



Summary Report

The Impact of the Early Care and Education Industry on the Economy of Miami-Dade County

by

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Summary Report¹

This report supports the substantial impact of the early care and education industry on the overall economy of Miami-Dade County. The industry generates jobs and spending that benefit the entire community. Notwithstanding their positive economic and educational benefits, access to affordable early care and education programs far exceeds their availability. Therefore, while government subsidies help the industry reach out to more vulnerable, low-wage earning families, there remains a significant unmet need. This void represents thousands of lost opportunities for small business entrepreneurship, workforce development, academic achievement and revenue generation that would benefit Miami-Dade County.

An Opportunity for Children in Poverty

Early care and education must be affordable in order to be accessible to working families. In 2008, the median hourly wage in Miami-Dade County was \$14.63, which means that half of all workers earned an annual income of less than \$30,430. In 2008, the average individual annual income in Miami-Dade County was \$45,163.

The 2008 federal poverty level for a family of four was \$21,200. In Miami-Dade County 243,626 households, over a quarter of all households, with young children earned below 150% of the federal definition of poverty (i.e. \$31,800), and met the income eligibility criteria for the School Readiness Program, a federal child care subsidy program.

The early care and education industry epitomizes the type of small business that drives local economic growth. There is a high demand for the service because access to affordable childcare is essential to the self-sufficiency of most working families with young children. The industry also provides an excellent opportunity for entry both into the workforce and small business entrepreneurship.

¹ The full report may be found at www.risep-fiu.org.

Meeting the High Cost of Living in Miami-Dade

The cost of living (e.g., housing, health care, transportation, and food costs) in Miami-Dade has been getting rapidly more expensive. Between 2002 and 2008, the Miami-Dade metropolitan area ranked third for largest increase in growth in Consumer Price Index¹ among major US urban areas, exceeded only by San Diego and the greater Los Angeles metropolitan areas.¹ This rapid rise in the Consumer Price Index has outstripped the rise in wages in the county. Between 2002 and 2006, the cost of living on average grew about 12% faster than the average wage in Miami-Dade County. Housing cost alone grew almost 20% faster than the average wage.¹

In Miami-Dade County, the early care and education industry is overwhelmingly owned and operated by minority and immigrant women who aspire to living the American dream of getting ahead through hard work and dedication. By providing child care services, they contribute to the economic prosperity of the broader community. Beyond providing job and small business opportunities, the early care and education industry sustains the local economy by making it possible for parents to work, and by purchasing goods and services that create jobs and generate revenue in other industries.

