



The Economic Impact of the Child Care Industry in Riverside County



The child care industry is vital to Riverside County's economy. It:

- Generates \$230.8 million annually and provides over 5,886 jobs
- Benefits all industries in the county by enabling parents to work productively outside the home and attend higher education programs to update their skills
- Lays the groundwork for a strong future economy in Riverside County by preparing the next generation for success and attracting business to the county.

To meet the increasing demand for child care services and benefit every Riverside County resident, all child care industry stakeholders – businesses, government and child care leaders – must work and plan together to create innovative solutions to overcome the barriers that the industry and its consumers face.

With support from:



Child care is a significant industry in Riverside County.

Figure 1
Gross Receipts By Industry, Riverside County, 2005

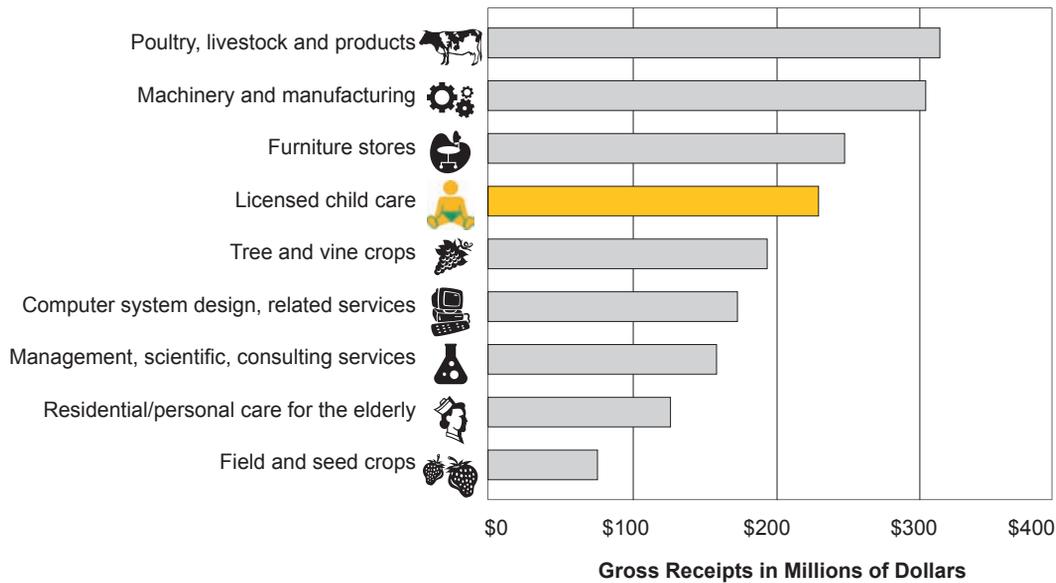
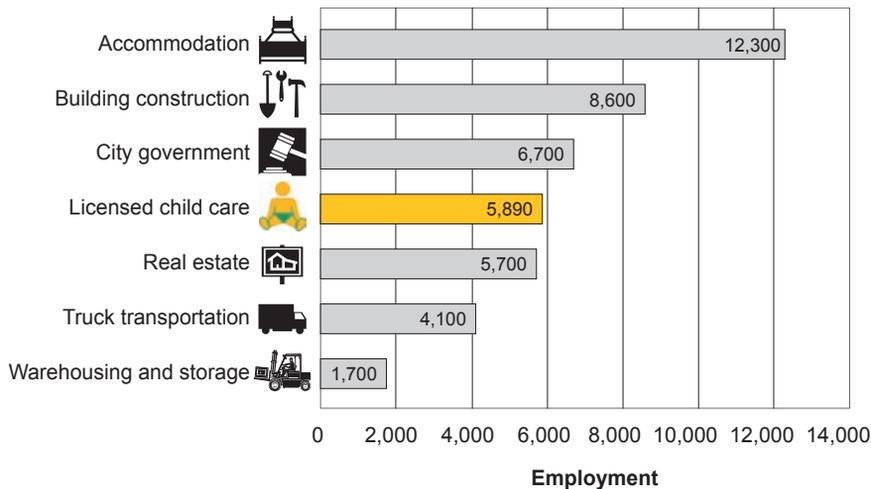


Figure 2
Employment by Various Industries, Riverside County



■ The child care industry generates \$230.8 million annually in gross receipts, more than tree and vine crops and almost as much as machinery manufacturing (see Figure 1).

