



Helping all children succeed for life.

OUR VISION

To measurably improve the lives of at-risk children aged 0-6 in Orange County.

OUR MISSION

Focus all available resources on prevention and early intervention programs for at-risk children aged 0-6, to ensure that they enter first grade ready to learn.

To realize our Vision and Mission, Success By 6 is committed to Improving the Quality of Early Care and Education in Orange County:

ACCREDITATION – instituting child care accreditation as the county standard;

ACCESSIBILITY – increasing access to child care, especially for low-income working families;

TRAINING – planning and coordinating leadership training for early care and education professionals;

COMPENSATION AND RETENTION – improving the valuation, compensation, and resulting retention of early care and education professionals;

SUSTAINABILITY – as quality is improved, identifying resources and creating action plans for maintaining and extending these improvements in a systemic manner;

COLLABORATION – building traditional and non-traditional partnerships in the community to target resources for greatest impact;

EVALUATION – measuring the benefits of our efforts to children and their families and instituting a mechanism for continuous quality improvement.



More than 300 United Ways in 42 states have implemented Success By 6 programs. This successful model involves partnerships between local United Ways, corporations, service providers, the media and government.

Our purpose is to promote healthy development and school readiness among young children by making the policies and practices of our community's major child-serving systems more responsive to the needs of young children.

This work is based upon support from the Bank of America Foundation/UWA Success By 6® Enhancement Initiative.



The information in this report does not necessarily reflect the views of the Bank of America Foundation.

The best investment in your community



Success By 6, is a collaboration of civic and business leaders, early care and education professionals, children's advocates, and other community volunteers.

With this rich collaboration, Success By 6 seeks to affect systemic change to improve the quality and accessibility of early care and education in our county. Success By 6 invites and encourages participation among diverse sectors of our community to continue to address these challenges.

Together, Orange County can find sound, long-lasting solutions that will ensure the success of our youngest children.

You Can Help!

Contact Orange County's United Way Success By 6 at (949) 660-7600.

For a copy of the full report, contact Orange County's United Way, Success By 6, at 949-660-7600.



**Orange County's
United Way**

*The best investment
in your community*

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The Economic Impact
of the **Child Care Industry**
IN ORANGE COUNTY
2002



Dedicated to
the well-being
of children
aged 0 to 6.



**Orange County's
United Way**

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Child Care Investments **Sustain Orange County's** **ECONOMY**

*Child care is an **income-generating, job-creating industry** that is critical to Orange County's economic vitality and quality of life. The child care industry helps sustain and stimulate other industries*

- by enabling parents to enter and remain in the workforce,
- by improving productivity, and
- by purchasing goods and services from other sectors.

Moreover, it provides an early, yet critical and long-lasting, investment in the development of Orange County's future workforce.

*As Orange County's population has grown to more than 2.8 million, so has the need for child care. But the child care industry has not been able to expand to meet this need. **Without policies and investments to strengthen and expand the child care infrastructure, Orange County's economic growth will be constrained.** A better understanding of the child care industry's dynamics is critical to developing successful new strategies to address the child care shortage.*

Information For Maximum Results

With funding from the Bank of America Foundation/United Way of America, Orange County's United Way (OCUW), Success By 6[®], sought information to assist the Orange County community to understand the importance of child care to the county's economy and the particular characteristics of the child care field. Armed with this information, policy makers, planners, and civic leaders will be able to create partnerships and identify resources to provide child care services in a way that promotes both economic vitality and positive outcomes for children, families, and communities. With assistance from Success By 6 staff and a volunteer Advisory Board representing a wide variety of interests, the National Economic and Development Law Center has produced the *Economic Impact of the Child Care Industry in Orange County* report. Results of this work are summarized here.

Key Findings—An Income Industry

- The licensed child care industry generates approximately **\$412 million annually in Orange County**, with centers accounting for \$340 million and family child care homes an additional \$72 million.
- Licensed child care businesses contribute approximately **\$29 million in direct taxes to state and local governments.**
- The child care industry **supports 13,902 local jobs**, including 10,694 in the child care industry itself and 3,208 in other industry sectors.
- Countywide, **direct child care employment is comparable to the “computers, peripherals and software” industry as well as the “apparel and other textile products” industry.**

Overwhelmingly, today's parents would like to see both government and business assist all families by ensuring access to an adequate supply of affordable child care.*

Each year, American taxpayers reach deep into their pockets to meet the cost, both direct and indirect, of policies that are based on remediation rather than prevention.*

* Report of the Carnegie Task Force on Meeting the Needs of Our Young Children



Child Care's Ripple Effect On Productivity

The child care industry has a tremendous effect on Orange County's economic productivity. The earnings of parents, who are able to work because their children are in reliable child care arrangements, can be traced as they ripple through the economy in the form of indirect and induced earnings and other productivity effects.

For Orange County, the following estimated direct, indirect, and induced productivity effects are found:

- The licensed child care sector **enables Orange County workers to earn approximately \$828 million annually;**
- These productivity gains **create \$2.8 billion in total direct, indirect and induced income;**
- These productivity gains **generate \$312 million in indirect tax revenues;**
- These productivity gains **support approximately 69,900 jobs;**
- These productivity gains **contribute \$4.13 billion to the gross county product** (the total value of goods and services produced in the county); and
- **The productivity effects of licensed child care in Orange County amount to a \$6.7 billion contribution to industry output.**

