

ECE Employment Through the Great Recession

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Purpose of Study

- ❑ Exploratory study of ECE employment through last five recessions- distinguish *cyclical* effects from *secular* trends
- ❑ Compare to overall employment and other sectors with significant public financing = education, health care
- ❑ Consider impact of ARRA on ECE employment
- ❑ Only used national data; states, regions vary

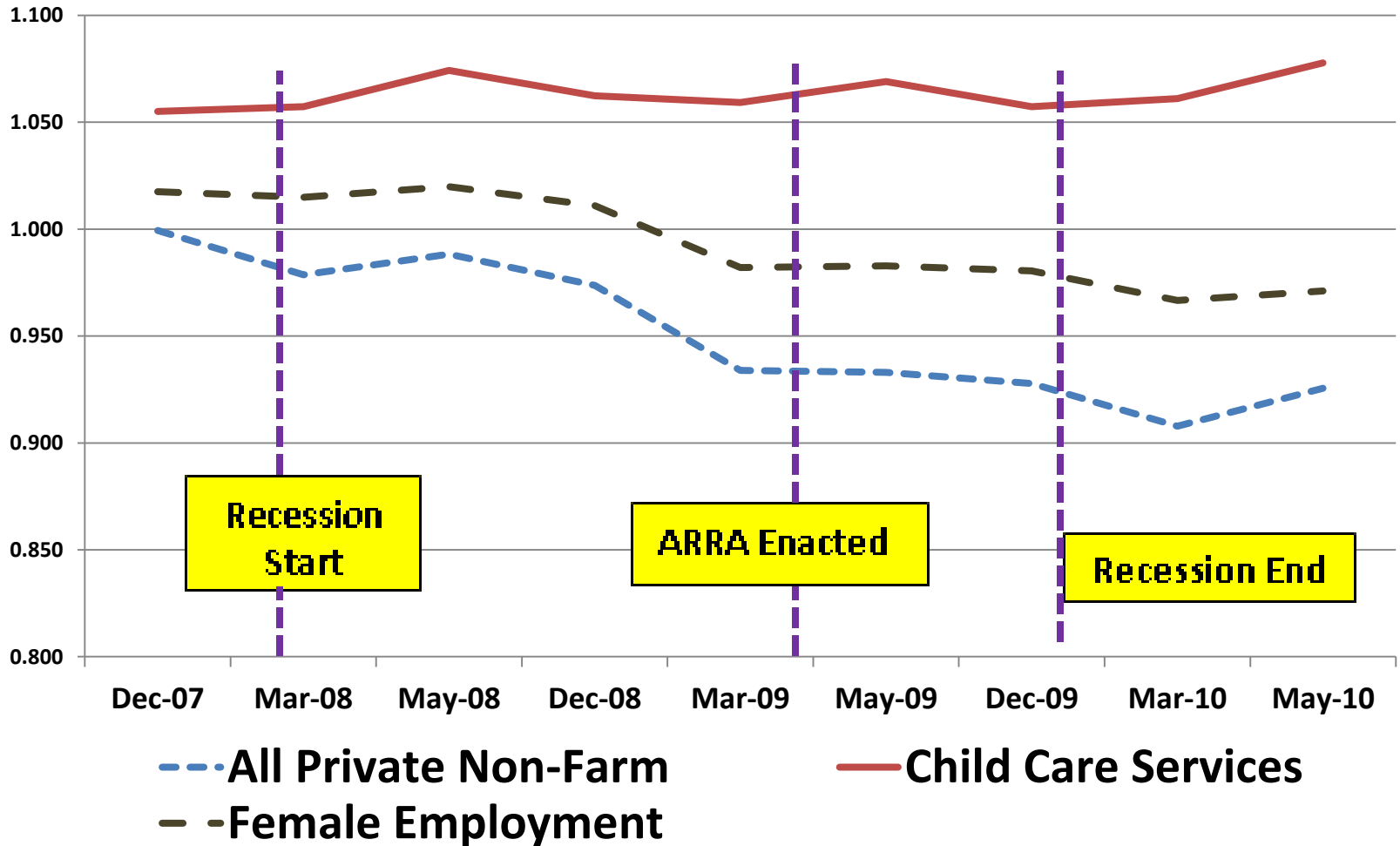
Data Sources

Employment trends: Current Employment Survey (vs. Household Survey)

- ❑ *Advantages*: monthly, consistent for decades, covers whole sector, comparable to other sectors, portion of WF mostly likely to be affected by recession
- ❑ *Limits*: include school-age; exclude public school pre-K, FCC, FFN = 40% total workforce => proxy