■ The industry directly supports over 5,886 full-time equivalent jobs, employing almost as many people as building construction and city government, and more people than real estate and truck transportation (see Figure 2).

The child care industry *enables future economic success* in Riverside County.

Helps to prepare young children for opportunities in the new economy

- Young children in high-quality preschool settings show greater language development, mathematical ability, thinking and attention skills and fewer behavior problems in kindergarten than children in lower-quality care settings.
- California Department of Education data suggests Riverside County lags behind other counties in school performance, and trails both the state and the nation significantly in the percentage of children enrolled in preschool.
- Long-term studies of child-focused, quality education programs for low-income children show significant long-term improvements in employment, educational attainment, public subsidy needs, and homeownership compared to peers who did not participate in these programs.

“Due to unprecedented growth in Riverside County, there is a gap in the availability of preschool services, with many children on waiting lists. By focusing on improving the availability of preschool services, especially to low [Academic Performance Index] schools, we can better ensure long-term school and economic success for all children in Riverside County.”

David Long, Ph.D., Riverside County Superintendent of Schools

- One-third of middle-income children and one-fourth of upper-middle income children lack key pre-literacy skills when they enter kindergarten. Also, 12 percent of middle-income children are held back at some point during school, and 11 percent drop out before graduating high school. High-quality child care programs have proven to reduce similar negative outcomes in low-income children, and may also reduce these outcomes in children from higher income brackets.

Provides a positive rate of return on investments

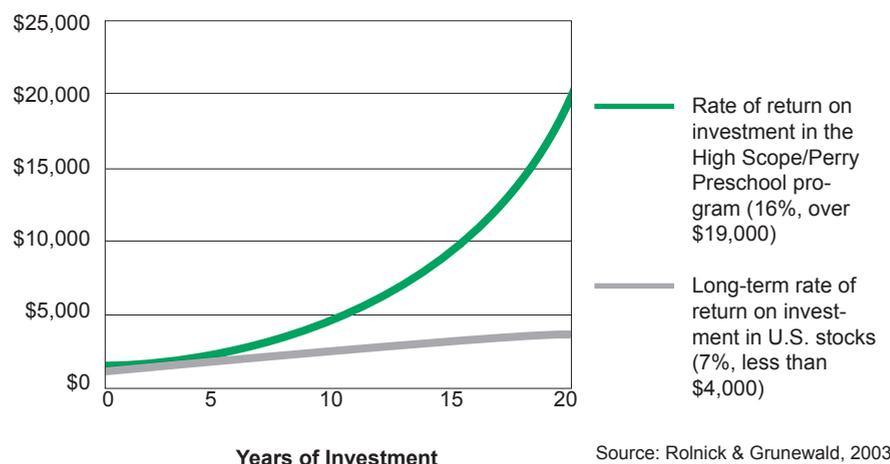
- Long-term studies show that quality programs, particularly for low-income children, decrease the following future negative outcomes: likelihood of special education enrollment, juvenile delinquency, adult incarceration, and welfare participation. This increases the quality of life for all citizens and reduces government spending.

- The Federal Reserve Bank in Minneapolis analyzed rates of return from investing in a model early childhood program for low-income children. They found a 16 percent rate of return on investment – considerably higher than the long-term 7 percent return from U.S. stocks (see Figure 3). According to RAND, a nonprofit research organization, universal preschool, if implemented throughout California, would generate an estimated \$2.62 for every dollar invested.

