

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



The child care industry is integral to the vitality of the Humboldt economy. It:

- Generates \$22.5 million annually and provides more than 562 full-time equivalent jobs
- Benefits all industries in the county by enabling parents to work productively and attend higher education programs to update their skills
- Lays the groundwork for Humboldt's future economic well being by preparing today's children for success in school and work, and attracting business to Humboldt County.

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

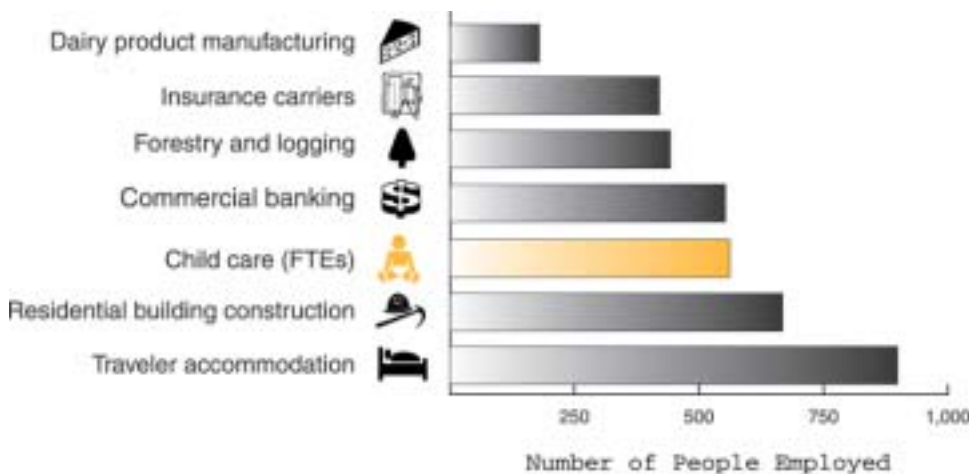
Child care is a significant industry in Humboldt County.

Figure 1: GROSS RECEIPTS BY INDUSTRY



- The child care industry generates \$22.5 million annually in gross receipts. For comparison, that is more than beef and dairy cattle and almost as much as nursing and residential care facilities and commissions on realty in the county (see Figure 1).
- The child care industry directly supports more than 562 jobs, employing almost as many people as residential building construction and more than insurance carriers (see Figure 2).
- In total, Humboldt County invested \$13.7 million in federal and county funds for direct services in child care in State Fiscal Year 2003.
- The formal child care industry currently has the capacity to serve approximately 5,000 children at any one time— 38 percent of all children between birth and age 12 with all parents in the labor force in Humboldt County. There are currently 1,311 children on the waiting list for subsidized child care in Humboldt County, over 26 percent of the total capacity of the industry.

Figure 2: EMPLOYMENT BY INDUSTRY



Child Care enables parents to be part of a skilled workforce

- One in five workers has children under age 18 and lives in a household where all parents work. Together these working parents earn \$171.3 million every year.
- Projections indicate that Humboldt County will experience an increase in high-skilled professional employees in the service industry. Yet in 2000, 17 percent of businesses in Humboldt County reported difficulty in finding a qualified workforce.
- Of the most projected growth occupations from 2001 to 2008, only three out of the ten paid an hourly self sufficiency wage of \$11.85 per hour for a single parent family with two school aged children in 2001.
- Average child care costs for an infant and a preschooler make up more than 30 percent of the total income for a family at median income in Humboldt County.

The Child Care industry *is a vital component* of Humboldt County's economy.

Child Care supports employee productivity in Humboldt County industries

- Unscheduled absences cost small businesses an average of \$60,000 annually and large companies an average of \$3.6 million. Nearly one-quarter of unscheduled absences are due to family issues, including child care needs. PNC Financial Services Group found a 91.7 percent return on investment from a newly implemented back-up child care program.
- Employee turnover is estimated to cost 1.5 times an employee's salary.
- In a selective survey of working parents in Humboldt County in 2004, 90 percent reported that their employer did not offer child care benefits, and 58 percent reported that they experienced problems in arranging for child care.

"Affordable, quality child care is a key component to a successful business. Most of our employees are parents with children. Knowing that their children are well cared for during the workday is crucial to productivity, morale, and dependability. Without child care they couldn't work and without workers, we couldn't stay in business."

- Stephanie McCaleb, Vice President of Human Resources, Coast Central Credit Union

The Child Care industry *enables future economic success* in Humboldt County.

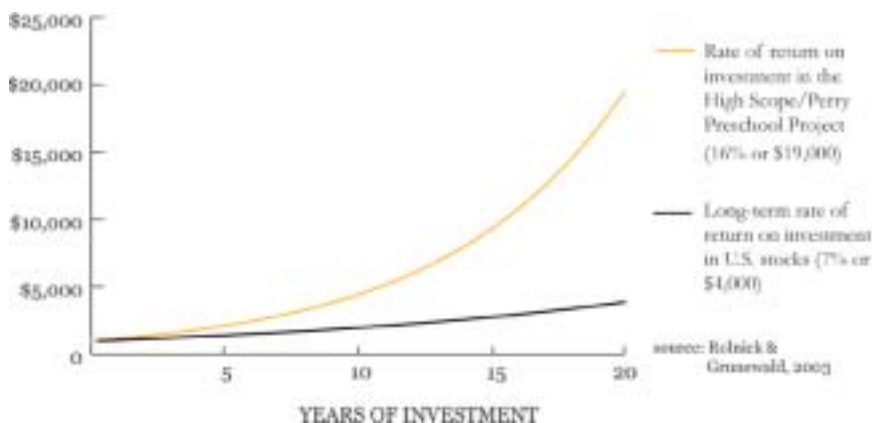
Child Care helps to prepare young children for opportunities in the new economy