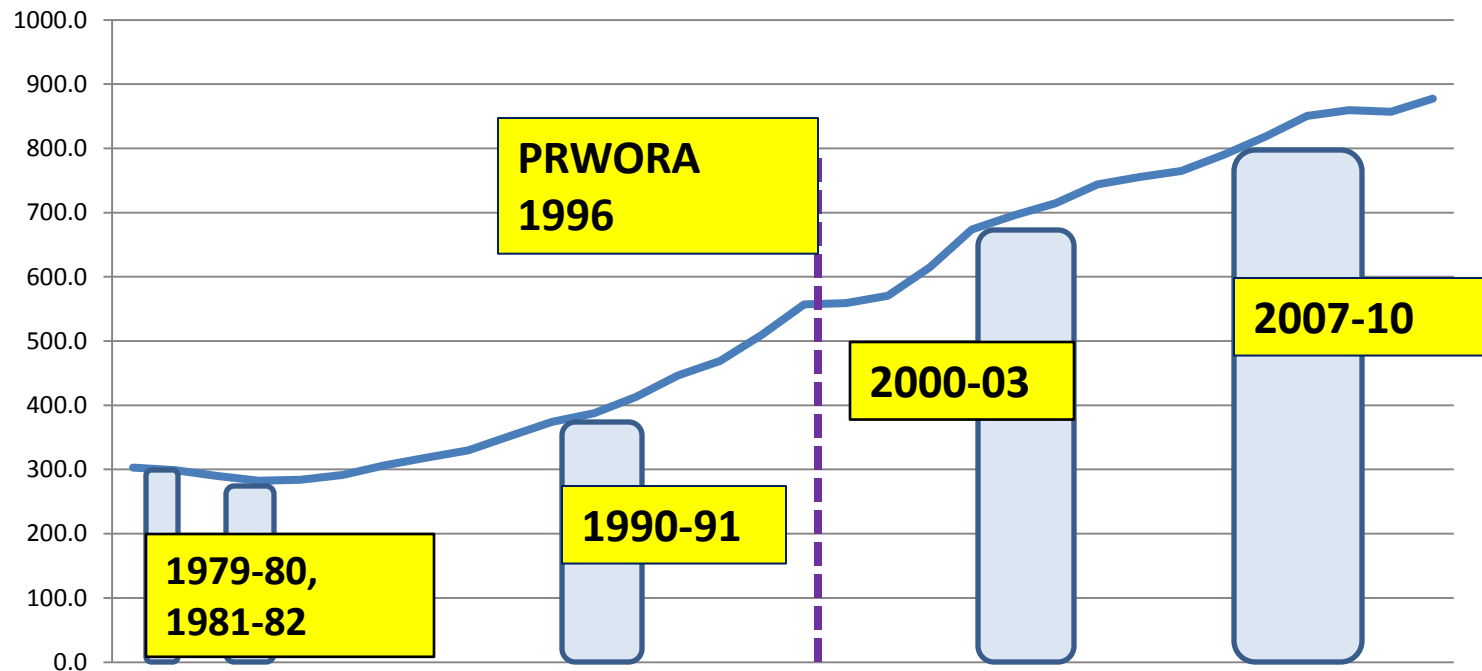
Fiscal Model: Expenditures by quarter from ACF/OCC. Employment share per HSPC financing model

Index of Employment, Economic Downturn, 2007-2010 (Quarterly Averages, Summer Months Excluded)



