

The Economic Impact of the Early Care and Education Workforce

First 5 LA Policy Roundtable Meeting

June 5, 2012

Early Care and Education in California

- There are more than 3 million children in California between the ages of zero and five
 - Almost 30% (870,000) are in Los Angeles County
- A significant percent of these children attend an early care and education (ECE) program
- Role of the ECE sector:
 - Provides a critical service to children and families
 - Benefits the local and state economy
 - Essential to California's workforce and economic development

Demand for ECE Outweighs the Supply

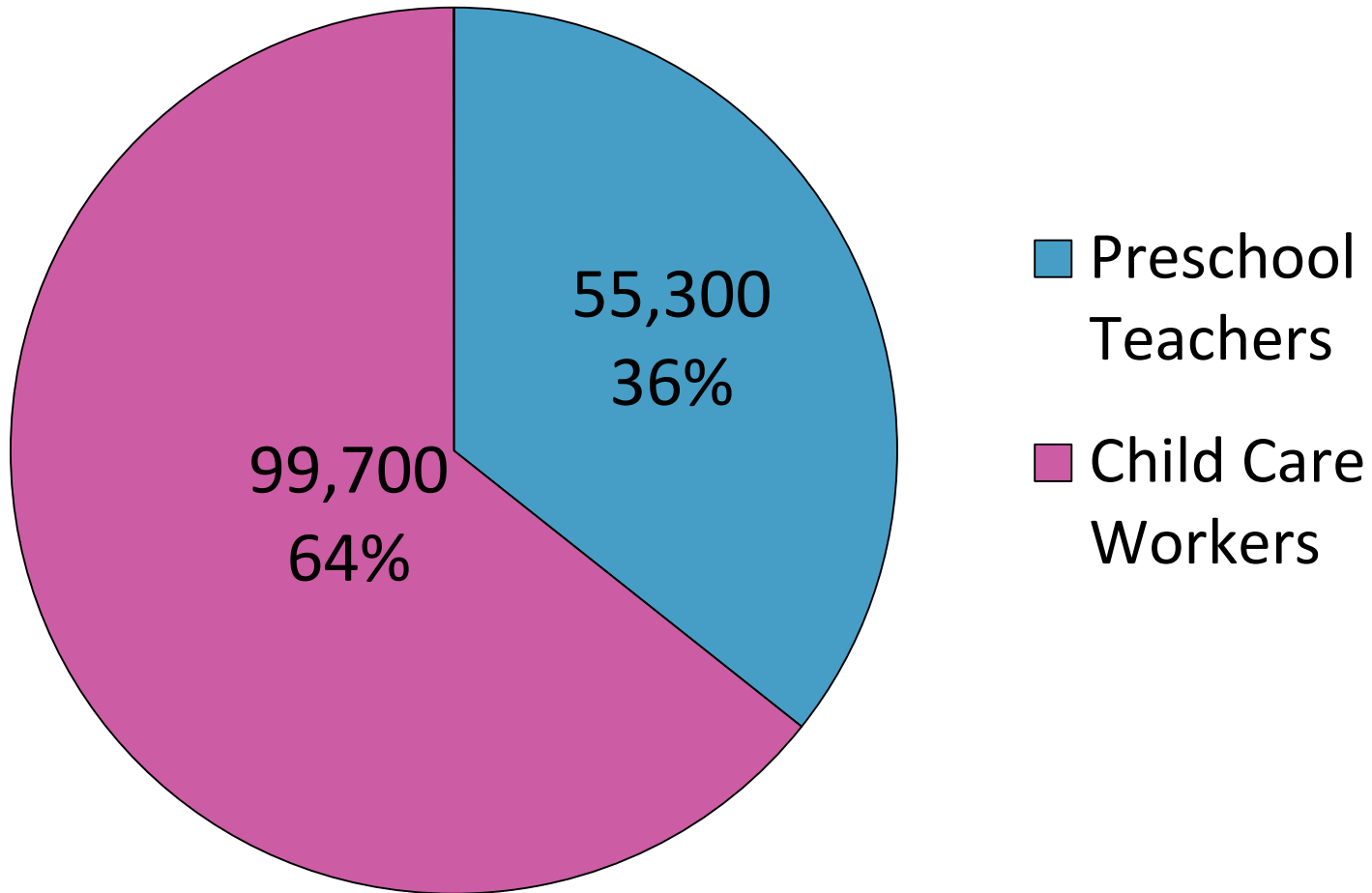
- For every ECE worker in Los Angeles County, there are about 21 children between the ages zero to five
- According to the California Child Care and Referral Network, licensed child care slots are available for only 23% of children aged 0 to 13 with parents in the workforce

