
The Economic Impacts of the Child Care Industry in South Carolina

Investing Early for Future Economic & Community Benefits

Study conducted by Donald L. Schunk, Moore School of Business, USC

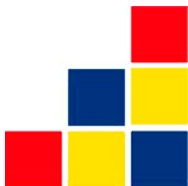
**Commissioned by Richland County First Steps
and Richland County Early Education Council**

With additional support from:

South Carolina First Steps to School Readiness,

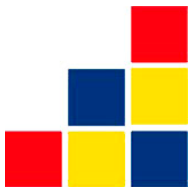
United Way of the Midlands

Voices for South Carolina's Children



Did You Know???

*The child care industry in South Carolina has an estimated **\$787.2 million impact** on the state's economy, comparable to the newspaper publishing industry, the TV/radio industry or the poultry/egg industry.*

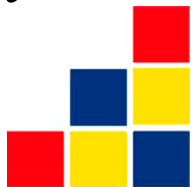


Why an Economic Impact Study on the Child Care Industry?

We need to communicate to business and public policy leaders the economic importance of the child care industry and the cost to society of not having QUALITY child care available to consumers.

“Nationwide, and in South Carolina, momentum is building for a new way of thinking about and supporting child care services to young children. This momentum is prompted by the changing needs of families and children in the 21st century.”

– *Janet Marsh, Clemson University researcher*



A Profile of the Child Care Industry in South Carolina

Child care industry estimates:

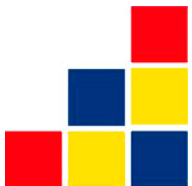
Facilities – 2,835 total centers, family homes and group homes.

Children – 118,169

Child care employees – 15,159

Annual wages – \$228.4 million

Annual gross receipts – \$489.8 million



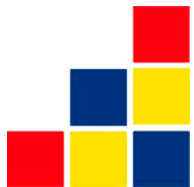
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Represents **one out of every 110 S.C. jobs.**

Represents roughly **0.9 percent** of all jobs statewide, but only about **0.4 percent** of all wages and salaries earned by workers in the state.

