

Statistical Highlights

Here is a preview of a few of the important statistics you will find in this revised, updated report on the economic impact of Oregon's child care industry. Where both are available, updated figures from 2008 are contrasted with 2001 figures from the first edition of this report, published in 2005.

The child care industry in Oregon:

- Generates **\$367 million in income** (up from \$167 million in 2001)
- Generates **\$1.2 billion in gross revenues** (up from \$639 million), on a par with Oregon's signature greenhouse and floriculture operations
- Comprises **10,946 child care businesses** that employ people, pay wages, and make purchases (up from 7,900)
- Ranks 17th in employment out of the state's 410 industries, employing **29,626 people** (up from 14,420)—more than telecommunications, lumber and paper mills, computer-related services, and wineries combined
- Keeps more than **98,000 parents** (up from 90,000) on the job, earning **\$4.3 billion annually**
- Is linked to an estimated additional 83,000 jobs, which are generated by the jobs these 98,000 working parents hold, as well as by the wages they earn. The combined salaries and wages of all these workers amount to more than **\$8 billion** and their work generates nearly **\$25 billion in gross revenues**. (See page 14, The Full Picture, for details.)
- Allows an estimated **8% of Oregon's economy** to function productively

The child care industry is an indispensable component of Oregon's economy that helps support virtually every other sector.



Child Care: An Overview

When you think of major Oregon industries, you probably don't think of child care first. Or second, or even third. You might think of the lumber and paper mills that dot the state, the expanding telecommunications business, computer-related services, or the wineries that have gained national attention. You may be surprised to learn that child care ranks seventeenth in employment among more than four hundred industries, employing more people than all of the above industries combined.

Despite its size, child care sometimes suffers from invisibility. Though the industry is often overlooked, it is an indispensable component of Oregon's economy that helps support virtually every other sector.

This report examines the immediate economic impact of the child care industry in depth. But before we delve into the numbers, let's briefly explore what this industry does, how it works at its healthiest, and what its challenges are.

The Functions of Child Care

The industry serves three functions:

1 Keeps children safe, learning, and happy

- 2** Affords parents the opportunity to work and support their families
- 3** Contributes to the health of the greater economy through its own operations and by sustaining jobs and revenues in other industries

Each of these functions has far-reaching economic impacts and all are addressed in this report.

The Four Pillars of Child Care

There are four elements that make up a healthy child care system:

- Care is **safe**. The physical environment is free of hazards, and the people with whom children come into contact are trustworthy.
- Care is **affordable**. Parents can fit their child care bills into their monthly budgets.
- Care is **accessible**. Parents with infants or toddlers, children with special needs, or jobs that require them to work odd hours can find care.
- Care is of **high quality**. Caregivers and teachers have a thorough understanding of the stages of child development and of

children's needs at each stage. They are willing and able to engage children in ways that foster learning and social development, enabling them to be ready to enter school.

High-Quality Child Care Defined

The term *quality child care* describes care that researchers have found is associated with children's positive development of language and cognitive functioning, social skills, and emotional well-being. Positive development depends on a warm, nurturing caregiver-child relationship, a rich environment, and appropriate activities. These quality factors are highly correlated with "structural characteristics" that can be efficiently measured: group size, adult-to-child ratio, provider's education and training, provider's compensation, turnover and stability of teachers and staff, accreditation, and licensing complaints.¹

Outcomes of High-Quality Care

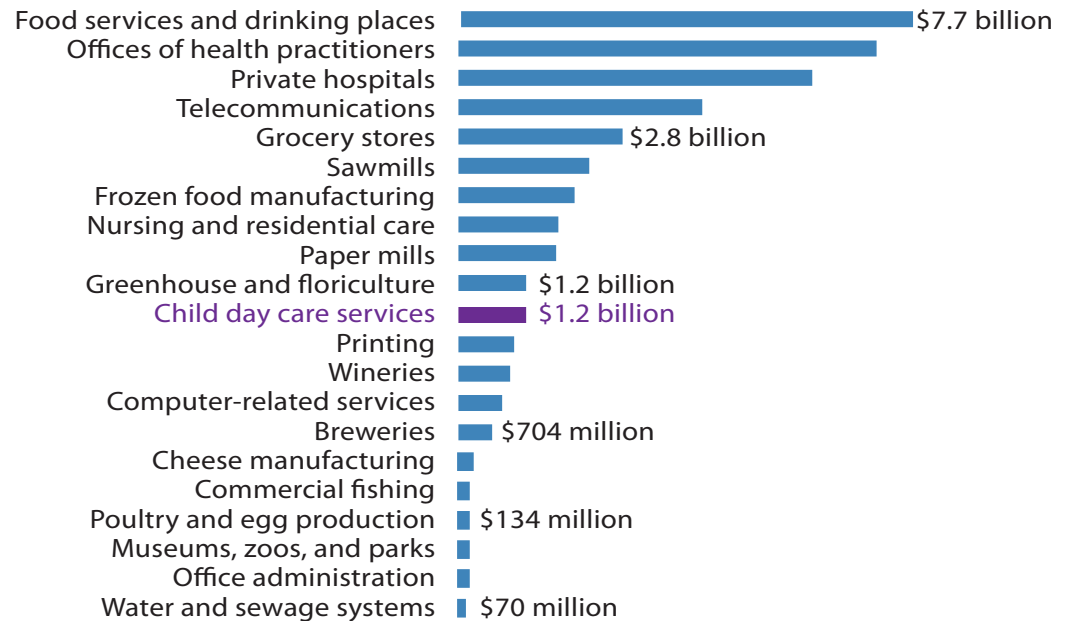
Researchers have found that high-quality care is associated with children's positive development of language and cognitive functioning, social skills, and emotional well-being.

