



Tulare County Office of Education
Tim A. Hire, County Superintendent of Schools



2024 EXECUTIVE SUMMARY EARLY CARE AND EDUCATION ECONOMIC BENEFIT STUDY

Tulare County



Prepared for
Tulare County
Office of Education
Early Childhood
Education

Prepared by



Executive Summary

This executive summary presents key findings and recommendations associated with the 2024 Early Care and Education (ECE) Economic Benefit Study prepared for Tulare County by Brion Economics, Inc. The summary is divided into four sections, which relate to the full report's key findings and recommendations.¹ The study analyzes the economic benefits and the multiplier effects of the ECE industry and compares those benefits to other similar-sized industries in the County. While the ECE industry directly benefits the local economy, it also provides a broader benefit to the entire economy by allowing parents with children to go to work and developing young children's skills needed for successful adulthood. **ECE leads to a more stable workforce, reduces recruitment costs for businesses, and promotes advancement and career development for workers with children.** ECE results in better educational outcomes for children and less social service expenditures later in life, from childhood to adulthood.

The following analyses and data are included in the study's five chapters:

1. **Overview of Research of the Economic Benefits of ECE and Current Challenges Facing the ECE Workforce;**
2. **ECE Needs and Demographics in Tulare County,** including an estimate of shortages of ECE Workforce and ECE spaces;
3. **Countywide Baseline Economic Conditions,** including Gross Domestic Product (GDP), employment, wages and salaries, and unemployment rates, to understand the context for the economic benefits of the ECE industry;
4. **Economic Benefits of ECE Industry,** including industry spending, the economic multiplier effects, and the economic impact of the lack of ECE; and
5. **Key Findings and Recommendations,** including actions that can strengthen the ECE industry.

The ECE field in California is undergoing significant changes with the expansion of Transitional Kindergarten (TK) for 4-year-olds and Universal Preschool Kindergarten (UPK) Mixed Delivery Planning Grants to plan for full-day care for children of working parents. In addition, the State is also undertaking a Rate Reform and Quality Study to develop new reimbursement rates for subsidized ECE. These important changes will have significant positive benefits for families and ECE providers.

¹ Note that study citations, data sources, and other references are included in the full report and technical appendices, which can be found on the County Office of Education's website.

Current ECE Research, Challenges and Conditions

Across the State and nation, the lack of ECE for parents with children and the struggles facing ECE workers and providers are significant.

- Ready Nation has estimated that **the lack of infant/toddler care costs** parents, businesses, and the broader public **\$122 billion** combined nationwide.
- **Every 10% increase in the number of children under 3 in publicly funded ECE leads to a 1% decrease in the wage gap for mothers with children.**
- By providing a **safe and nurturing environment for children**, ECE programs enable parents to focus on their professional responsibilities, resulting in **improved productivity and job retention, and a stable workforce for businesses.**
- By **narrowing achievement gaps** and promoting social mobility, ECE programs contribute to a more **equitable distribution of opportunities** and resources within society.
- **ECE workers are some of the lowest-paid workers nationwide** and often do not receive any employee benefits, such as health insurance or paid time off.

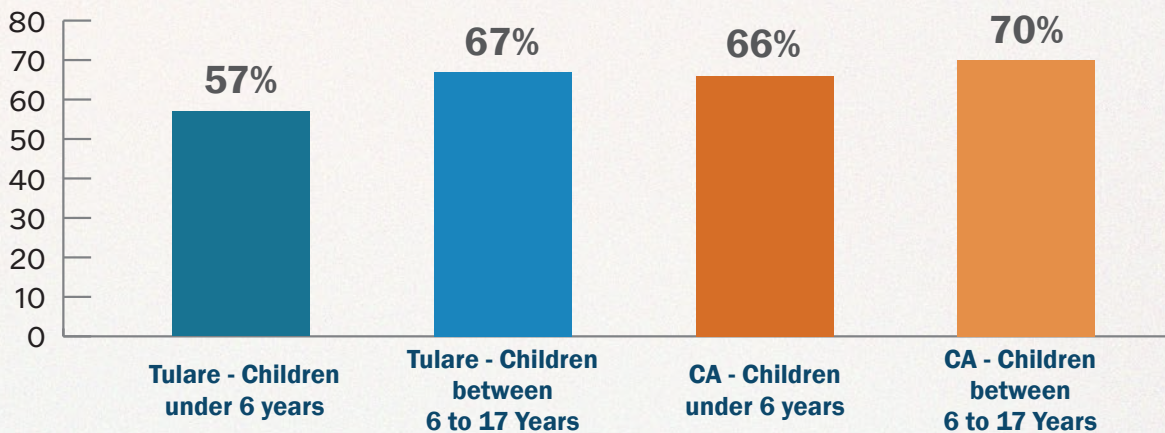


Current Conditions in Tulare County

The lack of ECE costs Tulare County economic activity and jobs and contributes to low workforce participation and poverty amongst families with children.