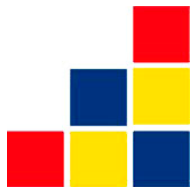
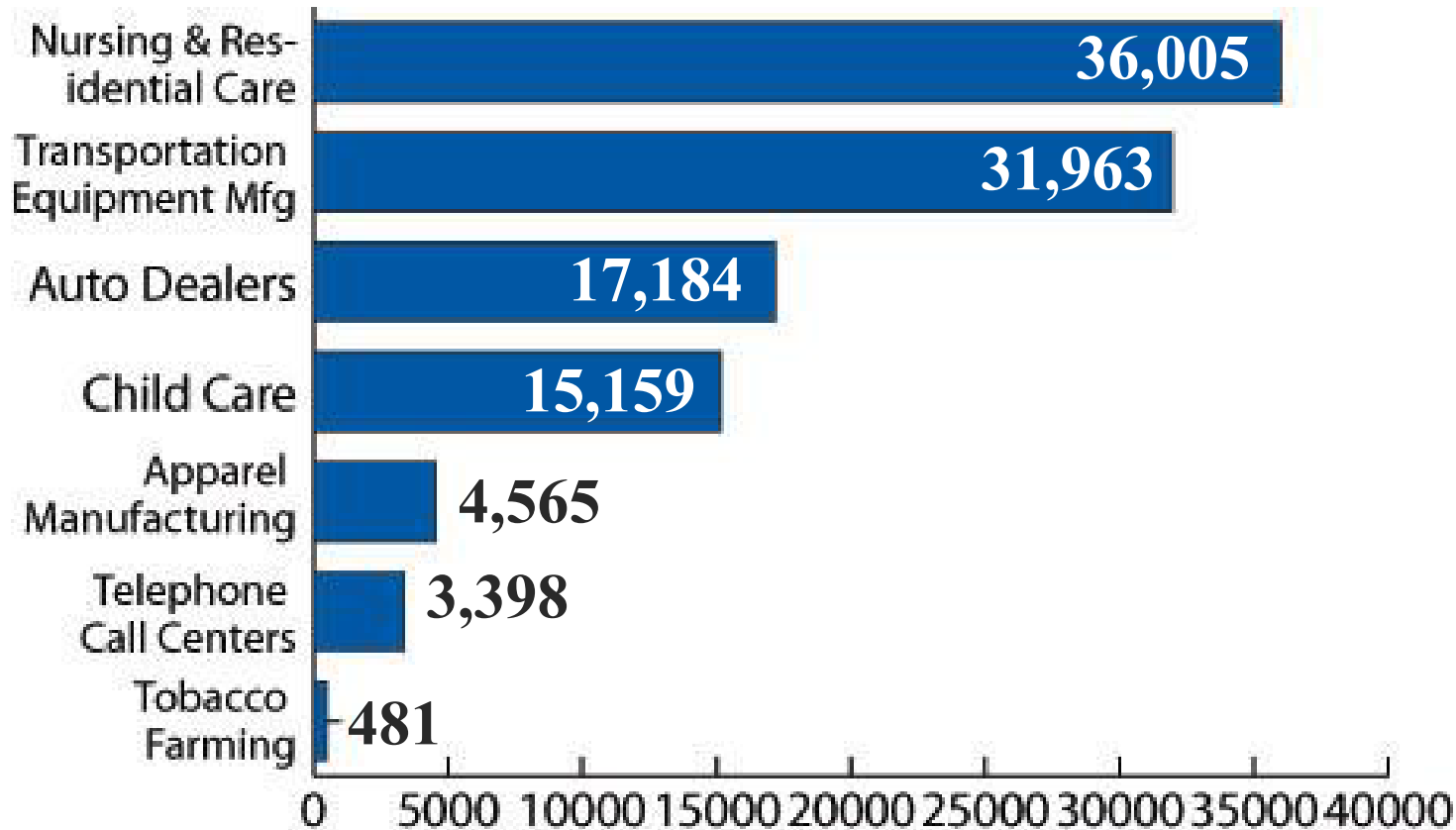
In 2004, child care workers earned an average annual income of **\$15,070** for an hourly wage of **\$7.24**.

The average annual cost for child care is between **\$3,400** and **\$4,400**.