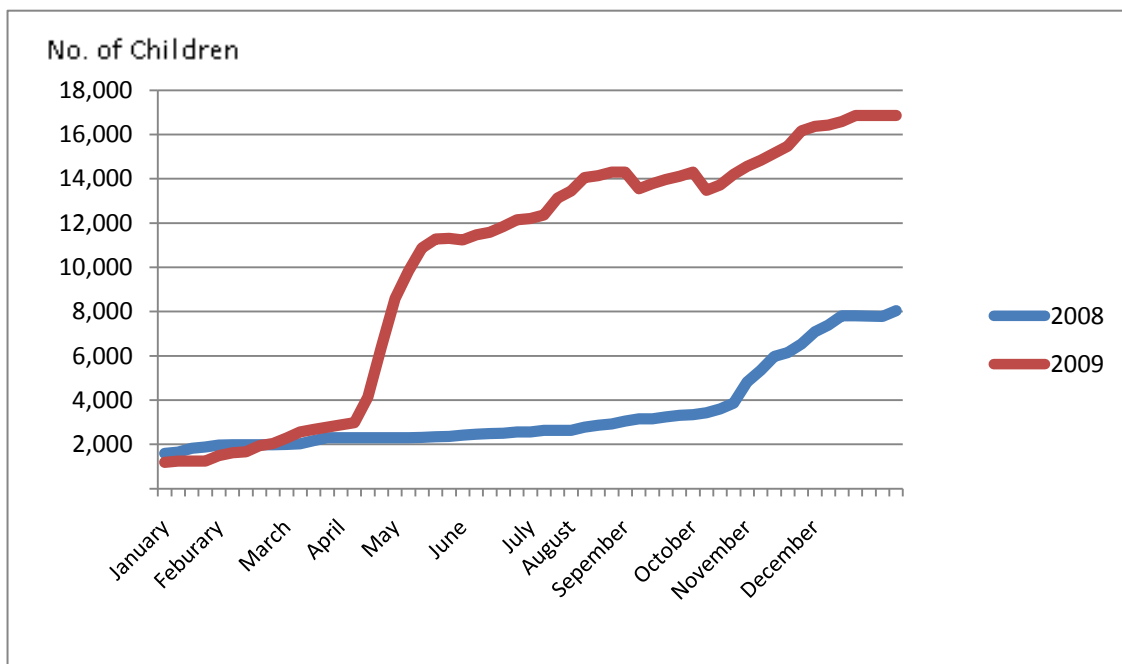
An Economic Opportunity for Women

The early care and education industry is a major employer of women, many of whom are owner/operators of early learning facilities. Immigrant women are also especially prominent in the industry, which provides employment opportunities for those who may face challenges to employment because of language and/or academic barriers. In fact, according to the American Community Survey in 2008, 97.6% of the early care and education practitioners in Miami-Dade County are women, and 67.9% of those are foreign born.

An Imbalance of Supply and Demand

There is a significant unmet need for affordable early care and education services in Miami-Dade County. The School Readiness program is the largest federally funded child care subsidy program. For many eligible low-wage earning families, it is their only hope for accessing early care and education services for their children. Yet, **the waiting list for the School Readiness program in Miami-Dade County rose dramatically from 8,000 children at the end of 2008 to over 14,000 at the end of 2009.**

School Readiness Waiting List

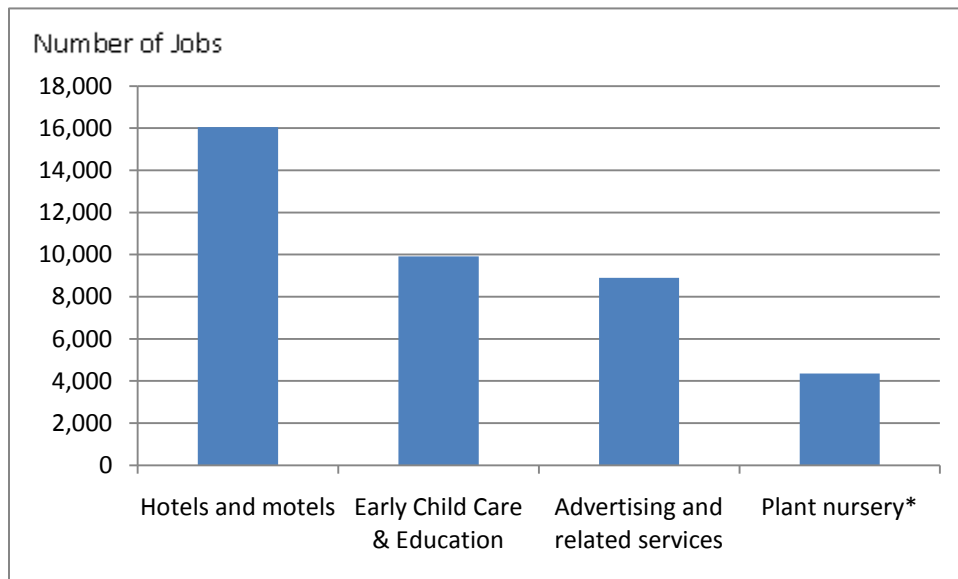


Source: Early Learning Coalition of Miami-Dade/Monroe

A Significant and Strategic Employer

The Early Care and Education industry generates 9,911 direct jobs per year in Miami-Dade County, a figure which is comparable to other important industries such as hotels and motels, generally considered a lynchpin of the local economy. Indeed, many hotel workers, as well as employees in other industries, are employable only because their young children are being cared for in early learning facilities.

Employment by Selected Industries



* Greenhouse, nursery, and floriculture production

Source: Implan Miami-Dade County, 2008

Direct employment effects are the number of jobs created within the industry itself (9,911 jobs). When early child care and education facilities then purchase goods and services in the community, they create more jobs which we call the “indirect effect.” As this spending continues to ripple through the economy, a final layer of jobs is created. Combining these layers of job creation, we find that the early care and education industry in Miami-Dade County creates approximately 12,900 jobs per year.