The ECE Workforce

- **Preschool Teachers**
 - Classified as an Education, Training, and Library Occupation*
- **Child Care Workers**
 - Classified as a Personal Care and Service Occupation*
- **“Informal” workers (e.g., those who take care of relatives, or operate on a license-exempt basis)**
 - Not counted or classified among official statistics

*Bureau of Labor Statistics 2010 Standard Occupational Classification (SOC) system

Two-Thirds of California's ECE Workforce Members are Child Care Workers



ECE is a Major, Growing Local Industry

	LOS ANGELES COUNTY		CALIFORNIA	
	Estimated Employment (2008)	Projected Employment (2018)	Estimated Employment (2008)	Projected Employment (2018)
Child Care Workers	26,180	30,510	99,700	108,100
Preschool Teachers	15,210	18,360	55,300	61,900
Total	41,390	48,870	155,000	170,000

ECE Provides More Jobs in L.A. County than Many Other Industries

Figure 1: Direct Employment by Various Industries in Los Angeles County (2005) ⁵

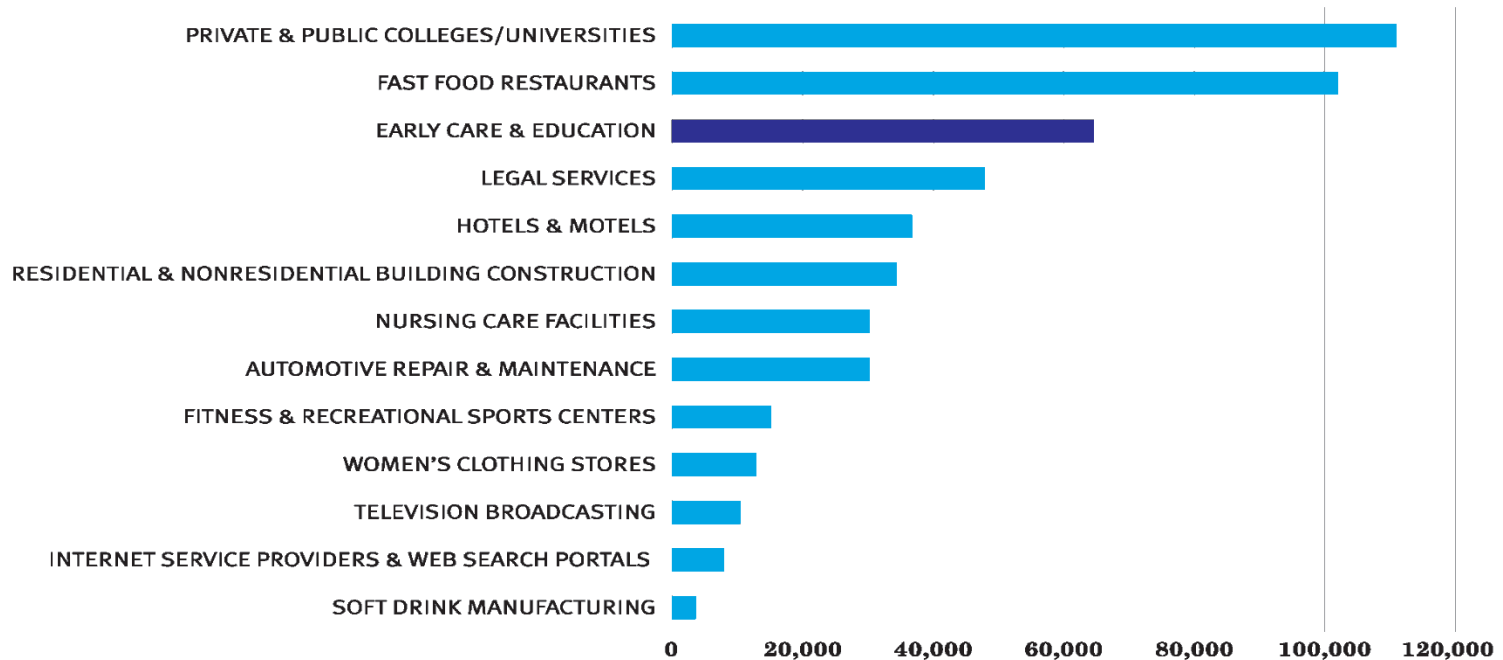


Table 2: Estimated Value of Annual Gross Receipts for the Formal Early Care and Education Industry in Los Angeles County (in millions) ⁶

ECE Workforce Makes a Major Contribution to the Economy

- Estimated gross receipts for ECE Workforce:
 - \$1.7 billion in Los Angeles County
 - \$5.6 billion in California

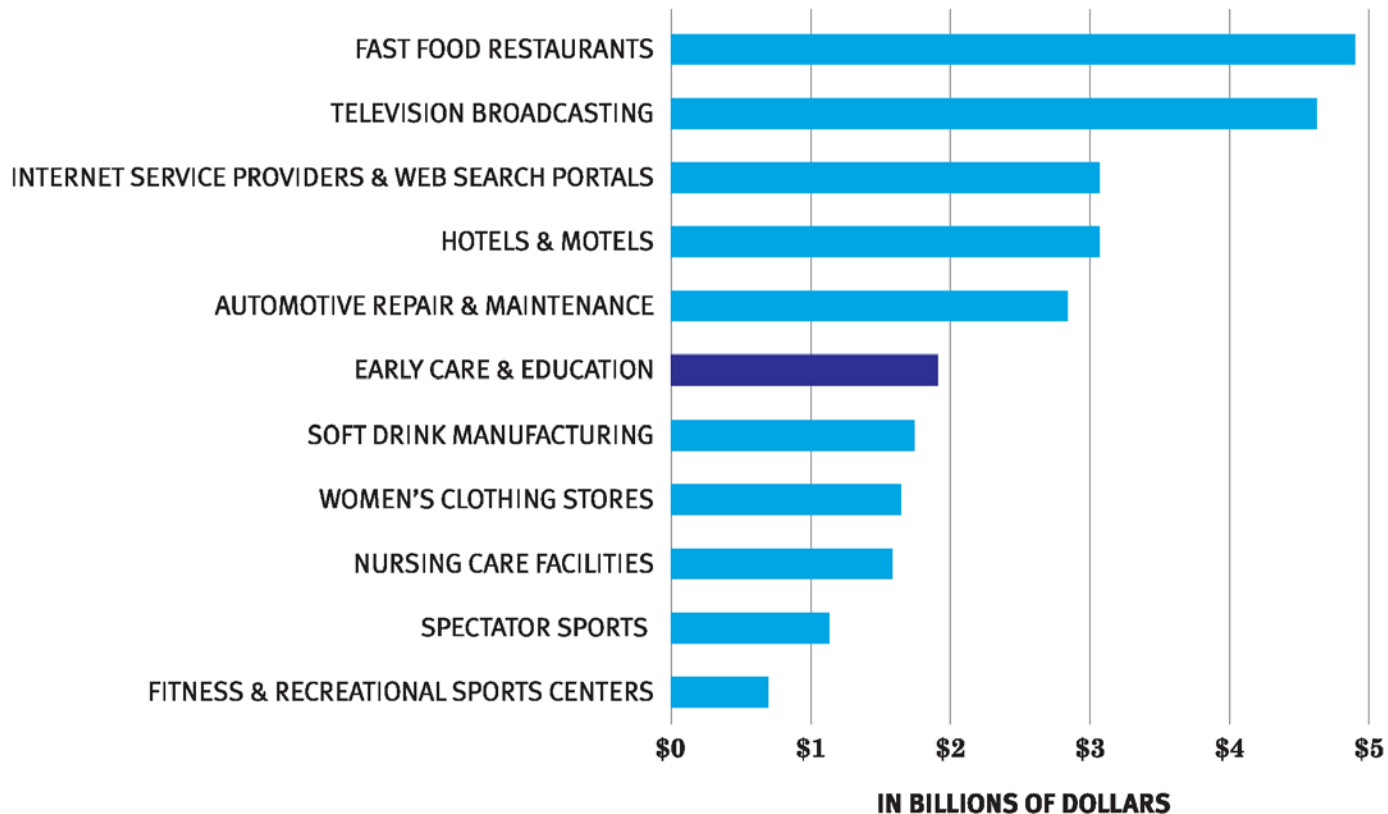
*Gross receipts: the measure an industry's overall value of the goods and services produced over the course of a year

