COMPARED WITH OTHER INDUSTRIES

To put employment findings in context, the number of FTEs in child care is compared to employment in other industries. The number of FTEs in child care is similar to the number of employees in pharmaceutical manufacturing (5,840 jobs), grocery stores (5,511 jobs), and insurance carriers in the county (5,324 jobs; see Figure 2).⁵⁷

The child care industry employs almost as many people as pharmaceutical manufacturing, grocery stores and insurance carriers in the county.

There are more FTEs in child care in the county than there are workers in computer systems design (2,166 jobs) and commercial banking (1,173 jobs; see Figure 2). There are almost seven times as many professionals working in child care as there are people working in warehousing and storage (708 jobs; see Figure 2).⁵⁸



CAPTURE OF FEDERAL AND STATE SUBSIDIES

The state and federal governments provide support for child care by funding child care assistance for low-income families and by directly funding child development programs. The availability of federal and state child care investments plays an important role in supporting local economic development and the sustained employment of low-income families. Furthermore, these funds promote the development of Ventura County's low-income children for economic success in the future. There are a number of programs that provide direct services in local communities. They are described here with the most recent funding information available.

Subsidies are provided in three basic forms: direct contracts with child care centers based on the number of low-income children they serve and the number of days of care provided, an "Alternative Payment" (AP) program which enables families to choose their own licensed or license-exempt child care provider, and direct payments to providers to improve child care quality.

⁵⁷ Data is from the 2002 Ventura County Covered Employment and Wages (ES-202) survey.

⁵⁸ Ibid.

The Child Development Resources of Ventura County (CDR) provides subsidized child care assistance available to low-income families. CDR supports a portion of the cost of child care services to assist parents who are maintaining employment or attending education/training classes that lead to employment. Families may choose their own licensed or license-exempt provider.

Subsidized child care assistance, both at the federal and state levels, increased substantially following sweeping reforms to the federal welfare system in 1996 (the Personal Responsibility and Work Opportunities Act). California created its own version of welfare to comply with the new federal system, called CalWORKs (California Work Opportunity and Responsibility to Kids). CalWORKs replaced separate welfare-related child care systems with an integrated three-stage child care system. "Stage One" child care services are administered by the California Department of Social Services (CDSS) through county welfare departments. Stages Two and Three child care services are administered by local agencies under contract with the California Department of Education (CDE). In 2003, low-income families in Ventura County received \$30.2 million in CalWORKs and AP payments for child care.⁵⁹

The comprehensive child development programs of Head Start make up a significant portion of public funding for child care. Head Start programs serve children from birth to age 5, pregnant women and their families in child-focused programs designed to increase school readiness of young children in low-income families. In 2003, Ventura County spent more than \$10.9 million in federal and state funds for Head Start, Early Head Start, Native American Head Start, and Migrant Head Start programs.⁶⁰

The California Department of Education supports a number of child development programs throughout the county. For example, the California Department of Education funds state pre-schools, general child development centers, latchkey centers, and federal block grant centers. In 2003, the California Department of Education spent more than \$7.7 million programs in Ventura County.⁶¹

The United States Department of Agriculture contracts with multiple local sponsors to operate a child care food program, which contributes dollars to the local economy in the amount of \$5.9

CalWORKs Child Care at a Glance

Stage One: CalWORKs families become eligible when the parent starts work or work-related activities and there is no other adult family member to provide care. The child's age, the cost of care, and the provider chosen sometimes limits eligibility. Centers, licensed family day care, or license-exempt providers provide care based on the parent's choice. Families who cannot transfer to Stage Two continue to receive subsidies through Stage One under Stage Two rules and limits.

Stage Two: Once work activity is stable or parents transition off aid, parents or caretakers are eligible for child care subsidies for up to two years from the date they leave assistance if they are engaged in an approved activity, have a need for child care to continue this activity, and meet all other child care eligibility factors.

Stage Three: When a funded space is available, a family whose income is at or below 75% of the state median income, and who have exhausted their 24-month maximum for Stage Two care, enters Stage Three.

⁵⁹ Child Development Resources of Ventura County. *State Fiscal Year 2003 Funding for CalWORKs and AP Payments.*

⁶⁰ Child Development Resources of Ventura County and Economic Opportunity Corporation. Funding is based on State Fiscal Year 2003.

⁶¹ Child Development Resources of Ventura County. *State Fiscal Year 2003 Funding for California Department of Education Preschool and Child Development Programs.* Funding information for some CDE funded programs was not available at the release of this report and therefore was not included in this estimate.



million for Ventura County per year. These funds enable providers to supply nutritious meals for children from low-income families.⁶²

Some federal funds for child care include a requirement that four percent be used to improve the quality of child care. These federal dollars are matched by state funds. This money goes to support the education and training of child care professionals, capacity building, resource and referral, and a number of other activities designed to build and sustain the capacity of high-quality child care.

Navy Child Development Centers and the Navy Child Development Network are both funded by the Department of Defense and parent fees. The Department of Defense also funds professional development and training onsite. However, at the time of this report, funding information was not available and therefore, is not included in this analysis.

In 2003, Ventura County drew down roughly \$54.7 million in child care-related funds.⁶³ Some of the funds for direct services were distributed through licensed child care facilities; however, 38 percent of children receiving CalWORKs and Alternative Payments spent their funds on license-exempt providers, thus these funding levels should not be compared to the gross receipts analysis described earlier in this section.⁶⁴

In 2003, Ventura County drew down approximately \$54.7 million in federal and state child care investments.

Child care subsidies benefit Ventura County in several ways. First, they are an important part of workforce development and enable many people who would otherwise have to look after their own children or leave them in an unsafe setting, such as self-care, to join the labor force. Second, they bring in new dollars to the local economy, which then circulate through various service sectors and stimulate other economic activity. Third, high quality child care programs generate high future public savings in criminal justice, remedial education, and other areas. Please see Section 4 for a more detailed analysis of the public savings stemming from quality child care.

Because lower-wage occupations lead much of Ventura County's projected job growth, the availability of federal and state child care subsidies continue to play an increasingly important role in supporting local economic development. Targeted local investments in child care help the county garner a larger share of child care subsidies and, in turn, maximize the local economic effects of those federal and state funds.

THE CHILD CARE MARKET

There are approximately 1,424 formal child care programs in Ventura County, including:

- 232 large licensed family child care homes
- 802 small licensed family child care homes
- 279 in licensed child care centers
- 23 Head Start programs
- 16 Early Head Start programs
- 3 Migrant Head Start Programs
- 1 Native American Head Start Program

⁶² California Department of Education. Federal Fiscal Year 2002-2003 County Profile for California Child Care Food Program, Ventura County.

⁶³ With the exception of the Child Care Food Program, all subsidy information is based on State Fiscal Year 2003.

⁶⁴ Child Development Resources of Ventura County and Economic Opportunity Corporation. Funding is based on SFY 2003. Some CDE funded programs were not included in this estimate.

- 4 Navy Child Development Centers⁶⁵
- 64 home providers in the Navy Home Provider Network⁶⁶

Currently, the formal child care industry has the capacity to serve approximately 27,000 children at any one time.⁶⁷ In 2000, there were almost 92,025 children ages 0 through 13 with all parents in the labor force.⁶⁸ The formal child care industry has the capacity to serve 29 percent of those children at any one time. While not all families utilize formal child care arrangements- some may arrange work schedules so that one parent is home with children and others may place children with family, friends or neighbors- this information highlights that there is a significant percentage of children with all parents working who are not in formal child care.

The child care industry can serve almost 27,000 children at any one time, just 29 percent of children from birth through age 13 with all parents in the workforce.

DEMAND FOR QUALITY CHILD CARE

Demand for the industry relies on these key factors:

- Need
- Quality
- Affordability
- Accessibility
- Preference

These five factors are interrelated, thus making it difficult to quantify market demand from an economic standpoint. In *Child Care Quality*, Deborah Vendell and Barbara Wolfe note that there are two causes for market failure for quality child care: parents lack accurate information about quality child care, and society doesn't realize that the benefits "accrue not just to the parents and to the child but to society in general," although parents are primarily responsible for the cost.⁶⁹

Affordability is a critical barrier for many families who need or prefer quality child care. Demographic and economic trends indicate that more families will be challenged by child care affordability as the low-wage workforce expands.

