

## **LICENSED CHILD CARE INDUSTRY GENERATES BILLIONS IN REVENUE AND THOUSANDS OF JOBS, REPORT DEMONSTRATES**

### Analysis Shows Licensed Child Care Is Essential Part of California's Economic Infrastructure

SACRAMENTO, Calif. - The licensed child care system, long considered to have an important social and educational value for California's families, also makes significant economic contributions to the state's economy and is a key part of its economic infrastructure, according to an economic development report being released Wednesday, September 5, at 10:00 a.m. in Room 1190 of the State Capitol Building.

The Economic Impact of Child Care in California, a report sponsored by the National Economic Development and Law Center (NEDLC), shows that the child care industry generates billions of dollars in revenues, creates tens of thousands of jobs, and generates substantial productivity gains that represent billions of dollars for California's families, businesses, and government. The report, developed out of the Local Investment in Child Care Project (LINCC), and prepared by the consulting firm M.Cubed, found:

- The licensed child care industry generates between \$4.7 and \$5.4 billion in revenues statewide -- similar in size to both the livestock and vegetable crops industries.
- The licensed child care industry directly employs over 123,000 people in California. This is three times more employees than the state's advertising industry and more than twice as many employees as the lumber industry.
- Licensed child care also generates indirect employment through the goods and services the industry and its employees purchase. As additional 86,000 indirect and induced jobs are created and sustained by the child care sector.
- By providing a stable source of care, the child care infrastructure enables working parents to earn at least \$13 billion annually – a substantial and sustained contribution to the state's economic growth and overall prosperity. Those earnings, in turn, create more than \$40 billion in total direct, indirect and induced personal income, almost \$5 billion in tax revenues, and support an estimated 1.1 million jobs. Moreover, the productivity gains created by the licensed child care industry contribute \$65 billion to gross state product. This “leveraging” effect contributes more to the economy than the sector-specific impacts of several high-profile industries, including electronics, motion pictures, and food products.

“This report has demonstrated that child care is a critical component of the state's economic infrastructure,” said Ralph Lippman, Executive Director of the California Community Economic Development Association. “Just as the power crisis has shown how important electricity is to our economic well-being, this report demonstrates how the child care industry is vital to our state's economic health.”

State leaders concur. “Not only is the child care industry critically important for working families, it is as important a source of revenue and employment as several other leading

industries in the state,” said California Assemblymember Hannah-Beth Jackson. “The child care sector needs to be recognized for what it is: an industry that makes considerable contributions to our state’s economic health, allows parents to provide for their families, and contributes to the healthy development of our children.”

Due to a variety of factors unique to the child care field, however, the industry’s stability is uncertain. “Every day the child care industry has to struggle with a difficult combination of high operational costs, limited revenue streams, high staff turnover, and inadequate facilities,” said Patty Siegel, Executive Director, California Child Care Resource and Referral Network.

But the report helps makes the case that there are ways to support and encourage the growth of this important industry, just as other critical sectors are supported by government and businesses. “Economic development planning must include child care. Affordable loans can encourage more child care facilities. Businesses can create child care-friendly policies for their employees. Even as the overall state economy slows, these and other recommendations will help strengthen an key industry that not only allows parents to work and businesses to grow, but is a valuable economic force in and of itself,” said James Head, President of NEDLC.

The above-mentioned individuals, as well as the report's author, LINCC project partners, and other key stakeholders, will be on hand at the press conference on September 5 to discuss the report's findings and implications for the health of the state's economy.

#### About the National Economic Development and Law Center

NEDLC, established in 1969, is a non-profit public interest law and planning organization that specializes in community economic development. One of their key initiatives, the Local Investment in Child Care Project (LINCC), was formed in 1997. Acknowledging that child care is an essential part of the California economy, the project stimulates public and private investment policy to meet the child care needs of all children and families in California.

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You can download the full report from the NEDLC web site at <http://www.nedlc.org>

Thanks to Joel Ervice, LINCC Project Director for this information. For further questions, you can email him at Joel Ervice: [joel@nedlc.org](mailto:joel@nedlc.org)