ECE Revenues Multiply

- Every \$1 spent on the ECE in California yields \$2 in economic output
 - Generates higher earnings, increased spending, and higher tax revenues
 - More money is spent on local and state industries, such as retail and transportation
 - Economic gains ripple beyond expenditures for ECE services

ECE Gross Receipts are Higher than Several Other Local Industries

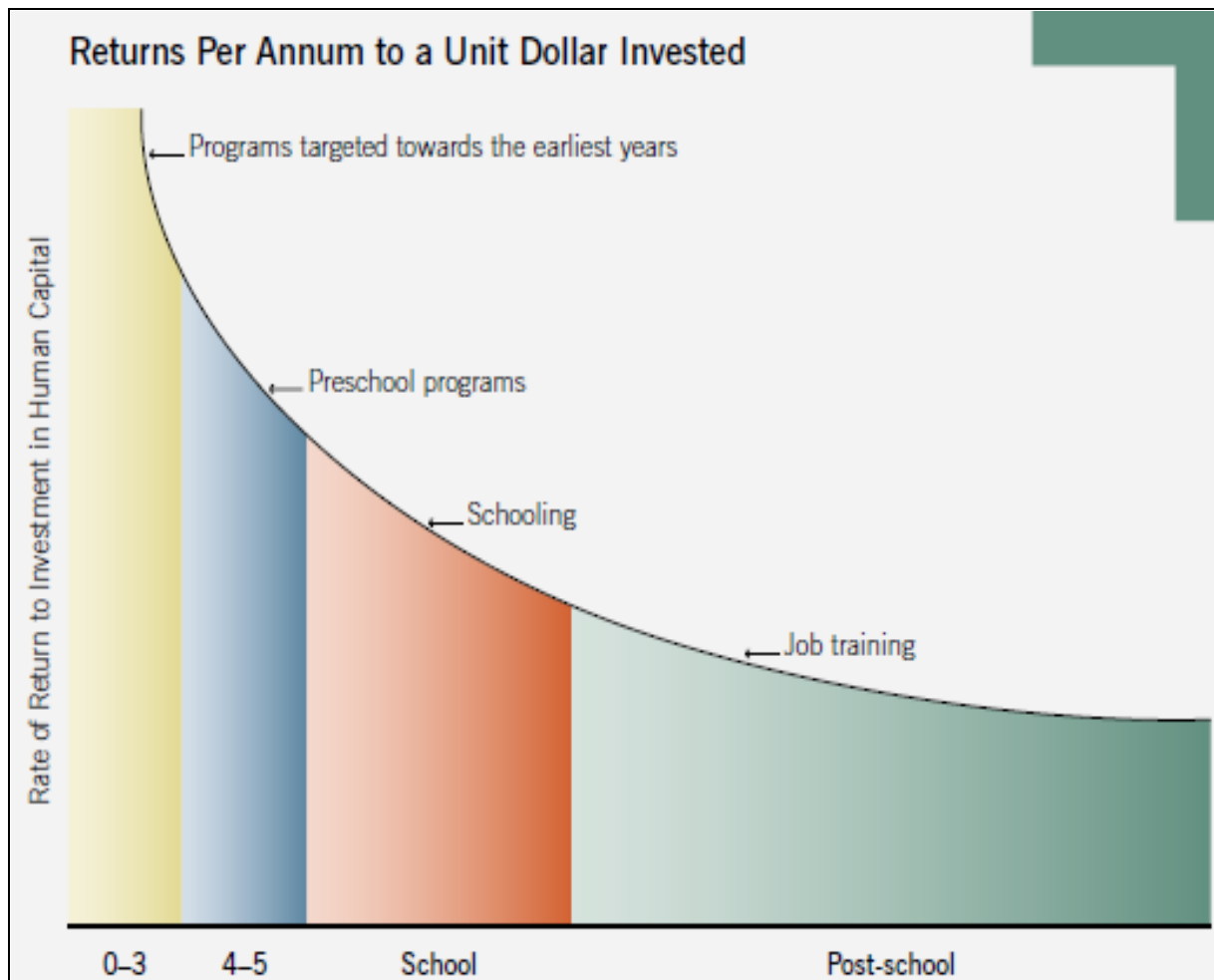
Figure 2: Gross Receipts by Various Industries in Los Angeles County (2006) ⁷