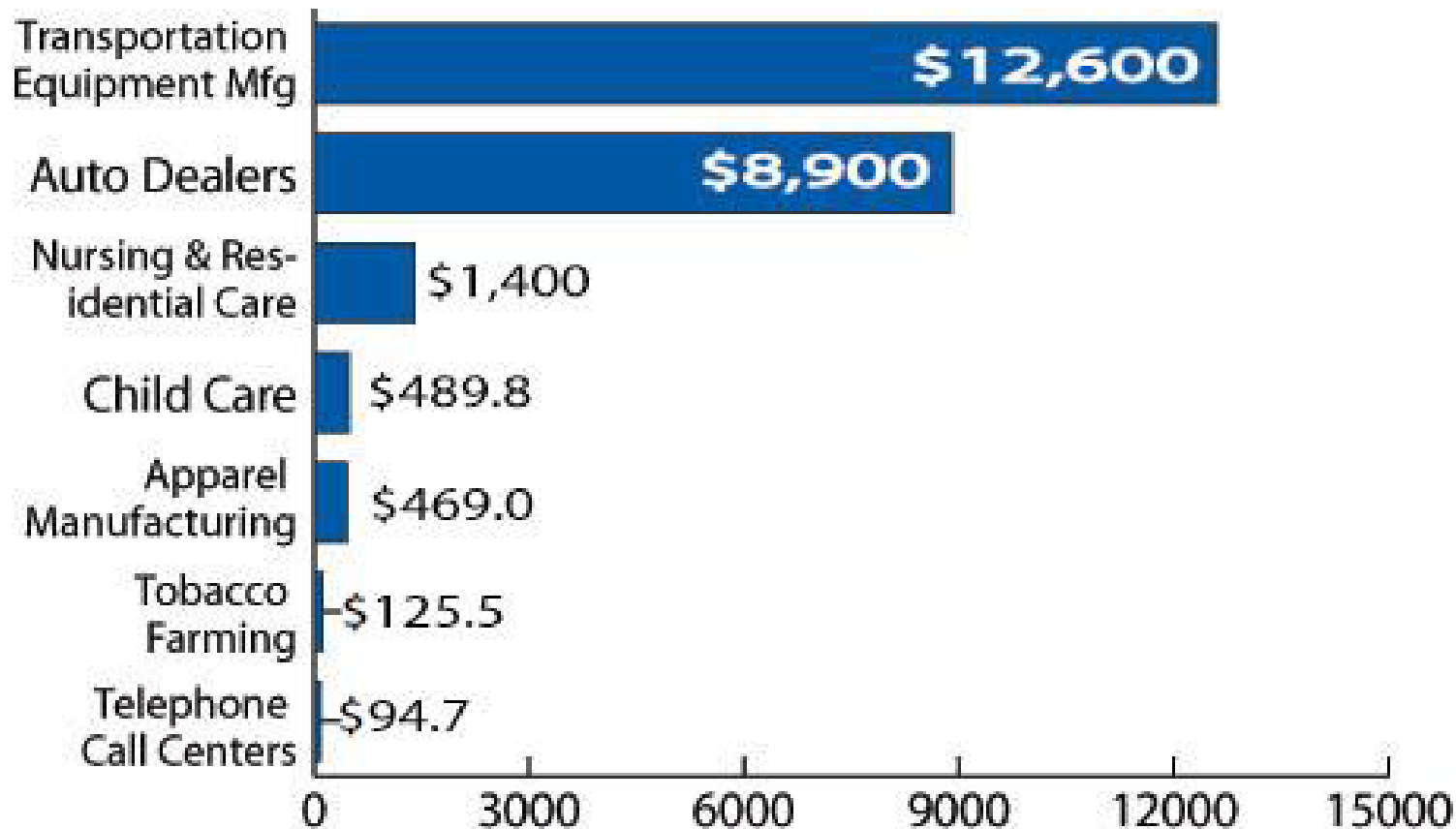
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Employment Comparisons, Child Care & Selected Sectors



A Profile of the Child Care Industry in South Carolina

Gross Receipts & Comparisons, Child Care & Selected Sectors

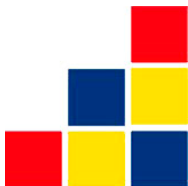


The Economic Impacts of the Child Care Industry

Has an estimated **\$787.2 million impact** on the state's economy, *comparable to the newspaper publishing industry, TV/radio industry and the poultry/egg industry:*

- Direct gross receipts – \$489.8 million
- Induced effects – \$155.6 million
- Indirect effects – \$141.8 million

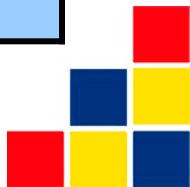
18,159 jobs in the state can be attributed to the operations of child care facilities.



The Economic Impacts of the Child Care Industry

Labor Force Supported by Enrollment at Child Care Providers

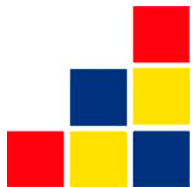
Enrolled children	118,169
Working parents per child	0.64
Working parents	75,628
S.C. median income	\$31,940
Total income of working parents with enrolled children	Over \$2.41 billion



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“They didn’t want to know about sewer hookups. They assumed that would be there. They wanted to know where they were going to find quality child care.”

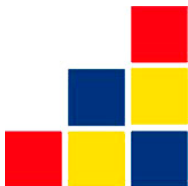
– Bob Geolas, Executive Director, Clemson University’s International Center for Automotive Research (ICAR) on a company that planned to bring 200 jobs to ICAR.



