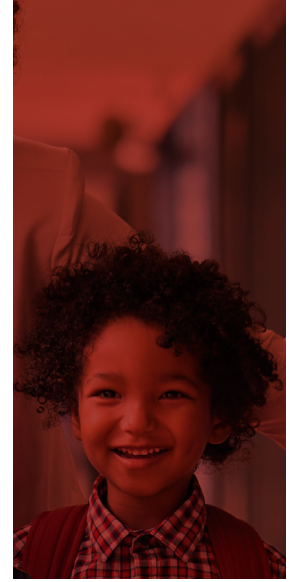


FINAL REPORT

Early Care and Education Economic Benefits Study



Riverside County – 2026

PREPARED FOR:



PREPARED BY:



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I. Introduction and Background

The goal of this study is to educate the public, local business leaders, and policymakers about the importance of early care and education (ECE), or child care¹, in the economy of Riverside County. It places the early care and education industry in the context of other large industries in the County and demonstrates its overall economic importance.

In addition to the direct benefits for children's development and well-being, ECE supports families and children, keeps parents working, and drives local economies. Quality ECE allows parents to feel comfortable being away from their children and is shown to reduce employee absenteeism and turnover, which is a direct benefit to employers and businesses.² Overall, ECE assists in creating a stable workforce for local businesses and supports a larger workforce than would exist if ECE were not available. For these reasons, ECE is often likened to infrastructure; just as roads and bridges help parents commute to work, ECE provides the essential conditions that enable parents to work.³

*"High-quality early care and education for children from birth to kindergarten entry is critical to positive child development and has the potential to generate economic returns, which benefit not only children and their families but society at large. Despite the great promise of early care and education, it has been financed in such a way that high-quality early care and education have only been available to a fraction of the families needing and desiring it and does little to further develop the early care-and education (ECE) workforce."*⁴

Unfortunately, most California communities, including Riverside County, have a shortage of ECE providers and spaces. The most recent *Early Care and Education Needs Assessment – 2025* for Riverside County (summarized in **Chapter II**) showed that 61% of the demand for Infant/Toddler care is currently

¹ The ECE industry represents a diverse system of individuals, educators, teachers, support staff, and public and private entities with a focus on supporting children ages 0 to 12 years old. For this study, "ECE" and the "ECE industry" are used to describe what is often called child care or early learning and care (ELC). In the context of this study, ECE is understood to include programs offered through local school districts, including Transitional Kindergarten (TK) and before and after-school programs. Please refer to Section I.2. for a more detailed definition.

² California for All Kids (2022): *The Employer's Role in Establishing Child Care Facilities*.

https://californiaforallkids.chhs.ca.gov/assets/pdfs/Employer_Role_in_Establishing_Child_Care_Facilities.pdf, accessed March 8, 2024.

³ See for example: First Five Years Fund (2024): *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy*. <https://www.ffyf.org/2024/10/10/new-evidence-suggests-expanding-access-to-pre-k-is-good-for-the-economy/>, accessed February 19, 2026.

⁴ La Rue Allen and Emily P. Backes, Editors (2018): *Transforming the Financing of Early Care and Education*, <https://nap.nationalacademies.org/catalog/24984/transforming-the-financing-of-early-care-and-education>, accessed April 8, 2024, p. 1.

not met by the existing supply of ECE spaces in the County. Even where ECE is available, or there is a surplus of ECE, many families cannot afford it. For many families, ECE costs comprise 20% to 40% of their gross income. For single female heads of household, the cost of ECE often makes working impossible without the skills and education to secure higher-paying jobs. Households in Riverside County experience similar costs associated with ECE, particularly if they do not receive subsidized care (see **Section II.3 of Chapter II**). Typical ECE expenses for one child can make up between 5.9% to 22.1% of a median family income in the County.⁵ The California Child Care Resource & Referral Network projects a monthly deficit for a family of four in Riverside County, even if the family qualifies and receives ECE subsidies.⁶

I.1 Purpose of Study

The purpose of this study is to quantify the economic impact or benefit of the ECE industry in Riverside County as of 2025 and help underline the crucial role of ECE for the local economy by providing County-specific data and analysis. The Consortium for Early Learning Services (CELS) retained Brion Economics, Inc. (BEI) to conduct this study. BEI worked closely with the CELS Executive Director and gathered local ECE data from the Riverside County Office of Education and First 5 Riverside County staff for this effort. This study incorporates data and other information developed by BEI for the *Early Care and Education Needs Assessment – 2025*, and the *Early Care and Education Strategic Plan – 2026 to 2031* for the Local Child Care and Planning Development Council in 2025.

CELS will use this study to communicate to the broader Riverside County community the economic need for and benefits of ECE. The overall goals of the study can be summarized as follows:

- To provide data and evidence that supports the need to expand ECE supply.
- To quantify the direct and indirect economic benefits of the ECE industry in Riverside County.
- To estimate the current ECE workforce in the County and the workforce shortage to meet the current need for more ECE spaces.
- To review and compare wages and salaries in the ECE industry to other key industries and evaluate the living wage gap for the ECE workforce.

⁵ National Database of Childcare Prices, US Department of Labor's Women's Bureau, <https://public.tableau.com/app/profile/women.s.bureau.department.of.labor/viz/CountyFactsheets/Childcareinthecounties>

⁶ California Child Care Resource & Referral Network (2025): *2023 California Child Care Portfolio*. https://rrnetwork.org/assets/general-files/2023-Child-Care-Portfolio_Rev-2025.05.20_2025-05-20-202714_yvxl.pdf, accessed March 5, 2026.

Branching out and building more relationships with Riverside County industry leaders and large business owners will be important to secure both a sufficient supply of ECE and local employees for the growing economy in the coming years.

I.2 Study Approach and Methodology

The study assesses the size of the ECE industry relative to the overall economy. The economy of Riverside County is summarized in this study to show the baseline economic conditions in which the ECE industry operates. The study estimates how the ECE industry itself generates additional economic benefits in the economy, or what is called the multiplier effect. It quantifies the size of the ECE workforce, the wages associated with the workforce, and the need for higher wages. The shortage of ECE spaces, as well as the additional workforce needed to support the space shortage, is quantified.

Definition of ECE

For this study, “early care and education” or “ECE” and the “ECE industry” are used to refer to what is commonly called child care⁷ or early learning and care (ELC), and also includes programs offered through local school districts, including Transitional Kindergarten (TK)⁸ and before- and after-school programs. For this study, it does not include Kindergarten or regular school between the ages of 6 to 12 years, but only before- and after-school programs. The ECE industry encompasses a wide range of workers, including caregivers, family, friends, and neighbors (FFNs), teachers, assistants, educators, administrators, owners, and directors of ECE programs, including Family Child Care providers (FCCs). ECE programs can be run by community non-profits, school districts, and privately or publicly funded programs. Some ECE programs are subsidized by the State and federal governments, such as State Preschool, migrant programs, Head Start, etc. In sum, the ECE industry represents a complex and diverse system of individuals, educators, teachers, and support staff, in both private and public settings, all with a focus on caring for and educating children ages 0 to 12 years old.

Qualifications Regarding Changes in the Delivery System

The ECE field and industry are currently experiencing large changes and shifts in how and who delivers ECE services. The State of California introduced Transitional Kindergarten (TK) for 4-year-olds in 2012 and hopes to have it fully implemented by Fiscal Year 2025-2026. The availability of free part-day TK will have an impact on how private ECE providers structure their programs and what ages they serve. The State has awarded Universal PreKindergarten (UPK) Mixed Delivery Grants to assist counties in

⁷ For studies and articles that use the term child care, we have kept that reference for consistency with the cited source.

⁸ TK is relatively new in the ECE landscape and offers free ECE to 4-year-olds throughout the State.

developing a plan for wrap-around care for TK children so that full-day care is available to meet the needs of working parents. These changes will have significant benefits for families, as ECE will be available to 4-year-olds at no cost. This will allow more parents to enter the workforce. How these changes in the delivery of care will impact existing providers is uncertain, and how they might change the Economic Impact Model assumptions is unknown at this time and beyond the scope of this study.⁹

Data Sources

The most up-to-date data, which was collected in 2025 and through the spring of 2026, is used for the analysis.¹⁰ The study summarizes data from a variety of public sources, including the U.S. Census, the California Department of Finance, the California Department of Education, the California Economic Development Department, the California Employment Development Department, the California Department of Social Services, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Center for the Study of Child Care Employment at the UC Berkeley, Southern California Association of Governments, various academic studies regarding ECE, and Riverside County data and studies. No original data collection, such as surveys, was conducted for this effort.

The study includes the following data, assumptions, and approach:

1. A summary of pertinent findings of the *Early Care and Education Needs Assessment – 2025*, such as income and poverty levels and estimates of the demand for ECE spaces and the current shortages by age groups.
2. Economic data for the County, including Gross Domestic Product (GDP) data by industry, employment data by industry, wages by industry and occupation, household income data, and unemployment rates.
3. A summary of the recent county-specific findings of the ECE workforce survey conducted by the Center for the Study of Child Care Employment (CSCCE) at UC Berkeley.
4. An estimate of the ECE workforce by occupation type, the current wages associated with the industry, and the living wage gap in the ECE field.
5. Data on monthly market rates or tuition and State reimbursement rates by age and type of provider.
6. Data on agency spending linked to the ECE industry and the construction of new ECE facilities.

⁹ The IMPLAN economic model is based on Bureau of Labor Statistics data and based on 2024 data; whether BLS has accounted for TK in California's data is unclear at this time.

¹⁰ Data ranges from 2023 to 2025 and is the most currently available data, although most data are from 2024.

7. The study uses IMPLAN Cloud software with 2024 data to estimate the economic multiplier effects or benefits associated with the ECE industry.

The economic benefit analysis estimates the direct benefit of the ECE industry combined with the indirect and induced effects. Indirect effects are the value of the goods and services the industry needs to purchase to function, and the induced effects are the spending impacts in the local economy from the wages and salaries associated with the ECE workforce. The total output, or benefits, is the combined effect of the direct spending on ECE, the indirect, and the induced effects. This total impact is often referred to as the multiplier effect, highlighting how an initial investment in ECE ripples through the economy and generates additional economic activity.

To further illustrate and compare the economic benefit of ECE, local industries are examined and compared to the ECE industry, in terms of:

- The size of the industry, as reflected in output or gross receipts
- The total direct employment of the industry
- The extent of the industry's local economic integration, as reflected in indirect and induced employment
- The capture of federal and State monies designated for ECE
- The economic effects of investments in new ECE supply to meet current shortages

Overall, this study focuses on the quantifiable economic benefits of ECE. Other benefits of ECE, as they relate to the developmental and quality-of-life outcomes for the children involved, are difficult to quantify in general or specifically at the county level. These more qualitative benefits of ECE are discussed in a summary of recent studies in **Section I.3 below**.

I.3 Economic Benefits of ECE – Literature Review¹¹

In February 2026, a national literature review of recent ECE research was conducted to examine the economic and social impacts of child care and early education investments on families, labor markets, public budgets, and long-term economic growth. The literature reviewed includes peer-reviewed economic research, policy analyses, and fiscal impact studies published between 2012 and 2025. Collectively, these studies provide strong and consistent evidence that investments in high-quality ECE produce substantial short- and long-term economic returns that exceed their costs.

¹¹ Note: Many of the studies cited in this section use “child care” in referring to what is called ECE in this study.

Appendix A offers more comprehensive summaries of recent research on the economic advantages of ECE, summarized below. These studies include:

1. *Investing in Early Education Pays Dividends (2025)*¹²
2. *Parents' Earnings and the Returns of Universal Pre-Kindergarten (2025)*¹³
3. *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy (2024)*¹⁴
4. *The Growing Annual Cost of the Infant-Toddler Child Care Crisis in California (2024)*¹⁵
5. *\$122 Billion: the Growing Annual Cost of the Infant- Toddler Child Care Crisis. Council for a Strong America (2023)*¹⁶
6. *Kids' Share 2023: Report on Federal Expenditures on Children through 2022 and Future Projections (2023)*¹⁷
7. *Early Investment, a Lifetime of Returns: Articulating the Value of Early Childhood Investments in Virginia (2023)*¹⁸
8. *Universal Pre-K: The Long-Term Benefits That Exceed Short-Term Costs (2022)*¹⁹

¹² R'riuna Moore, Callie Poole, Heather Hanna (2025): *Investing in Early Education Pays Dividends*. Endeavors. Mississippi State Undergraduate Research Journal, 1 (1). https://scl.ssrc.msstate.edu/wp-content/uploads/2025/05/Investing-in-Early-Childhood-Education-Pays-Dividends.cp_-1.pdf. Accessed February 11, 2026.

¹³ Humphries, J., Neilson, C. et. al. (2025): *Parents' Earnings and the Returns to Universal Pre-Kindergarten*. National Bureau of Economic Research. NBER Working Paper Series. <https://www.nber.org/papers/w33038>. Accessed February 21, 2026.

¹⁴ First Five Years Fund (2024): *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy*. <https://www.ffyf.org/2024/10/10/new-evidence-suggests-expanding-access-to-pre-k-is-good-for-the-economy/>. Accessed February 19, 2026.

¹⁵ Ready Nation (2024): *The Growing, Annual Cost of the Infant-Toddler Child Care Crisis in California*. <https://strongnation.s3.amazonaws.com/documents/1788/b94f1cd8-5c79-4147-b561-eb536bbde4d3.pdf?1709517417&inline;%20filename=%22The%20Growing,%20Annual%20Cost%20of%20the%20Infant-Toddler%20Child%20Care%20Crisis%20in%20California.pdf%22>, accessed March 2, 2026.

¹⁶ Ready Nation (2023): *\$122 Billion: the Growing Annual Cost of the Infant-Toddler Child Care Crisis*. Council for a Strong America. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis> Accessed February 11, 2026.

¹⁷ Cary, L., Hahn, H. et.al. (2023). *Kids' Share 2023: Report on Federal Expenditures on Children through 2022 and Future Projections*. The Urban Institute. <https://www.urban.org/research/publication/kids-share-2023>. Accessed February 12, 2026.

¹⁸ Prenatal-to-3 Policy Impact Center (2023): *Early Investment, a Lifetime of Returns: Articulating the Value of Early Childhood Investments in Virginia*. https://vecf.org/wp-content/uploads/2023/09/PN3PIC_ArticulatingtheValueofECEInvestmentsinVA_FullReport-Final-1.pdf. Accessed February 12, 2026.

¹⁹ McCourt School of Public Policy (2022): *Universal pre-K: The long-term benefits that exceed short-term costs*. <https://mccourt.georgetown.edu/news/universal-pre-k-long-term-benefits-exceed-short-term-costs/>. Accessed February 21, 2026.

9. *The Effects of Universal Preschool in Washington, D.C. (2018)*²⁰
10. *Early Childhood “Pay-For-Success” Social Impact Finance: A PKSE Bond Example to Increase School Readiness and Reduce Special Education Costs (2012)*²¹

This summary synthesizes findings in five major themes: (1) high returns on public investment, (2) increased parental labor force participation and earnings, (3) broader macroeconomic and business impacts, (4) long-term fiscal and social benefits for governments, and (5) the growing economic cost of underinvestment in ECE.

Returns on Investment in Early Care and Education

A central finding across the literature is that ECE yields exceptionally high returns on investment. Multiple studies estimate returns ranging from \$2 to \$18 for every dollar invested, depending on program quality, population served, and benefits included in the analysis.²² James Heckman’s long-standing research finds an annual return of 7 to 13 percent, driven by improved educational attainment, higher lifetime earnings, and reduced public expenditures on special education, health care, and criminal justice.²³

More recent research reinforces and extends these conclusions. In 2023, a study conducted by economist Arthur Rolnick showed that investments in high-quality ECE programs generate substantial societal returns, including an 18% ROI through enhanced workforce participation, lower crime rates, and improved population health outcomes.²⁴ Universal PreKindergarten programs demonstrate particularly strong economic performance. A 2024 National Bureau of Economic Research (NBER) study

²⁰ Rasheed Malik (2018): *The Effects of Universal Preschool in Washington, D.C.* Center for American Progress. <https://www.americanprogress.org/article/effects-universal-preschool-washington-d-c/>. Accessed February 12, 2026.

²¹ Dugger, R., & Litan, R. (2012): *Early Childhood “Pay-For-Success” Social Impact Finance: A PKSE Bond Example to Increase School Readiness and Reduce Special Education Costs*. Kauffman Foundation & ReadyNation Working Group on Early Childhood Finance Innovation. https://readynation.s3.amazonaws.com/uploads/db_files/Kauffman-ReadyNation%20PKSE%20Report%2012041922.pdf, accessed March 3, 2026.

²² R’riuna Moore, Callie Poole, Heather Hanna (2025): *Investing in Early Education Pays Dividends*. Endeavors. Mississippi State Undergraduate Research Journal, 1 (1). https://scl.ssrc.msstate.edu/wp-content/uploads/2025/05/Investing-in-Early-Childhood-Education-Pays-Dividends.cp_-1.pdf. Accessed February 11, 2026.

²³ Heckman, J. (2014): *Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy*. <https://heckmanequation.org/>

²⁴ R’riuna Moore, Callie Poole, Heather Hanna (2025): *Investing in Early Education Pays Dividends*. Endeavors. Mississippi State Undergraduate Research Journal, 1 (1). https://scl.ssrc.msstate.edu/wp-content/uploads/2025/05/Investing-in-Early-Childhood-Education-Pays-Dividends.cp_-1.pdf. Accessed February 11, 2026.

estimates that Universal PreK²⁵ generates approximately \$10 in benefits for every \$1 invested, largely due to increased parental earnings and associated tax revenue.²⁶

Importantly, studies that include parental labor market effects show substantially higher returns than those focused solely on children's short-term test scores. Net social benefit calculations that include parent earnings show tens of thousands of dollars in net gain per child, with overall net social benefits around \$13,000–\$60,000 per child, depending on assumptions.²⁷

Parental Employment, Earnings, and Workforce Stability

The literature consistently finds that access to affordable, full-day ECE increases parental labor force participation, hours worked, and earnings—particularly among mothers of young children. Universal PreK expands stable child care coverage, enabling parents to work full-time and maintain consistent employment.²⁸

In New Haven, Connecticut, UPK increased weekly child care coverage by approximately 11 hours, enabling parents to increase work time by nearly 13 hours per week. Labor force participation rose by 5.7 percentage points, with gains persisting for approximately six years after children exited PreK. The study also found reduced job disruption, fewer industry switches, and greater career continuity among parents. Earnings impacts are substantial. Parents whose children accessed UPK earned approximately 21.7 percent more per year during the PreK period, with earnings gains continuing in subsequent years.²⁹ Similar effects are observed in Washington, D.C., where maternal labor force participation among mothers with children under age five increased by approximately 12 percentage points following the expansion of universal preschool.³⁰ The First Five Fund found that each 10 percent increase in PreK enrollment is associated with a 1.6 percentage point increase in maternal employment.³¹ Studies show an extra wage gap between mothers and childless women beyond the

²⁵ Most of the cited studies abbreviate Universal PreKindergarten with “Pre-K” instead of “UPK”, the abbreviation used in this studies. In the following sections, “Pre-K” is sometimes used to stay consistent with the cited literature.

²⁶ Humphries, J., Neilson, C. et. al. (2025): *Parents' Earnings and the Returns to Universal Pre-Kindergarten*. National Bureau of Economic Research. NBER Working Paper Series. <https://www.nber.org/papers/w33038>. Accessed February 21, 2026.

²⁷ Ibid.

²⁸ First Five Years Fund (2024): *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy*. <https://www.ffyf.org/2024/10/10/new-evidence-suggests-expanding-access-to-pre-k-is-good-for-the-economy/>. Accessed February 19, 2026.

²⁹ Humphries, J., Neilson, C. et. al. (2025): *Parents' Earnings and the Returns to Universal Pre-Kindergarten*. National Bureau of Economic Research. NBER Working Paper Series. <https://www.nber.org/papers/w33038>. Accessed February 21, 2026.

³⁰ Rasheed Malik (2018): *The Effects of Universal Preschool in Washington, D.C.* Center for American Progress. <https://www.americanprogress.org/article/effects-universal-preschool-washington-d-c/>. Accessed February 12, 2026.

³¹ First Five Years Fund (2024): *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy*. <https://www.ffyf.org/2024/10/10/new-evidence-suggests-expanding-access-to-pre-k-is-good-for-the-economy/>. Accessed February 19, 2026.

gender pay gap. Public funding for ECE can narrow this. A 10% rise in children under 3 in publicly funded ECE reduces the maternal wage gap by 1%.³²

The relationship between paid child care and labor force participation is bi-directional, with both rising together over time. The findings from the Committee for the Economic Development of The Conference Board suggest that changes in paid care usage are much more likely to lead to enhanced labor force attachment, rather than increased labor force attachment causing greater use of paid care. This indicates that various efforts, such as providing subsidies, can increase the number of people working in the short term. The age of children is important in this dynamic, especially for mothers of young children (ages 0 to 4), where the connection to paid care usage is much stronger compared to mothers of older children (ages 5 to 14).³³ The reverse is equally true - higher ECE prices have been shown to impact maternal employment negatively. A 10% increase in prices could result in a 1% to 4% reduction in maternal employment rates, especially detrimentally impacting mothers with lower wages.³⁴ Higher labor force participation rates (LFPRs), in turn, significantly affect poverty rates, with a 1% increase in LFPRs lowering poverty by 0.51%, on average. A 1% increase in female LFPRs can lead to a significant increase in total personal income, estimated at \$72.8 billion nationwide.³⁵

In general, increased accessibility of child care can also increase work hours of parents already in the workforce. According to an analysis from the Federal Reserve Bank of Chicago, addressing child care issues would add 20 million potential working hours by parents per week nationwide, with 16 million (or about 80%) of this difference coming from part-time to full-time transitions. Mothers with children under five could add nearly 10 million hours, showing a 3.94% increase, compared to a 1.15% increase for all parents.³⁶

³² Powell, A., Thomason, S. and Jacobs, K. (2019): *Investing in Early Care and Education: The Economic Benefits for California*. UC Berkeley Labor Center. Available at: <https://laborcenter.berkeley.edu/pdf/2019/Investing-in-Early-Care-and-Education.pdf>, Accessed July 10, 2024.

³³ Committee for Economic Development of The Conference Board - CED (2024): *Part 3: Child Care and Regional Economic Growth. Child Care in State Economics - 2024 Update. A Three-Part Report Series*. https://cdn2.assets-servd.host/ced-microsite/production/documents/241002_CCSE-2024-Report_Part-3_Final.pdf?dm=1733774339, accessed January 10, 2025.

³⁴ Landivar, L.C., Graf, N.L. and Rayo, G.A. (2023): *Child Care Prices in Local Areas*. Women's Bureau. U.S. Department of Labor. Available at: https://www.dol.gov/sites/dolgov/files/WB/NDGP/508_WB_IssueBrief-NDGP-20230213.pdf, accessed 3.8.24.

³⁵ Committee for Economic Development of The Conference Board - CED (2024): *Part 3: Child Care and Regional Economic Growth. Child Care in State Economics - 2024 Update. A Three-Part Report Series*. https://cdn2.assets-servd.host/ced-microsite/production/documents/241002_CCSE-2024-Report_Part-3_Final.pdf?dm=1733774339, accessed January 10, 2025.

³⁶ O'Dell, M. and Smith, B. (2024): *What Parents Say About How Childcare Problems Affect Employment and Hours Worked* - Federal Reserve Bank of Chicago. Chicago Fed Insights, November 2024. <https://www.chicagofed.org/publications/chicago-fed-insights/2024/what-parents-say-about-how-childcare-problems-affect-employment>, accessed January 2, 2025.

Broader Economic and Business Impacts

“[I]t’s time to start treating child care as essential infrastructure—just as worthy of funding as roads and fiber optic cables. In the long term, this will help create more productive and inclusive post-pandemic economies.” – Bill and Melinda Gates Foundation³⁷

Evidence also suggests spillover effects beyond participating families. Regions that expanded UPK experienced increases in private-sector employment and higher rates of new business formation, indicating that early education functions as economic infrastructure supporting broader labor market activity. UPK areas experienced 1.3 percent higher private-sector employment growth than comparable non-UPK areas ³⁸ In Virginia, a \$309 million increase in ECE funding generated an estimated \$778 million in total economic returns, including higher parental earnings, increased tax revenue, and long-term education savings.³⁹

Recent studies also show the positive impact of employer-provided ECE benefits on employees and the employer alike. Research shows that providing ECE decreased employee absences by 20% to 30% and reduced turnover by 37% to 60%.⁴⁰ Patagonia, for example, estimates that it recoups 91% of its investment in child care, including 50% in the form of federal tax deductions, 30% in reduced turnover among employees, and 11% in employee engagement. “Patagonia is absorbing the other 9%, which is well worth it,” according to the director of the company’s global family services. “Well worth it because of ... the community glue that it provides.”⁴¹ A recent study of five companies offering child care benefits, including well-known brands like UPS and Etsy, revealed a return on investment ranging from

³⁷ Yamini Atmavilas, Senior Program Officer, Gender Equality, Bill & Melinda Gates Foundation (2022): *Investing in affordable child care: good for families, children, and economic impact*, <https://www.gatesfoundation.org/ideas/articles/investing-in-child-care-good-for-economic-growth>, accessed March 8, 2024.

