



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

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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.

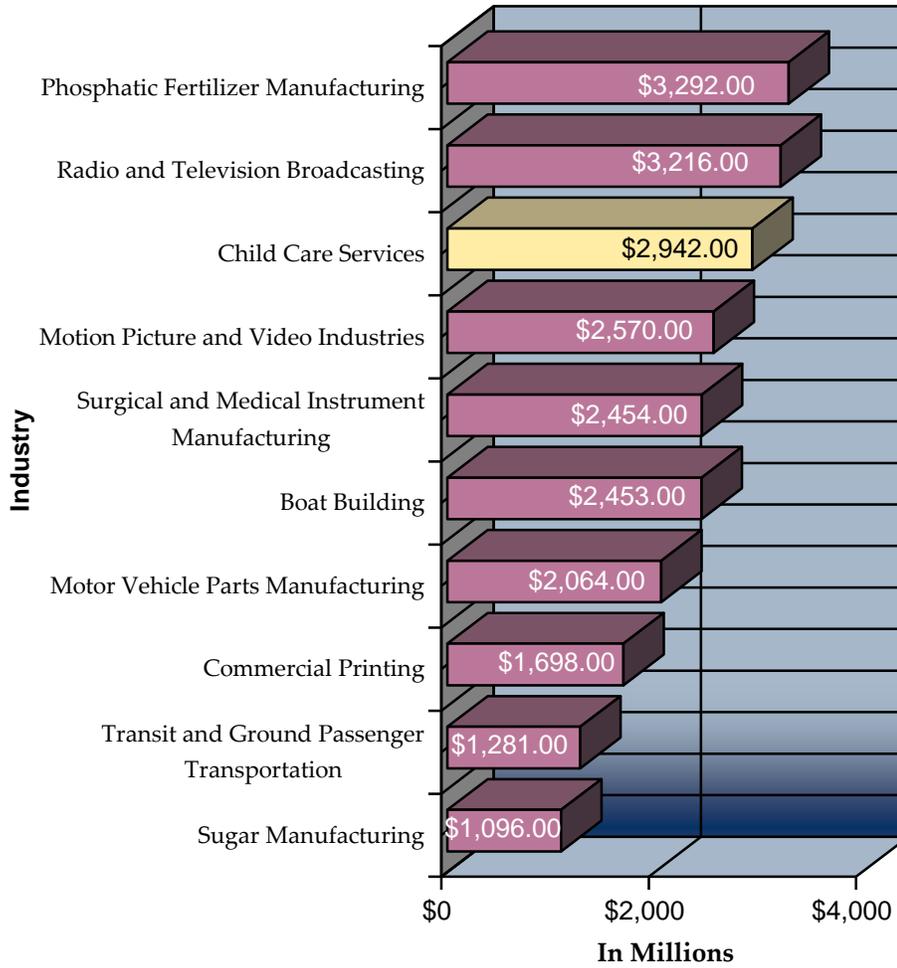
Investing in child care makes sound fiscal sense: it supports parents and children, and enhances the state economy.

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.

¹ Analysis was conducted using IMPLAN Professional Version 2.0. The number of employees and value of the industry is based on the North American Industry Classification System (NAICS). This provides a conservative estimate of the size of the industry because some child care centers are associated with a larger business such as a school or corporation and these are not classified as child care.