Future Demand for Child Care

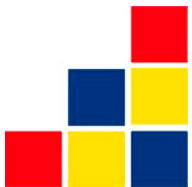
Given expected slow growth among the 0-12 population (6.5%), the **primary challenge** for the child care industry in South Carolina is to provide consumers:

- High quality care and early education, and
- Information and tools needed to select quality care given the budgets of low and even middle income families.



Conclusions

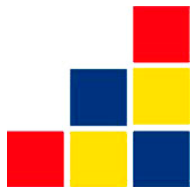
- Child care supports the regional economy
- Child care supports working families
- High-quality child care enables children to succeed in school and life



Conclusions

“The literature is clear: dollars invested in early childhood development yield extraordinary public returns. These returns are especially high when placed next to other spending by governments made in the name of economic development. Yet, early childhood education is rarely considered as an economic development measure.”

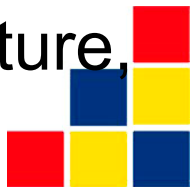
– Minneapolis Federal Reserve Bank Economists
Art Rolnick and Rob Grunewald



Recommendation 1:

Incorporate high quality child care into S.C.'s economic development plan

- Target the child care industry with the economic development benefits and supports that the state currently extends to small businesses and other sectors.
- Ensure that every regional economic plan address child care and how it will be supported as a key component of the infrastructure of the economy.
- Explore ways to use economic and workforce development resources to improve the educational qualifications of child care teachers.
- Explore the feasibility of forming child care clusters to benefit from economies of scale by sharing infrastructure, technologies, and skill base.



Recommendation 2:

Maximize publicly-funded child care spending that leverages federal funds.

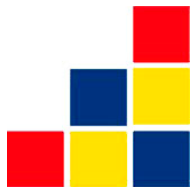
- Appropriate the state funds needed to maximize all federal dollars that are available for expansion and improvement of child care and services related to children and families in child care settings.
- Appropriate additional, state funds to support child care programs that meet high quality early learning standards.
- Expand participation the Child and Adult Care Food Program.



Recommendation 3:

Give consumers the means, and the economic incentives, to differentiate between child care options.

- Expand consumer education and accountability measures by implementing a reliable and valid quality rating system for child care programs.
- Create financial incentives for families who enroll children in high-quality settings.



Recommendation 4:

Link S.C. tax incentives to improvements in high quality child care.

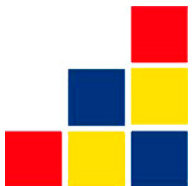
- Increase the state dependent care tax credit for parents who enroll their children in programs with higher quality ratings.
- Aggressively market the current state tax credit for businesses that help their employees pay for child care, and link the value of the credit to a reliable and valid quality rating system.
- Encourage local governments to give property tax breaks to providers that attain a certain minimum quality rating.
- Explore the feasibility of creating a statewide child care business tax credit that is linked to quality ratings.
- Create a targeted tax credit for early care and education teachers who increase their educational qualifications.



Recommendation 5:

Encourage all public and private entities that fund child care and early education to focus on strengthening the quality of the child care industry rather than creating new programs.

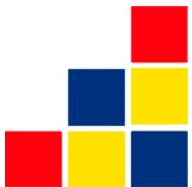
- Link public child care and early education funds to quality rating, by making increased funds available to early childhood programs that meet higher quality standards.
- Reach out to private sector funders (such as employers and the United Way) and encourage them to increase funds for programs that meet higher quality standards.
- Encourage school districts to work in partnership with private programs that offer high-quality early care and education.



Recommendation 6:

Increase access to capital to help child care programs improve the quality of their facility and program.

- Establish a loan forgiveness program linked to achieving higher quality rating.
- Make venture capital funds available to support shared service strategies that allow small child care businesses to join forces and reach some economies of scale in administration and support services.



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Investing Early for Future Economic & Community Benefits

“The real question is how to use the available funds wisely. The best evidence supports the policy prescription: invest in the very young and improve basic learning and socialization skills.”

– James Heckman, University of Chicago Economist and Nobel Laureate