³⁸ First Five Years Fund (2024): *New Evidence Suggests Expanding Access to Pre-K is Good for the Economy*. <https://www.ffyf.org/2024/10/10/new-evidence-suggests-expanding-access-to-pre-k-is-good-for-the-economy/>. Accessed February 19, 2026.

³⁹ Prenatal-to-3 Policy Impact Center (2023): *Early Investment, a Lifetime of Returns: Articulating the Value of Early Childhood Investments in Virginia*. https://vecf.org/wp-content/uploads/2023/09/PN3PIC_ArticulatingtheValueofECEInvestmentsinVA_FullReport-Final-1.pdf. Accessed February 12, 2026.

⁴⁰ Powell, A., Thomason, S. and Jacobs, K. (2019): *Investing in Early Care and Education: The Economic Benefits for California*. UC Berkeley Labor Center. <https://laborcenter.berkeley.edu/pdf/2019/Investing-in-Early-Care-and-Education.pdf>, accessed July 10, 2024.

⁴¹ California for All Kids (2022): *The Employer’s Role in Establishing Child Care Facilities*. https://californiaforallkids.chhs.ca.gov/assets/pdfs/Employer_Role_in_Establishing_Child_Care_Facilities.pdf, accessed March 8, 2024.

90% to 425%. These returns are the combined results due to improved recruitment and retention, higher productivity and attendance, increased job satisfaction, and positive career impacts.⁴²

Conversely, the economic costs of inadequate child care are large and growing. ReadyNation estimates that the infant-toddler child care crisis costs the U.S. economy \$122 billion annually in lost earnings, productivity, and tax revenue—more than double the estimated cost in 2018. Families bear the largest share of these losses, but businesses experience reduced productivity and higher turnover, and governments lose substantial tax revenue.⁴³ Specifically, ReadyNation quantifies these losses at:

- \$5,520 per working parent in lost earnings and additional time spent looking for work. For the 14.1 million parents of children under age 3, this burden is \$78 billion per year.
- \$1,640 per working parent in reduced revenue and extra hiring costs. In aggregate, the annual burden on business is \$23 billion.
- \$1,470 per working parent in lower income and sales tax revenue. In aggregate, this amounts to \$21 billion each year.

In California, these three impacts combined result in an estimated loss of \$17 billion annually.⁴⁴ In January 2026, ReadyNation published an update to its study, now focused on children under 5, which quantified the nationwide annual loss due to the lack of adequate child care at \$172 billion.⁴⁵

A 2024 report series from the Committee for the Economic Development of The Conference Board illustrated that the ECE sector is a vital part of the U.S. economy and generates significant spillover effects across numerous industries. In 2022, the sector's direct and spillover effects contributed to an economic impact of \$152 billion in output, \$57 billion in household income, and 2.2 million jobs.

⁴² Moms First and BCG (2023): *The Employee Benefit That Pays For Itself*. https://momsfirst.us/wp-content/uploads/2024/03/The-Employee-Benefit-That-Pays-for-Itself_March-2024-2.pdf; accessed April 11, 2024.

⁴³ ReadyNation (2023): *\$122 Billion: the Growing Annual Cost of the Infant-Toddler Child Care Crisis*. Council for a Strong America. <https://www.strongnation.org/articles/2038-122-billion-the-growing-annual-cost-of-the-infant-toddler-child-care-crisis>; accessed February 11, 2026.

⁴⁴ ReadyNation (2024): *The Growing, Annual Cost of the Infant-Toddler Child Care Crisis in California*. <https://strongnation.s3.amazonaws.com/documents/1788/b94f1cd8-5c79-4147-b561-eb536bbde4d3.pdf?1709517417&inline;%20filename=%22The%20Growing,%20Annual%20Cost%20of%20the%20Infant-Toddler%20Child%20Care%20Crisis%20in%20California.pdf%22>, accessed March 2, 2026.

⁴⁵ See here: Institute for Child Success (2026): *The Child Care Crisis Costs the U.S. Economy \$172 Billion Each Year*. <https://www.instituteforchildsuccess.org/cost-child-care-crisis/>, accessed June 15, 2026.

In 2022, California, Texas, and Illinois experienced the greatest economic benefits from the ECE sector, as their large populations and strong demand for ECE services fueled substantial economic activity.⁴⁶

In its 2019 study *Investing in Early Care and Education: The Economic Benefits for California* the Labor Center of the UC Berkeley⁴⁷ summarized the positive economic effects of investing in ECE in the State of California by conducting an economic multiplier analysis (i.e., input/output analysis) and an extensive literature review. Even without increasing funding levels for ECE, each dollar invested generates as much as \$1.88 in increased economic activity through the economic activity (output) of ECE providers alone. In 2019, California's ECE industry generated \$13.5 billion in gross receipts. Cumulatively, the ECE industry in California generated \$25.4 billion in economic activity or output, as well as \$1.1 billion in State and local tax revenue. This study will employ a similar methodology to quantify the multiplier effect of the ECE sector specifically for Riverside County.

Fiscal Impacts and Long-Term Public Savings

“Beyond its impact on the workforce and economy today, the infant-toddler child care crisis damages the future workforce by depriving children of nurturing, stimulating environments that support healthy brain development while their parents work.”⁴⁸

Beyond immediate labor market benefits, ECE investments generate significant long-term fiscal savings. Studies consistently find reductions in special education placement, grade retention, and other costly interventions associated with high-quality ECE.⁴⁹ The Pennsylvania Pre-K Counts Study projected a drop from an historical 18% special-ed placement rate across 21 districts (10,002 children) to 2.4% if all at-risk children received pre-K services.⁵⁰ Longitudinal research from Tulsa, Oklahoma, further demonstrates sustained academic, economic, and civic benefits, including higher graduation rates,

⁴⁶ Committee for Economic Development of The Conference Board - CED (2024): *Part 3: Child Care and Regional Economic Growth. Child Care in State Economics - 2024 Update. A Three-Part Report Series.* https://cdn2.assets-servd.host/ced-microsite/production/documents/241002_CCSE-2024-Report_Part-3_Final.pdf?dm=1733774339, accessed January 10, 2025.

⁴⁷ Powell, A., Thomason, S. and Jacobs, K. (2019): *Investing in Early Care and Education: The Economic Benefits for California.* UC Berkeley Labor Center. Available at: <https://laborcenter.berkeley.edu/pdf/2019/Investing-in-Early-Care-and-Education.pdf>, Accessed July 10, 2024.

⁴⁸ Ready Nation (2023): *\$122 Billion: The Growing, Annual Cost of the Infant-Toddler Child Care Crisis.* [https://strongnation.s3.amazonaws.com/documents/1598/05d917e2-9618-4648-a0ee-1b35d17e2a4d.pdf?1674854626&inline;%20filename=%22\\$122%20Billion:%20The%20Growing,%20Annual%20Cost%20of%20the%20Infant-Toddler%20Child%20Care%20Crisis.pdf%22](https://strongnation.s3.amazonaws.com/documents/1598/05d917e2-9618-4648-a0ee-1b35d17e2a4d.pdf?1674854626&inline;%20filename=%22$122%20Billion:%20The%20Growing,%20Annual%20Cost%20of%20the%20Infant-Toddler%20Child%20Care%20Crisis.pdf%22), accessed May 17, 2024, p. 3.

⁴⁹ Dugger, R., & Litan, R. (2012): *Early Childhood “Pay-For-Success” Social Impact Finance: A PKSE Bond Example to Increase School Readiness and Reduce Special Education Costs.* Kauffman Foundation & ReadyNation Working Group on Early Childhood Finance Innovation. https://readynation.s3.amazonaws.com/uploads/db_files/Kauffman-ReadyNation%20PKSE%20Report%2012041922.pdf, accessed March 3, 2026.

⁵⁰ Ibid.

increased college enrollment, and greater civic participation among PreK participants.⁵¹ An extensive research report of the Executive Office of the President from 2014 found that after adding the benefits and costs over a child's lifetime for both the child and society — including higher levels of education, increased earnings in adulthood, improved health, reduced need for special education placements and remedial education, reduced crime, increased tax revenue, and lower spending for anti-poverty programs —that the benefits generated by these programs well exceed the costs.⁵²

In summary, investments in ECE have far-reaching implications for societal well-being and equity that go well beyond the economic impacts analyzed and quantified in the later parts of this study. Despite strong evidence of high returns, federal investment in children—particularly in ECE—has declined since the expiration of pandemic-era funding. Federal spending on children peaked in 2021 and has since fallen both in per-child terms and as a share of Gross Domestic Product (GDP). In 2023, the Urban Institute projected that spending on children would decline to 6.2% of federal outlays until 2033, while interest payments on the national debt continue to rise, constraining future investment capacity.⁵³ Since this projection, the federal administration has passed further spending cuts impacting ECE and ECE workers, as detailed below.

Recent Federal Policy Changes Impacting ECE

- **Fiscal Policy and Reimbursement:** In January 2026, the federal administration froze \$2.4 billion in ECE funds across five Democratic-led states, including California, citing fraud concerns. This followed the July 4, 2025, signing of the "One Big Beautiful Bill" (H.R. 1), which introduced the "Defend the Spend" policy. This initiative imposed exhaustive documentation requirements for delivered services, significantly straining provider cash flow and institutional margins.
- **Disruptions to Head Start:** As a federally funded program, Head Start faced structural and administrative challenges:
 - *Administrative Cuts:* In April 2025, the administration closed five of the ten regional Head Start offices (Boston, New York, Chicago, San Francisco, and Seattle) and eliminated approximately 50% of the staff at the Office of Head Start.

⁵¹ McCourt School of Public Policy (2022): *Universal pre-K: The long-term benefits that exceed short-term costs*. <https://mccourt.georgetown.edu/news/universal-pre-k-long-term-benefits-exceed-short-term-costs/>. Accessed February 21, 2026.

⁵² Executive Office of the President of the United States (2014): *The Economics of Early Childhood Investments*. https://obamawhitehouse.archives.gov/sites/default/files/docs/the_economics_of_early_childhood_investments.pdf, accessed March 8, 2024.

⁵³ Cary, L., Hahn, H. et.al. (2023): *Kids' Share 2023: Report on Federal Expenditures on Children through 2022 and Future Projections*. The Urban Institute. <https://www.urban.org/research/publication/kids-share-2023>. Accessed February 12, 2026.

- *Language Bans:* Grantees were directed to omit nearly 200 demographic and Diversity, Equity, and Inclusion terms from grant applications, creating a conflict with the Head Start Act's mandate for culturally responsive care. A January 6, 2026, injunction has temporarily paused this ban.
- **Social Safety Nets:** The July 2025 budget law H.R. 1 enacted over \$1 trillion in cuts to health and nutrition programs, including the Supplemental Nutrition Assistance Program (SNAP) and the Children's Health Insurance Program (CHIP), affecting the 28% of early educators who rely on these programs.
 - *SNAP:* H.R. 1 cut \$186 billion in program funding for SNAP and introduced a 20-hour weekly work mandate for adults up to age 54.
 - *CHIP & Medicaid* face \$911 billion in combined cuts over the next ten years. New monthly re-enrollment and verification burdens act as barriers to health coverage for the low-wage ECE workforce.
- **Labor, Education, and Workforce Stability:** The Department of Labor issued 64 anti-worker actions in 2025, including an April 2025 order restricting the "disparate impact" standard, weakening protections for the women of color who dominate the ECE field.
 - *Credentialing:* The Workforce Pell Initiative effectively excludes ECE programs by prioritizing "high-wage" sectors.
 - *Student Debt:* With 21% of educators holding student loans, the July 2025 elimination of income-driven repayment options increased individual financial burdens.⁵⁴
- **Immigration Enforcement:** Executive Order 14159 rescinded "sensitive locations" guidance, ending protections that had previously discouraged Immigration and Customs Enforcement (ICE) actions at schools and ECE centers.⁵⁵
 - *Program Disruption:* ICE enforcement near ECE programs has prompted providers to cancel community partnerships and restrict children's outdoor activities.⁵⁶

⁵⁴ Anderson, S., Bloom, A., et.al. (2026): *52 Ways Federal Actions Hurt Early Childhood Educators in 2025*. Center for the Study of Child Care Employment, UC Berkley. <https://cscce.berkeley.edu/publications/brief/52-ways-federal-actions-hurt-ece/>. Accessed February 21, 2026.

⁵⁵ Muñoz, S., & McLean, C. (2025, April 22): *Immigration Policies Harm the Early Childhood Workforce and the Communities They Serve*. Center for the Study of Child Care Employment, UC Berkeley. <https://cscce.berkeley.edu/publications/brief/immigration-policies-harm-ece/>, accessed March 6, 2026.

⁵⁶ Ibid.

- *Workforce Impact*: One in five ECE professionals nationwide are immigrants. Only from February to July 2025, the number of immigrants working in ECE dropped by 39,000.⁵⁷
- *Decreased attendance and lower female LFPRs*: Immigration enforcement at ECE centers also has a chilling effect on attendance of children and an estimated 79,000 fewer U.S.-born mothers of children under 6 are in the workforce as a result.⁵⁸
- **ECE-Related Tax Provisions in the H.R. 1 – One Big Beautiful Bill Act**
 - *Child Tax Credit (CTC)*: The new law made the \$2,000 per child base credit permanent and increased it to \$2,200 per child effective in 2025, adjusted for inflation in years after. The phase-out thresholds remain at \$200,000 for single filers and \$400,000 for married filing jointly.⁵⁹ Families need a certain level of income to qualify for the full credit. More than 1 in 4 children — approximately 19 million — will be ineligible for the full credit in 2025 because their family income is not high enough to qualify. Disproportionately ineligible groups include 48% of American Indian or Alaska Native children, 45% of Black children, 39% of Latino children, 60% of children with a female single parent, and 30% of children under age six.⁶⁰
 - *Trump Accounts*: The law creates a new type of tax-deferred savings account for children under 18, with a combined contribution limit of \$5,000 per year from parents and others. Children born between 2025 and 2028 receive a one-time \$1,000 seed contribution from the federal government. Employers may contribute up to \$2,500 annually toward an employee's child's account without it counting as taxable income for the employee.⁶¹
 - *Employer-Provided Child Care Credit (Section 45F)*: For the first time since 2001, the law increases the maximum annual Employer-Provided Child Care Credit from \$150,000 to

⁵⁷ Muñoz, S., & McLean, C. (2025, April 22): *Immigration Policies Harm the Early Childhood Workforce and the Communities They Serve*. Center for the Study of Child Care Employment, UC Berkeley.

<https://cscce.berkeley.edu/publications/brief/immigration-policies-harm-ece/>, accessed March 6, 2026.

⁵⁸ Herbst, C. M. (2025): *The Impact of Increased ICE Activity on the Child Care Workforce and Mothers' Employment*. New America. Better Life Lab. <https://www.newamerica.org/better-life-lab/reports/impact-of-increased-ice-activity/>, accessed March 6, 2026.

⁵⁹ Kharrat, K., & Wielk, E. (2025, August 7): *How the OBBB Changes to the Child Tax Credit Will Impact Families*. Bipartisan Policy Center. <https://bipartisanpolicy.org/article/how-the-obbb-changes-to-the-child-tax-credit-will-impact-families/>, accessed March 6, 2026.

⁶⁰ Collyer, Sophie, Christopher Yera, Megan Curran, David Harris, and Christopher Wimer (2025): *Children left behind by the H.R.1 OBBBA Child Tax Credit*. Poverty and Social Policy Brief, vol. 9, no. 5. New York: Center on Poverty and Social Policy, Columbia University. <https://povertycenter.columbia.edu/publication/2025/children-left-behind-by-child-tax-credit-reconciliation>, accessed March 6, 2026.

⁶¹ Pieper, C. E., & Richardson, B. (2025, July 9): *From Telehealth to Trump Accounts: Breaking Down the One Big Beautiful Bill's Impact on Employee Benefits*. Seyfarth Shaw. <https://www.seyfarth.com/news-insights/from-telehealth-to-trump-accounts-breaking-down-the-one-big-beautiful-bills-impact-on-employee-benefits.html>, accessed March 6, 2026.

\$500,000 for most businesses, and to \$600,000 for qualifying small businesses, adjusted for inflation. The percentage of qualified child care expenditures that can be claimed rises from 25% to 40% for most employers and 50% for eligible small businesses. The law also permits eligible small businesses to pool resources to jointly provide child care to employees and still claim the credit.⁶²

Most of these actions represent a shift toward fiscal austerity and administrative surveillance, creating "policy whiplash" that undermines the stability of the national ECE infrastructure. Already, before these policy changes, the ECE sector faced structural challenges, including workforce shortages driven by low compensation and high turnover. These workforce challenges contribute to limited supply, reduced classroom availability, and continued access challenges for families. Investments in ECE will need to go hand in hand with improving the working conditions of ECE workers to attract and retain qualified caregivers.

I.4 Addressing ECE Workforce Challenges

Characterizing the California ECE Workforce

The 2025 California Early Care and Education (ECE) Workforce Study by the Center for the Study of Child Care Employment (CSCCE) at the University of California, Berkeley, shows that the workforce is mostly female (97 or 98%, depending on ECE program type).⁶³ Notably, most ECE roles are primarily filled by women of color, with Latinas constituting the largest group in every role, ranging from 44% to 52%, except credentialed TK teachers, who are most often White (56%), and only 21% are Latina. This cultural match is significant, as around one-half of children under age six in California are Hispanic/Latine. Further, nearly one-half of the workforce speaks Spanish. California also has one of the highest concentrations of immigrants in the industry, particularly among FCC providers, where they are nearly equal in number to U.S.-born providers.

The California ECE workforce is experienced, with an average tenure of 14 years; FCC providers have the longest tenure, averaging 18 years. Educational attainment is often high—for example, 48% of center-based lead teachers hold a Bachelor's degree or higher. Despite a high level of education, experience,

⁶² Civitas Strategies: *The Employer-Provided Child Care Tax Credit Guide*. <https://www.civstrat.com/employer-provided-child-care-tax-credit-guide>, accessed September 5, 2025.

Civitas also provides an online tool to calculate potential tax savings: <https://www.civstrat.com/employer-provided-childcare-credit-calculator>

For more information on pooling of resources, see: Civitas Strategies (2025): *The 45F Intermediary Opportunity*. <https://static1.squarespace.com/static/5e207905b6302c1fe0b090b6/t/68b1c4db15200f29b5653d7a/1756480731524/45F+Intermediaries+Resource.pdf>, accessed September 5, 2025.

⁶³ CSCCE's findings specifically for Riverside County are discussed in Chapter IV.

and dedication, reflected in positive perceptions of their impact on children, the economic well-being of early educators remains fragile. There is a wide gap in compensation between early educators in centers and FCCs and public TK teachers. The median annual wage for TK teachers is \$90,000, significantly higher than the estimated \$41,600 for center assistant teachers and \$48,900 for center lead teachers. This low pay results in serious economic challenges, and many early educators face financial insecurity. For instance, while 97% of TK teachers are enrolled in health insurance and 84% have retirement savings, these numbers are only 88% and 47%, respectively, for center assistant teachers. Only 27% of FCC providers have retirement savings, although this percentage has increased since the *2020 Workforce Survey*. A sizable portion of the ECE workforce depends on public assistance (between 31% to 44% for center-based roles, FCCs, and TK para-professionals), compared to 11% for TK teachers.

CSCCE also published analyses focused on the physical and mental well-being of early educators and on racial disparities in the workforce, based on results from the 2020 Workforce Survey and follow-up surveys, which were summarized in the *Early Care and Education Needs Assessment – 2025*.

Examples of Successful State and Local Compensation Initiatives

Despite providing a fundamental service for families and communities, nearly half of early educators in the United States live in or near poverty, earning a median wage of just \$13.07 per hour. In a March 2026 report⁶⁴, CSCCE synthesizes recent evidence from state and local compensation initiatives to assess what works, documenting impacts across four areas: workforce retention, program quality, educator well-being, and family access to care.

The evidence demonstrates that compensation investments — whether sustained wage increases, one-time bonuses, or wage supplements — meaningfully improve workforce stability. In Virginia, teachers who received a \$1,500 retention bonus were 11 percentage points more likely to remain at their site over eight months, with the effects strongest among the lowest-paid workers. In North Carolina, participants in the WAGE\$ Program had a turnover rate of 15% in FY 2024, compared to a statewide average of 38%. Washington, D.C.'s Early Childhood Educator Pay Equity Fund — funded by a dedicated tax on high-income earners — achieved the most dramatic results, with turnover estimated to have dropped from approximately 35% to 5% among educators whose salaries were brought in line with those of elementary school teachers. The Fund cost \$54 million annually, covering payments for 4,085 educators and subsidized health insurance for 1,140 staff, generating \$67 million in annual benefits and

⁶⁴ Lee, H., & Muñoz, S. (2026): *Improving Early Educator Compensation*. Center for the Study of Child Care Employment, University of California, Berkeley. https://cscce.berkeley.edu/wp-content/uploads/2026/03/Improving-Educator-Compensation-Fact-Sheet_tagged_3.pdf, accessed March 9, 2026.

a benefit-cost ratio of 1.23.⁶⁵ Colorado's randomized Colorado Child Care Assistance Program Teacher Salary Increase Pilot (2023–2025), which tested hourly wage increases of \$3.00–\$7.50 calibrated to county-level living wage standards, found teacher retention was 7 percentage points higher in participating centers after one year, and financial analysis indicated that implementation costs were likely more than offset by savings from reduced recruitment, training, and vacancy coverage.⁶⁶

Beyond retention, compensation improvements were found to strengthen educator well-being and reduce material hardship. Prior to the Colorado pilot, approximately 40% of participating teachers reported having skipped or cut back on meals in the past year due to insufficient funds. Following the wage increases, teachers reported reduced food insecurity, fewer unpaid bills, increased job satisfaction, more positive perceptions of working conditions, and fewer depressive symptoms. In Washington, D.C., 89% of eligible educators received at least one Pay Equity Fund payment, with recipients reporting significantly less likelihood of worrying about money, struggling to live on their current income, or experiencing food insecurity compared to nonrecipients. Minnesota's 2024 Pay Equity Pilot, which provided monthly wage supplements of \$1,600–\$1,900 to 226 educators over three months, found that 65% of participants were more likely to stay in the field and many planned to pursue additional qualifications.⁶⁷

In Riverside County, First 5 used American Rescue Plan Act (ARPA) funds to pay wage supplements to around 3,600 early educators from November 2021 to September 2024. Educators primarily used funds for basic household expenses, including rent, food, and utilities. While financial relief was temporary and economic well-being returned to baseline after payments ended, educators' sense of recognition and appreciation persisted, particularly among FCC providers.⁶⁸ Across these initiatives, higher pay was consistently linked to reduced reliance on public benefits and greater financial independence, though the report notes that pay increases to date are often still too small to make wages fully livable, particularly in high-cost areas.

The evidence also points to meaningful improvements in program quality and family access to care as a result of compensation investments. In Washington, D.C., programs receiving wage enhancements

⁶⁵ For more details on Washington D.C.'s efforts, see Appendix B.

⁶⁶ Findings from the Colorado Wage Pilot are based on this report: Maier, M. F., Bernardi, A., Abbott, M., Davis, R., & Miller, C. (2025): *Evaluation of the Colorado Child Care Assistance Program Teacher Salary Increase Pilot*. OPRE Report 2025-136. <https://acf.gov/sites/default/files/documents/opre/opre-evaluation-colorado-ccap-teacher-salary-increase-pilot-oct25.pdf>, accessed March 2, 2026. For a more detailed summary of this pilot, see Appendix B.

⁶⁷ For a more detailed summary of the Minnesota Pay Equity Pilot, see Appendix B.

⁶⁸ Muruvi, W., Powell, A., Kim, Y., & Copeman Petig, A. (2025): *"A Weight Off Our Shoulders"—Pandemic Payments to Early Educators in Riverside County*. Center for the Study of Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/publications/report/riverside-county-pandemic-payments>. For a more detailed summary of the Wage Supplement Payments in Riverside County, see Appendix B.

through the Pay Equity Fund were more likely to participate in the Capital Quality rating system and attain high-quality ratings. Meanwhile, North Carolina's WAGE\$ supplements, linked to education, promoted continuous professional development, helping programs in keeping a more qualified workforce over time. In Colorado, directors at pilot centers reported reduced burdens from recruitment and training, allowing them to focus more on instructional quality and staff development. The link between compensation and family access is equally direct. In Louisiana, centers that increased teacher wages faced fewer staffing issues and turned away fewer families. Similarly, evidence from Virginia, Minnesota, and North Carolina shows that when educators stay in their positions, programs have fewer closures and disruptions. The report frames this relationship explicitly — compensation policy is also family access policy, and investing in educator pay is a practical strategy for keeping classrooms open and care available across communities.