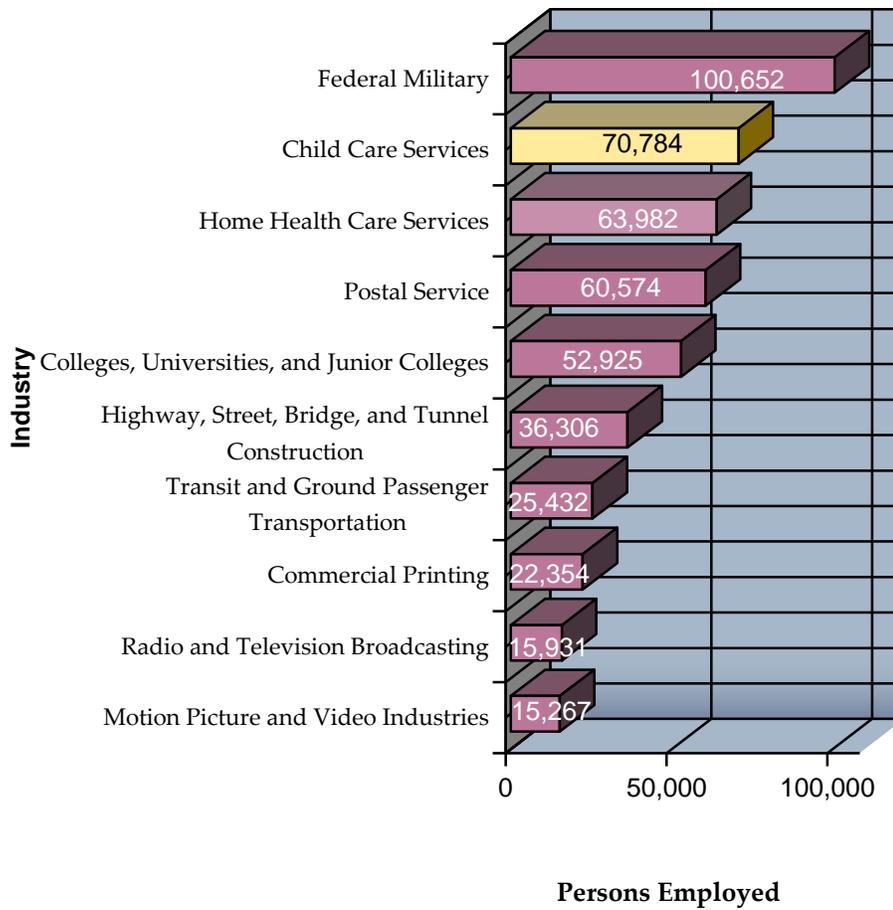
Figure 1. Agency for Workforce Innovation’s Labor Market Statistics Center, Economic Output by Industry, Florida



Source: IMPLAN Professional Version, 2.0, Base

Figure 2 compares industries based on the number of employees. Of the 509 sectors measured by the Labor Market Statistics Center, child care services ranks in the upper quartile for number of employees.² The child care sector employs more people than colleges, universities, and junior colleges, or the postal service.

Figure 2. Agency for Workforce Innovation's Labor Market Statistics Center, Employment by Industry, Florida