Employment Created by the Early Child Care and Education Industry



Source: Implan Miami-Dade County, 2008

In addition to estimating the industry impact on employment, we can also estimate the direct and ripple effects of the industry on revenue generation in Miami-Dade County. Our findings show that the industry generates \$491,307,000 per year in gross revenues, which creates an additional ripple effect of \$309,939,000, for a **total impact of over \$882.2 million into the economy of Miami-Dade County.**

The Gross Revenue Impact of the Early Care and Education Industry

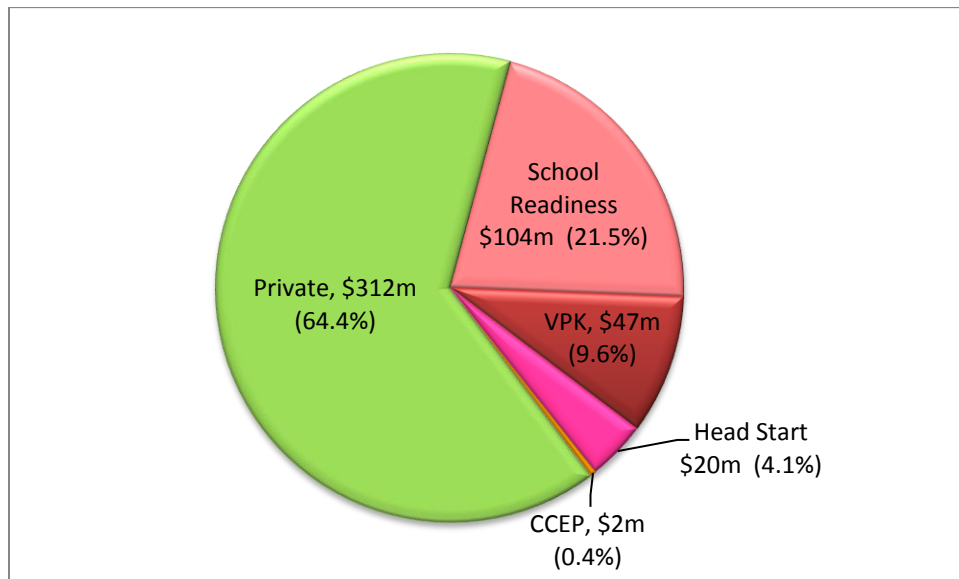


Source: Implan Miami-Dade County, 2008

Public Funding Is Critical

Public funding is critical to the early care and education industry and thus to the overall local economy. Children from eligible low-wage earning families are able to access services with help from the School Readiness program. **Over one-third of all revenue generated (gross receipts) by the industry is from public subsidy programs including School Readiness, Voluntary Pre-Kindergarten, and Head Start, among others.**²

Total Local Revenue (Gross Receipts) Generated by the Early Care and Education Industry from Private and Public Money



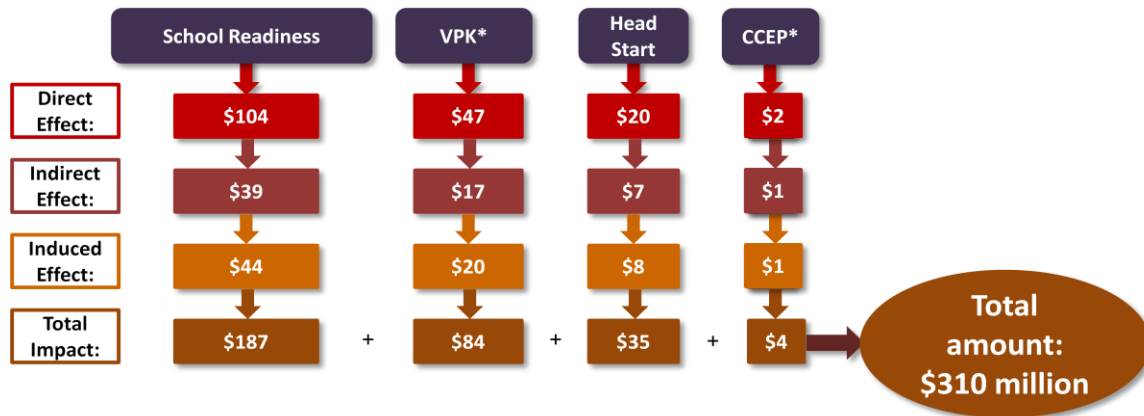
Sources: Early Learning Coalition Miami-Dade/Monroe County; Miami-Dade Community Action Agency

The total impact of the various public subsidies for early care and education in 2008 was over \$310 million in direct and rippled revenues generated in the local economy of Miami-Dade County.

² Estimates of government subsidies do not include Quality Counts program and the USDA Child Care Food Program that helps support nutritious meals in many child care centers. Estimates are also limited to programs for the age group of birth to five years of age and do not include subsidies for older children. Further, our estimates do not include the revenues generated by supports to the costs incurred from administering the subsidy programs. Adding in these flows of monies increases both the employment created and the revenues generated by the early care and education industry.