The report identifies four emerging funding strategies used by states to sustain compensation improvements:

- **Blending and braiding** multiple public funding streams, as in North Carolina's model combining Child Care and Development Fund (CCDF) quality set-asides, state dollars, and county early childhood funds.
- **Dedicated revenue streams** tied to targeted taxes, as in D.C.'s permanent tax on high-income earners that funds the Pay Equity Fund.
- **Federal seed funding** through Preschool Development Birth through Five (PDG B-5) and pandemic relief grants to pilot new compensation models, as in Virginia and Minnesota.
- **Integrated benefits models** that extend health coverage without placing the full cost burden on ECE programs, as in D.C.'s HealthCare4ChildCare initiative, which enrolled 2,331 individuals across 79% of eligible facilities.

CSCCE cautions, however, that most initiatives to date remain limited in scale, often too small to make wages livable — particularly in high-cost areas — and too narrow in eligibility to reach the full workforce. It calls for sustained, equitable, and transparently funded public investment as the foundation for lasting change. Policy recommendations emphasize the need for systemic changes to address disparities and promote workplace well-being strategies funded by evidence-based approaches. *The Bold on Early Educator Compensation Learning Community* suggests implementing a salary scale based on qualifications and experience to address inequities. Defining funding mechanisms

can stabilize upfront funding, which is essential for programs, especially those under-resourced. CSCCE also stresses the importance of comprehensive workforce data collection.⁶⁹

I.5 Study Organization

The study is organized into five chapters, including:

I. Introduction and Background

- This chapter provides an overview of the purpose of the study, the approach to the analysis, a literature overview on the benefits of ECE, a summary of recent federal policies and their impact on ECE, and the latest initiatives to address workforce challenges and the report organization.

II. Countywide ECE Needs and Demographics

- **Chapter II** presents information and data on the demographics of the population, including children in Riverside County, which is used in the analysis but also sets the scale and magnitude of the current conditions in the County. It includes a current estimate of ECE supply and demand, based on the findings of the recently completed *Early Care and Education Needs Assessment - 2025*.

III. Riverside County Economy – Key Statistics

- **Chapter III** presents baseline economic data as a context for the following in-depth analysis of the various industries that comprise the County's economy, gross domestic product, total employment, wages and salaries by industry, and unemployment rates by type of worker or household. It also includes economic data by region in the County.

IV. ECE Workforce Issues and Trends

- **Chapter IV** includes estimates of the ECE workforce in the County by staff type, recent workforce survey results, including demographic data on the workforce and a wage analysis, including current wages compared to living wages in the County.

V. Economic Benefits of ECE Industry

⁶⁹ Dade, A., & McLean, C. (2023): *Bold on Early Educator Compensation Learning Community 2022: Lessons From States Taking Action*. Center for the Study of Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/wp-content/uploads/2023/02/Brief-Bold-on-Early-Educator-Compensation-Learning-Community-2023.pdf>, accessed April 2, 2024.

- **Chapter V** estimates the economic value of the ECE industry in terms of the annual spending on ECE. It then presents the economic impact analysis (using IMPLAN software) and compares this impact to other industries in the County.

VI. Findings and Recommendations

- **Chapter VI** presents an overall assessment and key findings of this study, as well as recommendations for policy changes that could be considered to help grow the ECE industry in the County.

This study also includes the following Appendices:

Appendix A: Economic Benefits of ECE Literature Review

Appendix B: Recent ECE Workforce Pilot Studies and Policy Impacts on Early Educators

Appendix C: IMPLAN Economic Detailed Results

II. ECE Needs and Demographics

This section summarizes key data and information regarding children, families, and the ECE field in Riverside County. These data are used in the analysis of the economic benefits, the estimate of the shortage of ECE spaces, and provide an overview of key demographic conditions in the County. This section presents the current conditions in the County related to children, population, and other socio-economic data. This information is taken from Riverside County's *Early Care and Education Needs Assessment - 2025*⁷⁰, prepared by Brion Economics, Inc.

II.1 County Demographic Highlights

Current Population and Children

Table II-1 provides estimates of the population distribution across various cities/areas within Riverside County as of 2020 and 2025. The total population in the County is estimated at 2.55 million by the Southern California Association of Governments (SCAG). The County has 28 incorporated cities and unincorporated areas spread throughout the County. The City of Riverside is the most populous city, with an estimated household population of 339,000, constituting approximately 13.3% of the total County population, followed by Moreno Valley with about 217,000 residents. In 2020, the County had about 2.41 million residents. The average population growth rate between 2020 and 2025 was 5.6% overall. Riverside County is the 4th most populous county in California, after Los Angeles, San Diego, and Orange counties.

⁷⁰ Riverside County Local Child Care and Development Planning Council and Consortium for Early Learning Services (2025): *Early Care and Education Needs Assessment – 2025*. Prepared by Brion Economics, Inc. https://consortiumels.org/wp-content/uploads/2025/11/ECE-2025-Needs_Assessment.pdf.

Table II-1

Estimated Total Population by City/Area in Riverside County - SCAG 2025

ECE Economic Benefits Study - Riverside County 2026

City/Area	Total Population - 2020	Total Population - 2025	% of Total Population - 2025	% Change 2020-2025
Incorporated Cities				
Banning	29,280	29,577	1.2%	1.0%
Beaumont	45,891	49,417	1.9%	7.7%
Blythe	17,741	18,247	0.7%	2.9%
Calimesa	9,975	10,390	0.4%	4.2%
Canyon Lake	10,963	11,021	0.4%	0.5%
Cathedral City	51,333	52,618	2.1%	2.5%
Coachella	44,051	55,074	2.2%	25.0%
Corona	155,297	154,893	6.1%	-0.3%
Desert Hot Springs	33,268	37,621	1.5%	13.1%
Eastvale	69,367	70,659	2.8%	1.9%
Hemet	90,317	95,109	3.7%	5.3%
Indian Wells	4,721	4,766	0.2%	1.0%
Indio	90,256	97,343	3.8%	7.9%
Jurupa Valley	105,304	110,652	4.3%	5.1%
Lake Elsinore	70,745	75,369	3.0%	6.5%
La Quinta	37,256	37,514	1.5%	0.7%
Menifee	102,619	107,788	4.2%	5.0%
Moreno Valley	208,489	217,018	8.5%	4.1%
Murrieta	110,878	113,777	4.5%	2.6%
Norco	26,085	27,864	1.1%	6.8%
Palm Desert	50,439	50,601	2.0%	0.3%
Palm Springs	44,135	44,343	1.7%	0.5%
Perris	80,456	90,871	3.6%	12.9%
Rancho Mirage	17,546	20,545	0.8%	17.1%
Riverside	316,603	339,445	13.3%	7.2%
San Jacinto	54,167	57,384	2.2%	5.9%
Temecula	109,997	114,467	4.5%	4.1%
Wildomar	37,424	41,257	1.6%	10.2%
Subtotal Incorporated	2,024,603	2,135,630	83.6%	5.5%
Unincorporated	395,138	418,834	16.4%	6.0%
Total County Population	2,419,741	2,554,464	100.0%	5.6%

See Table II-1, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources: Southern California Association of Governments (SCAG) Projections-2020-2035; Brion Economics, Inc.

Table II-2 presents estimates of the total number of children aged 0 to 12 years old in the County for the years 2020 and 2025 from the California Department of Finance P2B Projections.⁷¹ Children as a percent of the total population in 2020 is relatively high at 18.1%. Children as a percent of the total population in 2025 is lower at 15.9%, about 2 percentage points lower than in 2020. Currently, there are an estimated 390,600 children ages 0 to 12 years old in the County, a 11% decrease.

Table II-2**Estimated Population and Children in Riverside County - 2020 and 2025****ECE Economic Benefits Study - Riverside County 2026**

Age Group	2020 DOF Population	2025 DOF Population	% of Total Population - 2025
Infants/Toddlers (1)	72,496	66,889	17%
Preschool (2)	81,538	67,432	17%
4-Year-Olds	33,434	26,656	7%
School Age (3)	283,868	256,295	66%
Total 0 to 12 Years Old	437,901	390,616	100%
Total Population	2,423,288	2,452,358	
Children, 0-12 Years Old, as % of Population	18.1%		15.9%

See Table II-2, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(1) Infants and Toddlers are defined as children from birth up to 30 months old.

(2) Preschool children are defined as children aged from 31 months to 4 years.

(3) School Age is defined as children 5 to 12 years old.

Sources: CA Department of Finance - P2B Report; Brion Economics, Inc.

Across California, many families are having fewer children, and women are choosing to postpone having children or not have them at all. This impacts the number of children by age. By 2030, Riverside County is expected to see a reduction of 12.7% in the number of School Age children, by 2.8% for Preschool children, and 3% for Infants/Toddlers. In 2025, the population of Infants/Toddlers was 66,889 (17% of the total children 0-12 years old), Preschool children numbered 67,432 (17% of total children), and School Age children numbered 256,295 (or 66%). This decrease in children 0 to 5 years old, which

⁷¹ Note the total population in Table II-1 is slightly different than in Table II-2; Table II-1 data is current estimates, and Table II-2 data is based on projections, and includes estimates of children, which is needed for this analysis.

will total almost 4,000 children by 2030, will help the ECE industry in its efforts to meet the ECE demand with its existing and future capacities.

Labor Force Participation Rates

Table II-3 shows the SCAG estimate of total population and children by age group, countywide, used in the analysis. As shown, there are currently 411,440 children 0 to 12 years old in the County. This includes:

- 70,484 Infants/Toddlers or about 17% of the total
- 71,037 Preschool Children or about 17% of the total
- 269,918 School Age Children or about 66% of the total

ECE is a key service that allows parents to go to work and contribute to the local economy. Labor force participation rates are also shown in **Table II-3** along with estimates of children with working parents. LFPRs are used in ECE studies to estimate the need for licensed ECE spaces.⁷² The State Child Care Resource and Referral Agency estimates that all working parents need licensed ECE. The LFPR for parents with children under 6 years old is about 65%. For children between the ages of 6 to 17 years, the LFPR rises to 65.7%. In total, there are 269,279 children with working parents as of 2025.

⁷² This measure is collected for single parents with children and two parents with children under 6 years old and for 6 to 17 year old children by the US Census.

Table II-3**Estimated Population and Children by Age Group and LFPRs
in Riverside County - 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	Total County	% Distribution
Total Population - SCAG	2,581,448	
Estimated Children - SCAG		
Infants/Toddlers	70,484	17%
Preschool	71,037	17%
School Age	269,918	66%
Total Children - 0 to 12 Years Old	411,440	100%
Children as % of Total Population	15.9%	
Children with Working Parents		
Infants/Toddlers	45,833	17%
Labor Force Participation Rates	65.0%	
Preschool	46,062	17%
Labor Force Participation Rates	64.8%	
School Age	177,385	66%
Labor Force Participation Rates	65.7%	
Total Children - 0 to 12 Years Old	269,279	100%
Labor Force Participation Rates	65.4%	

See Table II-4, Early Care and Education Needs Assessment - 2025,
prepared by Brion Economics, Inc. for Riverside County Local Planning
Council, November 2025.

Sources: U.S. Census; AIR-ELNAT 2020; Southern California Association of
Governments (SCAG) Projections 2020-2035; Brion Economics, Inc.

Household Income Data

Table II-4 shows the median income overall and by ethnicity in Riverside County. The overall countywide median household income as of 2024 is \$93,172. The median income of Hispanic households, which are 42.3% of all households, is approximately \$90,500 or slightly lower than the overall median income. The median family income for Riverside County is \$104,129 compared to \$113,969 in California, or 91% of the State median figure. The median income for a family with children is \$103,228.

Table II-4**Number of Households by Household Income, Type, and Size of Household in Riverside County - 2024****ECE Economic Benefits Study - Riverside County 2026**

Household Type or Size	Riverside County		
	Number	% Distribution	Median income
HOUSEHOLD INCOME BY RACE AND HISPANIC OR LATINO ORIGIN OF HOUSEHOLDER (1)			
Households	797,569	797,569	\$93,172
One race			
White	361,634	45.3%	\$95,431
Black or African American	53,906	6.8%	\$87,459
American Indian and Alaska Native	13,403	1.7%	\$86,787
Asian	55,852	7.0%	\$110,050
Some other race	150,202	18.8%	\$88,605
Two or more races	160,365	20.1%	\$91,710
Hispanic or Latino origin (of any race)	337,394	42.3%	\$90,467
White alone, not Hispanic or Latino	319,005	40.0%	\$94,848
FAMILIES			
Families	592,840	592,840	\$104,129
With own children of householder under 18 years	239,542	40.4%	\$103,228
With no own children of householder under 18 years	353,298	59.6%	\$105,023
Married-couple families	423,440	71.4%	\$121,967
With own children under 18 years	168,566	28.4%	\$127,180
Female householder, no spouse present	112,330	18.9%	\$64,577
With own children under 18 years	48,993	8.3%	\$50,083
Male householder, no spouse present	57,070	9.6%	\$81,124
With own children under 18 years	21,983	3.7%	\$63,377

See Table II-7a, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Median Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)

(1) Please note that not all races are displayed because there were an insufficient number of sample cases in the County.

Sources:

U.S. Census Bureau. "Median Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1903,

<https://data.census.gov/table/ACSST1Y2024.S1903?q=S1903+riverside+county&moe=false>. Accessed on 18 Sep 2025.

Brion Economics, Inc.

Federal Poverty Levels

Overall, Riverside County has poverty rates similar to statewide averages. **Table II-5** focuses specifically on families below the poverty level. Among all families, Riverside County has 8.5% of all families living below the federal poverty level. Poverty levels among households with children under 5 is 9.8% and 5 to 17 years old is 16.8%.

Economic implications of higher poverty levels include reduced income for purchasing goods and services in the local economy, including less income to pay for ECE services. Lower-income households qualify for subsidized ECE programs, such as Head Start and Migrant subsidized care. However, according to data from the County's 2025 Needs Assessment, about 51% of the need for subsidized care is being met in the County.⁷³ Lack of affordable ECE for these families can be a hindrance to increasing their income and well-being.

*"Children experience poverty through hardships like hunger and inadequate nutrition, insufficient access to health care, unstable housing and homelessness, and the toxic stress experienced by their parents, whose struggle to survive without adequate supports hampers their ability to consistently care for and nurture their children. The impacts of childhood poverty are immediate and dire: impaired cognitive and emotional development, behavioral challenges, and a lack of school readiness."*⁷⁴

⁷³ See Table IV-8 in Riverside County Local Child Care and Development Planning Council and Consortium for Early Learning Services (2025): *Early Care and Education Needs Assessment – 2025*. Prepared by Brion Economics, Inc. https://consortiumels.org/wp-content/uploads/2025/11/ECE-2025-Needs_Assessment.pdf.

⁷⁴ Indivar Dutta-Gupta (2023): *The Enduring Effects of Childhood Poverty*. The Center for Law and Social Policy, August 14, 2023. <https://www.clasp.org/blog/the-enduring-effects-of-childhood-poverty/>, accessed June 4, 2024.

Table II-5**Families Below Poverty Level in Riverside County - 2023****ECE Economic Benefits Study - Riverside County 2026**

Item	County Totals
All Families	
Total # of Families	570,661
% Below Poverty Level	8.5%
# of Families Below Poverty Level	48,352
Families with Related Children of Householder under 18 Years Below Poverty Level	
<i>With related children of householder under 5 years</i>	
Total # of Families	39,879
% Below Poverty Level	9.8%
# of Families Below Poverty Level	3,893
<i>With related children of householder under 5 years and 5 to 17 years</i>	
Total # of Families	61,646
% Below Poverty Level	16.8%
# of Families Below Poverty Level	10,365

See Table II-7, *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources:

U.S. Census Bureau, U.S. Department of Commerce. "Poverty Status in the Past 12 Months of Families." American Community Survey, ACS 5-Year Estimates Subject Tables, Table S1702, 2023,
Brion Economics, Inc.

II.2 ECE Supply and Demand

Table II-6 provides a detailed breakdown of ECE providers⁷⁵ in Riverside County. Currently, there are 2,596 license-exempt center-based and licensed ECE providers. The 293 school sites that offer Transitional Kindergarten (TK) are included in this count. There are also 25 school districts and 19 charter schools that provide after-school services through the Extended Learning Opportunities

⁷⁵ ECE providers represent the individual businesses or public/non-profit programs that provide ECE services; the ECE workforce includes the owners of ECE businesses, directors of ECE businesses and programs, and the teachers and other staff that support programs.

Program (ELOP) and After School Education and Safety Program (ASES) funding from the State.⁷⁶ ELOP and ASES provide a large portion of the available School Age care in the County, along with other licensed providers. There are 556 licensed center-based providers in the County, 1,676 Family Child Care (FCCs) providers, and 52 license-exempt centers.⁷⁷ There are an additional 2,216 known, unlicensed Family, Friends, and Neighbors (FFNs) providers in the County, serving 4,216 children.

Overall, the total license-exempt center-based and licensed ECE spaces available in Riverside County equal 162,015, as shown in **Table II-7**. Within this, small and large FCCs offer a total of 18,250 spaces (11% of supply) serving children ages 0 to 12 years. Licensed ECE centers offer a total of 32,315 spaces (20% of supply). Another 400 spaces are provided by license-exempt center-based providers (less than 1% of supply). A total of 293 school sites currently offer TK to 11,934 4- and 5-year-olds (7% of supply). License-exempt before- and after-school programs like ASES and ELOP at school sites serve an estimated 99,116 School Age children (61% of supply), excluding wrap-around care for TK children.

Table II-8 shows a summary of the supply and demand for ECE spaces in Riverside County. The 2025 ECE Needs Assessment further adjusted the demand for ECE services down from children with working parents by applying different demand factors by age group. 37% of Infants/Toddlers with working parents are assumed to need licensed care, 100% of Preschool children, and 75% of School Age children. **Table II-8** thus shows an overall demand for 196,058 ECE spaces in the County, consisting of 16,958 spaces for Infants/Toddlers, 46,062 spaces for Preschool children, and 133,038 after-school spaces for School Age children.

The current supply meets 87% of this demand, although the shortage varies widely by age group.

- For Infants/Toddlers, only 39% of the demand is met, and there is a shortage of 10,269 ECE spaces.
- For Preschool children, 92% of the demand is met with a shortage of 3,661 ECE spaces.
- For School Age children, 85% of the demand is met with a shortage of 20,113 ECE spaces.

⁷⁶ These spaces were estimated based on the allocated funding, which is provided to each school district, not by school site.

⁷⁷ ECE centers that are exempt from licensure are not to follow the same capacity guidelines as licensed programs; therefore, data on attendance for the Resource and Referral (R&R) at Riverside County Office of Education (RCOE) is only available for the children receiving Alternative Payment vouchers.

Table II-6

ECE Providers in Riverside County - 2025

ECE Economic Benefits Study - Riverside County 2026

Item	Number of Providers	% of All ECE Providers
Family Child Care (FCC) Providers		
Small FCCs - 6 Spaces	16	1%
Small FCCs - 8 Spaces	844	33%
Large FCCs - 12 Spaces	11	0%
Large FCCs - 14 Spaces	805	31%
Subtotal FCC Providers	1,676	65%
Licensed Providers		
Licensed ECE Centers	556	21%
License-Exempt Providers (1)		
License-Exempt Center-Based Providers (2)	52	2%
Transitional Kindergarten (3)	293	11%
After-School Programs at Charter Schools	19	1%
Subtotal License-Exempt Providers	364	14%
Total # of Providers	2,596	100%
Family, Friends, and Neighbors (FFNs)	2,216	
Total # of Providers incl. FFNs	4,812	

See Table II-8, *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(1) This excludes the number of after-school programs at public school sites. The number of spaces provided by these programs are estimated in Table II-10 of *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(2) These are only providers serving children via the voucher programs. No exact data on all license-exempt center-based providers is available from the local Resource and Referral Agency. The location of the spaces is based on the zip codes of the served children, not the location of the providers.

(3) This is the number of school sites, public and charter schools, with TK programs in the County by region.

Sources:

California Department of Social Services - Community Licensing; California Department of Education - DataQuest; Riverside Resource & Referral Agency; Brion Economics, Inc.

Table II-7

ECE Spaces in Riverside County - 2025

ECE Economic Benefits Study - Riverside County 2026

Item	Number of ECE Spaces	% of All ECE Spaces
Family Child Care (FCC) - Spaces		
Infants/Toddlers	4,179	3%
Preschool	6,633	4%
School Age	7,438	5%
Subtotals	18,250	11%
Licensed ECE Centers - Spaces		
Infants/Toddlers	2,509	2%
Preschool	25,703	16%
School Age	4,103	3%
Subtotals	32,315	20%
License-Exempt Spaces		
<i>Center-Based License-Exempt Spaces (1)</i>		
Infants/Toddlers	1	0.0%
Preschool	4	0.0%
School Age	395	0.2%
Subtotals	400	0.2%
<i>Before- and After-School Programs Provided by Schools (2)</i>		
School Age	99,116	61%
<i>Transitional Kindergarten</i>		
4-Year-Olds	10,061	6%
5-Year-Olds	1,873	1%
Subtotals	11,934	7%
Total # of ECE Spaces		
Infants/Toddlers	6,689	4%
Preschool	42,401	26%
School Age	112,925	70%
Total # of ECE Spaces	162,015	100%
Unlicensed Supply		
Family, Friends, and Neighbors (FFNs) (3)	4,216	
Total # of ECE Spaces incl. FFN	166,232	

See Table II-11, *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(1) These numbers only include children subsidized by Alternative Payment vouchers. The location of the spaces is based on the zip codes of the served children, not the location of the providers.

(2) These numbers only include spaces estimated for students from Kindergarten to Grade 6. These programs are also used to provide wrap-around care for children in TK. A separate analysis of TK and wrap-around care is in Table II-13 of the *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(3) Since FFN are unlicensed, the exact age of children served is unknown.

Sources:

California Department of Social Services - Community Licensing; California Department of Education - DataQuest; Riverside County Resource & Referral Agency; Brion Economics, Inc.

Table II-8

Supply and Demand for ECE Spaces by Age Group in Riverside County - 2025

ECE Economic Benefits Study - Riverside County 2026

Item	County Total
ECE Demand	
<i>Total Population of Children (1)</i>	
Infants/Toddlers	70,484
Preschool	71,037
School Age	269,918
Total Children 0 to 12 Years	411,440
<i>Total Children of Working Parents</i>	
Infants/Toddlers	45,833
Preschool	46,062
School Age	177,385
Total Children of Working Parents	269,279
<i>Total Demand for Licensed Spaces (2)</i>	
Infants/Toddlers	16,958
Preschool	46,062
School Age	133,038
Total Demand for Licensed Spaces	196,058
ECE Supply (4)	
Infants/Toddlers	6,689
Preschool	42,401
School Age	112,925
Total ECE Spaces	162,015
ECE Surplus or (Shortage)	
Infants/Toddlers	(10,269)
Preschool	(3,661)
School Age	(20,113)
Total for Children 0 to 12 Years	(34,043)
<i>% of Demand NOT Met as of 2025</i>	
Infants/Toddlers	61%
Preschool	8%
School Age	15%
Total for Children 0 to 12 Years	17%

See Table II-12, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(1) See Table II-4, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(2) This is calculated by applying a demand factor for licensed care to each age group. The following demand factors are used: 37% for Infants/Toddlers, 100% for Preschool, and 75% for School Age.

(4) This includes spaces from licensed and license-exempt settings. License-exempt supply includes Transitional Kindergarten and after-school programs offered by school districts and other center-based license-exempt supply. The license-exempt center-based spaces only include children subsidized by Alternative Payment vouchers. It excludes care provided by Family, Friends, and Neighbors as no exact information on the ages of the children served could be obtained.

Sources: US Census; SCAG Projections 2020-2035; AIR-ELNAT; CDSS; CDE; Riverside COE; Brion Economics, Inc.

II.3 ECE Prices and Affordability

In addition to a shortage of available ECE spaces, there is also the problem of affordability. If spaces are available, it is not guaranteed that this space is also affordable for a family. The National Database of Childcare Prices (NDCP), sponsored by the US Department of Labor's Women's Bureau, offers a relatively current evaluation of ECE prices in the private pay market at the county level, by taking 22 prices and adjusting them to 2024 using the Consumer Price Index.⁷⁸ **Table II-9** shows the 2024 inflation-adjusted prices for ECE services by age of child and ECE setting in Riverside County. Infant care is the most expensive at up to \$23,337 per year, or about 22% of the median family income, while School Age care is generally the most affordable at \$6,221 per year, or about 6% of the median family income.

Table II-9

Average Weekly and Annual ECE Prices in Riverside

ECE Economic Benefits Study - Riverside County 2026

Age	Center-based		Home-based	
	Weekly	Annual	Weekly	Annual
Infant	\$449	\$23,337	\$256	\$13,331
Toddler	\$264	\$13,734	\$239	\$12,424
Preschool	\$209	\$10,884	\$226	\$11,760
School Age	\$120	\$6,221	\$199	\$10,338

See Table IV-5, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Source: National Database of Childcare Prices, US Department of Labor's Women's Bureau, 2024 inflation-adjusted prices, retrieved from Sarah Kinahan Consulting, Brion Economics, Inc.

