

1. ECONOMIC IMPACT OF THE EARLY CARE AND EDUCATION INDUSTRY IN GEORGIA



AN IMPORTANT PART OF GEORGIA'S ECONOMY:

- It enables parents to engage in the workforce, allowing them to financially care for their families while contributing federal, state, and local taxes.
- It benefits children in terms of cognitive and social development, school readiness, and health and well-being, thereby contributing to the long-term economic development of the state.

Evidence from leading researchers, including Nobel-prize winning economists and Federal Reserve Bank analysts, consistently point to the economic importance of laying a strong foundation in early childhood (e.g., Heckman, 2000; Rolnick & Grunewald, 2007; Wolfe & Tefft, 2007).

HIGHLIGHTS OF FINDINGS ON SHORT-TERM ECONOMIC IMPACT:

- The **total annual level of gross receipts** of the industry for a 12-month period is estimated to be \$2.4 billion.
- The additional economic activity associated with the industry adds another \$1.7 billion to Georgia's economy.
- Thus, **the industry generates \$4.1 billion of economic activity in the state each year** and is on par with industries such as computer and electronic product manufacturing; the arts, entertainment, and recreation industries; and pharmaceutical manufacturing.
- A conservative estimate of the level of parents' annual earnings that are supported by the availability of child care in Georgia is \$13.6 billion—but may be as large as \$32.7 billion.
- Through employment and other spending in the industry, and by fueling expansions in other sectors of the economy, the industry generates \$117 million in federal, state, and local tax revenues.
- Early care and education provides 61,203 jobs in the industry itself and generates an additional 13,500 jobs in other market segments.
- The early care and education industry in Georgia provides care for an estimated 383,379 children in the state each year.
- There are over 10,000 licensed or regulated for-profit and not-for-profit early care and education centers, family child care homes, group child care homes, pre-kindergarten programs, military family child care homes, Head Start sites, and military early care and education centers.

A PROFILE OF THE INDUSTRY IN GEORGIA:

- The industry serves children of all races and ethnicities, but the percentage of black children in care represents a larger portion than the proportion of black children in the state at large.
- Centers and family child care homes serve children of need—45% of children in centers and 24% of children in family child care homes receive free or reduced-price lunch.
- Most centers and family day care providers operate on a 12-month basis; 40% of family day care providers and 30% of centers offer care on Saturdays, Sundays, and/or holidays.
- The average weekly parent fee for infants ranges from \$70 to \$120 for family child care homes and from \$80 to \$145 for centers, based on geographic area.

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- The average wage for administrators in centers is \$13.57 per hour; lead teachers earn an average of \$10.45 per hour; and other teaching staff earns, on average, \$7.94 per hour. In family child care homes, the average hourly wage for paid assistant caregivers is \$7.09. Paid leave, paid holidays, and paid time-off for training are among the benefits most often offered by centers.

The early care and education industry in Georgia is a multi-billion dollar industry. The industry generates significant amounts of economic activity on a daily basis by buying goods and services needed to run their businesses; by providing employment to teachers, administrators, and a variety of support staff; and by providing additional economic activity through monies spent by the industry itself and industries directly related to early care and education.

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Excerpted from an economic impact report prepared by the Child Policy Partnership, which includes researchers from the University of Georgia and Georgia State University, for Bright from the Start: Georgia Department of Early Care and Learning. Copies of regional fact sheets or the full report of the economic impact study are available at www.dec.state.ga.us, or by contacting:

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STATE OPTIONS: FINANCING EARLY CARE AND EDUCATION



ARKANSAS

3% tax on the sale of beer (2001-07) to fund Arkansas Better Chance (ABC) pre-k program. In 2007, the legislature replaced beer tax funds with other public funds and raised total general-revenue funding for pre-K to \$111 million (Stone, 2008).

ARIZONA

Early Childhood Development and Health Fund (ECDHF) created through an 80-cents-per-pack increase in the cigarette tax, which is expected to generate over \$150 million per year. The ECDHF will distribute money to regional programs that address community-specific early childhood needs, with an emphasis on lower-income areas and a 10% cap on administration expenditures (Stone, 2008). Priorities include a quality rating system and a teacher education and compensation program (Insight Center, 2008).