- **Children as a Percent of Total Population:** The ratio of children to total population, currently 20% and projected to decrease to 19%, is high compared to the State of California overall. This means that there are more children per household in the County that require some form of ECE. While the ratio of children to total population will decrease, the number of infants/toddlers and preschool-age children will increase by 5%, leading to a greater need for ECE spaces.
- **Labor Force Participation Rates (LFPs):** LFPs in Tulare County are lower than the State average, in part due to the **lack of ECE**, especially infant/toddler care.
- **High Poverty Level:** About 15% of all families in Tulare County live below federal poverty levels, which was at \$29,950 for a family of four in 2022. **This makes it very difficult for families to afford ECE for their children.**
- **For women with children under 6, the unemployment rate is about 14.5%** (5.4% higher than the County average), which is consistent with the lower-than-average Labor Force Participation Rates of parents with children.

LFPs of Parents with Children (Tulare and State)



Tulare County Demographics	2023 Estimated Population	% of Total Population	2030 Estimated Population	% of Total Population	Change 2023- 2030	% Change
Infants/Toddlers (0 to 2.7)	18,358	3.8%	19,358	3.7%	1,000	5.4%
Preschool (2.8 to 5.5)	20,749	4.2%	21,713	4.2%	965	4.7%
School Age (5.6 to 13)	58,270	11.9%	55,431	10.7%	(2,839)	-4.9%
Total 0 to 12 Years Old	97,376	19.9%	96,502	18.7%	(874)	-0.9%
Total Population	488,748		516,810		28,062	5.7%
Children, 0-12 Years Old, as % of Population		20%		18.7%		-1.3%

Current Conditions in Tulare County

- **Shortage of ECE Spaces:** There is an estimated shortage of about 35,000 ECE spaces, of which 10,600 are for children 0 to 5 years old.
- **ECE Workforce:** Based on teacher-to-child ratios required by the State, there are currently about **3,070 ECE workers** in the County.
- **Average ECE Wages:** Wages in the ECE field are 50% of living wages, or what is called sustainable wages.
 - Current ECE wages range from a **low of \$16 per hour** to a high of \$29 per hour for directors.
 - In annual salary terms, ECE workers currently make **\$43,000 per year** on average, compared to a **living wage of \$87,500** in Tulare County.
- **ECE Worker Shortage:** The current shortage of 35,000 ECE spaces would require an additional 6,232 ECE workers.
- The challenges associated with significantly increasing supply include the need for **funding** for 1) new facilities, 2) hiring **new workforce**, 3) providing **higher wages** in the ECE field to attract and retain workers, and 4) **land** for new **facilities**.

Item	ECE Spaces by Age Group			Totals All Ages
	Infants/Toddlers	Preschool	School Age	
Supply of ECE Spaces	1,400	10,200	15,000	26,600
Demand for ECE Spaces	10,400	11,800	39,300	61,521
Surplus or (Shortage)	(9,000)	(1,600)	(24,300)	(34,900)
% of Demand Met as of 2023	13.5%	86.6%	38.2%	43.3%



Economic Benefits of the ECE Industry

The benefits of ECE for young children are multi-faceted and ripple through a child's life, society, and the economy.

Economic multiplier or impact analysis consists of the following components:

- **ECE industry spending in 2024** or direct revenue estimates.
- **Input/Output or Multiplier Analysis** quantifies the economic relationships of spending and funding associated with one specific industry and how this direct spending ripples through the local economy. These benefits are summarized as:
 - **Direct benefits or impacts** include dollars spent on ECE services by parents, agency spending supporting the field, and subsidies provided by public agencies.
 - **Indirect benefits or impacts** are the goods and services required by the ECE industry to offer care, such as accountants, toys, equipment, food, sundries, etc.
 - **Induced benefits or impacts** are the impacts that wages and salaries paid to ECE industry employees and owners create in the local economy, including spending on housing, food, personal services, health care, transportation, and vehicles.
- For each type of benefit discussed above, the analysis estimates **1) number of jobs, 2) wages and salaries (labor income), and 3) economic activity (output).**