The California Child Care Resource & Referral Network prepares a Child Care Portfolio, with the most recent for 2023 published in 2025. Their county-specific profiles present data on affordability and how ECE subsidies can impact family incomes. **Exhibits II-1 to II-3** show three different family expense scenarios for a family of four in Riverside County. **Exhibit II-1** illustrates how a family of four, eligible for ECE subsidies but not enrolled in a subsidized program, would face a \$1,783 monthly deficit after covering all costs and spending 23% of their income on ECE services for their two children. With

⁷⁸U.S. Department of Labor, Women's Bureau, County Factsheets: *The Price of Child Care by County*. <https://public.tableau.com/app/profile/women.s.bureau.department.of.labor/viz/CountyFactsheets/Childcareinthecounties>, accessed June 12, 2025.

subsidies (**Exhibit II-2**), the family would only spend 7% on ECE services but still face a monthly deficit of \$558. **Exhibit II-3** depicts a household budget for a family with the county median income, which is slightly below the income limit to qualify for subsidies. Accordingly, this budget also shows a monthly deficit (of \$1,766), with ECE costs accounting for 23% of the household budget.

Exhibit II-1

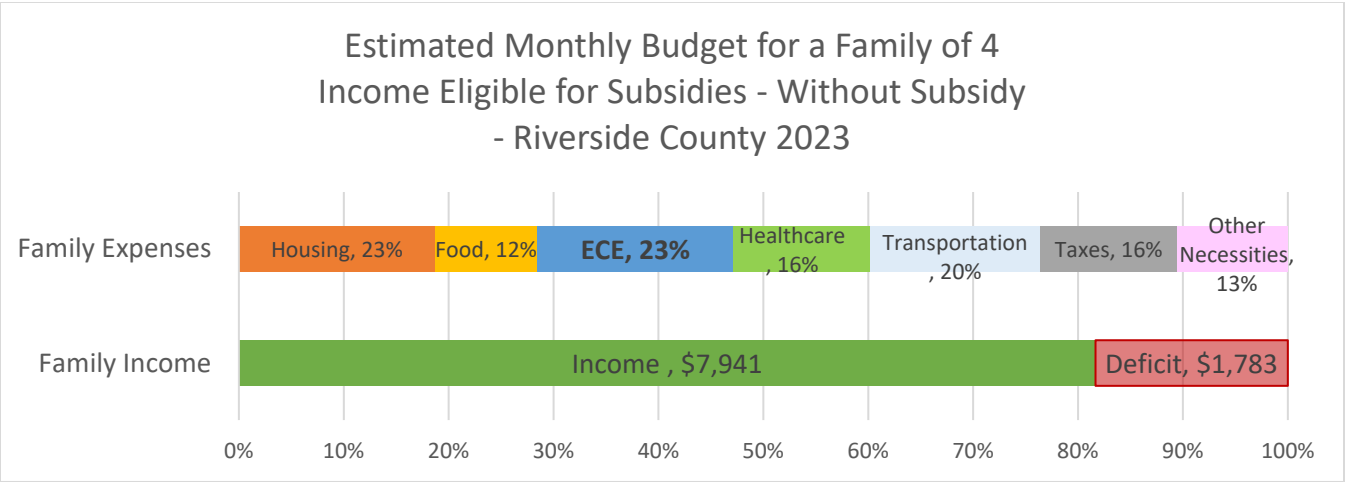


Exhibit II-2

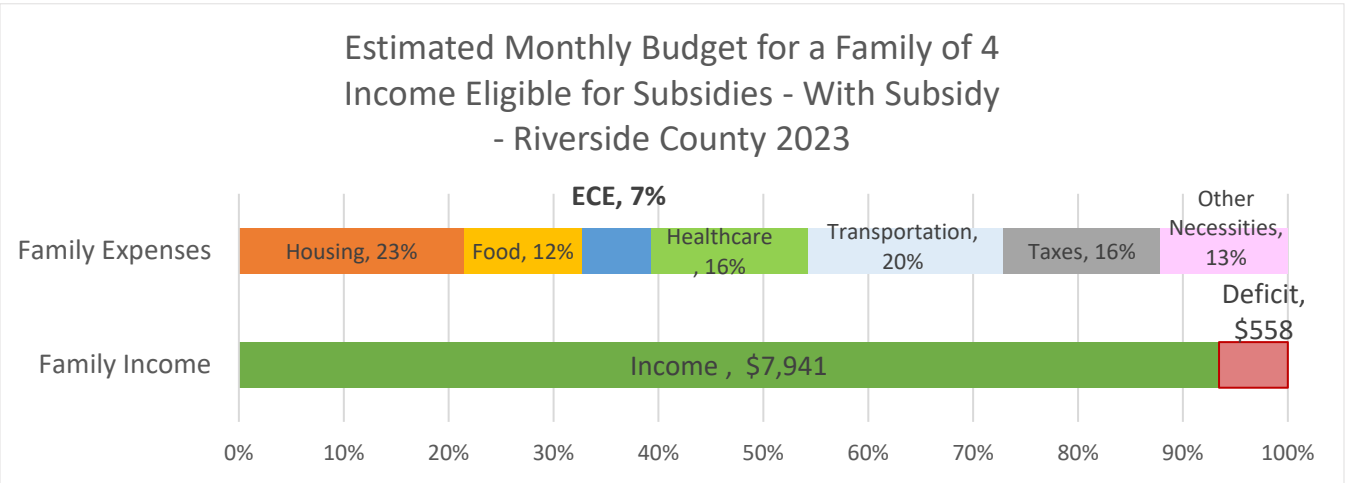
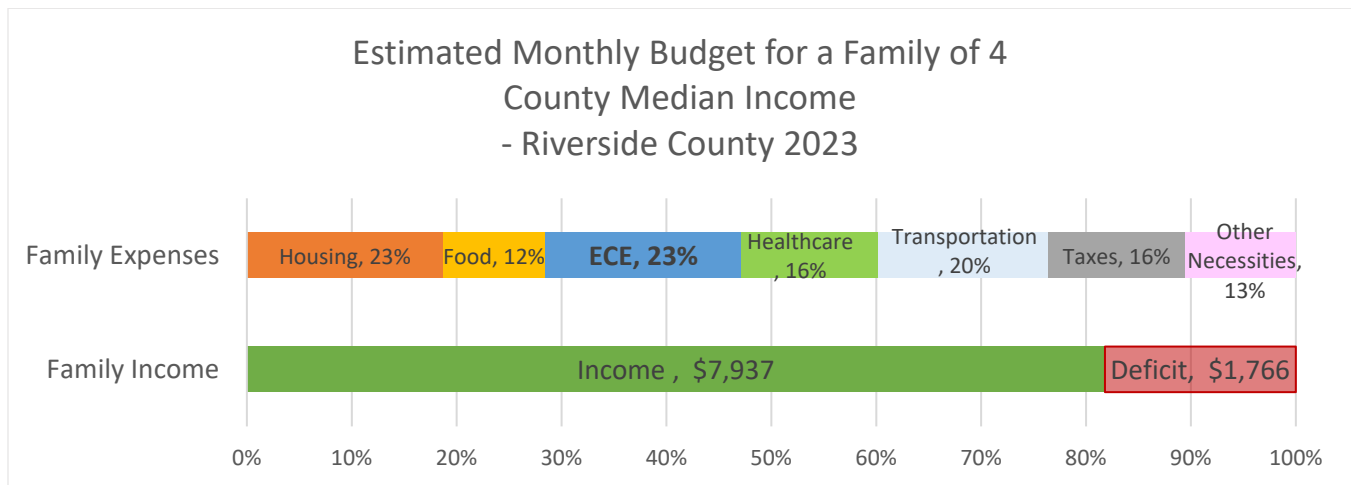


Exhibit II-3

These examples of family budgets exemplify the importance of subsidized ECE services to increase affordability for families in Riverside County. At the same time, Riverside County faces a shortage of subsidized ECE spaces, with 91% of eligible Infants/Toddlers, 47% of eligible Preschool children, and 38% of eligible School Age children currently estimated to be unserved.⁷⁹

⁷⁹ See Table IV-8 of the *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

III. Countywide Baseline Economic Conditions

This chapter presents countywide baseline economic data and conditions in the County as the backdrop to the analysis of the economic benefits of the ECE industry. It describes the context within which the ECE industry functions. The ECE industry itself is relatively small in direct comparison to other sectors of the economy, but it provides an important service to parents in the workforce who work in all the industry sectors in the County, and ECE helps to create a stable workforce for local businesses, as discussed in **Chapter I**.

III.1 Overview of Major Industry Sectors in the County

Table III-1 summarizes data from the Bureau of Economic Analysis on the Gross Domestic Product (GDP) by industry for the year 2023 in the County. Industries are identified by the North American Industry Classification System (NAICS) codes, which categorize businesses into different industries based on their primary activities and products. The current GDP of the County totals \$126.3 billion, which makes Riverside County the 13th largest county economy by GDP in California.

As both **Table III-1** and **Exhibit III-1** show, real estate, rental and leasing constitute a major part of Riverside County's economy with a GDP of \$24.2 billion and 19% of the County's GDP. This is followed by government and government enterprises at \$17.9 billion (14%), retail trade at \$12.2 billion, construction at \$10.4 billion (8%), health care and social assistance at \$10.0 billion, and wholesale trade at \$9.3 billion (7.4%). These six sectors together comprise two-thirds of the economy in the County. **Exhibit III-2** compares the top 10 industries in the County by GDP.

Table III-1

Gross Domestic Product by Industry in Riverside County - 2023**ECE Economic Benefit Study - Riverside County 2026**

NAICS Code	Industry	GDP	Percent
11	Agriculture, Forestry, Fishing & Hunting	\$1,076.39 M	0.9%
21	Mining, Oil & Gas	\$209.46 M	0.2%
22	Utilities	\$2,439.42 M	1.9%
23	Construction	\$10,360.17 M	8.2%
31-33	Manufacturing	\$7,457.18 M	5.9%
42	Wholesale Trade	\$9,329.66 M	7.4%
44-45	Retail Trade	\$12,193.21 M	9.7%
48-49	Transportation and Warehousing	\$6,792.30 M	5.4%
51	Information	\$1,652.83 M	1.3%
52	Finance and Insurance	\$2,683.87 M	2.1%
53	Real Estate, Rental & Leasing	\$24,213.94 M	19.2%
54	Professional and Technical Services	\$3,798.13 M	3.0%
55	Mgmt. of Companies and Enterprises	\$540.87 M	0.4%
56	Adm., Support, Waste Mgmt. & Remediation	\$4,457.96 M	3.5%
61	Educational Services	\$742.56 M	0.6%
62	Health Care and Social Assistance	\$10,001.63 M	7.9%
71	Arts, Entertainment & Recreation	\$1,324.86 M	1.0%
72	Accommodation and Food Services	\$5,638.42 M	4.5%
81	Other Services (except Gov. and Gov. enterprises)	\$3,519.38 M	2.8%
92	Government and Gov. Enterprises	\$17,860.54 M	14.1%
All Industry Total		\$126,292.77 M	100.0%

Note: Early Care and Education is included in Health Care and Social Assistance.

Sources: Bureau of Economic Analysis. Regional Economic Accounts: Gross Domestic Product (GDP). CAGPD2: GDP in Current Dollars by County and MSA; Brion Economics, Inc.

Exhibit III-1

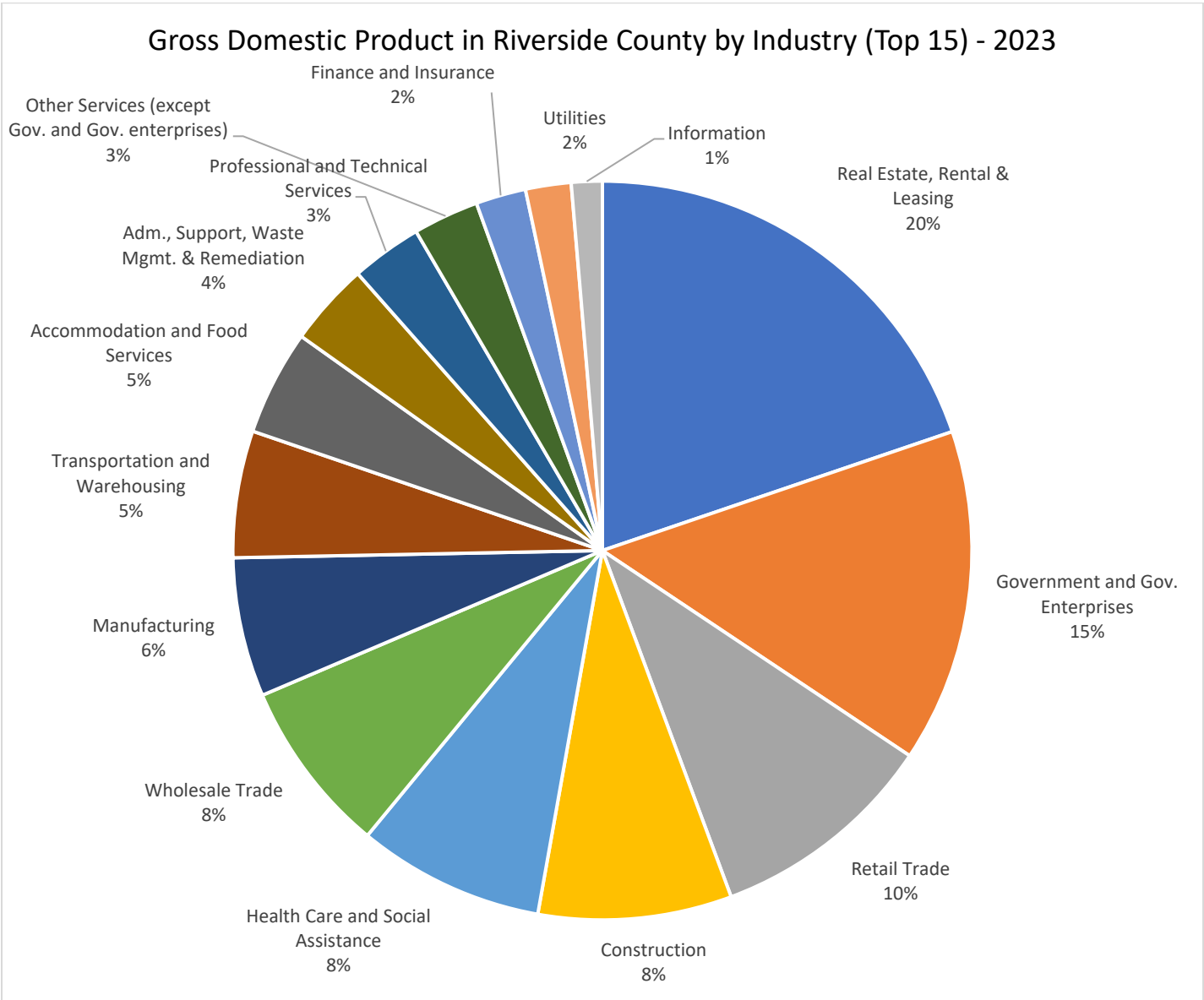
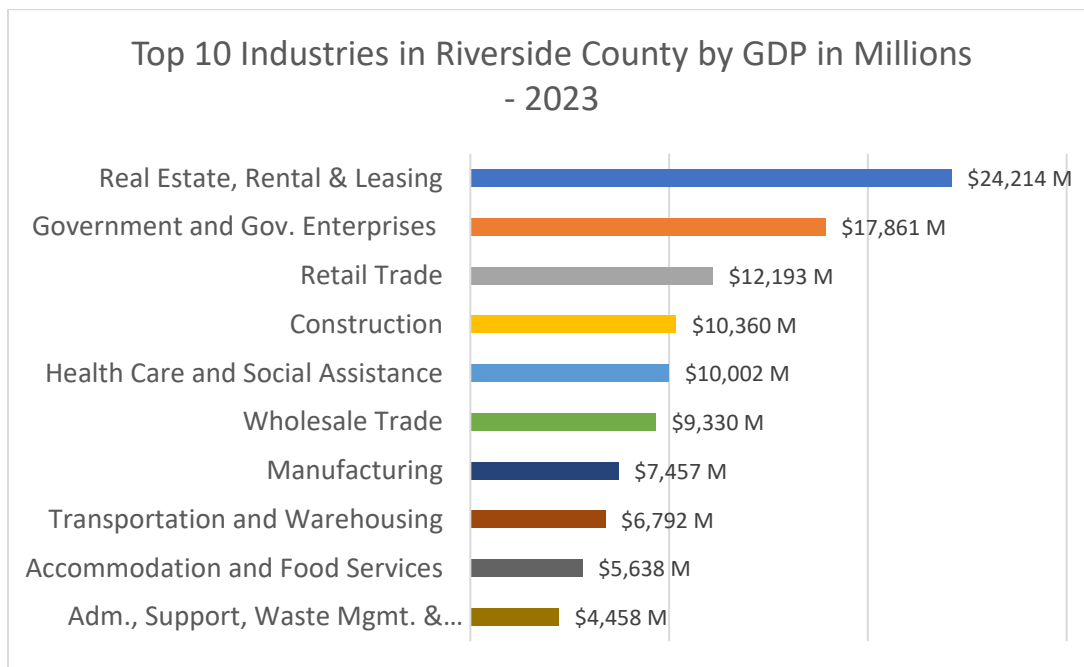


Exhibit III-2



III.2 County Employment and Income by Industry

Table III-2 provides a comprehensive overview of employment-related statistics in Riverside County in 2024 from the California Employment Development Department (CA EDD). As **Table III-2** clearly shows, the trade, transportation and utilities sector is the most important employer in the County with a total of 9,900 establishments and 197,691 workers on average in each month, which equals 23.5% of employment. Following this sector is the education and health services sector with a total of 43,738 establishments and 142,032 employees, or 16.9% of employment. Ranked in third place is local government with 1,001 establishments and 118,541 employees, or 14.1% of employment, countywide.

Overall, the County's employment base can be characterized as:

- 68% service-based
- 16.5% government-based
- 15.5% goods producing-based

Table III-2

Average Wages by Industry in Riverside County - 2024

ECE Economic Benefit Study - Riverside County 2026

NAICS Code	Industry	# of Establishments	Average Monthly Employment	% of Employment	Total Annual Payroll in Millions	Average Weekly Pay	Average Hourly Wage	Average Annual Wage (1)
Private								
	<i>Goods-Producing</i>	8,515	130,186	15.5%	\$8,938.76	\$1,320	\$33.00	\$68,700
11, 21	Natural Resources and Mining	513	11,556	1.4%	\$499.25	\$831	\$20.78	\$43,200
23	Construction	6,161	74,185	8.8%	\$5,423.65	\$1,406	\$35.15	\$73,100
31-33	Manufacturing	1,841	44,445	5.3%	\$3,015.86	\$1,305	\$32.63	\$67,900
	<i>Service-Providing</i>	76,242	572,068	68.0%	\$29,926.15	\$1,006	\$25.15	\$52,300
42, 44-45, 48-49, 22	Trade, Transportation, and Utilities	9,909	197,691	23.5%	\$11,277.77	\$1,097	\$27.43	\$57,000
51	Information	448	5,668	0.7%	\$425.54	\$1,444	\$36.10	\$75,100
52-53	Financial Activities	4,526	21,087	2.5%	\$1,574.42	\$1,436	\$35.90	\$74,700
54-56	Professional and Business Services	7,970	76,799	9.1%	\$4,436.46	\$1,111	\$27.78	\$57,800
61-62	Education and Health Services	43,738	142,032	16.9%	\$7,623.60	\$1,032	\$25.80	\$53,700
6244	Child Day Care Services (2)	305	2,908	0.3%	\$96.64	\$639	\$15.98	\$33,200
71-72	Leisure and Hospitality	5,380	104,871	12.5%	\$3,469.48	\$636	\$15.90	\$33,100
81	Other Services	4,127	23,754	2.8%	\$1,106.85	\$896	\$22.40	\$46,600
99	Unclassified	146	165	0.0%	\$12.03	\$1,401	\$35.03	\$72,900
All	Total, all industries	84,756	702,254	83.5%	\$38,864.91	\$1,064	\$26.60	\$55,300
Government								
All	Federal Government	116	7,802	0.9%	\$784.03	\$1,932	\$48.30	\$100,500
All	State Government	248	12,778	1.5%	\$1,093.69	\$1,646	\$41.15	\$85,600
All	Local Government	1,001	118,541	14.1%	\$9,491.41	\$1,540	\$38.50	\$80,100
6244	Child Day Care Services	4	9	0.0%	\$0.43	\$983	\$24.58	\$48,300
	Total, all Government	1,365	139,121	16.5%	\$11,369.13	\$1,706	\$42.65	\$88,733
	Grand Total	86,124	841,374	100%	\$50,234.03	\$1,265	\$31.63	\$65,807

(1) Rounded to nearest \$100.

(2) Please note that this number of establishments or the estimate of the ECE workforce differ from the estimates provided by Brion Economics in their 2025 Needs Assessment. The ECE industry is a diverse industry with many different actors involved from public, private to non-profit. Most importantly, it is assumed that this number does not include Family Child Care Home providers or Family, Friends and Neighbors.

Sources:

California Employment Development Department. Quarterly Census of Employment and Wages (QCEW). Annual Averages for 2024.

https://labormarketinfo.edd.ca.gov/qcew/CEW-Major_NAICS.asp, accessed November 25, 2025.

California Employment Development Department. Quarterly Census of Employment and Wages (QCEW). Annual Averages for 2024.

https://labormarketinfo.edd.ca.gov/qcew/CEW-Output_NAICS.asp?GeoCode=06000065&Year=2024&Period=An, accessed November 25, 2025.

Brion Economics, Inc.

Exhibit III-3 summarizes the average annual employment of the top 12 industries in the County.

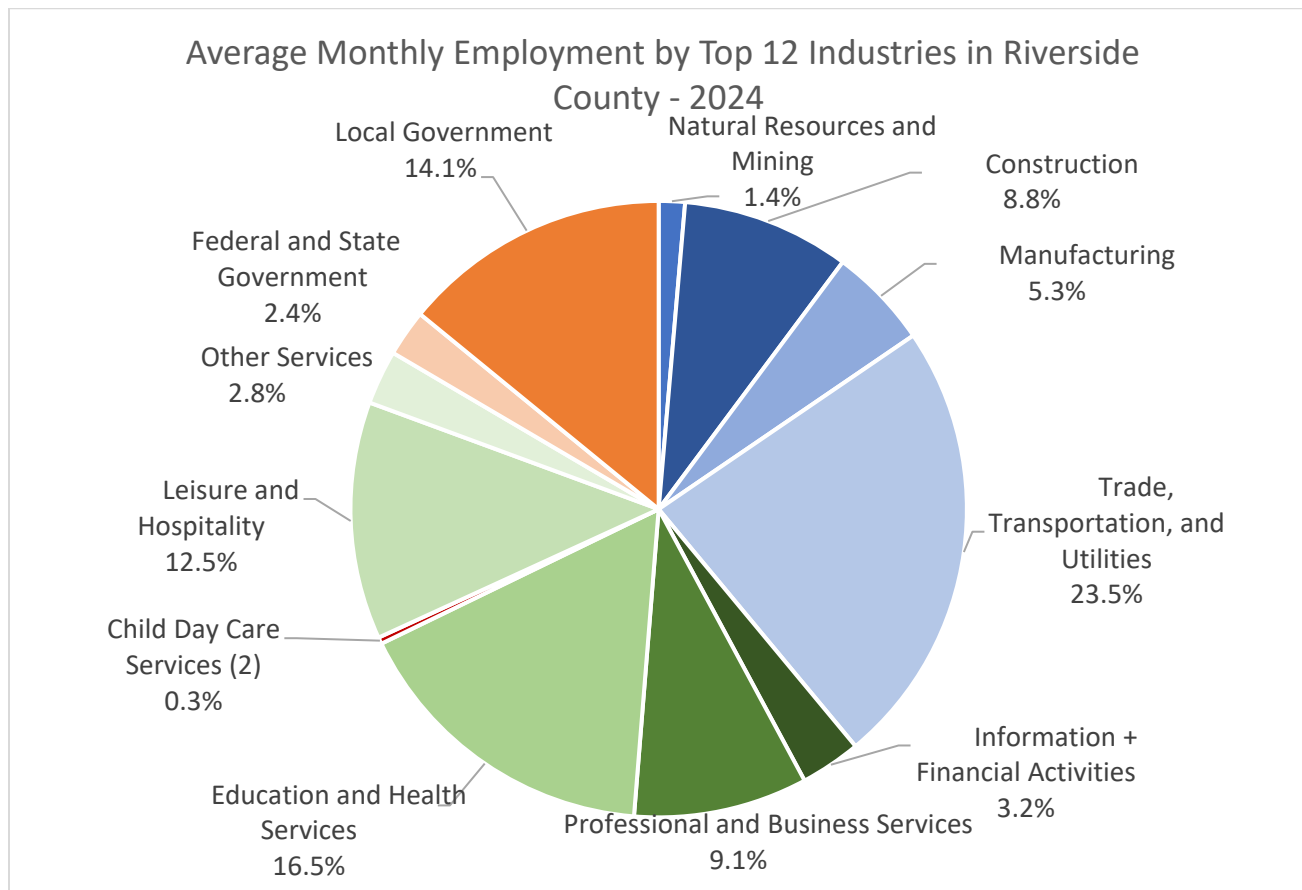
Exhibit III-3

Exhibit III-4 compares average hourly wages by industry. It shows average wage in an orange line across the wages by industry. The average hourly wage is \$31.63 per hour (see **Table III-2**). Federal governmental workers have the highest average wage at \$48.30 per hour, state government at \$41.15 per hour, and local government at \$38.50 per hour on average. These three governmental sections have the highest average wages of all industry sectors in the County. The next highest average wages are in the information, financial services, construction, and unclassified industries at about \$35 to \$36 per hour. All other industries have average hourly wages below the overall average of \$32 per hour. In particular, child care and hospitality and leisure have the lowest average hourly wage at just under \$16 per hour as of 2024. The Living Wage Calculator of the Massachusetts Institute of Technology (MIT) estimates the minimum hourly living wage as \$28.76 for one adult living alone in Riverside County (see **Table IV-12** for more detailed numbers for different types of households).