The supply of accessible child care is also a substantial problem for parents in Ventura County. Accessibility refers to parents' ability to use programs. Location, hours of operation, available transportation and transitions between part-day programs all affect accessibility. Rural and urban areas differ in the best service delivery system, since transportation, commute patterns, and parental preferences differ.

Evidence suggests that there is already a shortage of subsidized and affordable child care, care for infants and toddlers, rural child care, quality child care, child care for mildly ill children, and care that occurs outside the traditional workday. Efforts to expand existing child care programs to

⁶⁵ Interview. Department of the Navy, Naval Base Ventura County. National Economic Development and Law Center, 2004.

⁶⁶ Ibid.

⁶⁷ Information on all formal programs excluding Navy programs, were collected by Child Development Resources of Ventura County, 2004. Capacity information was collected by the National Economic Development and Law Center through an interview with Department of the Navy, Naval Base Ventura County, 2004.

⁶⁸ U.S. Census Bureau. *Census 2000*. As cited by the California Child Care Resource and Referral Network's *2003 Child Care Portfolio*.

⁶⁹ D. Vandell and B. Wolfe. *Child Care Quality: Does it Matter and Does it Need to Be Improved?*, 2000. As cited in: J. Lombardi. *Time To Care: Redesigning Child Care to Promote Education, Support Families, and Build Communities*, 2003.



meet the growing needs of working parents and to improve the quality will not be successful unless affordability and accessibility for parents are addressed.

Relying on the majority of parents to pay the full cost of quality, accessible child care is not realistic. As household expenditures in other areas increase (see the previous section), and in many cases, wages go down, child care is cost-prohibitive for families in most income brackets. Increased investment by other stakeholders into the child care system is necessary. These stakeholders include industries who rely on a skilled workforce, economic development agencies who work to create sustainable communities in Ventura County, and workforce agencies who ensure that people remain employed despite low wages. The benefits for other stakeholders will be discussed in more detail in the following section.

SECTION SUMMARY

The diversity of the child care system is a vital feature in its ability to meet the needs of families in Ventura County but makes it difficult to analyze and measure. However, using data maintained by organizations that administer programs and track the supply, market price, and licensure of child care facilities, an estimate of its composite size can be derived. This overall size, measured in terms of gross receipts and employment, is comparable to many other more easily recognizable industries in the county, such as pharmaceutical manufacturing, strawberry production, and fruit and vegetable preserving.

The substantial size of the child care industry means that it not only supports the economy by allowing parents to work and preparing children for future academic and economic success, but also contributes to the economy's vitality by employing significant numbers of workers, generating gross receipts, and purchasing goods and services from many other industry sectors. The industry also supports the economy by garnering significant levels of state and federal funds available to support quality improvement and to provide child care to low-income families. These families represent a substantial portion of the existing and potential workforce, and are vital to the continued growth of the economy.

Efforts to improve the accessibility, affordability, and quality of child care programs will ensure that the child care industry can meet the needs of the Ventura County economy.

Section Four

Child Care, Business and Economic Development

In addition to being a significant job-creating, income-generating industry in its own right, the child care industry is linked to Ventura County businesses and the economy as a whole in four key ways. Child care:

- Enables parents to be productive members of Ventura County's labor force
- Drives labor force productivity by decreasing absenteeism, reducing turnover, and enhancing recruitment at existing businesses
- Cultivates Ventura County's future workforce by improving the cognitive skills and emotional well-being of children and ensuring they enter the traditional K-12 school system ready to continue learning
- Offers a financial return by reducing future public spending in such areas as criminal justice, remedial education, unemployment, and welfare

ENABLING THE CURRENT WORKFORCE

The child care industry:

- Sustains labor force participation rates of parents
- Promotes career development and educational advancement
- Attracts and retains young working families to the county

Nearly one in four workers in Ventura County have children under 18 and live in households where all parents work. The families earn over \$2.2 billion per year in Ventura County.

Sustaining Labor Force Participation

Most parents work. Almost one in four labor force participants in Ventura County are parents with children under 18 living in households where all parents work. One in ten workers live in a household with children under six and have all parents in the household working. In total, 61,000 families with children under 18 in which all parents work earn over \$2.2 billion annually in Ventura County.⁷⁰ Working parents with children under 6 earn over \$200 million dollars every year.⁷¹ These estimates provide a snapshot of the vital role that working parents play in the economy.

Clearly, not all families who currently have a parent at home would choose to have that parent in the workforce, even if there were increases in accessible, affordable, quality child care capacity. For economic vitality, providing a quality and affordable infrastructure, so that all adults who wish to work can find and sustain employment, is critical to meeting workforce demands for an economically competitive region. It also offers the county's economy an untapped labor force in those who wish to work but who are unable to do so because they are caring for children.

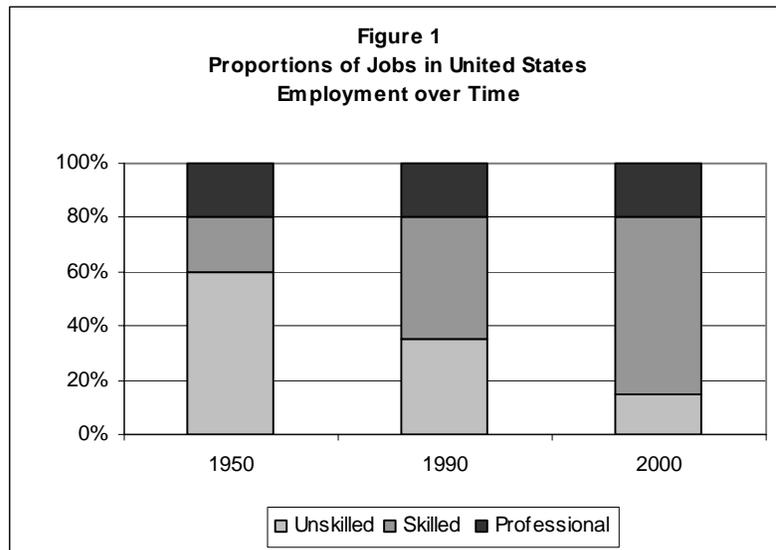
⁷⁰ Based on Census 2000 income for various family types with and without children.

⁷¹ Ibid.



Enabling Career Development and Educational Attainment

More and more jobs require higher educational attainment and skills training (see Figure 1).⁷² The availability of affordable, accessible child care affects parents' ability to pursue additional education or training. As the county's economy shifts to industries that require advanced technology, ensuring that Ventura's workers have access to skills training and higher education degrees to prepare them to enter the workforce as skilled professionals or to retrain them in mid-career for changing labor force demands is paramount.



The Ventura County Workforce Investment Board recognizes the vital role that human capital plays in economic development, "No other aspect of the County's population is more important...to economic and social progress than the educational attainment of its labor force. Better educated workers are needed to staff desired growth in high tech industries and also across the economy to take advantage of the productivity gains possible through applications of computer based information technologies."⁷³ Given that much of the emerging, dislocated, and incumbent workforce are parents, child care options are critical to enabling families to earn living wages and take advantage of educational opportunities that improve their skills and earning power in the workplace.

Increasing human capital in Ventura County by expanding opportunities for education results in economic benefits to:

- Individuals through higher incomes
- Government through larger tax revenues, a decreased reliance on government programs, and lower unemployment
- Businesses through a more skilled workforce and greater productivity

Higher educational attainment reduces the likelihood of needing various government supports. In a long-term study of low-income families who needed government assistance to meet basic family needs, mothers with children who participated in an intensive child development program, that included parental involvement, achieved higher educational and employment status than similar mothers whose children were not randomly assigned to the program.⁷⁴ Another study investigating higher education opportunities for individuals transitioning from welfare to work found that 88 percent of individuals receiving welfare assistance who obtained four-year college degrees discontinued participation in welfare after earning their degree.⁷⁵

⁷² Figure 1 from the North Carolina Budget and Tax Center. *The State of the State's Economy: From Boom to Bust and Beyond*. Raleigh, Fall 2003.

⁷³ Ventura County Workforce Investment Board. *State of the Workforce, 2002*.

⁷⁴ Discussion of results of *The Abecedarian Study*, as cited on www.fpg.unc.edu/~abc/.