“The high-number of at-risk children in our community who are waiting to get into preschool troubles me. We need to use every weapon in our arsenal to fight crime and the research is clear: Denying these kids quality preschool programs increases the chances that they will drop out of school and become career criminals later on. It’s much more cost-effective to invest in children today, than pay to lock them up later in life.”

Russell Leach, Chief of Police, City of Riverside

Figure 3
Return on a \$1,000 investment,
High Scope/Perry Preschool Program vs. U.S. stocks



Source: Rolnick & Grunewald, 2003
both rates are adjusted for inflation

Enables parents to be part of Riverside County's workforce and upgrade their skills

- Almost two in ten workers in Riverside County have a child age 0 through 13 and live in a household where all parents work. Together these working parents earn \$2.8 billion every year.
- Colleges and universities across the county provide subsidized on-campus child care, enabling many parents to upgrade their skills.

A shortage of high-quality, affordable and accessible child care may reduce economic productivity

- In 2003, Riverside had the lowest proportion of spaces for licensed child care per child with working parents of any county in California.
- Nearly 15,000 children eligible for subsidized child care are on wait-lists for it in Riverside County. A shortage of facilities that provide subsidized child care inhibits people from joining the labor force and reduces opportunities for low-income residents to upgrade their skills.
- From 2003 to 2004, Riverside County's population of children ages 0 through 13 grew by 14,000 – totaling 408,000 children. To serve just one-third of these additional children, Riverside County would have to build one large, licensed family child care home per day.
- The average annual cost in the county for full-time, licensed, center-based child care for an infant is over \$9,620, which is significantly more expensive than in-state undergraduate tuition at UC Riverside (\$6,684).
- As a result of exceptional population growth, Riverside County's average commute time has increased dramatically. Longer commutes create a demand for child care programs that extend their operations past the typical workday.

“When you consider Riverside County is one of the top job-producing counties in the country and... approximately 50-80 children of child care age migrate to or are born in our county on a daily basis, you can begin to understand how critical child care is to our expanding businesses and workforce.”

Jerry Craig, Managing Director, The Economic Development Agency of Riverside County

The child care industry is an economic driver in the county.

Supports employee productivity in Riverside County industries

- Guidant, in Temecula, recently revamped its back-up dependent care program. It has already begun to show signs that it will not only cover the expenses but may far surpass the break-even point.
- Nationally, unscheduled absences cost small businesses an average of \$60,000 annually and large companies an average of \$3.6 million. Nearly one-quarter of unscheduled absences are due to family issues, including child care needs.
- Beth Parrot, Manager of Valley Health System's subsidized onsite child development center, notes, “I know this program is reducing turnover because I am now caring for the children of employees that I cared for when they were children over 20 years ago. I also know this center reduces absenteeism... it also increases presenteeism because the parents know their children are in a high-quality setting and they can focus on their jobs.”

“The back-up program is also an important recruitment, retention and motivational tool for us. It not only allows our employees to focus on work and increase productivity, but it also lets our employees know that we want to help them balance their work and family responsibilities.”

Carla Diez-Canseco, Director of Human Resources, Guidant

“We selected child care as one of our primary focuses based mostly on the fact that it was clearly identified as a ‘crisis’ in conversations with key leaders in the Inland Empire community...and an issue that was identified in which the [Bank of America] Foundation could make a positive difference by funding programs.”

Barbara L. Robinson, Inland Empire Market President, Bank of America

RECOMMENDATIONS

Now is the time for government, business, the child care industry, and the general public to work together to ensure that:

- Riverside County becomes a statewide leader in increasing the supply of high-quality, affordable and accessible child care.
- More local businesses provide family-friendly benefits, including benefits that address the child care needs of their employees.
- The child care industry is incorporated as a vital part of the county's economic development, workforce development and overall education system.

First 5 Riverside and the Riverside County Child Care Consortium should oversee the creation of a task force of business, government, economic development and child care leaders to strategically plan to achieve these overarching goals and strategies.