The graph below shows how much each government support program inputs into the early child care and education industry. This is the direct effect revenue “earned” by the industry in the form of subsidies for providing care and education. This direct revenue plus the indirect and induced revenues indicate the total amount of revenue generated by each program into the Miami-Dade County economy.

Input(Revenue/Gross Receipts) and Output(Impact/Ripple Effects) of Each Subsidy Program (in millions)



*VPK = Voluntary Pre-kindergarten Program; CCEP = Child Care Executive Partnership
 Sources: Early Learning Coalition Miami-Dade/Monroe County; Miami-Dade Community Action Agency;
 Implan: Miami-Dade County, 2008

This impact of subsidized spending on early care and education creates thousands of jobs in Miami-Dade County. Over 3,400 jobs are directly created in the early care and education industry, which has a ripple effect of producing an additional 1,051 jobs in other industries. The public subsidizes are underestimated because Quality Counts program was not included (Carol, I put a similar sentence in the footnote of last page).

Jobs Created by Public Funding for the Early Child Care and Education Industry



Source: Early Learning Coalition Miami-Dade/Monroe County; Implan: Miami-Dade County, 2008

If All Children Had Access to Early Child Care and Education

As state and local government struggles to overcome rising unemployment and the devastating effect of poverty, the number of families applying for subsidized early child care and education programs is growing dramatically in Miami-Dade County.

By the end of 2009, the number of children from birth to five years of age waiting for subsidized childcare exceeded a conservative estimate of 14,000. The estimated cost of providing school readiness services to 14,000 additional children is \$59.9 million.³ This measure would create more than 1,100 jobs in the early care and education industry plus another 371 jobs in other industries, for a total of over 1,500 additional jobs. The direct infusion of \$59.9 million of additional public funds would generate another \$48.2 million in ripple effect revenues into the local economy. The total revenues generated into Miami-Dade County by providing 14,000 more children with early care and education services through the School Readiness program would be over \$108 million.

Employment Impact if 14,000 More Children in Need Received Public Subsidies



Source: Early Learning Coalition Miami-Dade/Monroe County; Implan: Miami-Dade County, 2008

³ To determine this cost estimate we multiplied the average amount of money the School Readiness Program spent in 2008-2009 on each enrolled child times the average number of children on the waiting list, then added the administrative and quality costs.

Revenue Impact if 14,000 More Children in Need Received Public Subsidies



Source: Early Learning Coalition Miami-Dade/Monroe County; Implan: Miami-Dade County, 2008

A more conservative approach would be to offer child care subsidies to 8,000 children, roughly the number of children on the waiting list for the School Readiness program in 2008. **The cost of providing direct care to 8,000 Miami-Dade County children is \$34.4 million. The number of total jobs created by this infusion of care funding would be 871 and the total amount of revenue generated in the local economy would be \$62.1 million.**

In Conclusion

The early child care and education industry is central to the Miami-Dade economy. It provides strong opportunities for small business development and employment that is primarily focused on women. Public assistance programs which provide childcare subsidies to low wage earning families underwrite a one-third share of those contributions and are responsible for job creation and revenue generation in excess of the funding received.

The largest engines of the Miami-Dade economy, (e.g., tourism, construction and agriculture) all rely on low-wage labor. When working parents do not have access to regulated child care, they have little choice but to turn to informal and less reliable services or to stop working and become dependent on public assistance. At present, the need for affordable child care far exceeds its availability and federal child care subsidies for the most vulnerable low-wage earning families is unable to bridge the gap. These alternatives endanger the health and safety of young children and marginalizes them from enriching and developmentally appropriate learning environments.

The early child care and education industry is a vital part of the infrastructure of the Miami-Dade County. It creates jobs and adds significant revenues to the local economy. The early child care and education is central to the economic viability of the economy of Miami-Dade County.

Acknowledgements:

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The research leading to this report was supported by a grant from the American Federation of Teachers, AFL-CIO.

This report used Implan⁴ Version 3 software, which is an economic impact assessment software system which contains data specific to the analysis of the economic impact of the early child care and education industry on employment and revenues generated in Miami-Dade County.

The data on the various government subsidized programs was provided by the agencies that actually administer the programs in Miami-Dade County: Early Learning Coalition Miami-Dade/Monroe County; Miami-Dade Community Action Agency.

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⁴ To see information about Implan please see http://implan.com/v3/index.php?option=com_content&view=category&layout=blog&id=83&Itemid=136 ,and to see the data sources used by this software, please see: http://implan.com/v3/index.php?option=com_kb&task=article&article=108&Itemid=166