⁷⁵ T. Karier, *Welfare Graduates: College and Financial Independence*, Levy Economics Institute of Bard College, as cited in *Grassroots to Graduation: Low-income Women Accessing Higher Education*. Boston: Wellesley College Center for Research on Women and Women's Institute for Housing and Economic Development, 2003.

Unemployment is also less likely for those who have attained higher education. Research from the Department of Labor demonstrates that while 9 percent of the nation's labor force with less than a high school diploma were unemployed between October 2002 and October 2003, 5.4 percent of those with a high school diploma, 4.8 percent of those with an associate's degree or some college, and 3.1 percent of those with a Bachelor's degree or higher were unemployed.⁷⁶ Ensuring access to higher education for parents will help them to meet the skilled labor force demands in Ventura County in the coming years and to remain employed.

Higher education levels increase income and decrease the need for government programs such as welfare and unemployment insurance.

Many colleges and universities are committed to ensuring that parents have access to higher education and by providing on-site child care facilities to accommodate parents pursuing both undergraduate and graduate degrees, although funding for these programs to make them affordable to students is often in jeopardy. For example, Ventura College has invested in an onsite child development center, Kinko's Child Development Center. Several years ago the center received a \$1.5 million dollar endowment from Paul Orfalea, the founder of Kinko's. The endowment provides a permanent source of income that will enable the center to limit tuition while providing high-quality child care to children.⁷⁷ As Paul Orfalea states, "It is our hope and dream that Kinko's Child Development Center, Ventura College will always provide love and inspiration between young children, their families, teachers and all who care for them. May this nurturing community encourage an awareness and belief in one's self-esteem and a healthy respect for the individuality of others."⁷⁸ The center serves 90 children and enables their parents to pursue education and training necessary for economic sustainability. Student parents get reduced-price care and many are eligible for subsidies from CalWORKs. The center also has been awarded two multi-year grants that provide subsidized child care for a total 30 families per year.⁷⁹

Oxnard College also has an onsite child care center that serves up to 125 children and offers critical part-time child care to student parents. However, in 2003, the center averaged 45 children on the waitlist. The center is currently being refurbished to meet accreditation specifications.⁸⁰ Policies that enable parents with limited incomes to pursue higher education and offer assistance with child care costs benefit the economy.

Research also demonstrates that student parents using on-campus child care:

- Have higher graduation rates than their campus counterparts,⁸¹
- Are more likely to remain in school and graduate in fewer years;⁸² and
- Have higher grade point averages.⁸³

Similarly, student parents indicate that the availability of child care is critical to their decision

⁷⁶ U.S. Department of Labor. *The Employment Situation: October 2003*. Washington, D.C. : U.S. Department of Labor Bureau of Labor Statistics, 2003.

⁷⁷ Interview. Robin Douglas, Director of Kinko's Child Development Center—Ventura College. The National Economic Development and Law Center, June 2004.

⁷⁸ Paul Orfalea, Opening of the Kinko's Child Development Center—Ventura College.

⁷⁹ Interview. Robin Douglas, Director of Kinko's Child Development Center—Ventura College. The National Economic Development and Law Center, June 2004.

⁸⁰ Kim Karkos, Oxnard College Child Care Center. Interview, the National Economic Development and Law Center, 2004.

⁸¹ *Impact of Campus-based Child Care on Academic Success Student Parents at SUNY Community Colleges, 1989, and Child Development Center Participant Analyses, Bronx (New York City) Community College, 1994*. As cited by The National Coalition for Campus Children's Centers in their policy brief: *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936, 1999*.

⁸² *Ibid.*

⁸³ *Ibid.*



to enroll in college.⁸⁴ Limited capacity in child care programs offered during non-traditional hours prevents parents from enrolling in classes or programs that are offered outside of the traditional workday.

Recruiting and Retaining Businesses and Skilled Young Workers

Of the 100 largest metropolitan areas in the nation, Ventura County is ranked only 87th in terms of having a “young and educated” workforce.⁸⁵ The county experiences a low proportion of younger adults (ages 25 to 34) and of those younger adults only 22 percent have a bachelor’s degree.⁸⁶ Recruiting and retaining young professional families is critical to maintaining a healthy workforce in the county. A strong economic infrastructure, which includes a quality child care system, creates sustainable communities that attract businesses and young workers to the county. Ventura County’s future economic success largely depends on its ability to retain skilled workers and attract businesses that pay higher wages. As the Ventura County Workforce Investment Board writes, “The inevitable conclusion is that Ventura County has been suffering a “brain drain” because of lack of opportunity for relatively well educated workers....Without a proactive policy geared toward creating opportunities for highly educated workers, our research shows that the County will continue to export many of those highly educated workers, particularly young people, and import lower-educated workers.”⁸⁷

One of the ways Ventura County attracts and retains young working families, as well as entrepreneurs and businesses, is to maintain a regional quality of life. Just as businesses try to gain a competitive edge in recruiting employees, Ventura County tries to recruit the best businesses to the county. Relatively low business costs, a strong workforce, healthy communities, and high quality of life all contribute to business relocation decisions. A strong, quality child care infrastructure is an important component of these indicators. As, Michele Pettes, President of the Economic Development Collaborative—Ventura County states, “Quality of life is a key element of any attraction and retention efforts for any community. Ventura County’s economic development, like other regions, relies on our region being both a desirable place to live and to work. Child care is an essential issue to any employer in terms of employee attraction and retention. 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.”⁸⁸

“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

Bill Buratto, President and CEO of Ventura County Economic Development Association also realizes the linkage between child care and economic development, “Our overall business climate improves because new companies will locate to Ventura County and enjoy a more stable workforce.

⁸⁴ National Coalition for Campus Children’s Center. Policy Brief entitled *Campus Child Care Bill: Child Care Access Means Parents in School Act, S1151 and H.R. 3936*, 1999.

⁸⁵ The Brookings Institution, Center on Urban and Metropolitan Policy. *Labor Supply Pressures and the “Brain Drain”: Signs from Census 2000*.

⁸⁶ *Ibid.*

⁸⁷ Workforce Investment Board of Ventura County. *Challenges and Choices: Closing the Gap Between Unskilled Workers and Unfilled Jobs*, 2004.

⁸⁸ Interview. Michele Pettes, President of the Economic Development Collaborative—Ventura County. The National Economic Development and Law Center, 2004.

Talented employees will also be attracted to Ventura County for the value it places on work/life balance.”⁸⁹

A CATALYST FOR INCREASED LABOR FORCE PRODUCTIVITY

Like other components of a strong economic infrastructure, the child care industry supports businesses by increasing employee productivity. The availability of affordable, accessible, quality child care has positive effects on businesses’ bottom lines. As the Ventura County Workforce Investment Board writes, “The demonstrated implications on work performance, attendance, tardiness, productivity, and retention would suggest a stake for employers in securing adequate child care for their employees. More child care options and greater affordability will make a substantial difference in our region’s economic stability.”⁹⁰

“The demonstrated implications on work performance, attendance, tardiness, productivity, and retention would suggest a stake for employers in securing adequate child care for their employees. More child care options and greater affordability will make a substantial difference in our region’s economic stability.”

Ventura County Workforce Investment Board

suggest a stake for employers in securing adequate child care for their employees. More child care options and greater affordability will make a substantial difference in our region’s economic stability.”⁹⁰

Nationally and locally, businesses are starting to realize that they can increase their profitability by working to ensure that good child care options exist for their employees. For individual businesses, child care helps them:

- Increase employee retention
- Reduce absenteeism
- Enhance recruitment of the most skilled workers

Increasing employee retention

Particularly for companies that rely on highly skilled workers, retaining existing staff is a priority. Employees with young children may consider discontinuing work or moving to a more family-friendly company. Those who feel supported in their new family roles and who feel that their workplaces offer a balance between work and home obligations are less likely to leave their jobs.⁹¹ When employees do leave because of child care problems or transfer to a company with better child care options, companies lose human capital and incur high turnover costs. A meta-analysis of 15 different turnover cost studies found that average turnover costs for a full-time employee that makes \$8 per hour are over \$9,000 annually, 56 percent the annual wages for that employee.⁹² For salaried employees, costs are at least 150 percent of the base salary, and increase for higher-paid and more valued staff.⁹³

There is considerable evidence that child care benefits increase employee retention. A national study of companies that offer child care centers to their employees found that turnover was nearly one-half in those who used the center compared to other workers.⁹⁴ The survey also found

⁸⁹ Work L.I.F.E. of Ventura County. *Work/Life Initiative Surveys Local Employees on Child/Elder Care Conflicts*, 2003.

