



The Economic Impact OF THE Child Care AND Early Education Industry *in Massachusetts*



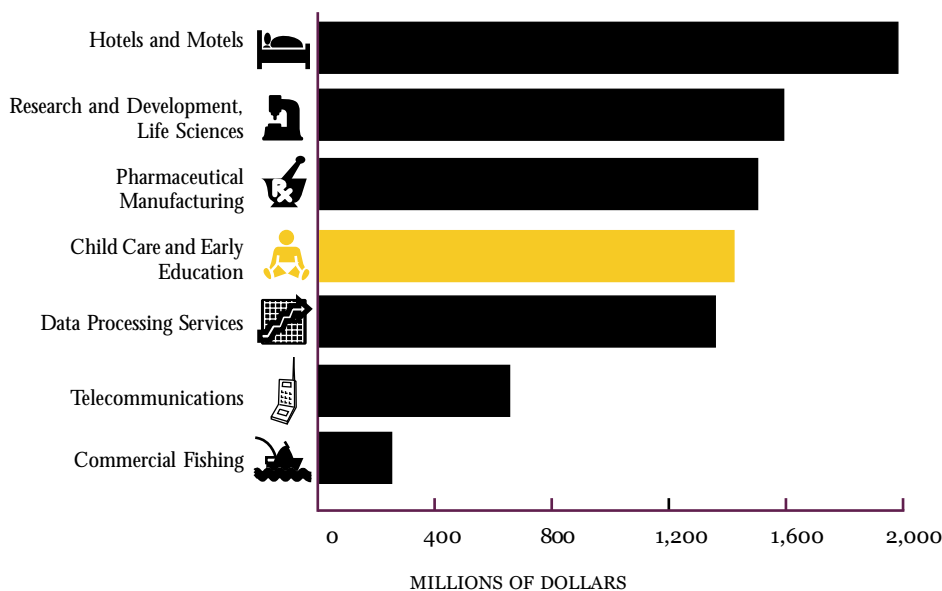
The child care and early education industry is integral to the vitality of Massachusetts' economy. It:

- Provides nearly 30,000 jobs and generates \$1.5 billion in revenue
- Ensures a strong future economy by preparing children to be skilled, productive workers
- Enables employers to attract and retain employees, reduce absenteeism, and increase productivity

To benefit every Commonwealth resident, businesses, government and the child care and early education industry must work together to ensure this vital industry grows to meet Massachusetts' economic demands.

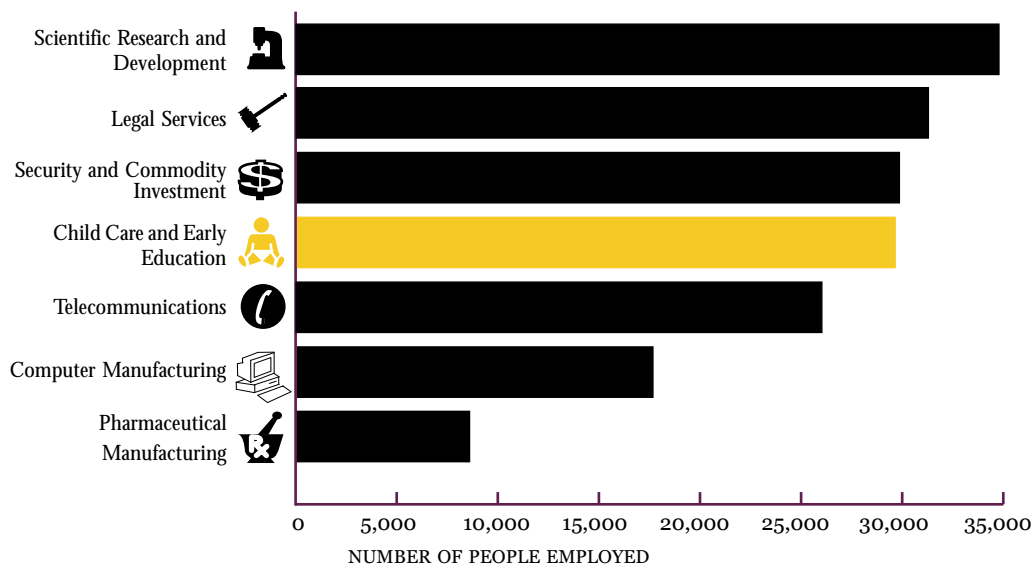
Child care and early education *is a significant industry* in Massachusetts.

Figure 1: GROSS RECEIPTS BY INDUSTRY



- It generates \$1.5 billion annually in gross receipts in Massachusetts, on par with data processing, pharmaceutical manufacturing, and research and development in the life sciences (See Figure 1).
- It directly supports nearly 30,000 full-time equivalent (FTE) jobs. There are more FTEs in child care and early education than in telecommunications and computer manufacturing, and four times the number employed by the Big Dig (See Figure 2).
- The industry currently has the capacity to serve 246,000 children at any one time—but that is only 21 percent of all children between birth and age 14 in Massachusetts.