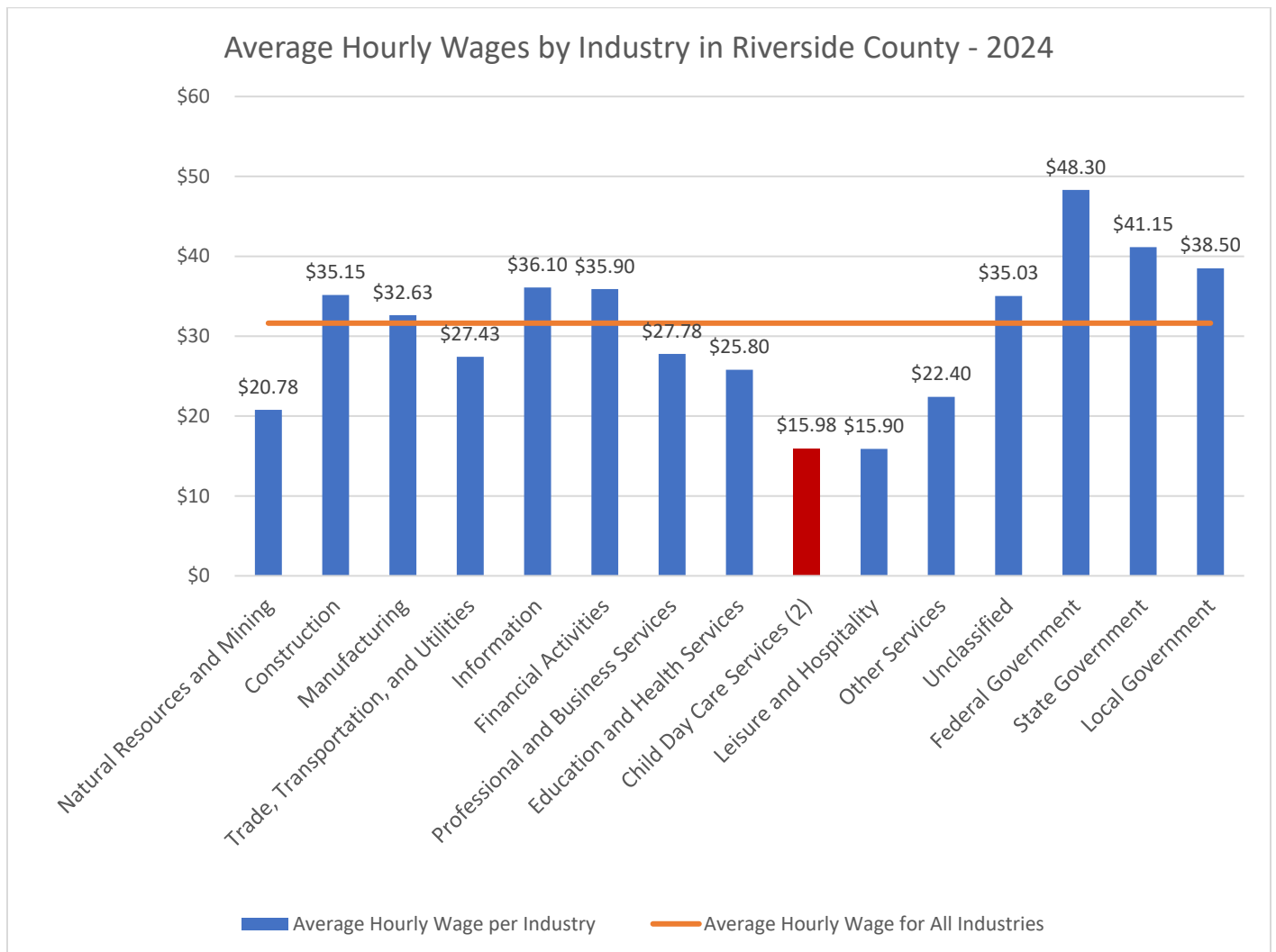
Exhibit III-4

Exhibit III-5 compares average hourly wages with the monthly employment averages by industry. It shows that the industries with the highest number of employees are, at the same time, offering relatively low annual wages. The biggest exception is the local government, with 118,541, or 14.1% of all employees, and an average annual wage of \$80,100. The leisure and hospitality industry is the 4th largest sector by employment and offers the lowest average annual wages at \$33,100.

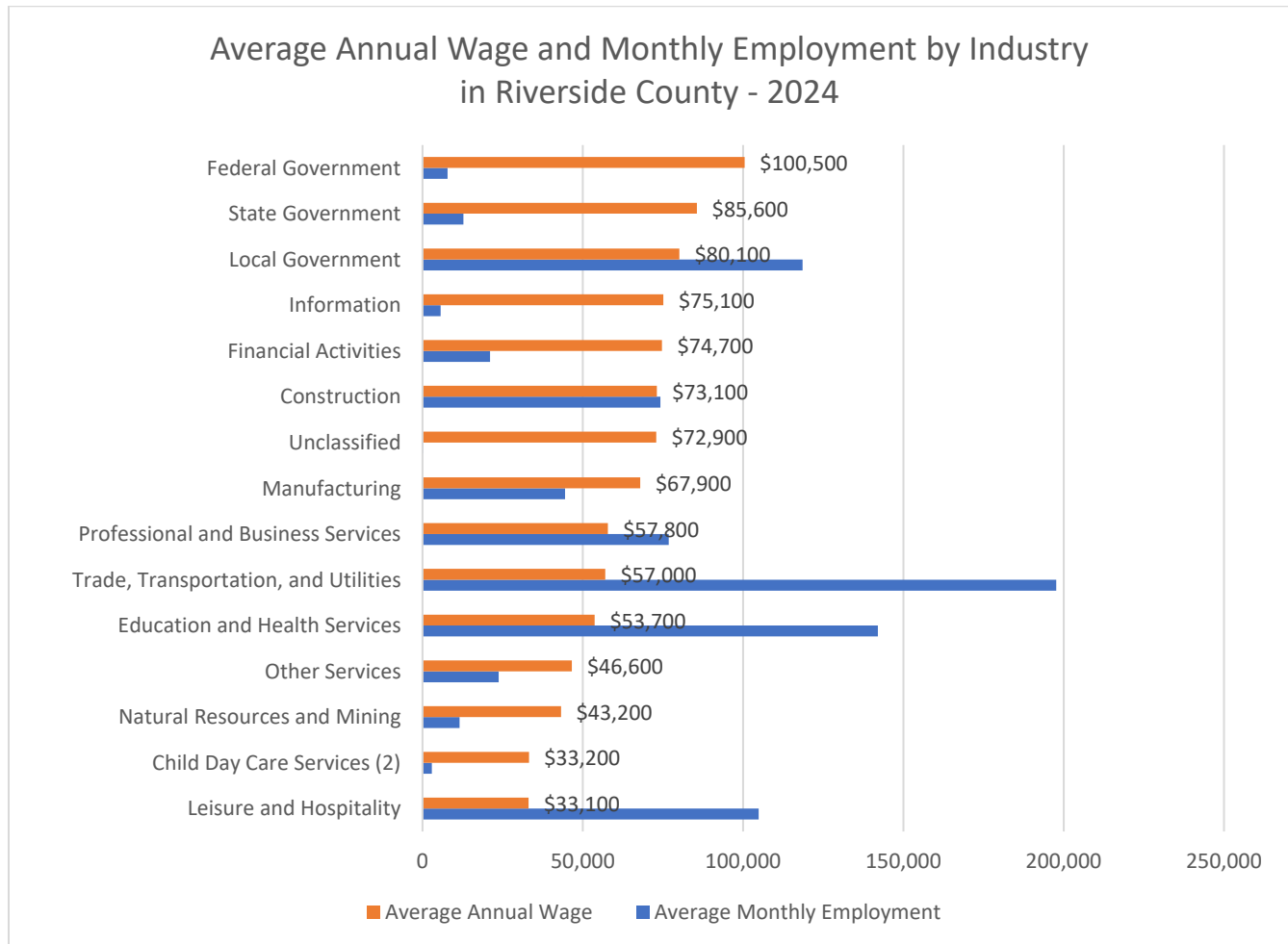
Exhibit III-5

Table III-3 presents mean hourly and annual wages by occupation using the Standard Occupational Classification system (SOC) of the Bureau of Labor Statistics (BLS). The data is from the CA EDD and for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) rather than for Riverside County alone. The MSA-wide average hourly wage is \$31.64 and the median hourly wage \$23.74 according to this data set. There are some noteworthy differences compared to the statistics by industry, and somewhat different average annual and hourly wages for ECE workers. However, the rates are similar to those in **Table III-2**. These differences are likely explained by different methodologies and definitions, and the addition of the two other counties in the MSA. At the same time, the general trend of lower wages in occupations related to food and services, healthcare support, and personal care services is also reflected in this data (see **Exhibit III-6**). Some ECE workers fall into the SOC Code for Personal Care and Services, while others, such as Kindergarten or Preschool Teachers and Teaching Assistants, would be in the SOC Code for Educational Instruction and Library.

Table III-3

Mean Hourly and Annual Wage by Occupation in Riverside-San Bernardino-Ontario MSA - 2025

ECE Economic Benefit Study - Riverside County 2026

SOC Code	Occupational Title	Employment Estimates - May 2024	Average Hourly Wage	Average Annual Wage (1)	Median Hourly Wage
11-0000	Management	85,990	\$63.99	\$133,100	\$54.67
11-9031	Education and Childcare Administrators, Preschool and Daycare	430	\$34.04	\$70,800	\$29.96
13-0000	Business and Financial Operations	71,860	\$42.93	\$89,300	\$38.30
15-0000	Computer and Mathematical	20,480	\$53.23	\$110,700	\$49.39
17-0000	Architecture and Engineering	16,000	\$50.54	\$105,100	\$48.54
19-0000	Life, Physical, and Social Science	11,310	\$44.81	\$93,200	\$40.18
21-0000	Community and Social Service	31,770	\$35.12	\$73,000	\$30.28
23-0000	Legal	6,960	\$70.91	\$147,500	\$43.35
25-0000	Educational Instruction and Library	108,720	\$38.84	\$80,800	\$31.24
25-2011	Preschool Teachers, Except Special Education	3,450	\$23.48	\$48,900	\$21.59
25-2012	Kindergarten Teachers, Except Special Education	410	NA	\$88,800	NA
27-0000	Arts, Design, Entertainment, Sports, and Media	14,780	\$34.26	\$71,200	\$25.39
29-0000	Healthcare Practitioners and Technical	93,380	\$60.52	\$125,900	\$54.33
31-0000	Healthcare Support	127,370	\$19.19	\$39,900	\$16.80
33-0000	Protective Service	46,790	\$33.23	\$69,100	\$23.75
35-0000	Food Preparation and Serving Related	169,930	\$20.22	\$42,000	\$17.97
37-0000	Building and Grounds Cleaning and Maintenance	49,800	\$21.84	\$45,400	\$19.53
39-0000	Personal Care and Service	34,930	\$20.76	\$43,200	\$17.66
39-9011	Childcare Workers	4,030	\$19.77	\$41,100	\$18.31
41-0000	Sales and Related	135,620	\$24.59	\$51,200	\$18.61
43-0000	Office and Administrative Support	179,820	\$25.81	\$53,700	\$23.41
45-0000	Farming, Fishing, and Forestry	6,520	\$19.92	\$41,400	\$17.71
47-0000	Construction and Extraction	84,010	\$35.66	\$74,200	\$31.09
49-0000	Installation, Maintenance, and Repair	63,800	\$33.06	\$68,700	\$30.74
51-0000	Production	76,210	\$24.58	\$51,100	\$22.19
53-0000	Transportation and Material Moving	259,410	\$24.59	\$51,200	\$23.30
00-0000	Total All Occupations	1,695,430	\$31.64	\$65,800	\$23.74

(1) Rounded to nearest \$100.

Sources:

Employment Development Department. Labor Market Information Division. Occupational Employment (May 2024) & Wage (2025 - 1st Quarter) Data. Occupational Employment and Wage Statistics (OEWS) Survey Results. Published: June 2025. <https://labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html>, accessed December 5, 2025.

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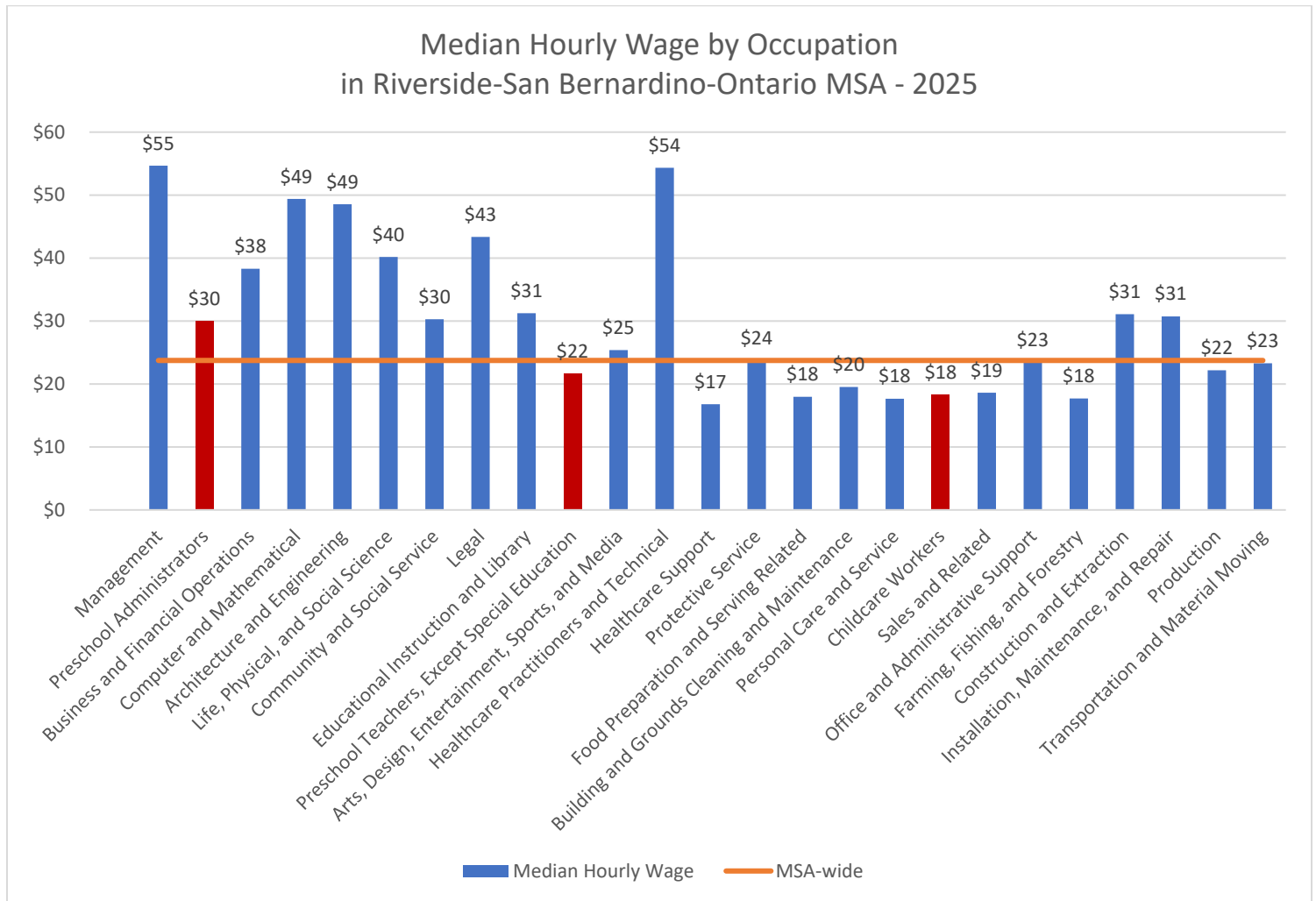
Exhibit III-6

Exhibit III-7 compares the top five occupations' annual salaries to the lowest five occupations' annual salaries and includes the annual salaries of ECE workers. Annual salaries of service workers, including ECE workers, are some of the lowest in the MSA.

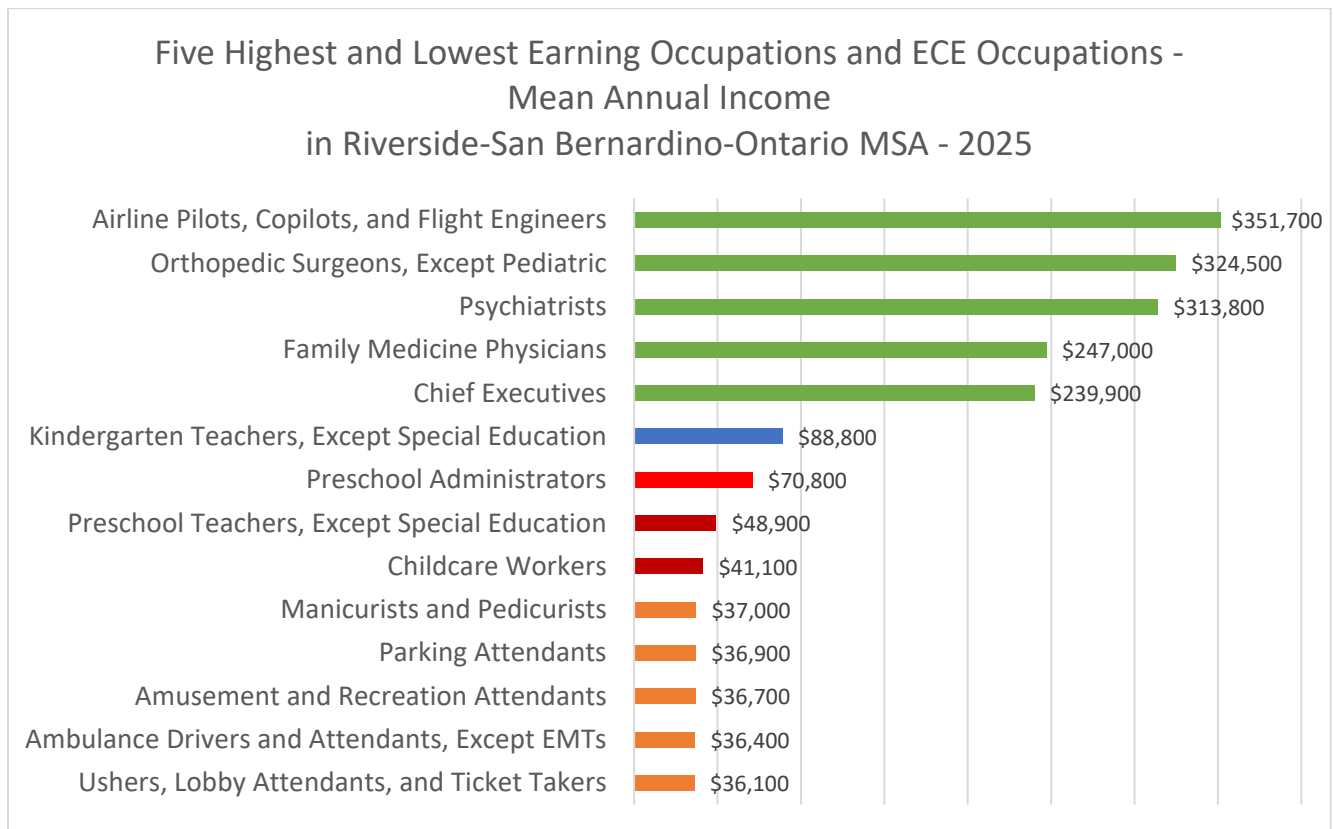
Exhibit III-7

Exhibit III-8 compares the different ECE-related occupations listed in the Occupational Employment Statistics with other occupations that have similar annual incomes. A childcare worker has a similar income to workers in the food processing industry. Preschool teachers have similar incomes to office clerks or grounds maintenance workers. A Preschool administrator, or director, has a similar income to a clinical laboratory technician or an HVAC mechanic. A Kindergarten teacher has a similar income to claims adjusters or a cardiovascular technician.

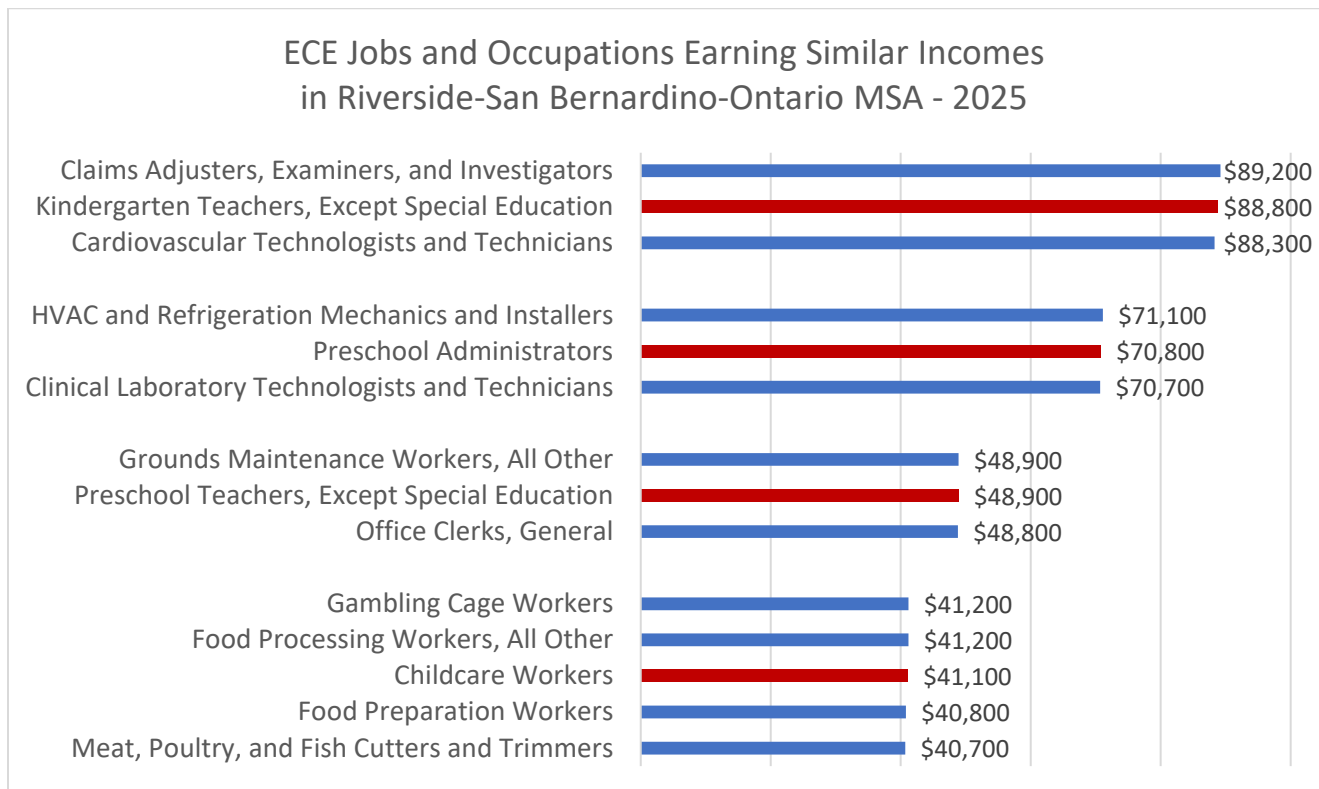
Exhibit III-8

Table III-4 summarizes total population and employment estimates for 2025 by city or community area based on projections from the Southern California Association of Governments (SCAG). As shown, the total population is estimated at 2.55 million, while the total employment is estimated at about 939,600. The City of Riverside has the largest concentration of both population and employment in the County, with 13.3% of total population and 18.4% of total employment. While Moreno Valley is the second-largest city by population, Corona has the second-largest concentration of employment, with about 87,900 jobs.