⁹⁰ Ventura County Workforce Investment Board. *State of the Workforce*, 2002.

⁹¹ Blue Cross Blue Shield of Massachusetts. “Blue Cross Blue Shield of Massachusetts Named One of the 100 Best Companies for Working Mothers Nationwide.” September 23, 2003, www.bcbsma.com.

⁹² Sasha Corporation. Turnover costs in 15 different studies. www.sashacorp.com. November 2003.

⁹³ W. Bliss. *The Business Cost and Impact of Employee Turnover*. New Jersey: Bliss & Associates, Inc., 1999, www.blissassociates.com.

⁹⁴ Bright Horizons Family Solutions. *The Real Savings from Employer-sponsored Child Care: Investment Impact Study Results*. Boston, MA: Bright Horizons, 2003.



that more than half of the center users had been with their company for more than five years and nearly half had been with their company for more than ten years. In a national survey, 19 percent of employees at companies with child care programs indicated that they have turned down another job rather than lose work-site child care.⁹⁵

Locally, Patagonia has recognized the return on investment from providing subsidized high-quality onsite child care and flexible time for employees. As Yvon Choinard, owner and founder of Patagonia states about work-life policies, "You can also look at it (on-site child care and flex time) and say, this is a money-making operation.

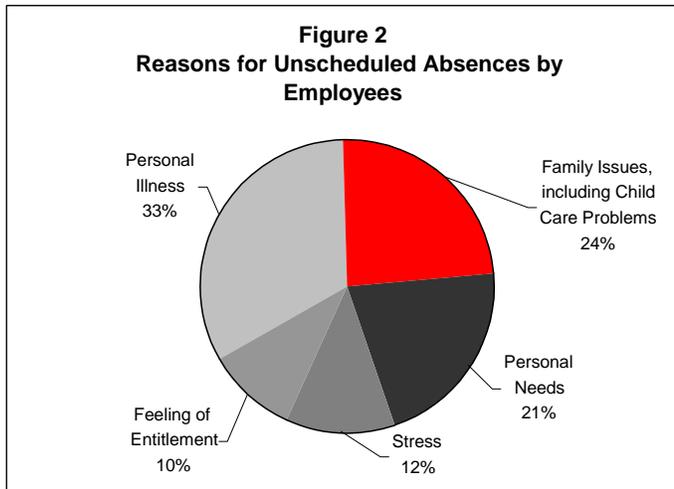
"You can also look at it (on-site child care and flex time) and say, this is a money-making operation. For every woman who doesn't quit after she gets pregnant, we save \$50,000 by not having to hire and train someone else. We have very little turnover, more productivity from mothers and fathers, and we attract a better type of employee."

Yvon Choinard, Owner and Founder, Patagonia

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."⁹⁶ Patagonia is rewarded for its investment by employees with increased moral and productivity. As employee, Heather Keller says, "I wouldn't be able to work if they (Patagonia) didn't have child care here."⁹⁷

Reducing Absenteeism

Unscheduled absenteeism in 2002 cost an average of \$60,000 per year for small companies and more than \$3.6 million for large companies, according to a national survey of human resource executives.⁹⁸ While one-third of unscheduled absences were due to personal illness, one-quarter were due to family issues, including children's illness and unscheduled breakdown of child care arrangements (see Figure 2).



Nationally, approximately 16 percent of major employers offer sick or emergency back-up child care to reduce absenteeism of their employees.⁹⁹

These programs have a significant return on investment. J.P. Morgan Chase found that operating a back-up child care center, as well as providing employees with resource and referral consulting to help them find stable quality care, had an annual savings of \$800,000, a 112 percent return on the company's investment in child care benefits.¹⁰⁰ Similarly, PNC Financial Services Group, a 6,000 employee company based in Pittsburgh, Pennsylvania, found a 91.7 percent return on investment from a newly implemented back-up child care program, recovering 3,060 parent-days at work and receiving positive feedback from parent-employees, their coworkers, and their managers, who report

⁹⁵ Simmons College, *Benefits of Work-Site Child Care*, 1997, as cited by Bright Horizons Family Solutions.

⁹⁶ Christine Pittel. "Open mind: Yvon Chouinard: Do the right thing." *A Real Life*, June 1997.

⁹⁷ Deborah Crowe. "Another 'best' for Patagonia." *Ventura County Star*, June 26, 2002.

⁹⁸ Harris Interactive. *The 2002 CCH® Unscheduled Absence Survey*. Riverwoods, IL: CCH®, 2003.

⁹⁹ Hewitt Associates. "Hewitt Study Shows Work/Life Benefits Continue to Grow Despite Slowing Economy" April 23, 2001. www.was.hewitt.com

¹⁰⁰ Bright Horizons Family Solutions. *Return on Investment*. Presentation, 2003.

less distraction and more loyalty.¹⁰¹ Businesses with fewer employees may find even greater benefits from reducing absenteeism by supporting back-up child care, particularly when programs are low or no cost.

Enhancing Recruitment

The accessibility of quality, affordable child care, on-site or in the community, is a strong recruitment tool for businesses. Family-friendly policies indicate a company's commitment to the well-being of potential new employees and their personal lives, and make the company more attractive in a competitive workforce market. Particularly for highly specialized workers, company values are critical to attracting the best of the labor pool, with or without young children.

In an internal survey of working parents, Carlson Companies in Minnesota found that 78 percent of parents who were hired since an on-site child care center opened and who use the center reported that the benefit played a significant role in their decision to seek employment at Carlson.¹⁰²

CHILD CARE OPTIONS FOR BUSINESSES

There are a range of options that businesses have to support the child care needs of their employees (see below). However, few businesses capitalize on the advantages that child care benefits offer through increased economic productivity and reduced absenteeism and turnover. In a survey of employees, a top human resources and consulting firm found that caring for dependents was one of the top six employee considerations concerning benefits. However, child care benefits were not considered by employers as being essential.¹⁰³ Businesses can avoid this disconnect by offering benefits that focus on their employees' needs and will reduce costs stemming from absenteeism, low productivity, and turnover. Strong benefits packages, which may include child care and/or a public commitment to work-life issues, increase loyalty and reduce the likelihood that employees will leave the company, either to stay home or to work for another company.

Family Friendly Options for Employers

- Create flexible personnel policies
- Offer flextime, flexi-place, compressed work week, and job sharing
- Structure sick/personal leave to meet dependent care needs
- Provide employees access to dependent care resources
- Partner with dependent care resource and referral agencies
- Offer family & parenting seminars/brown bag lunches, parent newsletters
- Offer dependent care financial assistance
- Create a cafeteria-style benefit plan or a dependent care pre-tax account
- Offer a child care voucher program or develop corporate discounts
- Develop on-site child care or a network of providers
- Develop a network of child care providers for your employees
- Contract for on or near-site child care
- Support local child care providers (funds, training, etc.)

¹⁰¹ K. D'Appolonia. *The Business Case for Back-Up Child Care*. PNC Financial Services Group. Presented at the 2003 WorkFamily Congress in New York, NY, October, 2003.

¹⁰² Carlson Companies, Inc. Internal survey, 2001. Minneapolis, MN.

¹⁰³ Merk. *Using Benefits to Attract and Retain Employees*, 1999. As cited on www.probenefits.com.