ECE Increases Worker Productivity

- Parents using quality child care are less likely to:
 - Stop working to care for their children
 - Savings in turnover cost estimates go up to 250% of employee's annual salary
 - Be absent from work
 - Absences cost businesses at least twice the absent worker's wage
- Parents' co-workers productivity increased by availability of quality ECE
 - 78% of workers feel their work environment would improve if their co-workers' child care needs were addressed

ECE has a High Return on Investment



“Investments in high-quality early education programs have the highest rate of return of any social investment.”

- Dr. James Heckman

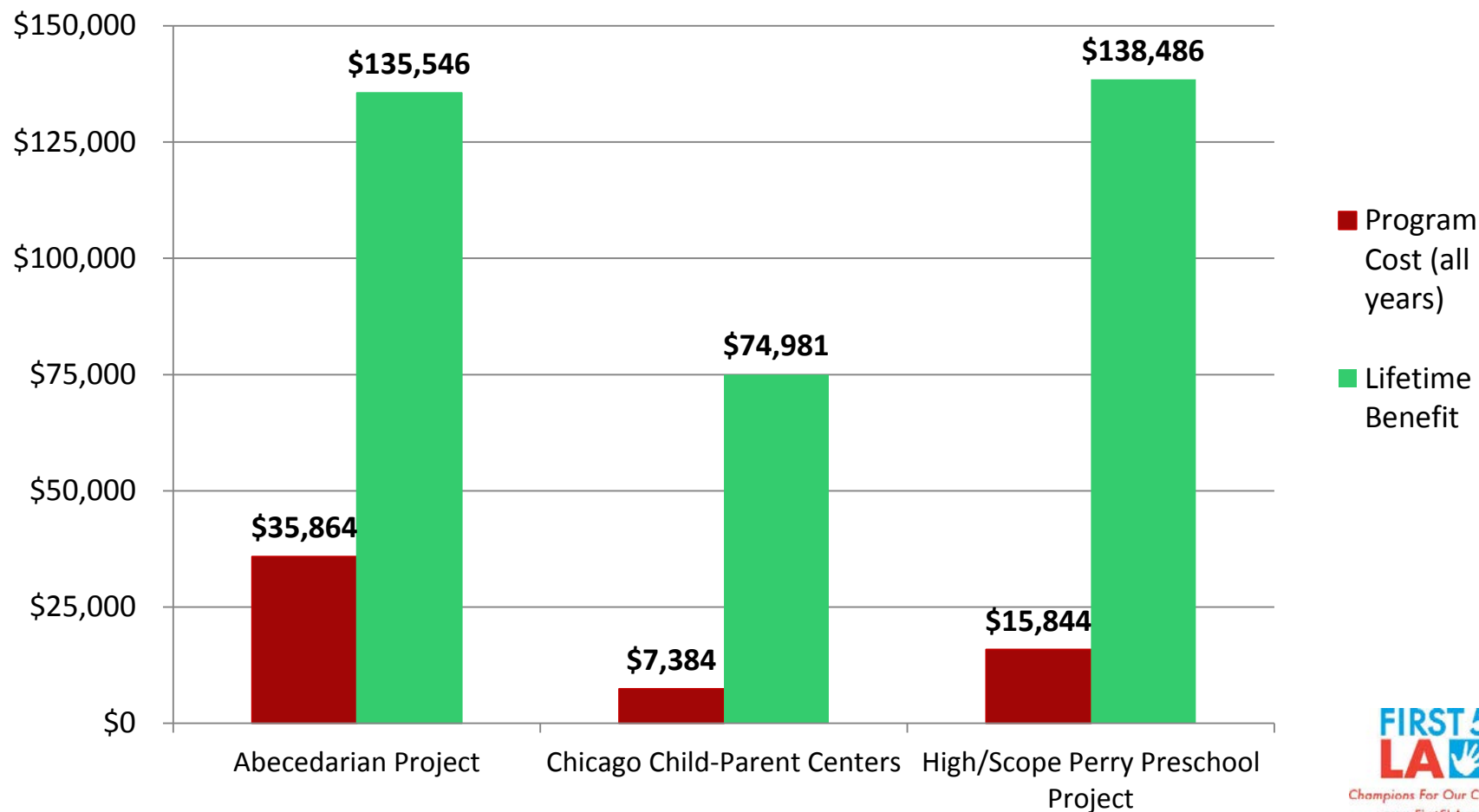
ECE Sets the Stage for Future Gains

- Children who attend high-quality early education programs:
 - Start kindergarten ready for school
 - Are less likely to repeat a grade
 - Are more likely to graduate from high school and attend college
- As adults, those children have:
 - Better chances of employment in higher-skilled jobs
 - Reduced likelihood of criminal behavior
 - Reduced reliance on public assistance

ECE Benefits Yield Financial Savings