Table III-4

Population and Employment by City in Riverside County - 2025

ECE Economic Benefit Study - Riverside County 2026

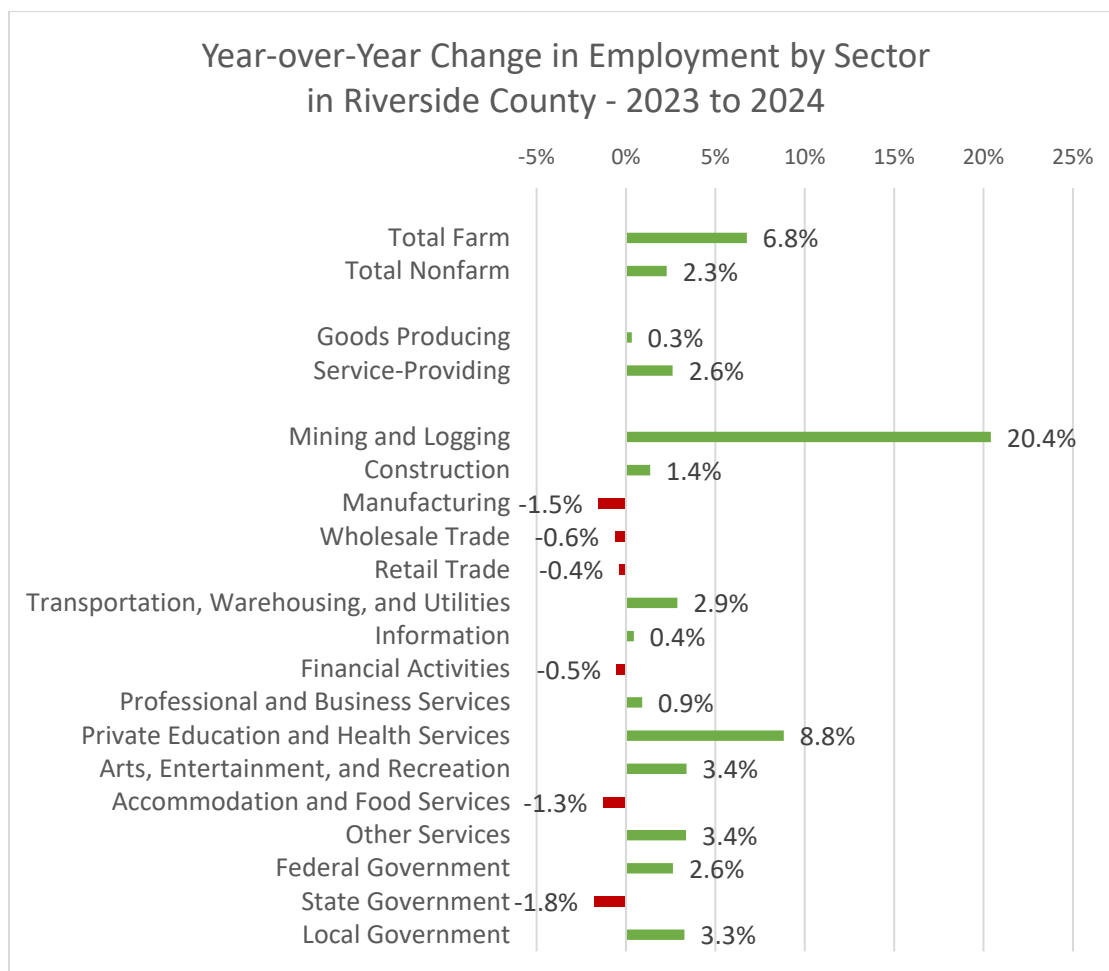
City	Population - 2025	Percent Distribution	Employment - 2025	Percent Distribution
Banning	29,577	1.2%	8,865	0.9%
Beaumont	49,417	1.9%	9,095	1.0%
Blythe	18,247	0.7%	6,754	0.7%
Calimesa	10,390	0.4%	2,776	0.3%
Canyon Lake	11,021	0.4%	2,399	0.3%
Cathedral City	52,618	2.1%	14,808	1.6%
Coachella	55,074	2.2%	12,584	1.3%
Corona	154,893	6.1%	87,873	9.4%
Desert Hot Springs	37,621	1.5%	6,041	0.6%
Eastvale City	70,659	2.8%	20,934	2.2%
Hemet	95,109	3.7%	27,855	3.0%
Indian Wells	4,766	0.2%	5,620	0.6%
Indio	97,343	3.8%	31,365	3.3%
Jurupa Valley	110,652	4.3%	31,631	3.4%
Lake Elsinore	75,369	3.0%	18,583	2.0%
La Quinta	37,514	1.5%	18,707	2.0%
Menifee	107,788	4.2%	21,039	2.2%
Moreno Valley	217,018	8.5%	58,152	6.2%
Murrieta	113,777	4.5%	44,655	4.8%
Norco	27,864	1.1%	18,489	2.0%
Palm Desert	50,601	2.0%	48,745	5.2%
Palm Springs	44,343	1.7%	37,711	4.0%
Perris	90,871	3.6%	23,298	2.5%
Rancho Mirage	20,545	0.8%	20,300	2.2%
Riverside	339,445	13.3%	172,792	18.4%
San Jacinto	57,384	2.2%	10,823	1.2%
Temecula	114,467	4.5%	68,642	7.3%
Wildomar	41,257	1.6%	10,072	1.1%
Unincorporated	418,834	16.4%	99,030	10.5%
Countywide	2,554,464	100.0%	939,638	100.0%

Sources: Southern California Association of Governments (SCAG) Projections-2020-2035; Brion Economics, Inc.

Table III-5 and **Exhibit III-9** illustrate year-over-year employment changes by sector in Riverside County for the years 2023 and 2024 using data from the CA EDD, which uses its own classification of industries based on the NAICS for these statistics. Focusing on key changes of the local economy, from 2023 to 2024:

- Total farm employment saw an increase of 6.8%, and non-farm employment increased by 2.3%.
- Manufacturing experienced a modest decrease of 1.5%.
- Wholesale and retail trade experienced slight declines.
- Mining and Logging saw an increase of 20.4%.
- Private Education and Health Services employment increased by 8.8%.

Exhibit III-9

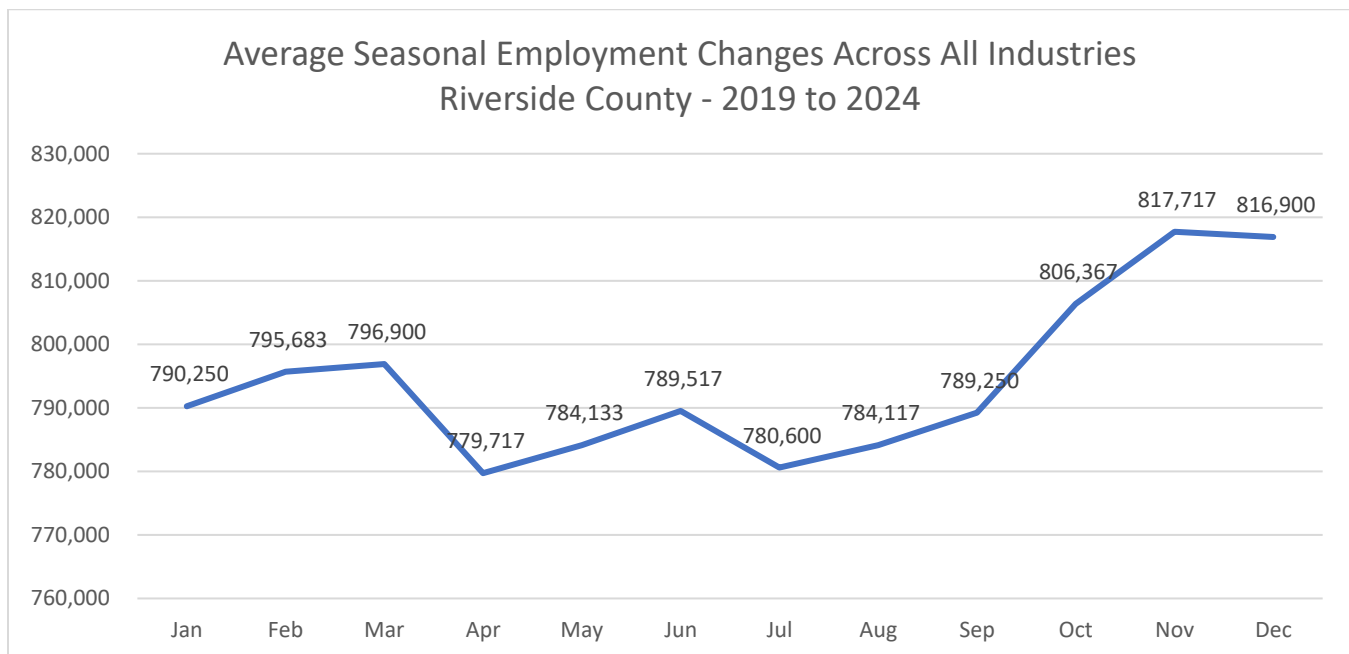


Overall, the County added about 19,400 new jobs between 2023 and 2024, for a 2.3% increase. Total employment countywide was 829,300 in 2023 and increased to about 848,700 by 2024.⁸⁰

Some of these trends continued in 2025. According to the *December 2025 Employment Report* published by the Inland Empire Economic Partnership (IEEP) in January 2026, Private Education and Health Services led all sectors with a gain of roughly 15,330 jobs, while Local Government (driven by public education) added about 9,020 positions, on a year-over-year basis. In contrast, Construction, Logistics, and Manufacturing saw the steepest declines, shedding approximately 8,250, 6,160, and 3,520 jobs respectively, compared to the prior year. In the assessment of IEEP, the Health and Public Education sectors are currently keeping the region afloat.⁸¹

Employment in Riverside County experiences some seasonal changes throughout the year. **Exhibit III-10** is based on the average seasonal employment numbers by month from the years 2019 to 2024 provided by the CA EDD. In general, total employment increases in the fall and is highest during the holiday season, November and December.

Exhibit III-10



⁸⁰ Note that the report employment figures are lower than estimates by SCAG for 2025.

⁸¹ Keil, M. (2026): *The December 2025 Employment Report*. Inland Empire Economic Partnership. <https://files.constantcontact.com/753b97ad701/3b8a8503-8aff-4e5c-a97d-d88690141355.pdf?rdr=true>, accessed March 9, 2026.

Table III-5

Year-over-Year Employment by Sector in Riverside County - 2023 and 2024

ECE Economic Benefit Study - Riverside County 2026

Series Code	Industry Title	Percent	Annual Average 2023	Annual Average 2024	YOY Difference	YOY Percentage Difference
11000000	Total Farm	0.6%	10,842	11,575	733	6.8%
10000000	Mining and Logging	0.1%	408	492	83	20.4%
20000000	Construction	6.5%	73,742	74,742	1,000	1.4%
30000000	Manufacturing	5.4%	45,092	44,400	(692)	-1.5%
31000000	Durable Goods	3.3%	28,567	28,217	(350)	-1.2%
32000000	Non-Durable Goods	2.1%	16,525	16,183	(342)	-2.1%
40000000	Trade, Transportation, and Utilities	26.3%	196,933	198,583	1,650	0.8%
41000000	Wholesale Trade	4.0%	27,108	26,942	(167)	-0.6%
42000000	Retail Trade	10.5%	94,375	94,025	(350)	-0.4%
43000000	Transportation, Warehousing, and Utilities	11.8%	75,450	77,617	2,167	2.9%
50000000	Information	0.7%	5,692	5,717	25	0.4%
55000000	Financial Activities	2.5%	21,175	21,067	(108)	-0.5%
55520000	Finance and Insurance	1.2%	9,942	9,633	(308)	-3.1%
60000000	Professional and Business Services	9.4%	76,267	76,958	692	0.9%
65000000	Private Education and Health Services (2)	18.8%	141,367	153,842	12,475	8.8%
70000000	Leisure and Hospitality	10.7%	104,650	103,967	(683)	-0.7%
70710000	Arts, Entertainment, and Recreation	1.2%	13,775	14,242	467	3.4%
70720000	Accommodation and Food Services	9.5%	90,875	89,725	(1,150)	-1.3%
80000000	Other Services	3.0%	25,558	26,417	858	3.4%
90000000	Government	15.9%	127,592	130,933	3,342	2.6%
90910000	Federal Government	1.2%	7,617	7,817	200	2.6%
90920000	State Government	1.5%	15,425	15,150	(275)	-1.8%
90930000	Local Government	13.1%	104,550	107,967	3,417	3.3%
0	Total Nonfarm	99.4%	818,475	837,117	18,642	2.3%
60000000	Goods Producing	12.0%	119,242	119,633	392	0.3%
70000000	Service-Providing	87.4%	699,233	717,483	18,250	2.6%
1000000	Total Wage and Salary	100.0%	829,317	848,692	19,375	2.3%

(1) Most current employment is only available for the Riverside-San Bernardino-Ontario MSA.

(2) ECE is included in this industry sector.

Sources:

California Employment Development Department. Current Employment Statistics (CES) - CES 2014-2025 Monthly:

https://data.ca.gov/dataset/2a5f872d-f7fe-49f2-9581-8f1b17ce5b90/resource/98b69522-557e-464a-a2be-4226df433da1/download/ces_2014-2025_monthly_2025919.csv, accessed December 5, 2025.

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Table III-7

Unemployment Rate by Social Characteristics in Riverside County - 2024**ECE Economic Benefit Study - Riverside County 2026**

	Unemployment Rate	Difference to Overall Rate
Unemployment Rate for the Population 16 Years and Over (1)	5.5%	
Race and Hispanic or Latino Origin		
White alone	5.6%	0.1%
Black or African American alone	7.7%	2.2%
American Indian and Alaska Native alone	8.6%	3.1%
Asian alone	4.3%	-1.2%
Some other race alone	4.9%	-0.6%
Two or more races	5.7%	0.2%
Hispanic or Latino origin (of any race)	5.5%	0.0%
White alone, not Hispanic or Latino	5.1%	-0.4%
Sex		
Male	4.6%	-0.9%
Female	5.6%	0.1%
With own children under 18 years	5.4%	-0.1%
With own children under 6 years only	8.3%	2.8%
With own children under 6 years and 6 to 17 years	5.9%	0.4%
With own children 6 to 17 years only	4.5%	-1.0%
Disability Status		
With any disability	9.8%	4.3%
Education Level		
Less than high school graduate	4.2%	-1.3%
High school graduate (includes equivalency)	6.1%	0.6%
Some college or associate's degree	5.0%	-0.5%
Bachelor's degree or higher	2.9%	-2.6%

(1) Employment and unemployment estimates vary from the official labor force data released by the Bureau of Labor Statistics because of differences in survey design and data collection.

Sources:

U.S. Census Bureau. "Employment Status." American Community Survey, ACS 1-Year Estimates Subject Tables, Table S2301,

<https://data.census.gov/table/ACSST1Y2024.S2301?q=employment+status+riverside+county&moe=true>.

Accessed on 5 Dec 2025.

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Riverside County's non-seasonally adjusted unemployment rate stood at 5.2% in December 2025, ranking 23rd out of 58 California counties. While the broader Inland Empire's seasonally adjusted unemployment rate edged down by 0.1 percentage points to 5.5%, this decline was driven by a shrinking labor force rather than actual job growth — meaning the improvement reflects people leaving the workforce rather than finding employment. For context, this sits above both the current U.S. seasonally adjusted unemployment rate of 4.4% and matches California's statewide rate of 5.5%. The underlying concern of the IEEP, which published these findings in their December 2025 Employment Report, is that any employment growth in the region is heavily dependent on just two sectors, Health and Local Government (Public Education), as mentioned above, meaning the loss of either could tip the Inland Empire into a full employment recession.⁸²

III.4 Regional Economic Differences

The Riverside County Office of Economic Development describes five distinct regions, each characterized by unique economic drivers and demographic trends, in its recent *2025 Riverside County Economic Profile*:⁸³

- **Northwest Region:** As the County's most populous area, the Northwest Region serves as a primary industrial and logistics hub for Southern California. It encompasses the County's three largest cities—Riverside, Corona, and Moreno Valley—and features a diverse economic base including advanced manufacturing, business and information services, and high-tech development. Its strategic location offers excellent transportation access via major interstates and proximity to Ontario International Airport, supporting its role as a key portal for regional goods movement. The region supports workforce development with a robust higher education system, emerging on-the-job training programs, and the Workforce Development Centers offering numerous support services. The three fastest-growing industries are transportation and warehousing, healthcare and social assistance, and construction.
- **Southwest Region:** The Southwest Region is characterized by a high quality of life and a skilled labor force, making it a prime location for professional services and tourism, particularly within the Temecula Valley Wine Country. Its strongest growth sectors include healthcare and social

⁸² Keil, M. (2026): *The December 2025 Employment Report*. Inland Empire Economic Partnership. <https://files.constantcontact.com/753b97ad701/3b8a8503-8aff-4e5c-a97d-d88690141355.pdf?rdr=true>, accessed March 9, 2026.

⁸³ Riverside County Office of Economic Development (2025): *2025 Riverside County Economic Profile*. <https://rivcoed.cld.bz/Riverside-County-Economic-Profile/24/>, accessed February 6, 2026.

assistance, accommodation and food services, and construction. The region has a robust business climate and a rapidly growing population.

- **Hemet-San Jacinto Valley Region:** This region serves as a crucial link between the Northwestern region and the Southwestern region. There is an abundance of affordable land, and because of its strategic transportation routes, it is positioned as a pivotal region for manufacturing and supply chain operations. The local economy is seeing its fastest growth in accommodation and food services, administrative support, waste management and remediation services, and healthcare and social assistance.
- **San Geronio Pass Region:** Experiencing phenomenal population growth, the San Geronio Pass Region is expanding its economic footprint through large-scale industrial distribution and destination retail centers. The region's expansion is most evident in the growth of transportation and warehousing, other services, and wholesale trade. The region is known for its extensive wind farms and fertile soil.
- **Eastern Region (Coachella & Palo Verde Valleys):** The Eastern Region of Riverside County is the largest, stretching from the Coachella Valley windmills south to the Salton Sea and east to the Colorado River and Arizona border, with excellent transportation infrastructure. It is connected by major highways like Interstate 10 and State Route 86, a USMCA freight corridor linking the region to Mexico, along with recent investments in highway interchanges. The region is served by three airports and is accessible via Union Pacific rail service. The Eastern Region possesses a multi-faceted economy that balances a \$775 million agricultural sector with a world-renowned tourism and hospitality industry. Its economic momentum is currently driven by healthcare and social assistance, construction, and arts, entertainment and recreation. The region has seen a 7.8% job growth since 2020, which is above the County and State averages.

IV. ECE Workforce in Riverside County

First 5 Riverside County recently consulted with the Center for the Study of Child Care Employment (CSCCE) at the University of Berkeley to conduct a workforce survey specific to the County⁸⁴. This chapter summarizes their findings on the current ECE workforce, including demographics and education. Furthermore, this section analyzes the wages associated with the estimated ECE workforce and compares this data to what is considered a “living wage” for Riverside County based on different household sizes. Wage estimates are based on data from the CSCCE, the US Bureau of Labor Statistics⁸⁵, and the ECE Online Survey conducted as part of the *Riverside County 2025 ECE Needs Assessment*.⁸⁶ The analysis shows how the ECE workforce is paid on average less than other industries in the County and less than what is considered a wage high enough to meet the basic needs, including ECE costs for households with children. This analysis indicates one reason why the ECE industry struggles to find new workers to fill positions.

IV.1 Workforce Demographics

Table IV-1 summarizes the ethnicity, age, and languages spoken by ECE workforce in the County and other demographic information of the workforce. The survey data shows that FCC providers in the County are predominantly Latina at 49%, Black at 22%, White at 14%, and with the remaining providers Multiracial at 10%, and Asian at 4%. ECE centers have a different racial composition, including 4% Asian, 6% Black, 56% Latina, 22% White, and 13% Multiracial staff.

ECE center staff tend to be younger, with 21% under age 30, compared to 3% in FCCs, and FCC providers are more likely to be age 60 or older (20% FCCs vs. 10% centers). Language fluency also varies, with 98% of ECE center staff fluent in English and 47% fluent in Spanish, while 87% of FCC providers are fluent in English and 48% in Spanish. Nearly all staff in both settings are female, and a higher proportion of ECE center staff were born in the United States (77%) compared to FCC providers (65%).

⁸⁴ Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025): *State of the Early Care and Education Workforce: Riverside County*. Center for the Study of Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>

⁸⁵ U.S. Bureau of Labor Statistics, Department of Labor: *Occupational Employment and Wage Statistics (OEWS) Survey*. <https://labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html>

⁸⁶ Riverside County Local Child Care and Development Planning Council and Consortium for Early Learning Services (2025): *Early Care and Education Needs Assessment – 2025*. Prepared by Brion Economics, Inc. https://consortiumels.org/wp-content/uploads/2025/11/ECE-2025-Needs_Assessment.pdf.

Table IV-1**Demographics of ECE Workforce by Program Type in Riverside County - 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	FCCs	ECE Centers
Race/Ethnicity	(n=307)	(n=546)
Asian	4%	4%
Black	22%	6%
Latina	49%	56%
White	14%	22%
Multiracial	10%	13%
Age	(n=346)	(n=586)
29 and younger	3%	21%
30 to 39	19%	32%
40 to 49	34%	21%
50 to 59	24%	15%
60 and older	20%	10%
Language Fluency	(n=322)	(n=572)
English	87%	98%
Spanish	48%	47%
Other Language	6%	9%
Gender	(n=306-325)	(n=541-570)
Female	98%	99%
Country of Birth	(n=326)	(n=573)
United States	65%	77%
Another Country	30%	20%

Sources: Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025). State of the Early Care and Education Workforce: Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley.
<https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>
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Table IV-2 presents the education levels and job experience of the ECE workforce in Riverside County by program type for 2025. Among FCC staff, 21% have a high school education or less, 32% have some college, 23% hold an associate degree, and 24% have a bachelor's degree or higher. In ECE centers, staff generally hold higher levels of education, with only 2% of staff having a high school education or less; 42% have some college, 29% hold an associate degree, and 27% have a bachelor's degree or higher.

Regarding years of experience, 8% of FCC staff have five years or less, 31% have six to 15 years, 35% have 16 to 25 years, and 26% have 25 years or more. In ECE centers, 12% have five years or less, 49% have six to 15 years, 25% have 16 to 25 years, and 14% have 25 or more.

Table IV-2**Education Level and Job Experience of ECE Workforce by Program****Type in Riverside County - 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	FCCs	ECE Centers
Highest Level of Education	(n=312)	(n=567)
High School or less	21%	2%
Some College	32%	42%
Associate Degree	23%	29%
Bachelor's degree or higher	24%	27%
Years of Experience in ECE	(n=297)	(n=549)
5 Years or less	8%	12%
6 to 15 Years	31%	49%
16 to 25 Years	35%	25%
25 Years or more	26%	14%

Sources: Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025). State of the Early Care and Education Workforce:

Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley.

<https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>;

Brion Economics. Inc.

Table IV-3 summarizes survey results regarding the well-being of the ECE workforce in Riverside County. Well-being for the CSCCE study includes measures of home ownership, health insurance, retirement savings, food sufficiency, and use of public assistance, among other measures shown in the table below.

- About 70% of FCC workers reported owning a home, while 35% of center-based staff reported owning a home.
- Most ECE workers reported having health insurance at 87% for FCC staff, and 93% for center-based staff.
- About half of ECE workers reported having sufficient food.
- 44% of FCC workers reported being enrolled in public assistance, and 47% of center-based staff.

Levels of stress are a key measure of well-being. FCC staff reported high levels of stress at 45%, and center-based staff at 68%. Fewer staff reported having significant depressive symptoms, at 20% of FCC workers and 36% of center-based staff. On a positive note, 93% of FCC workers reported feeling that they “make a difference,” as well as 82% of center-based staff.

When asked about future work plans, 70% of FCC workers and 35% of center-based staff plan on being in the same role in the next three years. Very few FCC workers plan on looking for a different ECE job or looking for a job outside ECE, both at 3%. For center-based staff, 30% said they may look for other work in ECE, and 9% outside the field of ECE. A small percentage of ECE reported plans to retire in three years, or 6% for FCC staff and 7% for center-based staff. About one-fifth reported not being sure of their future plans.

Table IV-3**Emotional and Economic Well-Being of ECE Workforce by Program****Type in Riverside County - 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	FCCs	ECE Centers
Economic Well-Being Indicators	(n=278-304)	(n=499-522)
Homeowner	70%	35%
Enrolled in Health Insurance	87%	93%
Any Retirement Savings	22%	43%
Food Sufficient	56%	50%
Enrolled in Public Assistance	44%	47%
Indicators of Emotional Well-Being	(n=284-303)	(n=502-535)
High Level of Perceived Stress	45%	68%
Significant Depressive Symptoms	20%	36%
Feel They Make a Difference	93%	82%
Job Plans in Three Years	(n=297)	(n=510)
Continue in Same Role	70%	35%
Different Job in ECE	3%	30%
Job Outside of ECE	3%	9%
Retired	6%	7%
Don't Know	19%	19%

Sources: Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025). State of the Early Care and Education Workforce: Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley.
<https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>
 Brion Economics, Inc.

IV.2 Workforce Size

Table IV-4 summarizes the estimated size of the ECE workforce in the County according to CSCCE survey data. It shows estimates of the workforce by type of position and turnover rates by position. In total, the survey data suggests the total workforce equals 7,660, of which 3,550 are lead teachers, 1,410 are assistant teachers, 1,530 are FCC owners, 990 FCC assistants, and 380 ECE center directors. Turnover rates vary by position, with the highest reporting being 35% for FCC assistants. Turnover data is not available for directors or FCC owners. The average number of workers per site is also reported and ranges from a high of 10.9 for Title 22 lead teachers to a low of 1.2 for FCC assistants. FCCs typically have one owner and one assistant, so this figure is not surprising.