Several local employers already recognize the importance of investing in child care benefits for their employees. As Judy Seyle, from Ventura County Superintendent of Schools Office states, "Ventura County employers are moving from a general awareness of the benefits of addressing personal and family needs of employees to actually creating a supportive culture at their workplaces. They are successfully layering low- or no-cost practices for all employees."¹⁰⁴ One local example is Amgen, a biotech company, which has one of the largest on-site child care centers in the country. The center, Camp Amgen, has the capacity to serve up to 430 children. As Kevin Sharer, President and CEO states, "Camp Amgen 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."¹⁰⁵ Smaller companies also support the child care needs of their employees. For example, Trophies, Etc. a small business in Ventura County, offers resource and referral information to employees, provides a new baby gift, supports child care advocacy groups and encourages employees to bring children to work when there is a breakdown in child care.¹⁰⁶

Work L.I.F.E. (Local Initiative for Family Friendly Employers) of Ventura County recently honored the following 18 companies at Ventura County Business Leadership Forum for being family friendly business leaders:

Interface Children Family Services	Trophies, Inc.
Shell Solar Industries	Ojai Unified School District
Rockwell Scientific Company	County of Ventura
St. John's Regional Medical Center	Patagonia, Inc.
Oxnard Harbor District	Whisenhunt Communications
Limoneira Company	Pacific Capital Bacorp/Santa Barbara Bank & Trust
CSU Channel Islands	E.J. Harrison & Sons, Inc.
Ventura County Star	Amgen
Wellpoint Health Networks, Inc.	City of Thousand Oaks

VENTURA COUNTY'S FUTURE LABOR FORCE

There is a demonstrable link between high-quality child care programs and the preparation of qualified, skilled individuals entering the labor force. While not every child care program can guarantee lifelong success for its participants, quality early childhood education and care can increase children's ability to enter traditional K-12 schooling ready to continue learning so that they are prepared for future opportunities.¹⁰⁷ Decades of research have been dedicated to understanding the effects of child care on young children. A number of large surveys and long-term studies have consistently found that quality child care programs are beneficial to young children.

For example, a national survey found that young children who attended higher quality and more stable child care centers had the following characteristics through elementary school, compared to peers in care settings rated as having poorer quality.¹⁰⁸

- Improved math and language ability

¹⁰⁴ Work L.I.F.E. of Ventura County. *Work/Life Initiative Surveys Local Employees on Child/Elder Care Conflicts*, 2003..

¹⁰⁵ Amgen. *Press Release: Amgen Welcomes Hundreds Of Staff's Children To Its Expanded State-Of-The-Art Child Care Center Largest Corporate Child Care Center in the Country*, June 2000.

¹⁰⁶ Mary K. Riley, Project Work/L.I.F.E. of Ventura County. Interview, National Economic Development and Law Center, 2004.

¹⁰⁷ J. Brooks-Gunn. "Do You Believe in Magic? What We Can Expect from Early Childhood Intervention Programs." *Social Policy Report*, 17, 1. Society for Research in Child Development, 2003.

¹⁰⁸ E. S. Peisner-Feinberg, M. R. Burchinal, R. M. Clifford, M. L. Culkin, C. Howes, S. L. Kagan, and N. Yazejian. "The Relation of Preschool Child-Care Quality to Children's Cognitive and Social Development Trajectories through Second Grade." *Child Development*. September/October 2001, Volume 72, Number 5, Pages 1534-1553. Quality was assessed in this study using the following criteria: classroom quality measures using the Early Childhood Environment Rating Scale (ECERS), teacher sensitivity using the Caregiver Interaction Scale (CIS), child-centered teaching style using Early Childhood Observation Form (ECOF), teacher responsiveness using Adult Involvement Scale (AIS). In addition, teacher-child relationship and child assessment measures were used.

- Enhanced cognitive and social skills
- Fewer behavioral issues

The National Academy of Sciences recently brought together a committee of experts to synthesize research on early childhood development. They agreed that “the effects of child care derive not from its use or nonuse but from the quality of the experiences it provides to young children.”¹⁰⁹

“Early learning begets later learning and later success.”
-James J. Heckman, Nobel Prize-Winning Economist, University of Chicago

Schools and universities receive public and private investments because their role in educating and preparing children for the future labor market is clear. While more research will enable a better understanding of the long-term effects of high-quality child care for all children, current findings indicate that investments in early education have greater returns than educational investments in later life because younger people have more time to generate returns on investments and because “skill begets skill.”¹¹⁰

Government and economic development leaders have openly discussed the need for a skilled workforce prepared for the economic demands of tomorrow. For example, in *Challenges and Choices*, the Ventura County Workforce Investment Board highlights the following conclusions¹¹¹:

- Many jurisdictions (in Ventura County) are regarded as having too many low-skill, low-paying jobs and too many workers with minimal educations and skills.
- Many of these same jurisdictions also report shortages of better-educated, high skilled workers to fill jobs essential to the higher technology or more knowledge-based businesses, those that also pay higher wages and salaries.
- The lack of more skilled and better-educated workers can be an important barrier to economic development.

Recognition that quality child care programs are a vital component of an outstanding educational system will go a long way in building a skilled workforce that can help Ventura County’s current and future employers succeed in a demanding global marketplace.

AN INVESTMENT WITH A SIGNIFICANT RETURN

While there are no long-term studies of the economic effects of child care in Ventura County specifically, cost-benefit analyses of three long-term, high-quality, early education intervention programs indicate that there are significant future public savings when money is invested in high-quality child care, particularly for low-income children.

In one longitudinal study, the Abecedarian Study, a group of low-income children were randomly assigned to an early intervention program and a second group of participants were not offered the program. At age 21, the investigators found that children who participated in the early intervention program were significantly more likely to attend college and be in a high-

There are significant future savings when money is invested in high-quality child care.

¹⁰⁹ J. Shonkoff and D.A. Phillips, Editors. *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, D.C.: National Academies Press, 2000, p. 307.

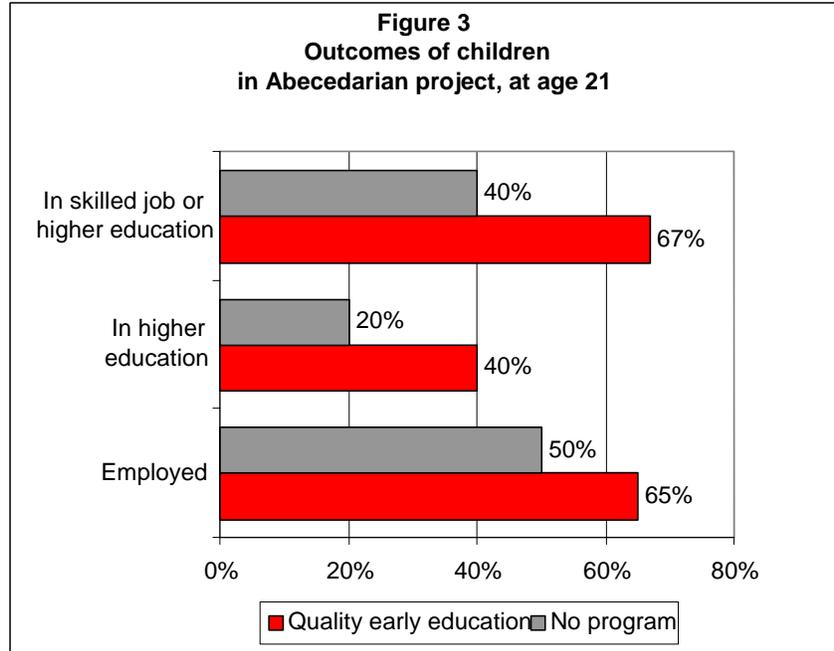
¹¹⁰ James J. Heckman and Aaron Wildavsky Forum. Policies to Foster Human Capital Joint Center for Poverty Research working paper, Northwestern University/University of Chicago, page 39.

¹¹¹ Workforce Investment Board of Ventura County. *Challenges and Choices: Closing the Gap Between Unskilled Workers and Unfilled Jobs*, 2003.



skilled job or in higher education (see Figure 3).¹¹²

In another long-term study, low-income children in a high-quality, child-focused intervention program were less likely to drop out of high school, be in special education, repeat a grade, or be arrested as juveniles than peers.¹¹³ A third study, found that individuals who were in the high-quality child care program as children earned more money, were more likely to own their own home and were less likely to have been on welfare at age 27 than their peers who were not randomly assigned to the program.¹¹⁴



Decreasing the need for remedial education in the traditional school system and decreasing involvement in the criminal justice and welfare systems save public funds otherwise spent on these programs. Increased earnings by adults who attended quality early education programs translate to a larger tax base. Future savings can also be found in criminal justice costs and tangible costs to victims; decreased child welfare spending associated with child abuse and neglect; and decreased health costs from smoking and other causes. There is one cost associated with investment in quality early education programs: public supports for higher education increase because children who have participated in quality early education programs are more likely to enroll in higher education.