Figure 2: EMPLOYMENT BY INDUSTRY



When Preparing Children for Success, Quality Matters

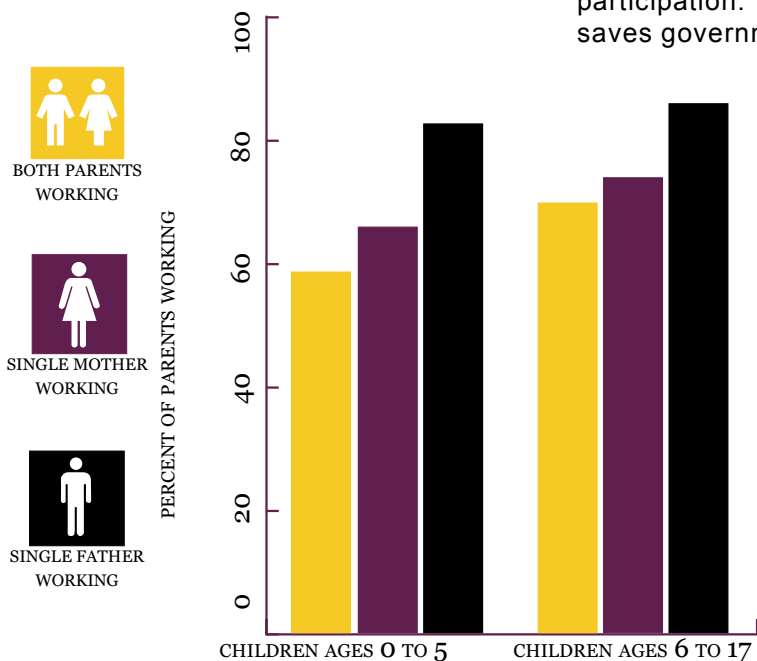
- Young children, particularly low-income children, in higher quality preschool settings, are better prepared for kindergarten than children in lower quality settings.
- Children in quality after-school settings are more likely to stay in school, have higher career aspirations, and join the labor force as adults than peers who do not participate in after-school programs.
- A recent study of Massachusetts' child care and early education settings suggests that quality could be enhanced through better wages and benefits for child care and early education professionals, more education for those in the field, and continued program accreditation.

Child care and early education is a wise public investment *ensuring a strong economy in the future.*

Investing Taxpayers' Money Wisely

- The majority of children in the state live with working parents and are in some form of care outside the home (See Figure 3).
- Quality programs, particularly for low-income children, decrease the likelihood of costly negative outcomes, such as special education enrollment, juvenile delinquency, adult incarceration, and welfare participation. This, of course, saves government money.
- One model early childhood program for low-income children generated an overall 16 percent rate of return, of which 12 percent was a public rate of return. "This return is too good to pass up—not only for the children but also for the taxpayers," wrote one of the authors of this Federal Reserve Bank analysis.

Figure 3: CHILDREN WITH WORKING PARENTS



"Ensuring an adequate supply of educated workers and increasing the likelihood of obtaining a college degree, by improving children's early learning opportunities, will help position Massachusetts for future economic growth and prepare tomorrow's work force for the changing demands of our economy."

Richard Lord, President, Associated Industries of Massachusetts and Alan MacDonald, Executive Director, Massachusetts Business Roundtable, Opinion, Boston Sunday Herald.

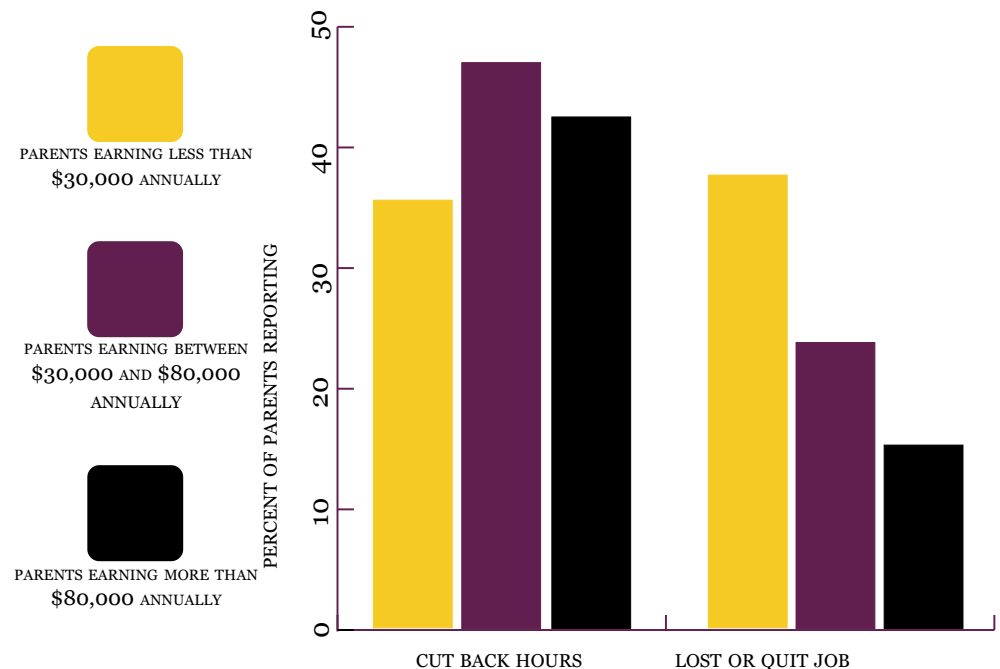
The child care and early education industry enables businesses to *attract and retain employees, reduce absenteeism, and increase productivity.*