ECE Growth Employment Through Recessions

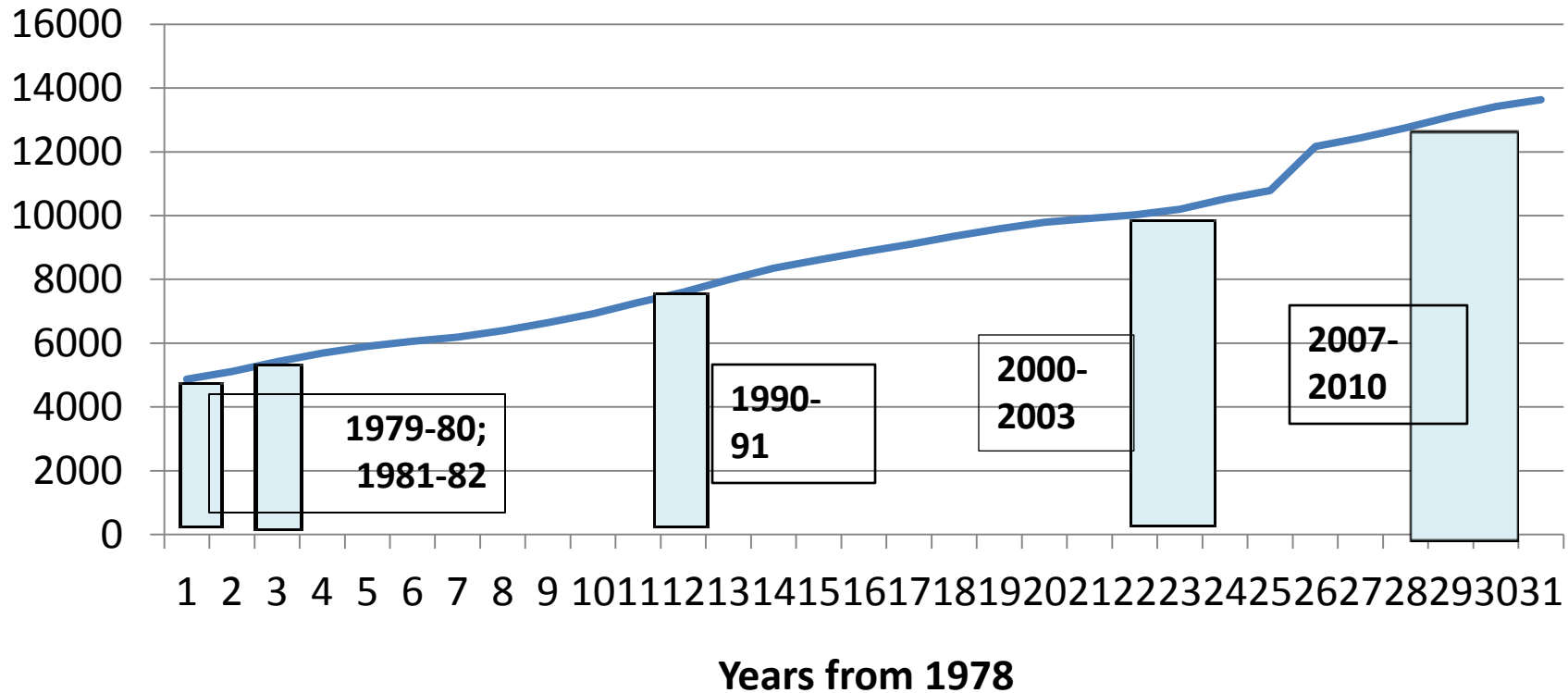
Child Care Employment, Annualized, 1979-2010
Jobs in Thousands (5 Downturns)



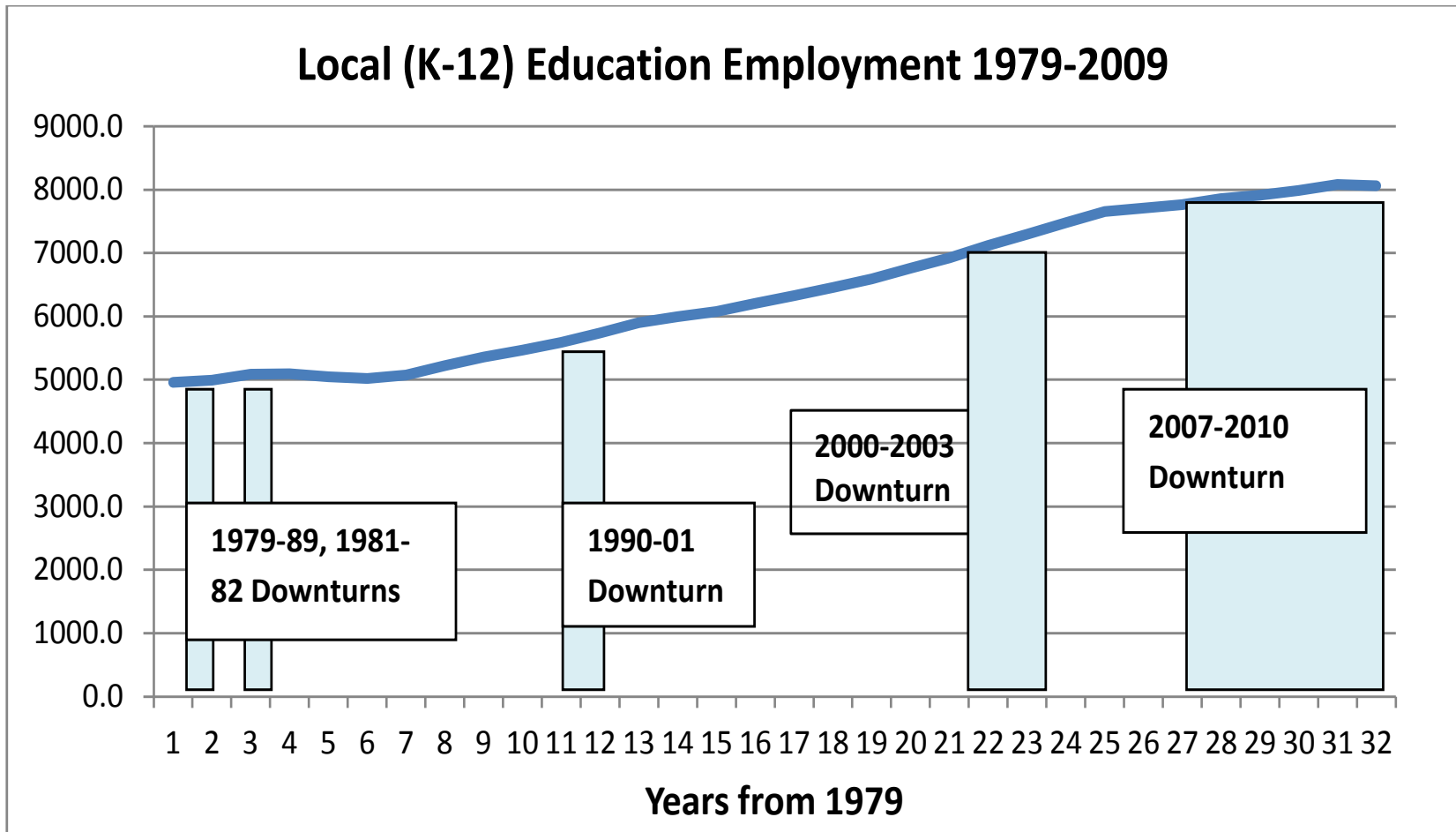
- ❑ CC employment growth paused during recessions, not decreased.
- ❑ CC employment doubled as a share of total UW workforce >1979

