

DAYCARE INDUSTRY OVERVIEW

In the United States, the daycare industry is a multi-billion dollar industry that has grown significantly over the past twenty to thirty years. The reason for this growth rate is due to the trend toward a higher number of women choosing to work instead of staying home with children. The daycare industry generally refers to the care of children outside of their own home by caregivers who are not part of their families. The industry includes a variety of players from home-based daycare centers and infant care to large preschool centers or kindergartens. The main sector of the market consists of families with children under six who have not yet started school. "After school" and "before school" childcare is a smaller sector of the market that caters to children up until their teenage years. (Article Source: http://EzineArticles.com/?expert=Sienna_Brown)

According to the US Bureau of Labor Statistics, child daycare services provided about 859,200 wage and salary jobs in 2008. There were an additional 428,500 self-employed and unpaid family workers in the industry, most of whom were family child care providers, although some were self-employed managers of child care centers. Preschool teachers, teacher assistants, and child care workers accounted for almost 78 percent of wage and salary jobs in 2008 and about 44 percent of workers in this industry had a high school degree or less in 2008, reflecting the minimal training requirements for most jobs. The table on the following page shows employment by occupation in child daycare services for 2008 and the projected change from 2008 to 2018.

Employment of wage and salary workers in child day car services by occupation, 2008 and projected change, 2008-2018.			
(Employment in thousands)			
Occupation	Employment, 2008		Percent Change 2008-2018
	Number	Percent	
All Occupations	859.2	100.00%	15.50%
Management, business, and financial occupations	46.8	5.50%	11.00%
Education administrators, preschool and child care center/program	33.9	3.90%	11.90%
Professional and related occupations	463.8	54.00%	19.10%
Preschool and kindergarten teachers	305.2	35.50%	22.50%
Teacher assistants	116.0	13.50%	12.00%
Service occupations	308.2	35.90%	11.70%
Cooks and food preparation workers	22.8	2.70%	12.40%
Building cleaning workers	8.6	1.00%	-0.80%
Child care workers	253.7	29.50%	12.00%
Office and administrative support occupations	30.7	3.60%	8.90%

NOTE: Columns may not add to total due to omission of occupations with small employment.
 SOURCE: BLS National Employment Matrix, 2008-18.
 Compiled By Herr Valuation Advisors, Inc.

The Department of Children and Families, Child Care Services Program Office, is statutorily responsible for the administration of child care licensing and training throughout Florida. The program is accountable for the statewide licensure of Florida's child care facilities, specialized child care facilities for the care of mildly ill children, large family child care homes, and licensure or registration of family daycare homes. The department ensures that licensing requirements are met through on-going inspections of child care facilities and homes, thus preventing the continued operation of substandard child care programs. Currently, DCF child care licensing staff is responsible for the inspection and licensure of child care facilities and homes in 61 out of 67 counties in the State of Florida as well as registration of family daycare homes in those counties which do not require licensure. Six counties have elected to regulate licensing of child care facilities and homes which are Brevard, Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota counties.

The top child care occupation according to the BLS Employment Matrix for 2008 for the industry is professional and related occupations encompassing the largest percentage overall followed by preschool and kindergarten teachers, service occupations, and childcare workers. Preschool and kindergarten teachers have the highest increase in jobs projected for the ten year period from 2008 to 2018 with building cleaning workers showing a negative change. The daycare industry appears to be flourishing even in the tough economy providing a large percentage of various jobs in the industry. Therefore, due to the large residential base in the area there is definite room for growth in the industry for families that do not want to travel outside of their immediate neighborhood for these services.

The Agency for Workforce Innovation for the State of Florida completed an article in July 2009 about early learning as follows:



Early Learning Plays a Significant Role in Florida's Current and Future Economy

by Riana Lewis, Lisa Carlisle, & Michelle Craig, Ph.D.

Early learning opportunities for children play several critical roles in promoting the economic vitality of the state. For parents, it enables them to work and support their families. For children, rich learning environments provide early opportunities that encourage academic, language and social development. These roles support both the current economic climate and lay the groundwork for the future. In addition to its value for parents and children, child care is itself a major industry with substantial economic value for the state.

This report examines the importance of the Florida child care industry as a major employer and an important factor in economic growth, both locally and statewide. Child care settings support the workforce directly in employing workers, paying wages and taxes, and purchasing goods and services from other Florida industries. The industry also plays a critical role in indirect support of the Florida workforce by enabling parents to participate in educational programs and enter and remain in the workforce. Both direct and indirect supports of the state's workforce serve Florida's economy¹:

- The child care industry directly employed 70,784 people in 2006.
- The child care industry generates approximately \$1.1 billion in wages for Floridians; an additional \$1.8 billion is generated for industries that support the child care settings and their workers, for a total value of \$2.9 billion to the state of Florida.
- Child care also plays a key role in supporting future economic development. Research has shown that children who attend high quality child care are more successful in school and in their adult lives. They are typically better employed, rely less on government assistance, and produce more in economic activity and taxes.

Investing in child care makes sound fiscal sense: it supports parents and children, and enhances the state economy.