- Working parents with children under 18 earn \$31.9 billion in Massachusetts annually. Those with children under age 6 earn \$13.1 billion every year in the state.
- Problems for working parents affect significant portions of the labor force. One in four Massachusetts workers—909,000 labor force participants—has a child under 18. One in ten workers has a child under age six.
- Child care and early education benefits reduce turnover by an average of nearly one-half, a significant sum because employee turnover is estimated to cost 1.5 times an employee's salary. The Staples Child Care Center in Framingham has been a major asset in attracting and retaining employees, according to Staples President and CEO Ron Sargent.
- Recruitment of a skilled labor force of young professional families, especially in targeted growth areas, such as the high- and bio-technology industries, is enhanced with quality, affordable, accessible child care and early education.

- Nearly one-quarter of parents across all income brackets with children 12 and younger have lost or quit their jobs due to child care difficulties (See Figure 4).
- 51 percent of Massachusetts' workers with school-age children report they made career or job changes based entirely on their child's schedule.

- The expense of unscheduled absences, which cost small businesses an annual average of \$60,000 each and large companies an average of \$3.6 million each, are decreased with good child care and early education. Nearly one-quarter of unscheduled absences are due to family issues, including child care needs.

Figure 4: EFFECTS OF CHILD CARE DIFFICULTIES ON PARENTAL EMPLOYMENT



RECOMMENDATIONS

To benefit everyone in Massachusetts, businesses, government and the child care and early education industry must work together to:

- Incorporate child care and early education formally as an economic development component in state and local planning
- Create incentives for employers to promote and support the child care and early education industry
- Promote increased quality in the child care and early education industry
- Increase accessibility to quality programs

Government

- Regional Planning Councils can include child care and early education in community revitalization plans.
- Government leaders and elected officials can broker public-private partnerships.
- Government leaders can invest public funds in scholarships, loan forgiveness programs, and retention incentives to make getting a higher education degree financially feasible for child care and early education providers.
- State higher education institutions can create an accessible professional development system.
- Government leaders can expand existing initiatives or develop new policies to increase professionals' earnings and health care benefits.
- Government leaders can increase funding to reimburse programs for low-income children at a higher rate.
- Government can increase funding to eliminate waiting lists for low-income families.

Business

- Business leadership groups can analyze the child care needs of employees and invite other child care and early education stakeholders to plan with them to meet those needs.
- Business leaders can initiate public-private partnerships to engage in short- and long-term community child care and early education planning.
- Business leaders can advocate for economic development activities and funding that ensure child care and early education needs are met.
- Business partnerships can maximize investment impacts and reduce costs by pooling funds.
- Businesses that have implemented successful child care and early education programs can act as advocates within the business sector.
- Business leaders and membership organizations can advocate for quality standards and initiatives to improve quality.
- Individual businesses can ensure that quality child care and early education is accessible to employees at all pay levels.

Child Care and Early Education Industry

- Child care and early education professionals can join state and local economic planning boards.
- Industry professionals can access technical assistance, training, loan products and other resources from the Small Business Development Corporation and the Small Business Administration.
- Industry infrastructure leaders, such as the Office of Child Care Services, the Resource and Referral Network, and Community Partnerships for Children can distribute literature and educate parents about the importance of quality and how to identify quality programs.
- Infrastructure leaders can provide local information to employers about child care and early education resources and needs.
- Establishments can achieve and maintain accreditation or other standardized quality indicators.
- Infrastructure leaders can encourage professionals to further their education in the field.

The Economic Impact OF THE Child Care AND Early Education Industry *in Massachusetts*

The National Economic Development and Law Center (NEDLC), with a grant from the W.K. Kellogg Foundation, is working with states across the nation to produce reports and recommendations on the economic impact of the child care industry. These reports articulate child care and early education in economic development terms and quantify the ways in which the industry is critical to the state's economy. In addition, the reports help build local partnerships that increase the child care and early education industry's capacity to respond to the shifting child care needs of America's families. For the Massachusetts report, NEDLC partnered with the Massachusetts Department of Education Division of Early Learning Services (www.doe.mass.edu) to form an Advisory Board of Massachusetts statewide leaders in the fields of business, government, child care and early education, and economic development.

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

The National Economic Development and Law Center, established in 1969, is a non-profit public interest law and planning organization that specializes in community economic development. It works in collaboration with community organizations, private foundations, corporations and government agencies to build the human, social, and economic capacities of low-income communities and their residents. NEDLC helps to create both strong, sustainable community institutions that can act as "change agents" and an effective local infrastructure for their support.

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For a full copy of the report, please visit www.nedlc.org or www.doe.mass.edu.