Table IV-4

Estimated Size of ECE Workforce in Licensed Settings in Riverside County - 2025

ECE Economic Benefits Study - Riverside County 2026

Position	Estimated # of ECE Workforce	Annual Turnover Rate	Average per Site (2)
ECE Teachers			
Lead Teachers	3,350	23%	9.5
Title 22 (n=73)	1,990	23%	10.9
Title 5 (n=26)	1,360	24%	6.9
Assistant Teachers	1,410	28%	4.8
Title 22 (n=47)	420	25%	3.7
Title 5 (n=22)	990	32%	6.3
FCC Assistants			
Small FCCs (n=111)	140	24%	1.2
Large FCCs (n=221)	850	36%	1.6
All FCC Assistants	990	35%	1.6
FCC Owners			
Small FCCs	720	NA	NA
Large FCCs	810	NA	NA
Total	1,530		
ECE Center Directors (1)			
Title 22 and Title 5 ECE Centers	380	NA	NA
Total Estimated ECE Workforce in Licensed Settings			
	7,660		

(1) CSCCE's estimates excludes facilities that only serve school-aged children.

(2) The average number of FCC Assistants per site is calculated among the FCC providers with at least one

Sources: Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025). State of the Early Care and Education Workforce:

Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley.

<https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>

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BEI has developed its own methodology for estimating the ECE workforce based on the supply of ECE spaces by age group and type of provider, and student-to-teacher ratios by type of provider. This methodology has been tested against the estimates derived from the IMPLAN model, and in most cases, the results are very close. The following analysis provides BEI's estimate of Riverside County workforce. **Table IV-5** summarizes the student-to-teacher ratios required by Title 5 (subsidized care) and Title 22 (non-subsidized care) programs by age group. These requirements are then averaged and applied to the estimate of ECE spaces in the County. The total workforce is estimated based on the ECE spaces currently available in the County and the adult-to-child ratios for providers in the State.

Table IV-6 estimates the number of ECE workforce staff by type of provider and age group. In total, there are an estimated 5,274 teaching staff working in the ECE field in the County. These include FCC owners/operators who also serve as staff. There are an additional 608 ECE program directors, based on the total number of center-based programs and license-exempt center-based providers, and 2,032 support staff/aides. Overall, this brings the total estimated ECE workforce to **7,914 workers**, which includes license-exempt center-based program staff but not LEA staff who provide TK and before- and after-school programs. This represents about less than one percent of the County's total employment base or the number of jobs in the County in 2024 (see **Table III-2 in Chapter III**). BEI's estimate is 3.3% higher than CSCCE's estimate in **Table IV-4** or very similar.

Table IV-6a estimates the number of workforce related to TK programs and other before- and after-school care programs run by LEAs in the County. As shown, there are an estimated 6,149 workers in addition to those estimated in Table IV-6. The total estimated ECE workforce using this methodology equals 14,063.

Table IV-5

Estimated Adult to Child Ratios based on State Licensing Requirements

ECE Economic Benefits Study - Riverside County 2026

Title/Age Group	Adults Per	# of Children	Notes
Title 22/Child Care Centers			
Infants (1)	1	4	
Preschool	1	12	
School Age	1	15	
Title 5/Subsidized Care			
Infants (1)	1	3	or 4 children in 0-3 classrooms
Preschool	1	8	
School Age	1	14	
Small Family Child Care Homes (2)			Normally provide 6 or 8 spaces
Infants (1)	1	4	
All Children	1	6	may include up to 3 infants
Or	1	8	may include up to 2 infants and must include at least 2 children over the age of six
Large Family Child Care Homes (2)			Normally provide 12 or 14 spaces
12 Spaces Homes	2	12	up to 4 infants
14 Spaces Homes	2	14	may include up to 3 infants and must include at least 2 children over the age of six

(1) Infants are considered to be children under the age of 2.

(2) Provider's own children under the age of 10 must be included in adult to child ratio.

Sources: Community Care Licensing Division, California Department of Social Services; Brion Economics, Inc.

Table IV-6

Estimate of ECE Workforce in Riverside County (excl. TK and after-school programs provided directly by LEAs) - 2025

ECE Economic Benefits Study - Riverside County 2026

Item	Small FCCs Spaces	Large FCCs Spaces	Center-Based and License-Exempt				Combined Totals
			Infant/Toddler Spaces	Preschool Spaces	School Age Spaces	Totals	
No. of Licensed Providers (1)	860	816				556	2,232
No. of License-Exempt Center-Based Providers (1)						52	52
Licensed ECE Spaces (2)	6,848	11,402	2,509	25,703	4,103	32,315	50,565
License-Exempt Center-Based ECE Spaces (2)			1	4	395	400	400
Licensed ECE - Est. Teachers (3)	860	816	717	2,570	283	3,570	5,246
License-Exempt ECE - Est. Teachers (3)			0	0	27	28	28
Total Required Teachers	860	816	717	2,571	310	3,598	5,274
Licensed ECE - Est. Center Directors (4)	NA	NA	NA	NA	NA	556	556
License-Exempt ECE - Est. Center Directors (4)	NA	NA	NA	NA	NA	52	52
Licensed ECE - Aides and Support Staff (5)	NA	816	NA	NA	NA	1,112	1,928
License-Exempt ECE - Aides and Support Staff (5)	NA	NA	NA	NA	NA	104	104
Estimated Total ECE Workforce	860	1,632	717	2,571	310	5,422	7,914
Workforce in Licensed ECE	860	1,632	717	2,570	283	5,238	7,730
Workforce in License-Exempt Center-Based ECE	NA	NA	0	0	27	184	184

(1) See Table II-8, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025, for number of ECE providers.

(2) See Table II-11, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025, for number of ECE spaces.

(3) Based on the average Title 22 and Title 5 teacher ratio requirements.

See Table IV-5: 3.5 per children per teacher for Infant/Toddler, 10 children per teacher for Preschool, 14.5 children for School Age. which is a blend of Title 22 and Title 5 ratios; for FCCs, the one teacher accounts for one owner/director.

(4) One director per center-based provider. FCC directors serve as teachers too. Large FCCs require one additional assistant teacher.

(5) Assumes two support staff / aides per center-based provider.

Sources: CDSS; Riverside Resource & Referral Agency; Brion Economics, Inc.

Table IV-6a**Estimate of Teachers for TK and LEA After-School Programs in Riverside County - 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	Transitional Kindergarten	Before- and After-School Programs
Number of Students in 2024-25	11,934	99,116
Adult-to-Student Ratio	1:10	1:20 for School Age; 1:10 for TK/K
Number of Total Staff Required	1,193	4,956
Total	6,149	

Please note that teaching staff for before- and after-school programs are likely part-time positions due to the timing of their work.

Sources: CDE; Brion Economics, Inc.

IV.3 Workforce Wages and Salaries

Table IV-7 presents data on wages and salaries for ECE workers in the County from the CSCCE study. As shown, lead teachers in center-based settings reported a median hourly wage of \$19.16 for Title 22 staff and \$24.00 per hour for Title 5 staff. Assistant teacher median earnings are \$19.00 per hour for Title 22 staff, and \$20.90 per hour for Title 5 staff. ECE center directors reported pay ranges from \$17.50 to \$25.19, depending on the type of program, for lead teachers and for assistant teachers, \$17.00 to \$20.00 per hour.

Table IV-7**Wages for Early Education Careers in Riverside County based on CSCCE - 2025****ECE Economic Benefit Study - Riverside County 2025**

Position	Median Self-Reported Hourly Wage	Director-Reported Hourly Pay Ranges
ECE Teachers		
Lead Teachers		
Title 22	\$19.16	\$17.50 - \$22.00
Title 5	\$24.00	\$19.75 - \$25.19
Assistant Teachers		
Title 22	\$19.00	\$17.00 - \$18.00
Title 5	\$20.90	\$17.00 - \$20.00
FCC Owners		
	Estimated Earnings Range	
Small FCCs (n=66)	\$30,000	\$40,500
Large FCCs (n=144)	\$55,100	\$64,600
All FCCs (n=210)	\$48,100	\$57,000

Sources: Powell, A., Muruvi, W., Copeman Petig, A., & Austin, L.J.E. (2025). State of the Early Care and Education Workforce:

Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley.

<https://cscce.berkeley.edu/publications/data-snapshot/state-of-ece-riverside-2025>

Brion Economics, Inc.

Table IV-8 summarizes ECE and public school wage data for Riverside-San Bernardino-Ontario MSA. Based on data from the BLS, administrators (Kindergarten through secondary) in the public school system have a median annual wage of \$155,052, Kindergarten teachers earn \$88,789, and special education teachers (K through elementary) earn \$89,313. Wages in the ECE sector are much lower than those in public schools. ECE administrators have a median annual wage of \$70,799, preschool teachers earn \$48,853, and childcare workers⁸⁷ earn \$41,106. Median hourly wages range for ECE workers from \$19.77 per hour for childcare workers to \$34.04 for ECE administrators. For most roles, ECE wages are 46% to 55% of public school wages for similar roles. Overall, ECE average wages are 49% of public school wages. **Exhibit IV-1** compares the mean annual wages of public school workers to ECE workers in

⁸⁷ Childcare workers is a broad category used by BLS. It can include anything from aides in ECE centers, to FCC providers, to nannies. See here for a detailed description: <https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm#tab-2>

the MSA, based on BLS data, while **Exhibit IV-2** compares mean hourly wages for the ECE workforce to those in the public school system by position.⁸⁸

Table IV-8**Wages for Child Care and Early Education Careers in Riverside-San Bernadino-Ontario MSA - 2024/25****ECE Economic Benefits Study - Riverside County 2026**

Occupation	Number Employed - BLS (1)	Mean Hourly Wage - BLS (2)	Mean Annual Wage (3)	ECE Wages as % of Public School Wages
Public School System (Kindergarten through Elementary)				
Administrators (K through Secondary)	3,430	\$74.53	\$155,032	NA
Elementary School Teachers	18,270	\$46.23	\$96,164	NA
Special Education Teachers (K through Elementary)	2,300	\$42.94	\$89,313	NA
Kindergarten Teachers	410	\$42.69	\$88,789	NA
Total / Average	24,410	\$51.60	\$107,325	
Early Care and Education				
Administrators (Preschool and Daycare)	430	\$34.04	\$70,799	46%
Preschool Teachers	3,450	\$23.48	\$48,853	55%
Childcare Workers	4,030	\$19.77	\$41,106	46%
Total / Average	7,910	\$25.76	\$53,586	49%

(1) These estimates are for the Metropolitan Statistical Area, which is larger than Riverside County, and are therefore higher than in other tables.

(2) Where this data is not available in the OEWS, the mean hourly wage is calculated by dividing the mean annual wage by 2,080 annual workhours.

(3) Based on the BLS' OEWS Survey 2025 - 1st Quarter.

Sources: U.S. Bureau of Labor Statistics, Department of Labor. Occupational Employment and Wage Statistics (OEWS) Survey.

<https://labormarketinfo.edd.ca.gov/data/oes-employment-and-wages.html>

Brion Economics, Inc.

⁸⁸ Note that the TK wage data is from 2025 CSCCE Workforce Survey and statewide data and not specific to Riverside County. See Powell, A., & Muruvi, W. (2025, November 20). *California's Early Care and Education Workforce in Eight Charts*—Center for the Study of Child Care Employment. Center for the Study of Child Care Employment, UC Berkeley. <https://cscce.berkeley.edu/publications/data-snapshot/californias-ece-workforce-in-eight-charts/>.

Exhibit IV-1

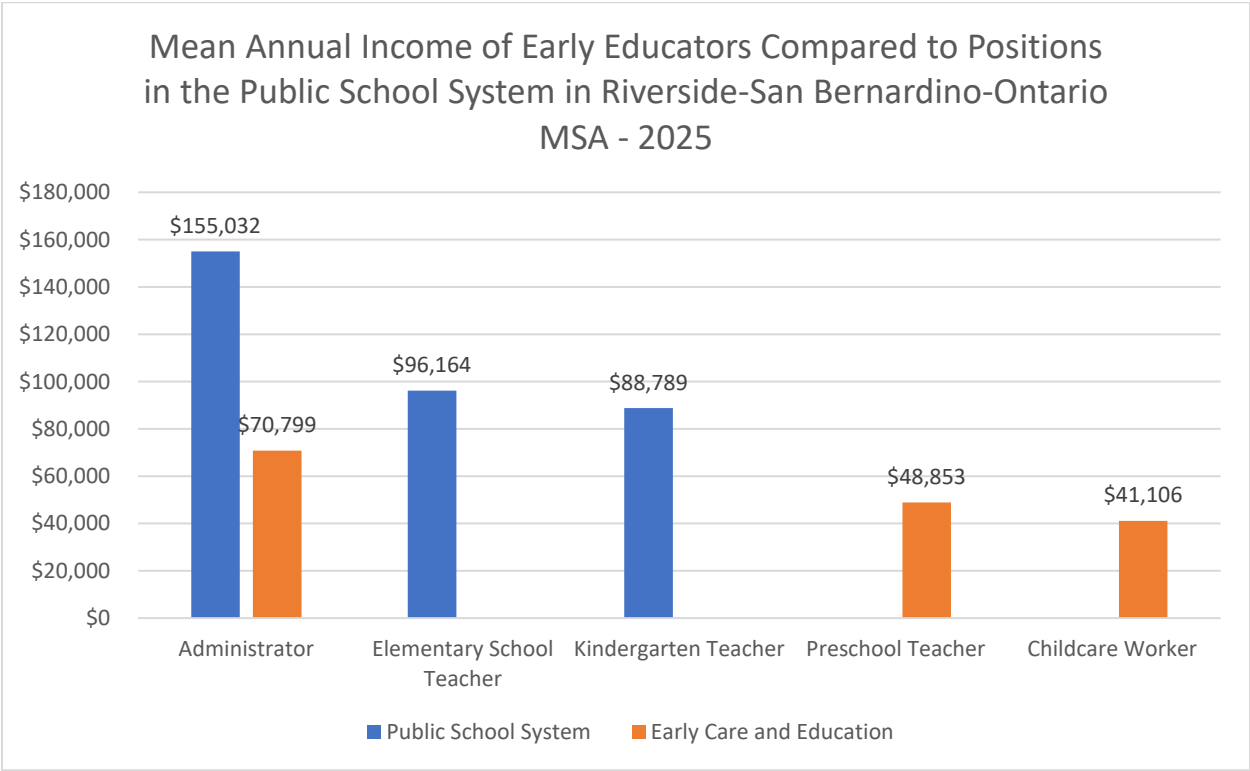


Exhibit IV-2

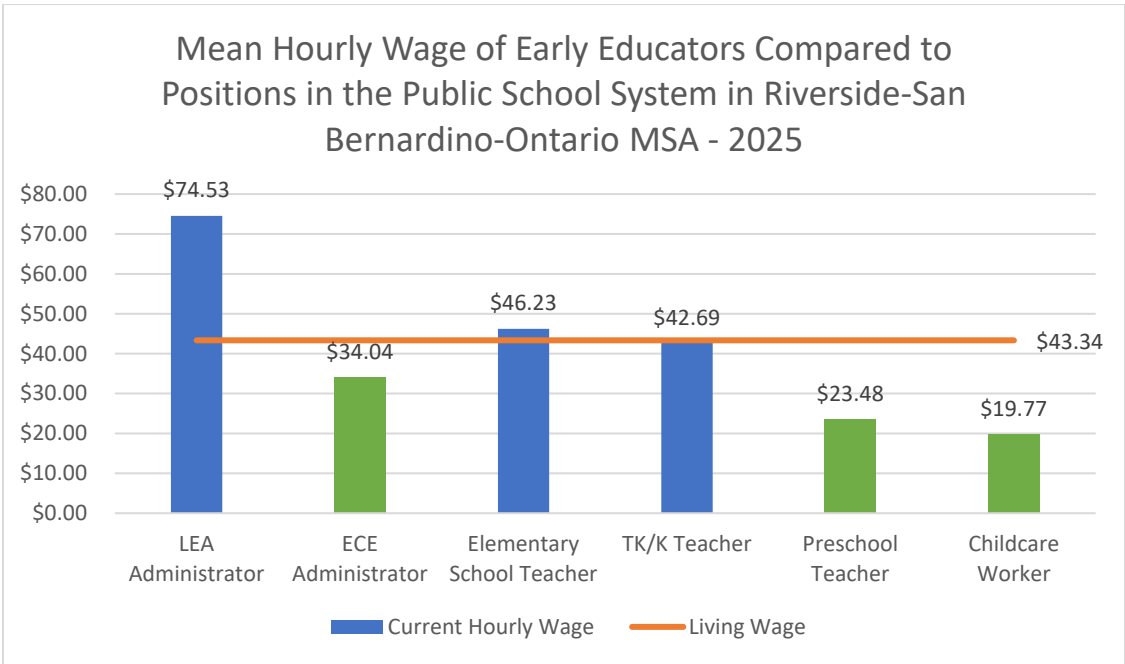


Table IV-9 summarizes the average hourly wages and monthly earnings from the ECE Online Survey conducted by BEI for the *2025 Riverside County Needs Assessment*. The mean self-reported hourly wages range from a low of \$16.64 for large FCC owners to a high of \$29.25 per hour for ECE center directors, compared to \$40.00 per hour for TK teachers. The average hourly wage of an ECE teacher is \$23.35 per hour. The hourly wages calculated based on the data of monthly earnings and work hours range from \$19.56 for small FCC owners to \$27.97 for Assistant Directors. For a TK teacher, this computes to an average hourly wage of \$43.41. This finding of a large income gap between early educators and teachers in the public school system is consistent with the comparison presented in **Table IV-8** above.

Table IV-9

Wages for Early Educators by Position Based on ECE Online Survey Riverside County - 2025
ECE Economic Benefits Study - Riverside County 2026

Position	# of Respondents	Mean Hourly Wage	Mean Monthly Earnings	Mean Workhours	based on Monthly Earnings and Workhours
Administrative Support	11	\$23.63	\$3,273	36	\$21.13
Aides or FCC Assistants	12	\$22.44	\$3,167	37	\$19.92
Assistant Directors/Managers	6	\$28.40	\$5,334	42	\$27.97
Directors	20	\$29.25	\$5,075	44	\$25.01
Assistant Teachers	42	\$22.23	\$2,584	33	\$18.64
Teachers	101	\$23.35	\$3,677	37	\$22.92
TK Teachers	8	\$40.00	\$8,375	44	\$43.41
FCC Owners					
Small FCCs	31	\$18.83	\$3,688	43	\$19.56
Large FCCs	72	\$16.64	\$5,577	46	\$27.42
All FCCs	103	\$17.11	\$4,996	45	\$25.03

Based on the results of the ECE Online Survey conducted as part of the Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources: Brion Economics, Inc.

Given the variety of data findings on hourly wages, this analysis averages all three data sources (CSCCE, BLS, and the findings from the *2025 Riverside County Needs Assessment*) by type of ECE staff. **Table IV-10** summarizes each wage rate by data source and calculates the average, which is used in the comparison of current to living wages in the next section. **Exhibit IV-3** compares all the data sources by type of staff. Some data is not available for FCCs, specifically.

Table IV-10

Comparison of Early Educators' Income Data by Source - 2025

ECE Economic Benefits Study - Riverside County 2026

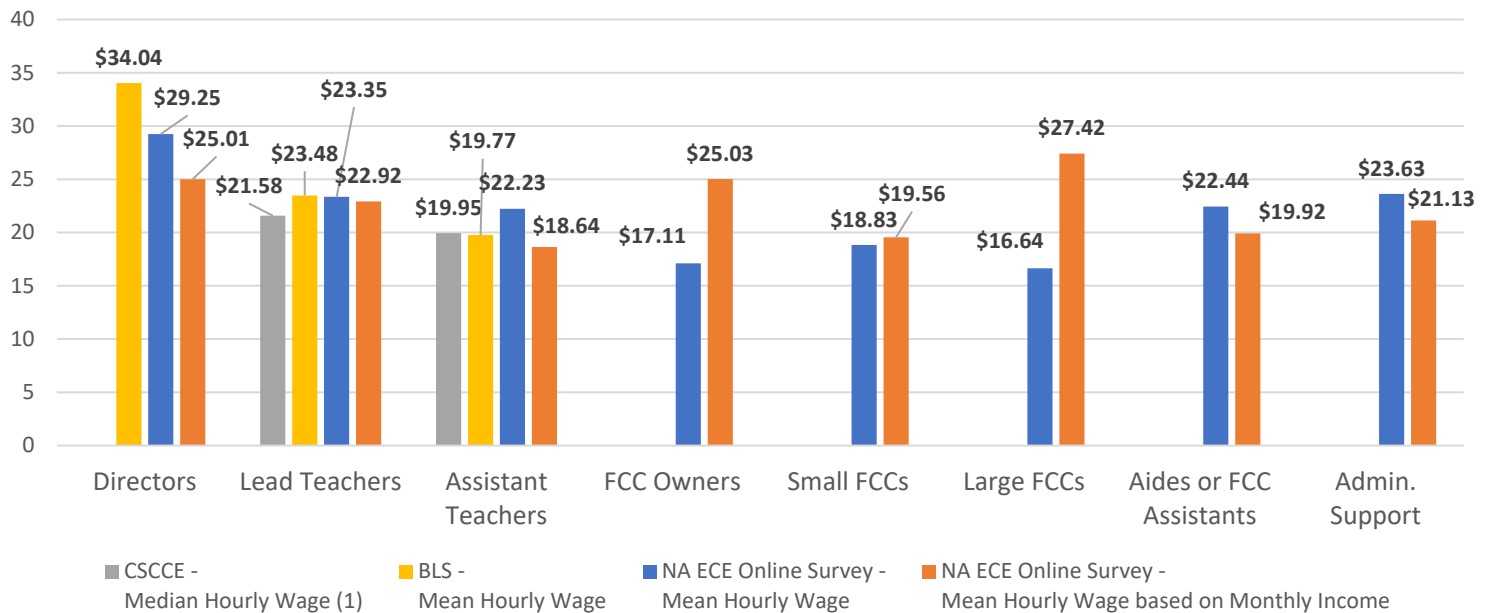
Position	CSCCE - Median Hourly Wage (1)	BLS - Mean Hourly Wage	NA ECE Online Survey - Mean Hourly Wage	NA ECE Online Survey - Mean Hourly Wage based on Monthly Income	Average Across Sources
Directors	NA	\$34.04	\$29.25	\$25.01	\$29.43
Lead Teachers	\$21.58	\$23.48	\$23.35	\$22.92	\$22.83
Assistant Teachers	\$19.95	\$19.77	\$22.23	\$18.64	\$20.15
FCC Owners	NA	NA	\$17.11	\$25.03	\$21.07
Small FCCs	NA	NA	\$18.83	\$19.56	\$19.20
Large FCCs	NA	NA	\$16.64	\$27.42	\$22.03
Aides or FCC Assistants	NA	NA	\$22.44	\$19.92	\$21.18
Admin. Support	NA	NA	\$23.63	\$21.13	\$22.38

(1) This is using the self-reported data and an average of the wages reported for Title 5 and Title 22 providers.

Sources: U.S. Bureau for Labor Statistics; Center for the Study of Child Care Employment, University of California, Berkeley; Brion Economics, Inc.

Exhibit IV-3

Comparison of Hourly Rates for Early Educators by Position by Data Source in Riverside County



IV.4 Living Wage Analysis for ECE Workers

This section analyzes the cost of bringing current ECE staff up to a living or sustainable wage and compares this to current wages for Riverside County. The estimated living wage data is from The Living Wage Calculator from the Massachusetts Institute of Technology (MIT). For this analysis, the living wage is defined as “the hourly rate that an individual in a household must earn to support themselves and/or their family, working full-time, or 2,080 hours per year.”⁸⁹ **Table IV-11** lists the specific amount per expense category assumed per household type and size. ECE costs as a percent of total living wages are also shown by household size, which range from a low of 12% for two-income households to a high of 24% for single-income households, depending on the number of children and age.

Table IV-12 summarizes the average hourly wage by living wage, poverty wage, and minimum wage by household size. These living wages vary by size and type of household and number of children present, based on the expense assumptions presented in **Table IV-11**. For this study, we have calculated the average hourly living wage for all household types and sizes. The average living wage is \$43.34 per hour for all occupations and household sizes.

⁸⁹ The Living Wage Calculator was first created by Dr. Amy K. Glasmeier, Massachusetts Institute of Technology. For Riverside County Data see <https://livingwage.mit.edu/counties/06065>. Data cited was accessed on January 12, 2026; data is as of February 2025.