- Young children in high-quality preschool settings show greater language development, mathematical ability, thinking and attention skills and fewer behavior problems in kindergarten than children in lower quality care settings.
- In long-term studies of child-focused quality education intervention programs for low income children, participants showed significant improvements in employment, educational attainment, public subsidy needs, and homeownership compared to peers who did not participate in these programs.

Child Care comprises an important part of economic development for a healthy future

- Long-term studies show that quality programs, particularly for low-income children, decrease the likelihood of special education enrollment, juvenile delinquency, adult incarceration, and welfare participation, which increase overall quality of life and reduce government spending.
- Kathy Moxon, Director of Programs, Humboldt Area Foundation, acknowledges that quality after-school programs provide social interaction among an increasingly diverse group of students, are a critical supplement to academic skill development, build community awareness, and help develop leadership skills for Humboldt County's future workforce.
- A recent analysis by the Federal Reserve Bank found that a model early childhood program for low-income children generated an overall 16 percent rate of return on investment. This is considerably higher than the long-term return on U.S. stocks, 7 percent (see Figure 3).

Figure 3: RETURN ON A \$1,000 INVESTMENT,
HIGH SCOPE/PERRY PRESCHOOL PROGRAM VS. U.S. STOCKS



“Investment in quality, affordable child care programs as part of the overall educational system will leverage and increase the effectiveness of investments in economic and workforce development.”

- Jacqueline Debets, Humboldt County Economic Development Coordinator and Workforce Development Board Director

RECOMMENDATIONS

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

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

Business strategies:

- Encourage business membership organizations to adopt the following guiding principle for decision-making: *How will this affect Humboldt County's youngest citizens?*
- Include child care representatives in economic development and business community planning efforts and activities such as those of the Humboldt County chambers of commerce and other business organizations in Humboldt County.
- Survey best management practices concerning child care benefits and include in business strategic planning for employee benefit packages, human resource management, and wage evaluation.
- Contribute to a funding pool for quality improvement programs, including increased accreditation of family child homes, and child care centers.
- Offer child care benefits to employees, including, reimbursements/vouchers and pre-tax flexible spending accounts that include child care as an option for employees.
- Advocate for increase federal and state child care funding to ensure that employees have access to high quality child care services.

Government strategies:

- Adopt the following guiding principle for decision-making: *How will this affect Humboldt County's youngest citizens?*
- Review and amend existing community planning and zoning documents to remove barriers for the child care industry and add language about the importance of planning for the community's child care needs.
- Promote transportation plans that address the child care accessibility needs of working parents in Humboldt County, and recognize rural child care transportation barriers.
- Increase the number of accredited child care programs by financially supporting those seeking accreditation.
- Support increased investment in child care assistance to reduce the number of eligible families who are on waitlists for subsidized child care, and protect child care subsidies from budget cuts.

Child Care Industry strategies:

- Adopt the following guiding principle for decision-making: *How will this affect Humboldt County's youngest citizens?*
- Educate legislators, businesses, the public, and the child care industry itself about the economic and educational importance of an affordable, quality, child care system.
- Create a tool kit of child care options for Humboldt County employers.
- Establish a fund for businesses wishing to contribute to the improvement of quality in child care programs throughout Humboldt County.
- Increase the supply of child care for infants, mildly ill children, children with special needs, rural children, and increase the supply of child care that occurs outside the traditional workday.
- Increase the use of surveys to assess the child care needs of businesses and their employees.

Community Organizations strategies:

- Adopt the following guiding principle for decision-making: *How will this affect Humboldt County's youngest citizens?*
- Offer space in existing facilities that meet state licensing guidelines to child care providers in rural areas.
- Create a partnership of leaders from Humboldt State University, College of the Redwoods and other nontraditional stakeholders to ensure that the educational requirements to meet the Child Care Licensing Standards and Teacher Credentialing Requirements are affordable and accessible to the present and prospective child care workforce in Humboldt County.

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

The National Economic Development and Law Center (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 the Humboldt County report, First 5 Humboldt, with support from the Workforce Investment Board of Humboldt County and the Humboldt County Local Child Care Planning Council, contracted with NEDLC to quantify the economic impact of child care. This partnership formed an Advisory Board of Humboldt County leaders in the fields of business, government, child care, and economic development.

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

The National Economic Development and Law Center, established in 1969, is a non-profit public interest law and planning organization that specializes in community economic development. It works in collaboration with community organizations, private foundations, corporations and government agencies to build the human, social, and economic capacities of low-income communities and their residents. NEDLC helps to create strong, sustainable community institutions that can act as “change agents” and an effective local infrastructure for their support.

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For a full copy of this report, please visit www.nedlc.org or www.humkids.org