- The benefits of ECE result in future economic returns through:
 - Higher payroll taxes by program participants
 - Higher purchasing power by program participants
 - Less public funds spent on welfare
 - Less public funds spent on incarceration

Lifetime Benefits from Quality ECE are Much Higher than Original Costs



ECE Workers Make Lower than Average Salaries

	LOS ANGELES COUNTY		CALIFORNIA	
	Average Hourly Salary	Average Annual Salary	Average Hourly Salary	Average Annual Salary
Child Care Workers	\$11.34	\$23,585	\$11.64	\$24,218
Preschool Teachers	\$15.26	\$31,738	\$15.23	\$31,679
All Workers	\$24.44	\$50,844	\$24.68	\$51,334

Comparison to Other Industries ECE Workers Are Not Paid Well

Employee Type	2011 California Average Salary
Accountant	\$75,222
Construction Worker	\$52,428
Child, Family, and School Social Worker	\$50,794
Automotive Repairer	\$45,636
Housekeeping and Janitorial Worker	\$41,983
Preschool Teacher	\$31,679
Hairstylists and Cosmetologist	\$25,552
Hotel/Motel Desk Clerk	\$24,660
Child Care Worker	\$24,218
Waiter/Waitress	\$21,041

ECE Workforce Salaries Not on Par with Other Educators