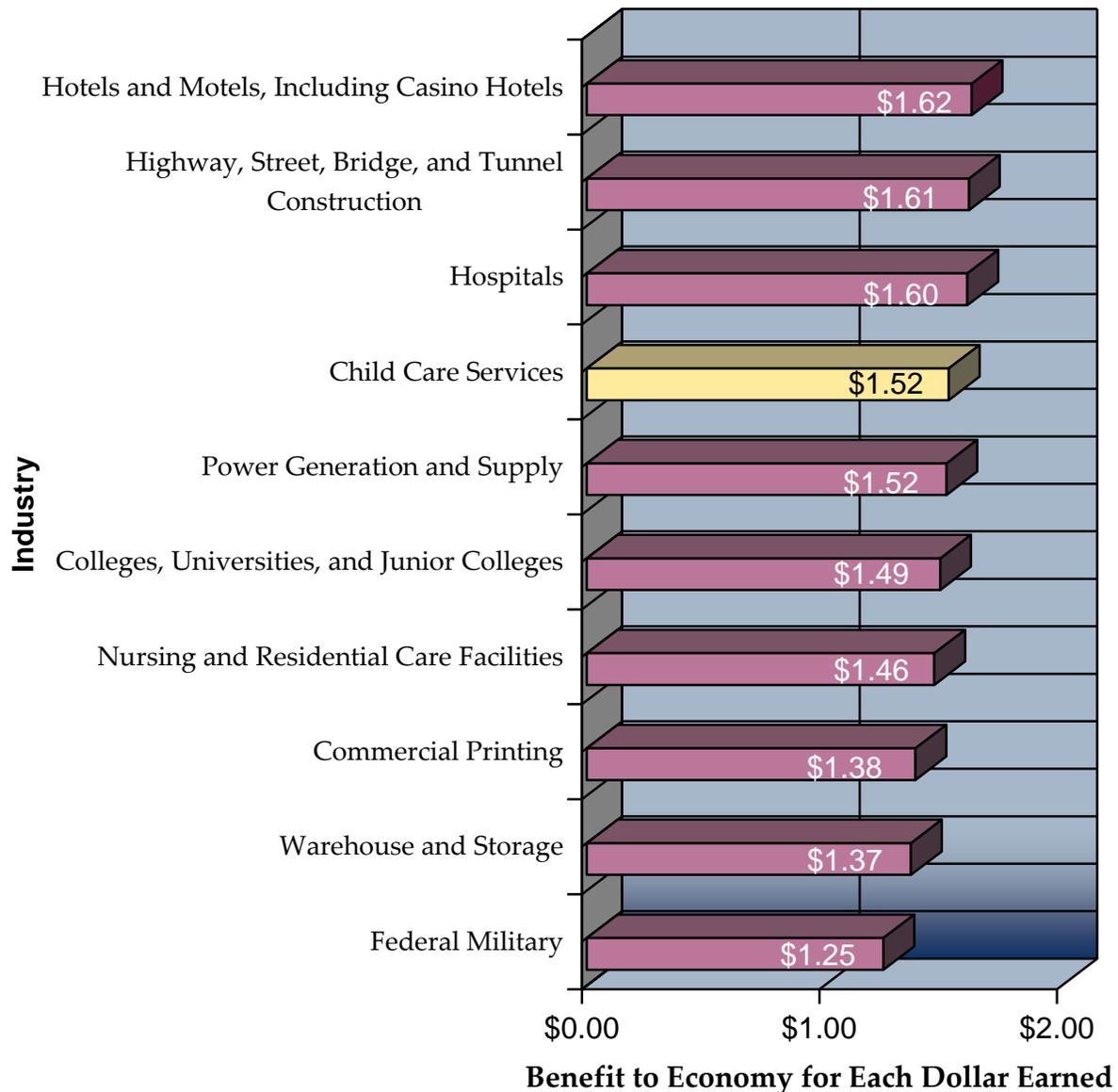


Source: IMPLAN Professional Version, 2.0, Base

² AWI-OEL, Percentile rank calculation

Figure 3 shows that for each dollar of employee compensation in the industry, \$1.52 is generated into the larger economy. This means that the \$1.1 billion in employee compensation generates \$1.67 billion in economic activity. This rate of return is similar to the multipliers observed for industries such as power generation and supply, and greater than that of colleges, universities, and junior colleges.