CALIFORNIA

California Children and Families First Act (1998) added a 50-cent tax to cigarettes in addition to state Department of Education funding. Under the law, each county sets up a First 5 Commission to create a spending plan and distribute funds (Stone, 2008). The Early Learning Quality Improvement Act (2008) established a Commission to create a Quality Improvement System (Insight Center, 2008).

COLORADO

Taxpayers that contribute money to promote child care may claim 50% of the total contribution as an income tax credit (Colorado Department of Revenue).

GEORGIA

State funding provided through the Department of Human Resources and Bright from the Start. Georgia Lottery for Education funds Georgia's pre-K program. (Child Policy Partnership, 2008).

ILLINOIS

Illinois Early Learning Council (2002) created to develop a high-quality early learning system for all children birth to five years old. There have been significant increases in the state budget towards the Early Childhood Block Grant every year since 2003 (Insight Center, 2008).

LOUISIANA

"School Readiness Tax Credits" provide tax breaks to families, child care providers, child care teachers and directors, and businesses that support quality care (Quality Start).

NEW YORK

Empire State Tax Credit (2006) is a refundable credit that provides up to \$330 for each child between the ages of 4 and 17 for eligible families. New York Zero-to-Three Network established a Policy Leadership Circle in 2008 to raise public awareness for the first three years of life and develop an agenda for improving public policy and expanding state investment (Insight Center, 2008).

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STATE OPTIONS: FINANCING EARLY CARE AND EDUCATION



NORTH CAROLINA

Established Smart Start in 1993 to improve child care quality throughout the state. Funds are distributed to community based nonprofit corporations (Bryant et al., 2003). Intended as a long-term collaboration with the private sector. The North Carolina Partnership for Children Board is responsible for devising a long-term development plan for the money and for overseeing distribution of the funds (Stone, 2008).

OREGON

An existing dependent care tax credit for employers provides a 50% credit for expenditures on child care for employees. In 2001 the state piloted a five-year Corporate Child Care Tax Credit, a 100% or greater credit for investments made into a pooled fund benefiting low- and moderate-income families (National Technical, 2003).

SOUTH CAROLINA

The Education Improvement Act dedicates 1% of state sales taxes to education programs (Stone, 2008). South Carolina First Steps to School Readiness program created to provide funding and support for a high-quality early education program delivered through local county partnerships (Insight Center, 2008).

WASHINGTON

Corporate and philanthropic funding supplements state funding through Thrive by Five (2006) and makes strategic investments in promising models of affordable, high-quality early learning (Stone, 2008).

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UNITED WAY OF METROPOLITAN ATLANTA

3. EARLY EDUCATION COMMISSION

A community leadership collaborative supporting the United Way's goal of ensuring children are ready for school



PROBLEM:

In metro Atlanta, our communities are failing to maximize the number of young children who grow to be successful, literate, numerate, job-ready adults. Ultimately, the economic and social toll this problem could exact on Georgia would be enormous. Conversely, addressing and solving this problem can give Georgia a strong competitive edge in the global marketplace.

ADDRESSING THE PROBLEM:

In the summer of 2006, the United Way of Metropolitan Atlanta conducted eight work sessions across the metro area with community stakeholders representing government, nonprofits, foundations, child care, education, health and faith-based communities. These workshops focused on identifying strategies and measures for children and families in the context of the “Ready Equation”: Ready Families + Ready Communities + Ready Services + Ready Schools = Children Ready for School.

In the fall of 2006 an **Early Learning Commission** made up of education and community leaders was convened to take the workgroup findings and compile strategies into a multi-year plan, which was then presented to groups of parents, legislators, media representatives, potential funders and others for feedback. This commission then developed five core strategic recommendations (with specific actions identified) to implement:

- **An Early Learning Community-Based Partnerships Initiative** to develop early learning systems and strategies in communities with low third-grade test scores
- **A Child Developmental Screening and Assessment System** for assessing child development at age three and prior to entering school
- **Regional Training, Technical Assistance and Professional Development** to equip formal and informal child care providers with the tools needed to promote a high-quality, culturally relevant learning environment for all children
- **Social Marketing** to reach parents and families and increase awareness as well as change knowledge, attitudes and behaviors regarding early learning issues
- **A Public Policy Council** to work in collaboration with the United Way of Metropolitan Atlanta’s Public Policy Advisory Committee

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Smart Start, the early childhood division of the United Way of Metropolitan Atlanta, has since implemented Early Learning Community-Based Partnerships in a number of selected metro communities; uses a Child Developmental Screening and Assessment System to collect data; and Regional Training, Technical Assistance and Professional Development to improve quality and address school readiness for children at risk for failure.

