



Report: The Economic Impact of Child Care on San Mateo County

This report is a tool to begin reframing child care in the context of local economic development. It is intended to help build local partnerships aimed at increasing the child care industry's capacity to respond to the child care needs of the County.

Profiles of the child care industry:

- Licensed child care is a \$109 million industry in San Mateo County. Child Care Centers generate \$80 million in gross receipts and Family Child Care Homes generate \$29 million.
- In San Mateo County there are only 26,000 licensed spaces with an estimated demand of 102,000 spaces.
- Licensed child care directly employs 3,294 people and creates 2,442 jobs in other industries within San Mateo County.

Trends and needs

- The demand for quality affordable child care in San Mateo County has increased by 26% since 1990. The demand for child care has been growing steadily along with the growth in population, the rapid growth in jobs, and the increasing cost of living.
- The high cost of child care (averaging about \$833/month for infant care) with the cost of housing in San Mateo County (averaging \$1550/month for a 2-bedroom apartment, encourages people to work here for high wages and live elsewhere, resulting in both a loss of local investment and increased commute-related traffic congestion. It is estimated that next to housing, child care is the second highest expense for San Mateo County families.
- San Mateo County consumers have identified chronic shortages in infant care, subsidized care, care during non-traditional hours, and affordable care for families with incomes above subsidy eligibility levels and below the local area median income.

Economic benefits to increasing the supply of licensed child care

- Licensed child care is a more stable support for working parents. It increases worker productivity and reduces absenteeism.
- For every \$1 million consumers spend on licensed child care operation in San Mateo County over a one-year period, more than 52 jobs are created, including 22 indirect jobs in other local industries-business services, retail and wholesale trade and eating and drinking establishments.
- A capital investment of \$1 million for the construction of child care facilities creates 23 jobs for every one year, including more than nine in the construction industry.
- Expanding the supply of licensed child care in San Mateo County would increase the opportunities for capturing federal and state subsidy dollars, enabling income-eligible families to remain in the work force. At present, licensed child care brings nearly \$22 million in federal and state child care transfer payments to the San Mateo economy.
- Investment in licensed child care reduces local public sector costs in other areas over the long-term. Each dollar spent on high quality licensed care saves \$7 in future spending on criminal justice, welfare and other publicly funded programs.

Challenges to the child care industry

- The child care workforce's growth and retention are threatened by the county's strong job growth in better paying industries, the increasing gulf between low wages and the rising cost of housing in the county.
- The growth and expansion of the child care supply is threatened by low real estate vacancy rates, high land development costs and decreasing availability of space in public schools.
- Demand for subsidized child care is fueled by job growth in lower-paying service and transportation sectors, escalating housing costs and welfare reform.