Health Services Employment Across Five Downturns

Health Services Employment, 1978-2009 (December, Seasonally Adjusted; Thousands of Jobs)



Education (K-12) Employment Across Five Downturns (Annual, Thousands of Jobs)



□ K-12 employment grew steadily in prior recessions, paused in 2007-10

Were CC Jobs Maintained by Cutting Hours or Wages?

- ❑ Average hourly wages *increased* 8.4% across recession [\$11.99 - \$13.19].
- ❑ Average weekly hours *increased* 3.3 % [30.0 – 31.0].
- ❑ Note that working hours in overall economy average about 34+/week.

What has happened in year after recession/ARRA ?

Post recession: June, 2011 vs. June, 2010:

- ❑ CC Employment flattened out, about same number of jobs June 2011-2010 [856K vs. 818K in 2006]
- ❑ Ave. weekly hours: up slightly from 30.3 to 30.5
- ❑ Ave. hourly earnings: dropped \$13.03 to \$12.80 (down 1-2%) Aug 2011-to-2011 – no earnings drop in total of all sectors.

Still well-above pre-recession; too early to tell if major shift or summer slump.

- ❑ Total private female employment increased ~200K

Impact of ARRA Spending (\$2 B)

Trend analysis:

- ❑ CC added 18,000 jobs
- ❑ If matched 4.5% decline in female employment –would have lost 39,000 jobs
- ❑ Thus all public support, demand saved about 57,000 jobs.

Fiscal model [*assumes no substitution*]

- ❑ *Funding supported 36,000 jobs:*
Centers = 16,600; FCC = 14,400; FFN = 800

Potential Impact of no ARRA: IF same federal \$, states cut 20%:

- ❑ No substitution: lose 19,700 center jobs: 2% of CC sector employment. FCC/FFN uncertain.
- ❑ If 50% substitution: lose 1% of center employment
- ❑ Still above pre-recession levels
- ❑ Growing female employment [~200K] suggests private demand substitution for ARRA funds

Further Desirable Analysis

- ❑ Compare trends in groups of states with different levels of recession impact
- ❑ Explore relation between CC and FCC employment
- ❑ Explore impacts of state policies: CCDF and pre-K funding

Conclusions

- ❑ ECE has become an essential service with substantial public funding, along with education and health care
- ❑ Long term secular trend to increasing employment slows during recessions but does not turn down
- ❑ Average hourly wages and weekly hours also hold up through recessions
- ❑ Impact of end of ARRA uncertain but not likely to be major on a national scale.
- ❑ Need more analysis of state and regional impacts of recession and ARRA.

Extra Slides

College & University Employment

Average Annual Employment in Thousands,
Colleges & Universities, 1975-2010