In 2008, a steering committee was formed to establish an **Early Education Commission** that would continue to further the metro United Way's work in this area. The **Early Education Commission** brings together a carefully selected roster of business and civic leaders to conduct a thorough review of empirical evidence and expert opinion on the case for cohesive action on early care and education (children birth – five years old), shape a broad directional agenda for the metro Atlanta community and offer concrete action recommendations.

Over the next two years, the **Early Education Commission** will explore and analyze the current situation in the Atlanta metro area to identify clear areas of focus in which specific changes can be made in order to improve the early learning landscape, delivering enormous economic and social benefits to the community. Smart Start and other key stakeholders will implement the Commission's recommendations.

The **Early Education Commission** is co-chaired by Dennis Lockhart, president and CEO of the Federal Reserve Bank of Atlanta, and Dr. Beverly Tatum, president of Spelman College. United Way of Metropolitan Atlanta President Milton Little will serve on the Commission, and Sharen Hausmann, Vice President of Early Learning for United Way of Metropolitan Atlanta, will serve as the liaison between United Way and the Commission. The first meeting of the Commission, co-chaired by Lockhart and Tatum, was held on October 1, 2008.

4. COMPONENTS OF QUALITY CARE



In 2007, the National Association of Child Care Resource and Referral Agencies (NACCRRA) ranked Georgia 35th for its child care centers when compared with other states, the District of Columbia, and the U.S. Department of Defense. NACCRRA reported that Georgia's strengths lie in center staff training requirements and meeting 9 out of 10 required basic standards of health and safety. In terms of weaknesses, neither the staff-to-child ratios nor the group size requirements meet the National Association of the Education of Young Children (NAEYC) standards. As well, center directors in Georgia are not required to have a Child Development Associate credential. Child care providers in centers and family child care homes in Georgia are only required to have a high school diploma or GED.

A Quality Rating System (QRS) is a systemic approach to assess, improve, and communicate the level of quality in early care and education programs. These systems provide an opportunity for states to increase the quality of care and education for children, increase parents' understanding and demand for higher quality care, and increase professional development of child care providers. A QRS can also be a strategy for aligning components of the early care and education system for increased accountability in improving quality of care.

All Quality Rating Systems are composed of five common elements:

1. **Standards:** QRS standards are built on the foundation of child care licensing requirements and add multiple steps between licensing and higher quality standards, such as those associated with accreditation.

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4. COMPONENTS OF QUALITY CARE



2. **Accountability measures:** Accountability and monitoring processes are used to determine how well programs meet QRS standards and to assign ratings.
3. **Program and practitioner outreach and support:** Support for providers, such as training, mentoring, and technical assistance, are included to promote participation and help programs achieve higher levels of quality.
4. **Financing incentives:** Financial incentives, such as tiered subsidy reimbursement (which pays a higher reimbursement rate to providers who care for children from families that receive Child Care and Development Fund subsidies and who meet standards beyond minimum licensing), are awarded to programs when quality levels are achieved.
5. **Parent/consumer education efforts:** Most award easily recognizable symbols, such as stars, to programs to indicate the levels of quality and inform and educate parents.

As of July 2007, 13 states (Colorado, Iowa, Kentucky, Maryland, Montana, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, and Vermont) and the District of Columbia have a statewide QRS.

In Georgia, the Division of Quality Initiatives within the Georgia Department of Early Care and Learning is currently responsible for the oversight of the Standards of Care Program, which offers technical training and technical assistance for center directors and caregivers. The Infant/Toddler Environment Rating Scale, Revised Edition (ITERS-R), and the Early Childhood Environment Rating Scale, Revised Edition (ECERS-R), nationally and internationally recognized quality measures for center-based child care, are used as the basis for training and technical assistance.