Economic Benefits of the ECE Industry

- **Subsidized Spaces:** An estimated **23,600 or 87% of ECE spaces are subsidized in the County**, which significantly reduces ECE costs for families.
- **Employment Benefits:** ECE supports nearly **3,600 positions countywide**. The multiplier for employment is 1.17, which means for every 5 direct ECE jobs 1 additional job is supported elsewhere in the County.
- **Wages and Salary Income Benefits:** The total wages and salaries (labor income) associated with ECE expenditures equal **\$142.4 million per year**.
- **Total Annual Economic Benefit:** The ECE industry’s economic output from ECE expenditures totals \$370 million, with \$35 million spent on needed goods and services and \$53 million in wages and salary income that is spent in the local economy.
- The multiplier value for the ECE industry is \$1.31, or **for every dollar spent in ECE, another \$0.31 in economic activity** occurs in Tulare County in other industry sectors.

Subsidized ECE Spaces

\$156 million

per year on subsidized care from State and federal agencies

ECE Employment Benefits

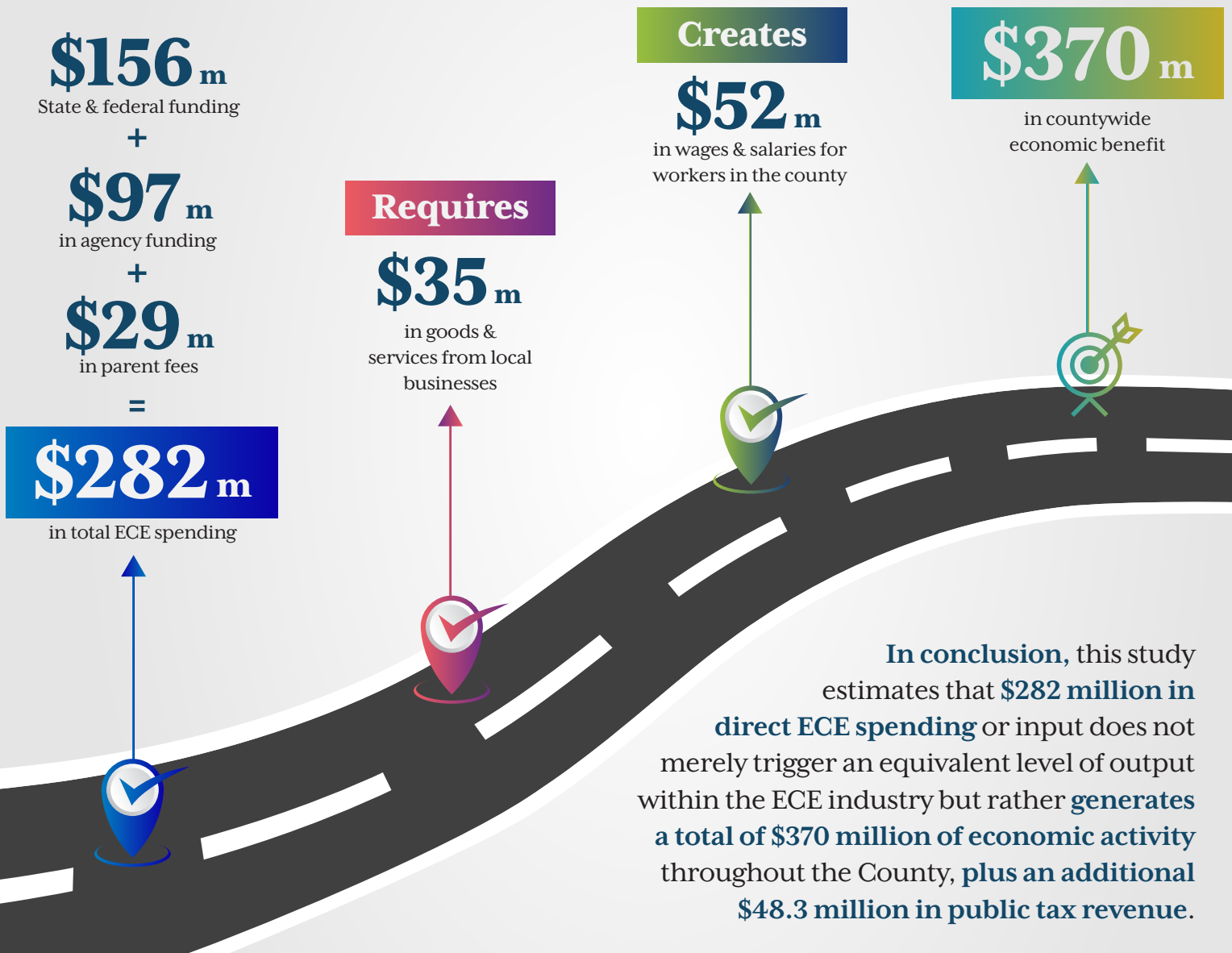
Type of Jobs	No. of Jobs
Direct ECE Jobs	3,068
Jobs from ECE Spending	194
Jobs from ECE Workers	332
Total Job Benefits	3,594