Economists have analyzed the overall costs and benefits of these three child care programs, revealing that significant cost savings were realized in each program (see Table 1 for a summary).¹¹⁵

¹¹² See The Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill, *Early Learning, Later Success: The Abecedarian Study*. www.fpg.unc.edu/~abc/.

¹¹³ A. J. Reynolds, J. A. Temple, D. L. Robertson, E. A. Mann. "Long-term effects of an early childhood intervention on educational achievement and juvenile arrest- A 15-year follow-up of low-income children in public schools." *Journal of American Medical Association*, May 19, 2001, v. 285, no. 18, pp. 2239-2346.

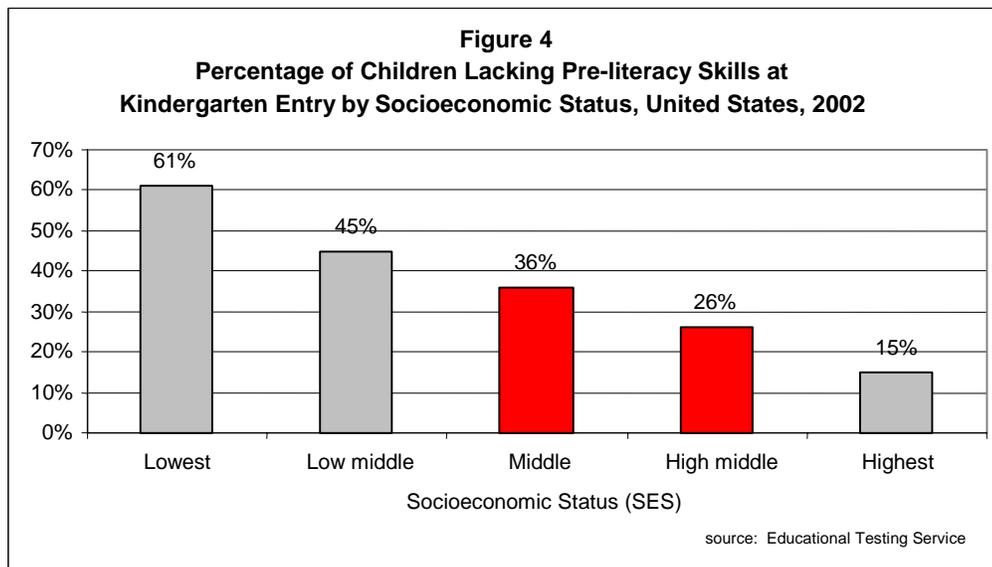
¹¹⁴ L. J. Schweinwart, H. V. Barnes, and D. P. Weikart. *Significant benefits: The High/Scope Perry preschool study through age 27* (Monographs of the High/Scope Educational Research Foundation, 10). Ypsilanti, MI: High/Scope Press, 1993.

¹¹⁵ Reynolds, Arthur J., Temple, Judy A., Robertson, Dylan L., Mann, Emily A. "Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Center Program: Executive Summary", 2001, and Reynolds, A. J., Temple, J. A. Robertson, D. L., Mann, E. A. & Ou, S. "Prevention and cost-effectiveness in the Chicago Child-Parent Centers." Paper presented at the Biennial Meeting of Society for Research in Child Development, Tampa, FL, April 2003. Values are in 1998 dollars, and benefits are based on a 3% discount rate evaluated at beginning of pre-school participation. Barnett, Steven, W. *Lives in the Balance: Age 27 benefit-cost analysis of the High/Scope Perry Preschool Program*. Ypsilanti, MI: High/Scope Press. Values are in constant dollars and based on a 3% discount rate. Leonard N. Masse and W. Steven Barnett. *A Benefit Cost Analysis of the Abecedarian Early Childhood Intervention*. New Brunswick, NJ: National Institute for Early Education Research, 2002. Values are in 2002 dollars, and are discounted at 3%.

Table 1 Economic Benefits of Targeted Early Education Intervention Programs				
	Number of Years of Program	Average Annual Cost per Child	Total Cost of Program per Child	Lifetime Benefit to Society per Child
Chicago CPC Study	2, half-day	\$3,500	\$7,000	\$48,000
Perry Pre-School Project	2, half-day	\$6,000	\$12,000	\$108,000
Abecedarian Project	5, full-day	\$7,200	\$36,000	\$136,000

All dollar values reported are based on a 3 percent discount rate.

These findings indicate the economic value of investing in quality child care, especially for low-income children. However, children in middle- and high-income families also experience academic problems, including significant grade retention and high school dropout rates.¹¹⁶ Nationally, 12 percent of middle-income children are held back at some point during school, and 11 percent drop out of school before graduating high school.¹¹⁷ One study shows that there is a linear relationship between income and school readiness (see Figure 4).¹¹⁸ A third of middle-income children and a fourth of upper-middle-income children lack “key pre-literacy skills when they enter kindergarten.”¹¹⁹ These findings provide evidence that high quality preschool programs may be cost effective for children in most income brackets. As one economist notes, “If you were to get one-tenth the public savings from high quality preschool for middle-income children (as you do for low-income children), high quality preschool programs would still be cost effective.”¹²⁰



¹¹⁶ W. S. Barnett. *Characteristics of Successful Early Education Programs*. Presentation at *The Economics of Early Childhood Development: Lessons for Economic Policy* conference, Federal Reserve Bank of Minneapolis, October 17, 2003. Information is based on the National Center for Education Statistics.

¹¹⁷ Coley, R.J. *An Uneven Start*. Educational Testing Service, Princeton, New Jersey 2002. As cited in *Kids Can't Wait to Learn: Achieving Voluntary Preschool for All in California*, Preschool California, 2004.

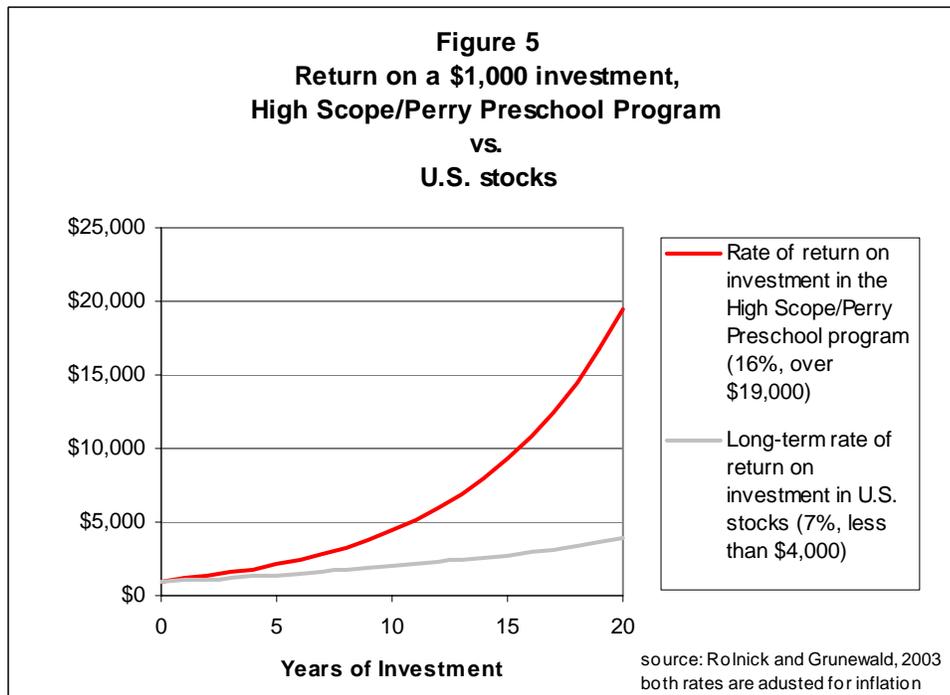
¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ W.S. Barnet. Preschool-for-All Hearing, Sacramento, CA, August 4th, 2004.