Economic Value of the Child Care Industry

The child care industry is a significant sector of Florida's economy. The Agency for Workforce Innovation's Labor Market Statistics Center conservatively estimates that in 2006 Florida's child care services industry paid more than \$1.1 billion in wages to its 70,784 employees in Florida¹. This averages about \$15,700 per employee. When those employees spend their wages in their communities, they generate more economic activity. In addition, the child care businesses themselves require facilities, supplies, electricity, and other goods and services. Together these expenditures equal approximately \$2.9 billion in total output (total value of services provided) for the child care industry. Figure 1 compares the output of several industries, including child care. The child care industries' output of \$2.9 billion exceeds industries such as sugar manufacturing, commercial printing, boat building, and motion picture and video industries, and is close to that of radio and television broadcasting.

The article also depicts several charts which we have summarized. The child care services industry ranks second for employment by industry of the 509 industries surveyed at 70,784 persons employed behind the federal military. The industry also ranks for the benefit it provides to the economy for each dollar earned. Child care services generate \$1.52 into the economy for each dollar of compensation. The leading three industries are hotel and motels and casino hotels, highway, street, bridge, and tunnel constructions, and hospitals. Finally, for each dollar spent by the child care services industry, \$1.69 of economic activity is generated. The child care industry ranks third behind phosphatic fertilizer manufacturing and commercial printing for the benefit to the economy for each dollar spent by the industry.

The total output and employee compensation multipliers are close in size for child care (1.52 and 1.69). This is because the principal expense for the child care provider is employee pay. Most of the economic activity generated by the industry comes from employee spending. Child care settings simply do not have additional money to spend on supplies, curricula, and other goods and services. Further, child care employees are not highly paid. The results presented here show that child care employees in Florida earn an average of \$15,700 per year. This is in part because many child care employees work part-time, although the median hourly range for all child care workers in Florida is less than \$9/hr, according to the Bureau of Labor Statistics (2008). Investing in the child care industry provides Florida a tremendous opportunity to improve the state's economic development. The industry is a significant part of Florida's economy and generates economic returns that are similar to or greater than other key industries. The key role child care plays in supporting future economic development is perhaps even more important.

Quality Early Learning Promotes Economic Growth

The High/Scope Perry Preschool Project is a well-established early childhood program that has been in operation for almost 40 years. Results from this longitudinal study show that children who attend high quality child care are more successful in school and in their adult life (Schweinhart, 2007). They typically are better employed, rely less on government assistance, and produce more in economic activity and taxes. High/Scope Perry Preschool Program participants showed that at age 40, those who participated in early child care programs relative to those who did not:

- had significantly higher median annual earnings (\$20,800 vs. \$15,300)
- had a higher percentage of home-owners (37% vs. 28%)
- were more likely to have a savings account (76% vs. 50%)
- had significantly fewer lifetime arrests (36% vs. 55%) and significantly fewer months in prison or jail (28% vs. 52%).

As a return on investment, the High/Scope Perry Preschool Program researchers found 40 years after participating in the program; the public gained \$12.90 for every dollar spent on children. Most of the savings were from dollars not spent on incarceration, lower special education costs, taxes paid to coffers because of higher earnings, and savings in public assistance costs (Schweinhart).

Similarly, parents who have access to child care can be more economically self-sufficient. A long-term cost/benefit analysis on the Abecedarian study showed that mothers of children who were enrolled in five years of high quality, full-time care, had more of an opportunity to obtain employment and training (Masse & Barnett, 2002). Thus, mothers of children who participated in the program earned significantly more than mothers whose children did not participate, approximately \$3,750 per year more. The evidence for Florida supports this finding.

Florida's School Readiness program is a key support of the Welfare-to-Work and Welfare Reform programs' successes. Rather than provide support so that parents can be home with their children, states and the federal government now emphasize providing child care so that parents can work or prepare for work. As a result of an emphasis on work requirements and the availability of child care, the number of people in Florida receiving Temporary Assistance to Needy Families dropped from 633,141 in 1996-97 to 76,985 in 2007-08 (cash assistance only; Office of Economic and Demographic Research, 2009).

Florida's School Readiness program provides subsidized child care for [more than 200,000 children and families](#). But the state faces waitlists of 40,000-50,000 families each month and the program has been level-

funded for a decade. Investing in this program makes sound fiscal sense; it supports children and parents, and enhances the state economy.

Concluding Thoughts: What is the Role of Early Learning in Florida's Economy?

Early learning plays a significant role in Florida's current and future economy. High quality child care supports the current economy by allowing parents to work and become financially self-sufficient while giving them peace of mind that their children are in a safe and nurturing environment. At the same time, it supports the workforce directly in employing workers, paying wages and taxes, and purchasing goods and services from other Florida industries. In addition, it is an investment in the future economy because children who attend high quality child care have been found to be successful in school and in their adult lives as they typically earn higher wages, rely less on government assistance, and produce more in economic activity and taxes than their counterparts not experiencing quality care. Investing in children early also shows promise for money savings through dollars saved on incarceration and children needing special education intervention. Overall investing in early learning makes sound fiscal sense.

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