Business strategies:

- Advocate to government for a comprehensive child care system that provides both high quality child care and education for children from birth through age 12.
- Advocate to government for increased investment in workforce development activities for the child care workforce, including the local C.A.R.E.S. Project.
- Provide child care benefits for employees, such as partial reimbursement for child care costs, or direct payments to nearby or on-site quality establishments, back-up child care, and pre-tax flexible child care spending accounts.
- Provide space or low-cost leases to child care providers.
- Build partnerships with nearby child care providers and centers.
- Provide free business skills training to child care providers.
- Engage child care representatives in economic development and business community planning efforts and activities, such as those of local Chambers of Commerce.
- Business developers should create space for child care in future development projects in Riverside County, including housing, schools, industrial parks, shopping malls, etc.
- Advocate for policies that create incentives for businesses that provide child care benefits.

Government strategies:

- Mandate the creation of a task force that tracks and reports on the implementation of these recommendations.
- Conduct a countywide assessment of the need for facilities.
- Develop short- and long-term strategies for reducing child care costs and increasing supply.
- Ensure that all child care quality enhancement initiatives address child care affordability.
- Support pilot programs that offer care for infants and toddlers, children with special needs, and families who need care that is flexible and/or outside traditional workday hours.
- Include language in county and city general plans around child care.
- Provide incentives for developers to include child care in their plans.
- Increase the number of government agencies that offer child care benefits to employees, and mentor businesses to do the same.
- Explore reductions in public fees for businesses that offer on- or near-site child care.
- Increase the supply of subsidized, on-campus child care at all community colleges in Riverside County and enhance the capacity of community colleges to offer early care and education units, especially in outlying areas.

Child Care Industry strategies:

- Create incentives for quality improvement, such as improved quality rating scores and accreditation attainment for both licensed homes and centers.
- Engage parents, community-based providers, the faith-based community, and other child care consumers to advocate for policies that improve the affordability and supply of child care.
- Participate in public hearings on city and county general plans and advocate for the inclusion of language about child care in these documents.
- Train employee groups, such as booster clubs and unions, about the importance of quality child care and how to advocate for child care benefits.
- Inform businesses and the community about the importance of early childhood education.
- Develop career paths and options for recruitment of providers.
- Encourage license-exempt providers to become licensed.
- Work with providers to increase the supply of child care that is flexible and/or operates during non-traditional hours.
- Incorporate business skills in all child care activities and provider trainings.
- Annually reward businesses in the county that are addressing the child care needs of their employees and the community at large.

The Economic Impact of the Child Care Industry in Riverside County

The National Economic Development and Law Center (NEDLC) is working with states and counties across the nation to produce reports and recommendations on the economic impact of the child care industry. The economic impact reports articulate child care in economic development terms and quantify the ways in which the child care industry is critical to the economy. In addition, the reports help to build local partnerships aimed at increasing the industry's capacity to respond to the shifting child care needs of families. For the Riverside County report, First 5 Riverside, with support from the Riverside County Board of Supervisors, the Riverside County Child Care Consortium, the Riverside County Office of Education, Bank of America, and the Riverside County Workforce Development Board, contracted with NEDLC to quantify the economic impact of child care. This partnership formed an Advisory Board of Riverside County leaders in the fields of business, government, child care, and economic development.

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

NEDLC is a research and consulting non-profit organization that uses community and economic development strategies to improve the economic and social status of low-income persons. NEDLC's mission is to develop and maintain the economic security of low-income persons and communities. With a budget of over \$5 million and a diverse funding base, including support from foundations and fee-for-service revenue, NEDLC works in partnership with hundreds of organizations around the country. Our partners include non-profit organizations, government agencies, business, labor organizations and the philanthropic community. Working together, we develop local capacity and improve and transform systems important to the lives of low-income people across the nation.

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www.rccfc.org*

*For more information on Building and Expanding
Child Care in Riverside County, please visit:
bccriverside.org*

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