Child Care Generates More Than \$1 Billion in Gross Revenues

Figure 5 shows the child care industry's relative ranking among other Oregon industries in terms of gross revenues generated. Here, to put the billion-dollar figure in context, we selected a representative sampling from among the state's 410 industries: ten with higher revenues and ten with lower.



Figure 5: Oregon's Gross Revenues by Industry



Source: Edited state IMPLAN model—2008 data, MIG, Inc.

Child Care and the Great Recession

In December 2007, Oregon and the nation entered what is now known as the Great Recession. Oregon's unemployment rates have remained higher than the national average, reaching a peak of 12.2% statewide in March 2009.¹⁸

Contrary to expectations, employment in child care centers grew during the first full year of the recession. Continuing the steady growth of 23%

observed over the decade, it grew 4% in the first full year of the recession (2008). It is likely that at least some of the growth is due to cost-cutting measures that moved positions from full time to part time, thus increasing the number of people employed. The number of facilities also increased more than 20% during the decade, but there was only about 1.5% growth during the first year of the recession.¹⁹

It may be that child care, like health care, is an important resource that most people will continue to need and utilize long after they have given up other expenses. Unmeasured effects of the recession may well be affecting quality as centers cope by cutting costs through larger group sizes or increased child-to-adult ratios. Also unmeasured is the possibility that laid-off parents may have started their own child care businesses as a way to help make ends meet.

Parents Using Child Care Span All Sectors of the Economy and Earn Billions in Wages

Child care enables parents to work in a variety of Oregon industries. Figure 9 shows the major sectors in which parents using child care are employed.

Figure 10 shows the total estimated wages parents using paid child care earn, based on a weighted average of parents' occupations.

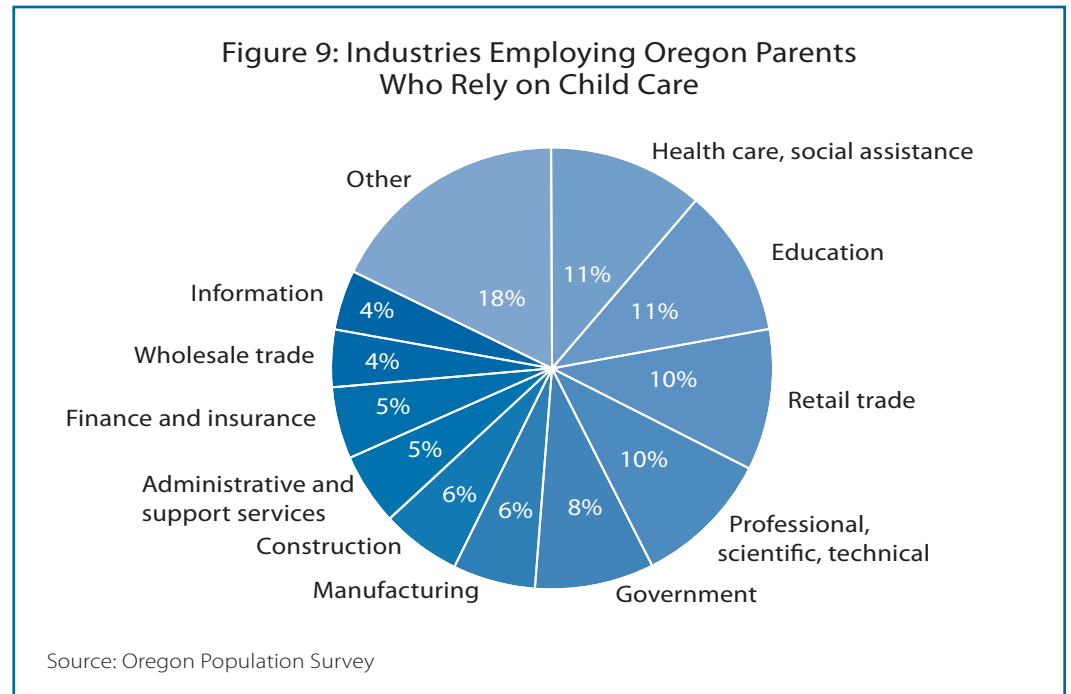


Figure 10: Earning Power of Parents Who Use Child Care

98,103 parents who rely on child care to work	x	\$43,903 median annual wage across parents' occupations	=	\$4.3 billion in wages earned by parents who rely on child care
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Source: Bureau of Labor Statistics, Occupational and Wage Estimates for the State of Oregon (www.bls.gov/oes)

as powerful marketing tools. For researchers, QIP data assist in tracking the levels of quality and the impacts of investments over time.



EQUIP builds upon lessons learned from pilots and demonstration projects throughout the years and moves the state ahead by leaps and bounds in improving the quality of care for Oregon's children.

