ECE Employment Through the Great Recession

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Presentation at STAM/CCPRC
Bethesda, Md.
November 16, 2011
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)
CC employment growth paused during recessions, not decreased.
CC employment doubled as a share of total UW workforce >1979
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

Years from 1975

1979-80
1981-82
2000-2003
2007-2010