Orange County's Child Care Industry Faces Economic Challenges

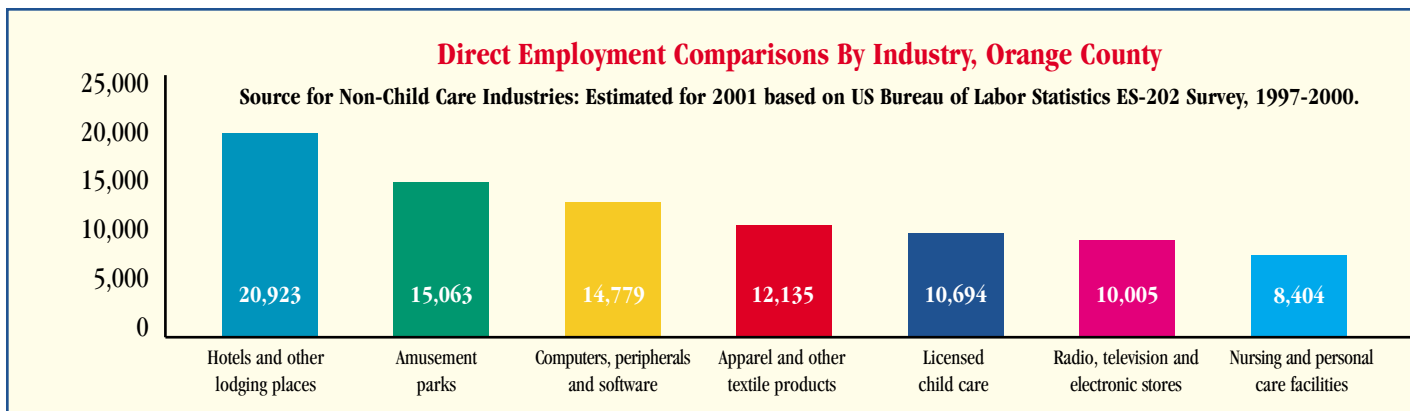
Orange County is one of the most densely populated areas in the United States. With a Gross County Product of \$137.7 billion, Orange County's economy benefits from a diverse industry base including manufacturing, high-tech clusters, trade, services and retail. **If the county's overall economy is to grow, the labor force must continue to expand, and the county's supply of affordable child care must expand with it.**

In recent years, however, Orange County's licensed child care supply has expanded at a rate of just 1/2 of 1% per year, far below the need:

- Orange County has only 1 licensed child care space for every 6 children ages 0 to 13 with working parents.
- A severe shortage of licensed child care exists for infants and toddlers and for families that need care during evenings or weekends.
- Some areas of the county where population is increasing and job growth is expanding show particularly low levels of child care supply.

The licensed child care industry has not been able to meet this increasing demand because of several factors:

- the high cost of providing care;
- the shortage of qualified staff;
- high land and development costs;
- the lack of affordable financing products, and
- inadequate business skills of child care operators.



Investments In Child Care Make Economic Sense

Parents and child care providers cannot solve the problem of inadequate affordable child care services on their own. **The federal government, states, local communities and the private sector all stand to benefit from a larger role in investing in and planning for child care.**

These investments can:

- **improve Orange County's productivity and economic competitiveness.** Worker absenteeism due to child care problems is estimated to cost businesses \$3 billion per year;
- **contribute to labor force participation gains among lower- and middle-income families in Orange County.** Such gains would directly increase output, personal income, business formation, and property and sales tax revenues in the county;
- **improve the county's ability to capture federal and state child care subsidies** to expand child care supply to low-income working families. Public expenditures have expanded, but remain well below the amount needed to serve all eligible families and increase family self-sufficiency;
- **help Orange County residents capture federal and state tax credits and deductions** for child care expenditures; and
- **increase the quality of life for all Orange County residents by preventing crime, and reducing social service costs.** A study on the benefits of quality child care found that one dollar spent on early child care saves \$7.16 in public sector expenditures later in the individual's life.

How Communities Can Invest In The Child Care Industry

Many jurisdictions have realized the value of child care to their economy and community well-being, and have brought new partners to the table to tackle the child care shortage and strengthen the child care infrastructure. **These Local Investment in Child Care (LINCC) projects have proven effective in integrating child care with economic development planning.** The following examples of these community-based efforts demonstrate the importance of non-traditional partners:

THE CITY OF BAKERSFIELD AND KERN COUNTY—Community Development Block Grant and other public funds will be used to develop at least 10 licensed child care centers and/or family child care homes accommodating 1,500 children;

The Small Business Development Center provides countywide training in English and Spanish to child care providers in business practices.

SAN MATEO COUNTY—Local child care facilities can alleviate traffic problems and are included as a mitigation measure and incentive in the C/CAG Transportation Demand Management Program. The measure applies to all new large developments throughout the county.

Family child care homes are to be included in the Santa Inez affordable housing development in the City of San Mateo.

VENTURA COUNTY—Zoning ordinances have been revised to exempt large family child care facilities from permits and allows child care centers in the Commercial Office zone.

ALAMEDA COUNTY—The Child Care Fund of Alameda County offers loans, grants, technical assistance, and training to child care providers for facilities development and business practices.

SANTA CRUZ—The Santa Cruz Community Credit Union has tripled the size of its loan fund to \$150,000 for child care providers during the past two years.

These efforts have benefited the child care industry, financing institutions, local government, and the business community alike. Through collaboration, all stakeholders have learned more about the importance of a healthy child care infrastructure while developing local, cost-effective solutions to child care shortages.

The Economic Impact of the Child Care Industry in Orange County demonstrates that child care is an essential part of the Orange County economic infrastructure, and **efforts to strengthen the child care industry will benefit the county's overall economic health.**

With a rich collaboration of civic and business leaders, early care and education professional, children's advocates, and other community volunteers Success By 6 seeks to affect systemic change on behalf of the child care industry in our county. We invite and encourage representatives from a variety of community sectors to join us in this challenge.