A recent study by economists at the Federal Reserve Bank in Minneapolis used the Perry High-Scope findings to estimate returns on public investment. Quality early childhood development programs generate a 16 percent rate of return on investment, 12 percent of which is a public rate of return.¹²¹ As they argue, “Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns.”¹²² They demonstrate that the High Scope/Perry Preschool project’s 16 percent return on investment when adjusted for inflation is considerably higher than the long-term return on U.S. stocks, 7 percent (see Figure 5).¹²³



“There are some areas of clear agreement between market economists and child development researchers. The time has come to invest in young children, and there are substantial gains to be made from these investments if they are made wisely.”
*-Jack Shonkoff, Co-Editor of From Neurons to Neighborhoods*¹²⁴

After-school programs for school-age children also save public sector dollars. A review of multiple research studies to evaluate the effects of after-school programs showed significant gains in school engagement, school attendance, academic performance, and positive youth development.¹²⁵ A cost-benefit analysis of school-age programs found financial benefits from improved school performance, increased compensation, reduced juvenile and adult criminal activity, and reduced

¹²¹ A. Rolnick and R. Grunewald. *Early Childhood Development: Economic Development with a High Public Return*. Fedgazette. Minneapolis, MN: Federal Reserve Bank of Minneapolis, January, 2003.
¹²² Ibid.
¹²³ Ibid.
¹²⁴ J. Shonkoff. Closing remarks at *The Economics of Early Childhood Development: Lessons for Economic Policy* conference, Federal Reserve Bank of Minneapolis, October 17, 2003.
¹²⁵ B.M. Miller. *Critical Hours: Afterschool Programs and Educational Success*. Quincy, MA: Nellie Mae Educational Foundation, 2003.

welfare costs outweighed the costs of increased attendance at school and the cost of programs.¹²⁶ In a George Mason University study, 91 percent of Police Chiefs surveyed agreed that “If America does not make greater investments in after-school and educational child care programs to help

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.”

children and youth now, we will pay more later in crime, welfare, and other costs.”¹²⁷ Locally, Cal Remington, the county’s Chief Probation Officer, also recognizes the link between high quality child care and future public savings, “As a society we need to adequately fund child care and youth programs at the front end so we can ultimately save a child and his/her family from the greater trauma and expense that could cover a lifetime for a child that ends up in public corrections facilities.”¹²⁸

IMPLICATIONS

Child care, business, and economic development are linked in many ways. A healthy child care industry ensures that the current labor force has access to jobs and career advancement opportunities and helps businesses attract and retain the best employees and increase their productivity. Investments in high-quality early education programs reduce future public expenditures and help the county have a skilled and productive workforce in the future. In the same way that local government and the private sector collaborate to increase the availability of affordable housing and quality transportation systems in order to attract a skilled workforce, they benefit from investing together in the child care infrastructure. Investing in quality child care benefits all stakeholders:

- Taxpayers benefit when costs for criminal justice, remedial education, and welfare decline as a result of high-quality child care
- Businesses benefit when quality, affordable, accessible child care options attract new skilled workers to the area, and prepare children for skilled employment in the future
- Communities benefit when parents have access to safe, quality child care for their children while they work
- Children benefit because they enter the traditional K-12 school system socialized and ready to continue learning

¹²⁶ W.O. Brown, S.B. Frates, I.S. Rudge, and R.L. Tradewell. *The Costs and Benefits of After-school Programs: The Estimated Effects of the After School Education and Safety Program Act of 2002*. Claremont, CA: The Rose Institute, September, 2002.

¹²⁷ Fight Crime, Invest in Kids, *Poll of Police Chiefs conducted by George Mason University Professors Stephen D. Mastrofski and Scott Keeter*. Washington, DC, November 1, 1999.

¹²⁸ The Ventura County Local Child Care Planning Council. *Ventura County Child Care Needs Assessment, 1999*.



SECTION FIVE

CONCLUSION AND RECOMMENDATIONS

The formal child care industry in Ventura County plays an important role in economic development in the county. It generates \$153 million in gross receipts annually and provides more than 4,721 jobs. Child care is similar in size to other Ventura County industries such as pharmaceutical manufacturing and fruit and vegetable preserving. The industry is also significantly bigger than celery production.

In addition, demographic and economic trends indicate a need for increased labor force participation and training of the workforce which, for parents, necessitates a strong child care system. Almost 91,000 children birth through age 13 have all parents in the labor force. The growth in low wage jobs during non-traditional hours highlights the need for a child care system that is financially accessible to low- and middle- income families.

Ventura County's future economic success largely depends on its ability to retain skilled workers and attract businesses that pay higher wages. A quality, affordable, and accessible child care infrastructure also contributes to a high quality of life in Ventura County and maintains its attractiveness to businesses and young professionals.

Finally, the economy benefits from children's participation in high-quality child care. Children in high-quality programs are better prepared for kindergarten and more likely to become life-long learners who are ready to meet the demands of the future economy. Low-income children participating in high-quality programs at a young age have a reduced likelihood of negative outcomes, which saves the government money and increases the quality of life for all the county's residents.

Four main challenges constrain the child care industry from growing and maximizing the impacts of investment by families, employers, and county and municipal governments:

- A lack of integration with economic development
- Insufficient financial investments
- Economic barriers to improving quality
- Financial limitations of consumers

To overcome these barriers, child care must be recognized as a vital component in Ventura County's economy. The findings in this report should inform policy-makers, leaders in economic development, financial institutions, the public, and the child care industry about the economic and educational importance of an affordable, quality, child care system in Ventura County. Understanding the link between child care and the economy, government, business, the child care industry and the general public should work together to accomplish the following three overarching goals:

- Include the child care industry as a vital part of the county's economic development, workforce development and education strategies.
- Ensure that 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.
- Ensure that all child care programs are accessible and affordable to all families in Ventura County.

The following strategies are specific examples of ways to achieve Ventura's three overarching goals.

Recommendation #1: Include the child care industry as a vital part of the county's economic development, workforce development and education strategies.

Business Examples

- 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.
- Allocate space for child care facilities within business/commerce parks or in close proximity.
- Establish partnerships with government and child care leaders to create innovative funding mechanisms that address economic needs of child care establishments.
- Include child care representatives in economic development and business community planning efforts and activities, such as those of the Ventura County chambers of commerce, business roundtables, and other business organizations in Ventura County.
- Encourage media to highlight the economic importance of the child care industry.
- Advocate for legislation that improves the quality of life for children and families.
- Serve as council members on important child care related boards, including the Child Care Planning Council of Ventura County and the Preschool for All Taskforce.

Government Examples

- 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 around facilities financing and other necessary business skills.
- 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.
- Require developers to make child care a consideration in all future development by incorporating permit requirements into general plans.
- Include child care in workforce development activities.
- Serve as council members on important child care related boards, including the Child Care Planning Council of Ventura County and the Preschool for All Taskforce.
- Allocate small business support services, such as financial products that are designed to meet the specific needs of child care owners, to work with child care directors and owners to increase financial sustainability of their programs.
- Incorporate child care into economic development strategies designed to improve Ventura County's education system.
- Utilize Community Reinvestment Act funding available to Ventura County to support economic development projects that include child care.
- Incorporate child care information into county and local economic development materials as part of the community profile and recruiting process.
- Invite child care leaders to participate in the economic development directors group's monthly meetings.



Child Care Industry Examples

- Educate legislators, businesses, the public, and the child care industry itself about the economic and educational importance of an affordable, 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.
- 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.

Recommendation # 2: Ensure that 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.

Business Examples

- Contribute to a funding pool for quality improvement programs, including the Ventura County Early Care and Education Retention Incentive Project, the Family Child Care Quality Improvement Project, and the Preschool for All Quality Enhancement Effort.
- Advocate for government policies that improve the quality of child care programs.
- Support organizations involved in improving professional development opportunities for the county's child care workforce, including: Ventura County Association for the Education of Young Children, Child Care Planning Council of Ventura County, First 5 Ventura County, Family Child Care Associations throughout Ventura County, Women's Economic Ventures, and the Economic Development Collaborative (EDC-VC).
- Partner with local child care resource and referral agencies to assist parent-employees in locating quality child care and understanding the elements and effects of quality programs.
- Partner with local child care providers and support the sustainability and quality of the programs in targeted and cost effective ways.
- Earmark charitable giving and community development funds to non-profit child care quality initiatives or capital projects.