Economic Benefits of the ECE Industry

- **Similarly Sized Industries:** The total \$370 million of economic activity from the ECE industry is similar to other industries in the county, such as:
 - Nut Tree Farming - \$373 million
 - Retail Food & Beverages - \$364 million
 - Scientific Research & Development - \$320 million

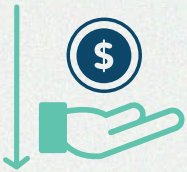
Annual Benefit of ECE in Tulare County



Key Findings and Recommendations

Increasing public investment in ECE – resulting in, for instance, increased workforce participation, higher family incomes, and teacher compensation and retention – would cause a similar beneficial ripple effect across the County’s economy.

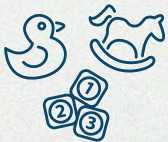
Since COVID-19, more businesses and state and federal governments have recognized the importance of ECE to the functioning of the overall economy. The study outlined some significant challenges facing the ECE industry in general and analyzes these challenges specific to Tulare County, most notably:



Low wages and benefits impact the ECE industry



High unemployment rate of more than double California’s



Significant shortages of ECE providers and ECE spaces



High poverty levels, especially for families with children



The **wage gap** between current wages and sustainable living wages



The economics of ECE create **challenges for providers and families**



Lower than average labor force participation rates, particularly for women with children



ECE tuition costs need to be reduced so parents can afford ECE services



Higher ratio of children (percent of total population) compared to statewide levels



State reimbursement rates for providers need to be increased

Key Findings and Recommendations

ECE is a complex ecosystem or industry with a myriad of delivery methods. Based on this study's analysis and findings, the following recommendations are, therefore, multi-faceted, approaching a solution from a variety of different positions:

1

Create an **ECE Development and Financing Strategy** that addresses the needs of the industry, workers and providers, families, and businesses.

While the economic multiplier effects of ECE are not as high as those of industries such as manufacturing and technology, the indirect benefits of allowing parents to go to work, are critical to the overall functioning of the Tulare County economy.



The overall impact of the lack of ECE spaces in Tulare County is estimated at **\$4.5 billion in Gross Domestic Product or the sum value of the Tulare County economy**. This would be a 20% increase in the County's economic activity overall.



If the shortage of ECE spaces was addressed, an additional **35,000 parents could go to work**, generating **\$474 million** in additional ECE economic activity or total output from ECE activities.

2

Evaluate all possible **Funding Mechanisms** that could support ECE facilities and an increase in ECE workforce wages.



3

Create a "**Build Up Tulare County**" initiative focused on increasing ECE spaces and supporting the ECE workforce.



4

Prepare "**ECE City Profiles**" of supply and demand that can help each city understand its specific needs and shortages.



Key Findings and Recommendations

5

Support ECE Unions, which is crucial to addressing the underinvestment in the workforce and increased wages.



6

Conduct **Land Use and General Plan Audits** of all cities in the County to add ECE-friendly policy language on how cities can be more ECE-friendly.



7

Convene a “**City, Business, and Developer Summit**” to discuss the potential to add ECE facilities to planned and proposed housing projects.



8

Evaluate the potential for **local hospitals to add ECE facilities** to their sites or sponsor new centers near their sites.

9

Meet with **large employers in the County** to evaluate how to increase the amount of employer-sponsored ECE.

10

Convene a series of workshops with existing providers **interested in expansion**.



11

Evaluate the potential to **convert some unfilled Preschool classrooms to serve Infants/Toddlers**.



12

Expand the number of **Family Child Care Home providers** in the County.

13

Consider **waiving permit fees and business license fees** for new ECE projects to reduce start-up costs.

14

Promote new and expanded **Paid Family Leave** as a means of reducing the need for infant care.

Acknowledgments and Contact Information

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