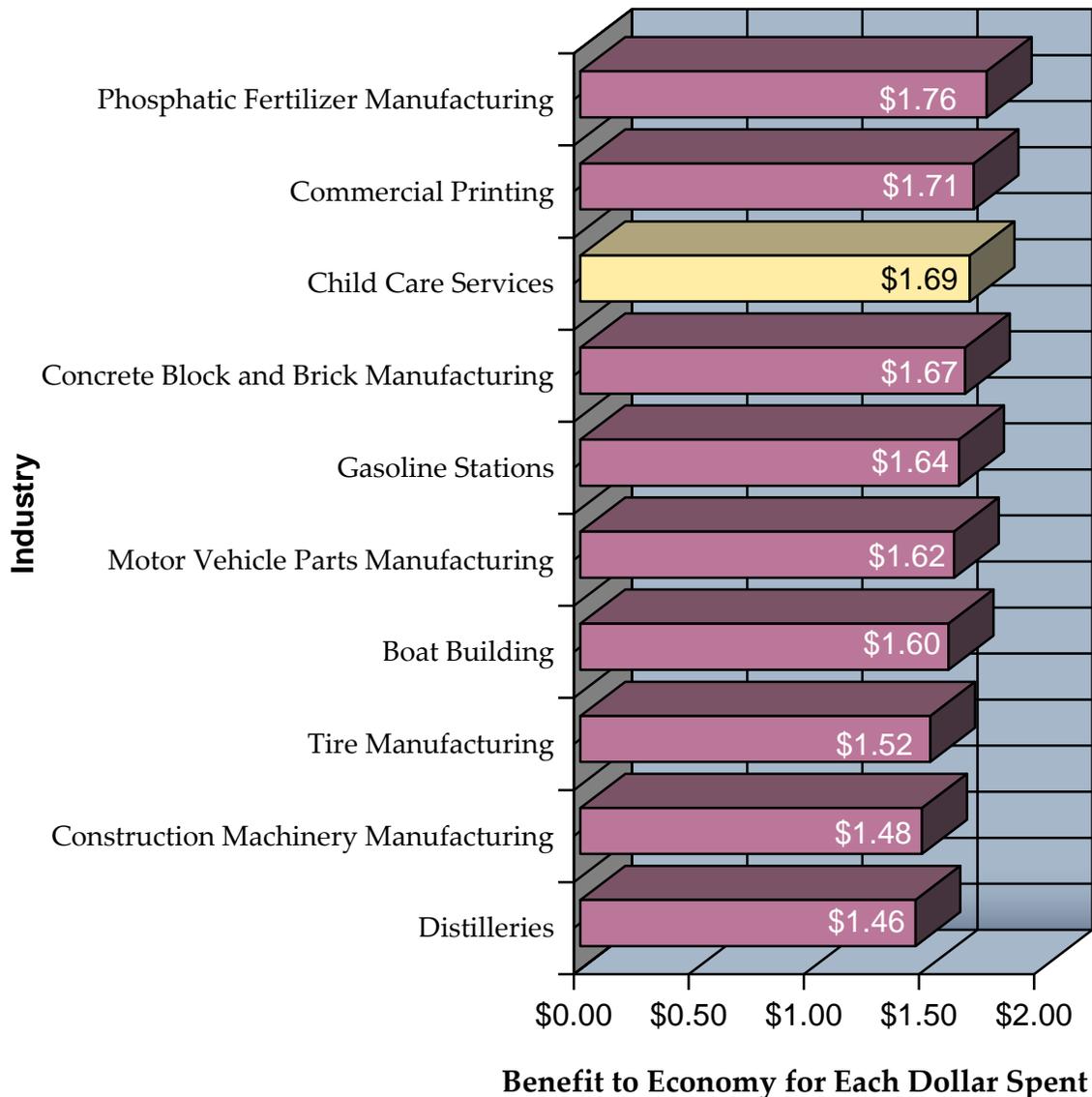
Figure 3. Agency for Workforce Innovation's Labor Market Statistics Center, Benefit to Economy for Each Dollar Earned, Florida



Source: IMPLAN Professional Version 2.0, Base Year 2006

Figure 4 shows the total output multipliers for child care and comparable Florida industries. For each dollar spent by the child care industry, \$1.69 of economic activity is generated. This compares favorably to many other industries because most of the child care industry's purchases are made locally while many other industries may purchase goods outside of the local economy (Nagle & Terrell, 2005). Specifically, child care has a greater dollar-for-dollar impact than gasoline stations and manufacturing of motor vehicle parts, tires, and construction machinery.

Figure 4. Agency for Workforce Innovation's Labor Market Statistics Center, Benefit to Economy for Each Dollar Spent by the Child Care Industry, Florida



Source: IMPLAN Professional Version 2.0, Base Year 2006

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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