Government Examples

- Integrate quality, affordable, child care as part of a comprehensive system of supports for families in Ventura County.
- Ensure that quality improvement initiatives accompany investments in the affordability and accessibility of child care in Ventura County.
- Advocate at the state and federal levels for policies that increase the wages of those working in the child care field.
- Increase the number of accredited child care programs by financially supporting those seeking accreditation.
- Partner with child care leaders to ensure that children are entering kindergarten ready to learn.
- Offer space in existing facilities that meet state licensing guidelines to child care providers.
- Lobby to keep educational and licensing fees affordable and inform current and potential students about child care specific grant and loan programs.
- Inform current and potential students about child care specific grant and loan programs.

Child Care Industry Examples

- Establish a fund for businesses and donors wishing to contribute to the improvement of quality in child care programs throughout Ventura County.
- Research the true cost of quality child care in Ventura County.
- Support the development of a leadership training program for child care providers.
- Identify “economy-of-scale” factors that maximize and support quality but minimize cost for parents.
- Increase outreach efforts to parents to inform them about the elements of quality child care and its importance.

Recommendation # 3: *Ensure that child care programs are accessible and affordable for all families in Ventura County.*

Business Examples

- 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.
- Partner with individual child care providers to ensure that programs meet the specific needs of employees.
- Ensure that quality child care is accessible to employees at all pay levels, through sliding scale fees, child care reimbursements or direct payments to nearby or on-site quality child care establishments.
- Donate resources and/or services to child care providers.
- Initiate or participate in public/private partnerships designed to meet the child care needs of working families in Ventura County.
- Advocate for increased federal and state child care funding to ensure that employees have access to the child care services they need.

Government Examples

- Increase the capacity of public preschools in Ventura County and partner with Ventura County’s Preschool for All Taskforce to ensure that families who want and need preschool for their children have access to these programs.
- Designate existing facilities and other community assets in outlying areas of Ventura County suitable for use by child care programs.
- Provide incentives for child care programs so that they will operate during hours outside the traditional workday, serve children with special needs, serve children from different age groups, care for mildly ill children, and/or meet the needs of migrant/farmworker families in Ventura County.
- Publicly reward businesses, individuals, etc. that support the child care industry.
- Support increased investment in child care assistance to reduce the number of eligible families who are on waitlists for subsidized child care.
- Develop a training strategy to increase the business skills of the child care providers, which will improve the sustainability and capacity of the industry.



Child Care Industry Examples

- Increase the supply of child care for infants/toddlers, mildly ill children, children with special needs, and increase the supply of child care that occurs outside the traditional workday.
- Collaborate with government officials to ensure state and federal funding is strategically invested.
- Increase the use of surveys to assess the child care needs of businesses and their employers, including the need for part-time care and child care during non-traditional work hours.
- Work with economic development agencies to educate providers about the benefits of accessing business skills.
- Create consortiums of child care providers to purchase goods and services, including school supplies and health care benefits for child care workers, at reduced prices.

CONCLUSION

Given the comprehensive economic benefits of child care for business, government, and the child care industry, planning for and investing in a strong child care industry in Ventura County should not be the responsibility of parents and providers alone. A diverse group of stakeholders—government, business, community, education and industry leaders – has a role in maintaining the vitality of the industry and must work and plan together to reach innovative solutions to overcome challenges to the child care industry. It is critical that an alliance of stakeholders be formed to find solutions to the barriers to quality, affordable, accessible child care programs.

Appendix A

Methodology for Calculating Gross Receipts and Direct Employment

The economic contribution of the child care industry is significantly undercounted in traditional economic accounting tools and alternate methodologies for collecting data are necessary.

UNIVERSE OF THE CHILD CARE INDUSTRY

The child care industry includes 1,424 formal programs for children from birth through age twelve:

- 232 large licensed family child care homes
- 802 small licensed family child care homes
- 279 in licensed child care centers (including CDE funded child development programs)
- 23 Head Start programs
- 16 Early Head Start programs
- 3 Migrant Head Start Programs
- 1 Native American Head Start Program
- 4 Navy Child Development Centers
- 64 home providers in the Navy Home Provider Network

The estimates of gross receipts and direct employment represent a “snapshot” of the industry taken at a particular time. It is important to note that the estimates only capture the formal child care sector, because enrollment and costs are difficult to measure for the informal education and care sector. Adding license-exempt care would increase gross receipts and direct employment figures. For a detailed description of the child care arrangements that are not included in the analyses of this report, please see page three.

Direct service dollars include the following programs and/or funding:

- Private pay by parents who do not receive vouchers for programs that take place in licensed child care centers and licensed family child care homes.
- Federal and state funds to low-income families to subsidize the cost of child care distributed through the Child Development Resources of Ventura County.
- Parental co-payments of families who receive some part of their children’s tuition for child care from Child Development Resources of Ventura County.
- Federal and state funds for all Head Start programs, including Early Head Start, Migrant Head Start and Native American Head Start
- Department of Defense funding and parent payments for Navy Child Development Centers and the Navy Home Provider Network
- Federal and state funding for all programs supported through the California Department of Education
- The Child Care Food Program



GROSS RECEIPTS

Gross receipts estimates for licensed child care centers (including CDE funded child development programs) and licensed family child care homes, are based on this calculation:

$$\text{Full-time Equivalent Enrollment} \times \text{Average Cost/Child/Year} = \text{Gross Receipts}$$

Full-time equivalent enrollment numbers are derived from the Child Development Resources of Ventura County (CDR) database which tracks capacity and vacancy in licensed child care centers by children's age groups (infant, toddler, and pre-school-age child) as well as in licensed family child care homes and license-exempt before- and after-school programs. Full-time equivalency was derived from a survey of licensed child care centers, and licensed family child care homes in August of 2004. Full-time equivalency estimates account for part- and full-time enrollment.

In order to calculate the average yearly rate for each type of care and each age group the average rate was taken from the CDR August, 2004 survey. For center-based child care programs, this was broken down by age. For licensed family child care homes, because enrollment cannot be broken down by age, child care costs for preschoolers were used (see Table 1 for a range of county average rates).

Program	Total Full-time Equivalency Enrollment	Average Annual Cost
Licensed Child Care Centers		
Infant	498	\$10,036
Preschool-age children	9,657	\$6,032
School-age children	4,334	\$4,446
Licensed Family Child Homes (0-13)	6,930	\$7,280
Navy Child Development Centers		
0-12 Months	15	N/A
13-35 Months	65	N/A
Preschool-age children	101	N/A
School-age children	0	N/A
Navy Home Provider Network		
0-12 Months	35	N/A
13-35 Months	77	N/A
Preschool-age children	59	N/A
School-age children	51	N/A
Head Start	1,066	Publicly Funded
Early Head Start	160	Publicly Funded
Native American Head Start	40	Publicly Funded
Migrant Head Start	103	Publicly Funded

Gross receipts for Head Start, Early Head Start, Native American Head Start, and Migrant Head Start equal the total budget spending in state fiscal year 2003, as reported by CDR.

Direct funding information and cost information were not available for Navy Child Development Centers or the Navy Home Provider Network. Therefore, 2004 CDR cost information

on private licensed child care centers was used as a proxy for cost per child for Navy Child Development Centers. Likewise, 2004 CDR cost information for licensed family child care homes per child was used as a proxy for the Navy Home Provider Network.

DIRECT EMPLOYMENT

Direct employment is an estimate of the total number of full-time equivalent jobs available in the child care industry.

The number of people working in licensed family child care homes and the Navy Home Provider Network was calculated based on enrollment using licensing requirements. See below for the equation used to estimate full-time equivalent enrollment

Family Child Care Homes licensed for 6-8 = 1 FTE Employee
Family Child Care Homes licensed for 12-14 = 2 FTE Employees
Family Child Care Homes in the Navy Home Provider Network = 1 FTE Employee

For licensed child care centers (including CDE funded child development programs) licensing ratios were also used, according to Table 2. These were applied to enrollment, which was estimated according to the method described above.

Table 2 Staff to Child Ratios Used to Generate Employment Estimates, By Program, Ventura County				
Program	All ages	Infant	Pre-school-age child	School-age child
Licensed child care centers (Title V)		1:3	1:8	1:14
Licensed child care centers (Title 22)		1:4	1:12	1:14

Full-time equivalent employment estimates for Head Start, Early Head Start, Migrant Head Start, and the Navy Child Development Centers are derived from surveys of the programs conducted by CDR and the Department of Navy, Naval Base Ventura County.