Table IV-11

Sustainability Living Costs by Type and Size of Household in Riverside County (1) - 2025

ECE Economic Benefits Study - Riverside County 2026

Budget Item	1 Adult (1 Working)				2 Adults (1 Working)				2 Adults (Both Working)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Food	\$4,142	\$6,091	\$9,124	\$12,139	\$7,594	\$9,439	\$12,142	\$14,812	\$7,594	\$9,439	\$12,142	\$14,812
Child Care (ECE)	\$0	\$13,580	\$24,341	\$29,139	\$0	\$13,580	\$24,341	\$29,139	\$0	\$13,580	\$24,341	\$29,139
Medical	\$2,562	\$7,870	\$7,943	\$8,019	\$5,817	\$8,837	\$9,110	\$9,414	\$5,817	\$8,837	\$9,110	\$9,414
Housing	\$22,017	\$28,588	\$28,588	\$38,171	\$22,959	\$28,588	\$28,588	\$38,171	\$22,959	\$28,588	\$28,588	\$38,171
Transportation	\$11,795	\$13,651	\$17,195	\$19,785	\$13,651	\$17,195	\$19,785	\$21,949	\$13,651	\$17,195	\$19,785	\$21,949
Civic (2)	\$3,587	\$6,314	\$6,971	\$8,938	\$6,314	\$6,971	\$8,938	\$9,915	\$6,314	\$6,971	\$8,938	\$9,915
Internet & Mobile	\$1,434	\$1,434	\$1,434	\$1,434	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040
Other	\$4,749	\$9,123	\$9,558	\$11,490	\$9,123	\$10,121	\$11,490	\$12,746	\$9,123	\$10,121	\$11,490	\$12,746
Required annual income after taxes	\$50,287	\$86,650	\$105,154	\$129,115	\$67,498	\$83,190	\$92,093	\$109,046	\$67,498	\$96,770	\$116,434	\$138,184
Annual taxes	\$9,539	\$14,308	\$18,275	\$26,279	\$10,570	\$11,885	\$11,630	\$13,742	\$10,570	\$14,684	\$17,528	\$23,459
Required annual income before taxes	\$59,826	\$100,958	\$123,429	\$155,394	\$78,069	\$95,075	\$103,723	\$122,788	\$78,069	\$111,454	\$133,961	\$161,643
<i>Child Care (ECE) as % of Income</i>	0%	13%	20%	19%	0%	14%	23%	24%	0%	12%	18%	18%

(1) From Living Wage Calculation for Riverside County, California, by Dr. Amy K. Glasmeier — professor of Economic Geography and Regional Planning at MIT's Department of Urban Studies and Planning (DUSP) — and Dr. Tracey Farrigan, a graduate student at the time. Today, the data featured on the Calculator is produced and donated by the Living Wage Institute. Accessed on January 12, 2026; data is as of February 2025.

<https://livingwage.mit.edu/counties/06065>

(2) The cost of civic engagement includes means for audio-visual equipment, education, fees and admission, other entertainment like pets, reading, toys, hobbies, and playground

Sources: Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

Table IV-12

Estimated Living Wages by Household Size and Status for Riverside County (All Occupations) - 2025

ECE Economic Benefits Study - Riverside County 2026

Item	1 Adult Household & No. of Children - 1 Adult Working				2 Adult Household & No. of Children - 1 Adult Working				2 Adult Household & No. of Children - 2 Adults Working			
	0	1	2	3	0	1	2	3	0	1	2	3
Living Wage	\$28.76	\$48.54	\$59.34	\$74.71	\$37.53	\$45.71	\$49.87	\$59.03	\$18.77	\$26.79	\$32.20	\$38.86
Poverty Wage	\$7.52	\$10.17	\$12.81	\$15.46	\$10.17	\$12.81	\$15.46	\$18.10	\$5.08	\$6.41	\$7.73	\$9.05
Min. Wage in CA (1/1/2025)	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50
Min. Wage as % of Living Wage	57%	34%	28%	22%	44%	36%	33%	28%	88%	62%	51%	42%
Average Living Wage per Hr. by Type of Household (1)				\$52.84				\$48.04				\$29.16
Overall Average Wage per Hour, All Households	\$43.34											

(1) The average living wage was calculated for groups of household types.

These data are for Riverside County as of February 2025.

<https://livingwage.mit.edu/counties/06065>

Sources: Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

Table IV-13 summarizes the current hourly wages by type of ECE worker, the required hourly living wages, and the net change or increase required to bring ECE workers to a living wage. As shown, the required increase is significantly more than ECE workers currently make. For this analysis, the base living wage is estimated at **\$43.34 per hour**, irrespective of education and occupation level or household size, as discussed above. To adjust for these differences, we apply a 10% increase factor to each staff level above a teacher's aide/support staff role. The net increase in hourly rate required to get to a living wage is more than workers currently make per hour for all of the positions (**Exhibit IV-4**). The percent increase in wages needed ranges from 99% for teacher aides and support staff to 174% for FCC owners, who have a very low relative hourly wage despite owning their own business.

Table IV-13**Estimated Wage Rate Increase to Living Wage Rate for ECE Workers in Riverside County****ECE Economic Benefits Study - Riverside County 2026**

Position	Current Hourly Wage (1)	Living Hourly Wage (2)	Adjusted for Edu. & Title (3)	Net Increase Needed	Percent Increase
Teacher Aides & Support Staff	\$21.78	\$43.34	\$43.34	\$21.56	99%
Assistant Teacher	\$20.15	\$43.34	\$47.68	\$27.53	137%
Lead Teachers/Asst. Directors	\$22.83	\$43.34	\$52.44	\$29.61	130%
FCC Owners	\$21.07	\$43.34	\$57.69	\$36.62	174%
Directors	\$29.43	\$43.34	\$63.46	\$34.03	116%

(1) See Table IV-10. This uses the average across all available sources for each position.

(2) Based on average living wage for all household types and sizes in Table IV-12 as the base living wage.

(3) Assumes a 10% increase for each increase in education/title by position from teacher aides and support staff up to directors.

Sources: U.S. Bureau for Labor Statistics; Center for the Study of Child Care Employment, University of California, Berkeley; Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

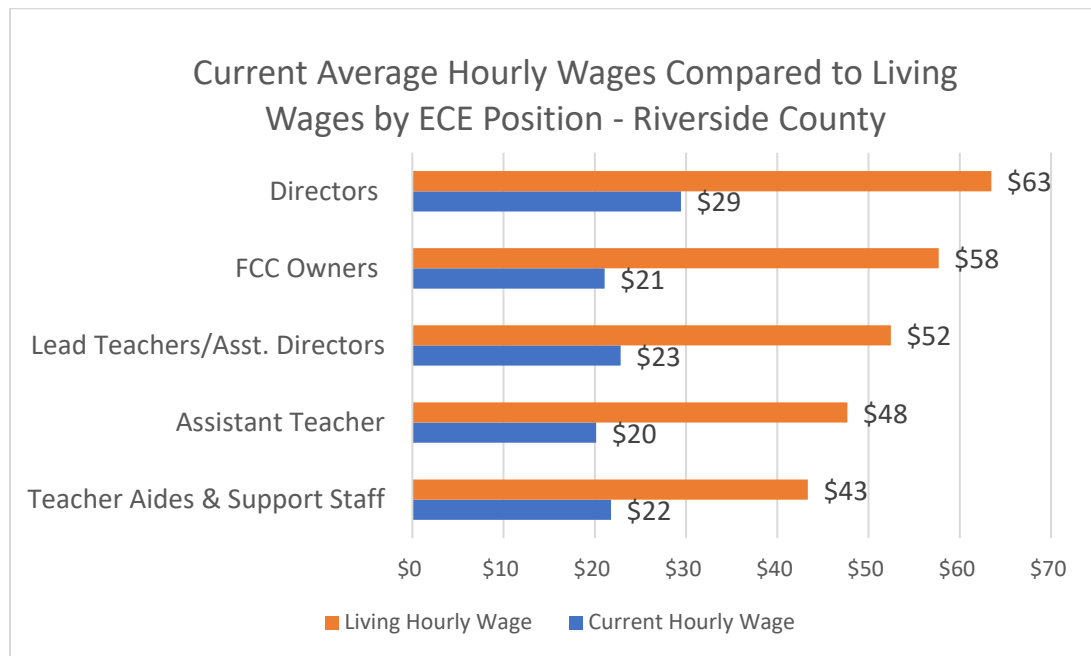
Exhibit IV-4

Table IV-14 estimates the actual cost of bringing all currently licensed ECE workers (FCCs and center-based workers) up to a living wage. Using the hourly rates calculated in **Table IV-13** and the number of ECE workers in Riverside County in **Table IV-6**, total current wages in the ECE industry are estimated \$354.4 million per year. Using the living hourly wages for the same number of staff generates an annual cost of \$820.1 million per year, or a net gap of \$456.6 million per year, or an increase of 131% overall from current wages.⁹⁰

⁹⁰ Note that the wages for school district TK teachers are not included here, as their current wages are approximately at the living wage for Riverside County. TK teachers earn about \$40 to \$43 per hour, while the average living wage in the County is \$43.34 per hour. TK programs and teachers are included in all other analyses in the study, however.

Table IV-14

Estimated Current Wages of ECE FCC and Center-Based Provider Workforce and Living Wage Estimate - Riverside County

ECE Economic Benefits Study - Riverside County 2026

Position	Current Median Hourly Wage	Living Hourly Wage (1)	Estimated Wage Increase	Estimated Staff (2)	Percent Distribution	Current ECE Annual Wages, All Staff	Wage Gap to Living Wage	Total ECE Living Wages by Staff Type
<i>(in millions of dollars)</i>								
Teacher Aides & Support Staff	\$21.78	\$43.34	\$21.56	1,928	25%	\$87.3	\$86.5	\$173.8
Assistant Teacher (3)	\$20.15	\$47.68	\$27.53	1,785	23%	\$74.8	\$102.2	\$177.0
Lead Teachers/Asst. Directors (3)	\$22.83	\$52.44	\$29.61	1,785	23%	\$84.8	\$109.9	\$194.7
FCC Owners	\$21.07	\$57.69	\$36.62	1,676	22%	\$73.4	\$127.7	\$201.1
Center-Based Directors	\$29.43	\$63.46	\$34.03	556	7%	\$34.0	\$39.4	\$73.4
Total Teachers and ECE Staff				7,730	100%	\$354.4	\$465.6	\$820.1
Wage Percent Increase Needed							131%	

Note assumes all positions are Full Time Equivalent (FTEs).

- (1) Assumes Living Wage from MIT (see Table IV-12). Assumes a 10% increase for each increase in education/title by position from teacher aides and support staff up to directors.
- (2) See Table IV-6 for an estimate of current ELC workforce. These estimates include only non-LEA/COE ECE sector and excludes the TK and after-school programs staff organized by local school districts, as they generally pay higher wages (see Table IV-8).
- (3) The estimate of center-based teachers is divided equally between assistant teachers and lead teachers/asst. directors.

Sources: U.S. Bureau for Labor Statistics; Center for the Study of Child Care Employment, University of California, Berkeley; Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

Table IV-15 summarizes the average annual salaries and net increase in annual salaries needed to attain a living wage for ECE workers (assuming full-time work). The average living wage salary is about \$110,078 for all ECE workers. The current average salary is \$47,948 per year for all licensed ECE workers, assuming the reported hourly rate is applied to full-time work (i.e., 2,080 hours per year). **Overall, salaries need to increase by 131% to equal a living wage, according to sustainable living wage data presented above, or more than double.**

Table IV-15**Comparison of Current ECE Full-Time Annual Salaries to Living Wage Salaries - Riverside County
ECE Economic Benefits Study - Riverside County 2026**

Position	Living Wage Salary (1)	Current Average Salary by Type of Worker (1)	Current Salary as % of Living Wage
Teacher Aides & Support Staff	\$90,152	\$45,299	50%
Assistant Teachers	\$99,168	\$41,907	42%
Lead Teachers/Asst. Directors	\$109,084	\$47,492	44%
FCC Owners	\$119,993	\$43,823	37%
Directors	\$131,992	\$61,218	46%
Average for All Workers	\$110,078	\$47,948	44%

(1) See hourly rates in Table IV-13 multiplied by 2,080 hours per year for a FTE salary.

Sources: U.S. Bureau for Labor Statistics; Center for the Study of Child Care Employment, University of California, Berkeley; Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

IV.5 Maximum Subsidized Reimbursement Rates

One measure of the cost of ECE is the *Regional Market Rate Survey* that was conducted by the California Department of Education (CDE) in 2018. This survey was used by CDE in 2022 to set Maximum Reimbursement Rates (MRRs) for subsidized ECE at the 75th percentile of the 2018 Regional Market Rate survey or the Regional Market Rate ceilings as they existed on December 31, 2021, whichever is greater.⁹¹

MRRs have not been updated since they were set in 2022; however, the CDSS will implement a new rate-setting methodology in FY 2025/26. The child care reimbursement rate reform in California is now officially in its implementation phase, structured into two distinct periods following completion of the rate-setting process. The foundational work for the reform—moving from the prior Regional Market Rate (RMR) and Standard Reimbursement Rate (SRR) structure to a cost-informed Single Rate Structure (SRS)—is complete. The new SRS is designed to standardize funding across the entire mixed-delivery system, reimbursing both voucher-based and direct-contract programs using a unified methodology. This structure relies on a Base Rate and a set of eligible Enhanced Rates, both informed by the actual cost of care as estimated by an Alternative Methodology Cost Model, thereby replacing the previous system of adjustment factors. According to the latest update on the reform process, the negotiation

⁹¹ California Department of Social Services, Maximum Reimbursement Ceilings for Subsidized Care, Effective January 1, 2022. <https://rcscm.adm.dss.ca.gov/index.aspx> accessed October 6, 2025.

process for FCC providers has concluded, with the successor collective bargaining agreement with Child Care Providers United (CCPU) ratified.⁹²

While the deadline to set rates informed by the Alternative Methodology was July 1, 2025, the full implementation of the Single Rate Structure (SRS) is scheduled for Phase Two, effective July 1, 2026. A transitional measure, Phase One, took effect on July 1, 2025, and immediately increased existing Cost of Care Plus (COC+) payments with a Cost-of-Living Adjustment (COLA). The primary factor impacting the timeline for the full SRS implementation is the time required for State data systems readiness and automation changes. Complex modifications are necessary, particularly to the California Statewide Automated Welfare System (CalSAWS), which must be re-tooled to calculate payments using the new SRS criteria instead of the previous RMR system. Additionally, the CDE will use the July 2026 date to transition State Preschool programs to a new Reimbursement Based on Enrollment model, instead of reimbursement being based on attendance.⁹³

Many parents have limited income to spend on ECE and cannot afford to pay more. As shown above, in **Table II-9 and Exhibits II-1 to II-3** (in **Chapter II**), ECE costs average between 6% (for School Age center-based care) to 23% (for center-based Infant/Toddler care) of household expenses in Riverside County. Some ECE advocates suggest that ECE should not exceed 7% of a family's household income. Depending on a family's household income and whether there are one or two workers directly impacts the family's ability to afford ECE. Providers are, therefore, constrained from charging their true cost, which would include higher wages and benefits for staff and more dollars for supplies and equipment.

From the ECE provider's standpoint, the lower-than-true-cost reimbursement rates cap what they can afford to spend on wages and benefits (if any) and limit the amount of income that can be spent on non-labor costs. ECE is a labor-intensive business. There are high and justifiable teacher-to-child ratios required by the State to ensure the safety of children. These labor requirements cannot be worked around or automated. ECE generates very little profit for most programs except perhaps for the top of the market associated with corporate providers such as Bright Horizons.

IV.6 New ECE Workforce Needs

Table IV-16 provides estimates for the workforce in ECE required to address the shortage of spaces as calculated in **Table II-8 (Chapter II)**. **To meet this shortfall of 34,043 spaces, a total of 4,687 additional**

⁹² CDSS (2025): *Child Care and State Preschool Rate Reform. October 2025 Quarterly Update to the January 2025 Implementation Report*. <https://www.cdss.ca.gov/Portals/9/CCDD/Rate-Reform-Quarterly-Report-October-2025.pdf>, accessed November 14, 2025.

⁹³ California Department of Social Services (November 2025): *Rate Reform and Quality*. <https://www.cdss.ca.gov/inforesources/child-care-and-development/rate-reform-and-quality>, accessed November 14, 2025.

teachers is required, with **2,934 early educators for Infants/Toddlers, 366 for Preschool, and 1,387 for School Age children**. Additionally, an estimated 481 FCC owners and center directors are needed, along with 961 aides and support staff. This analysis assumes the shortage will be addressed by licensed care only and thus might slightly overestimate the number of teachers required. New FFNs could also meet some of these needs, but given that they serve just a few children, often only 1 or 2 per FNN, this will not represent a large percentage of the workforce need. In total, **an additional 6,129 ECE workers**, or a 77% increase, are needed to address the current shortfalls of ECE spaces.

Using the living wage data from above, the 6,129 workers needed to fill the current shortfall would receive total wages of \$635.3 million per year (see **Table IV-17**). If these workers were paid at the current level, the total annual wages for these new ECE workers would amount to \$278.3 million per year. The living wage is 79% over current average wages.

Table IV-16**Estimated New Required ECE Workers to Meet Current ECE Space Shortfall - Riverside County 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	Infants/Toddlers	Preschool (1)	School Age	Totals, 0 to 12 Years Old
Shortage of ELC Spaces (1)	10,269	3,661	20,113	34,043
No. of Teachers Required (1)	2,934	366	1,387	4,687
Estimated Owners/Directors (2)	NA	NA	NA	481
Aides and Support Staff	NA	NA	NA	961
Estimated Total Staff	2,934	366	1,387	6,129
Percent Increase in Staff Needed				77%

(1) See Table II-12, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025, for shortage of ECE spaces. This analysis assumes the shortage will be met by licensed care (as opposed to license-exempt care with higher student-teacher ratios) and might thus slightly overestimate the number of teachers required. Assumes an average teacher to child ratio between Title 5 and Title 22 requirements (see Table IV-5).

(2) Includes owners and directors. One director per center-based provider.

Sources: Community Care Licensing Division, California Department of Social Services; Riverside Resource & Referral Agency; Brion Economics, Inc.

Table IV-17

Living Wages for ECE Workforce and Funding Gap to Meet Current Space Shortfall - Riverside County 2025

ECE Economic Benefits Study - Riverside County 2026

Position	Current Average Hourly Wage	Living Hourly Wage (1)	Estimated Wage Increase	Estimated Staff Shortage to meeting Full Demand (2)	Percent Distribution	New Staff Costs, At Current Wages	Wage Gap to Living Wage	Total ECE Living Wages by Staff Type
<i>(in millions of dollars)</i>								
Teacher Aides & Support Staff	\$21.78	\$43.34	\$21.56	961	16%	\$43.55	\$43.1	\$86.7
Assistant Teacher	\$20.15	\$47.68	\$27.53	2,344	38%	\$98.21	\$134.2	\$232.4
Lead Teachers/Asst. Directors	\$22.83	\$52.44	\$29.61	2,344	38%	\$111.30	\$144.3	\$255.7
Directors/FCC Owners (3)	\$25.25	\$60.57	\$35.32	481	8%	\$25.24	\$35.3	\$60.6
Total New ECE Workforce				6,129	100%	\$278.3	\$357.0	\$635.3
Percent Increase in Staff Costs Over Current Conditions Needed						79%		77%

Note assumes all positions are Full Time Equivalent (FTEs).

(1) Assumes Living Wage from MIT; see Table IV-12; each level increases 10% above teacher aides/support staff.

(2) See Table IV-16 for estimate of staff needed to meet current shortage of ECE spaces.

(3) Assumes an average between Center Director and FCC Owner hourly rates.

Sources: U.S. Bureau for Labor Statistics; Center for the Study of Child Care Employment, University of California, Berkeley; Dr. Amy K. Glasmeier, Massachusetts Institute of Technology; Brion Economics, Inc.

IV.7 CSCCE's Recommendations for Riverside County

In December 2025, CSCCE published a report evaluating a wage enhancement initiative implemented in Riverside County between 2021 and 2024 that provided direct cash payments to ECE professionals during the COVID-19 pandemic.⁹⁴ The report finds that Riverside County's pandemic payments were successfully implemented, equitably distributed, and effective in providing short-term financial relief and enhancing educators' sense of recognition. While the stipends contributed to high retention during the program period, low wages and limited benefits remained the primary drivers of attrition after payments ended. The authors conclude that one-time wage supplements can stabilize the workforce during crises but are insufficient substitutes for sustained systemic compensation reform.

The report recommends:

- **Institutionalizing ECE workforce compensation strategies** beyond temporary pandemic relief.

⁹⁴ Muruvi, W., Powell, A., Kim, Y., & Copeman Petig, A. (2025): "A Weight Off Our Shoulders"—Pandemic Payments to Early Educators in Riverside County. Center for the Study of Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/publications/report/riverside-county-pandemic-payments>. For a more detailed summary of the Wage Supplement Payments in Riverside County, see Appendix B.

- Continuing and **expanding the wage supplement initiative** to reach educators across all settings and identifying sustained local revenue sources, such as ballot measures, to support long-term compensation.
- Developing and **adopting a wage scale and career ladder** to serve as the foundation of a countywide compensation strategy.
- **Strengthening local workforce data** systems by adequately funding the workforce registry, promoting educator participation, and integrating licensing, subsidy, and workforce data to enable efficient distribution of future funds and to monitor policy impacts over time.
- **Providing targeted support to ECE programs**—particularly FCC providers—as they adapt to structural changes in the ECE system, such as the expansion of TK.
- Funding research to better understand and address the **unique financial and operational challenges facing FCC providers** during this transition.

V. Economic Benefits of ECE Industry

This Chapter includes two technical analyses: an estimate of the ECE industry spending or revenue and an economic multiplier, or what is called economic benefit analysis, for this study (i.e., Input/Output Analysis using IMPLAN software). This type of analysis quantifies the economic relationships of spending and funding associated with the ECE industry and quantifies how this direct spending ripples through the local economy in the County, benefiting children, families, and local businesses.

V.1 Economic Impact or Multiplier Analysis

This economic and employment analysis of the ECE industry uses IMPLAN Online software to analyze data for Riverside County. Input/Output analyses are generally prepared at the county level, as the IMPLAN model is structured at the county level.⁹⁵ There are 556 industry sectors in the IMPLAN model for Riverside County, and the data is for 2024, which is the latest version of the model available. The baseline economic data for Riverside County, as available in IMPLAN, is presented in **Table V-9**.

The potential economic impact or benefit of any project or industry depends directly on the complexity of the local economy and the presence of the goods and services that an industry or activity requires. For example, a California sales tax initiative to fund mass transit had only a small multiplier effect, because very little mass transit equipment (i.e., trains, buses, and ferries) is manufactured in California. In general, manufacturing has a broader economic multiplier effect than the activities of a dentist or some other type of customer or personal service, such as ECE. The reasons are that ECE is a labor-intensive industry, and as discussed above, many of the jobs are low-paying. ECE tuition is constrained by what parents can pay and what the State and federal governments will fund in terms of ECE subsidies.

The IMPLAN model estimates direct, indirect, and induced economic impacts. Direct impacts include **dollars spent on ECE services by parents and subsidies provided by public agencies**. Indirect impacts are the **goods and services required by the ECE industry** to offer care, such as accountants, toys, equipment, food, sundries, etc. Induced impacts are the impacts that **wages and salaries paid to ECE industry employees and business owners** create in the local economy, including spending on housing, food, personal services, health care, transportation, vehicles, etc.

⁹⁵ While more detailed levels are available, i.e., zip code, the data is not meaningful at this level as the economies at the zip code level are not complex, except in large urban areas.

National Multiplier Effect of the ECE Industry

A 2024 three-part series on the ECE sector by the Committee for the Economic Development of The Conference Board⁹⁶ included an economic benefits analysis of the ECE sector for all 50 U.S. States. The authors found the following underlying trends across the nation:

- Approximately 40% of total ECE revenue goes towards compensating employees. This significant portion allocated for employee salaries highlights the labor-intensive characteristics of the ECE sector.
- The impact of the ECE sector on a state's overall economic activity will vary compared to other industries. This variation depends on how the ECE industry's expenditures are allocated to other goods and services and how much of that spending stays within the state region.
- Every new direct ECE position contributes to just over one-third of an additional job, indicative of the relatively modest employment multipliers (averaging 1.43) associated with the ECE sector.
- The ECE sector makes a modest direct economic contribution through net tax payments. This limited net tax effect is linked to significant federal and state subsidies typically given to the industry, along with the low average earnings of its workforce.
- Output multipliers are strongly linked to the economy's overall size, enabling larger states to fulfill a greater portion of the demand for goods and services originating from ECE facilities located within their borders. Additionally, these larger states have a greater capacity to attract and retain spending from ECE workers' earnings.
- Generally, states that have the largest output multipliers for ECE also tend to have the largest earnings multipliers.

Despite these modest economic multiplier effects, the authors still see the ECE sector as a crucial component of the economy as it is essential for leveraging labor force participation and educational advancement to enhance overall economic growth, as explained in **Section I.3. of Chapter I.**

⁹⁶ Committee for Economic Development of The Conference Board - CED (2024): *Part 3: Child Care and Regional Economic Growth. Child Care in State Economics - 2024 Update. A Three-Part Report Series.* https://cdn2.assets-servd.host/ced-microsite/production/documents/241002_CCSE-2024-Report_Part-3_Final.pdf?dm=1733774339, accessed January 10, 2025.

V.2 Estimate of ECE Industry Spending

This section describes the base information of direct ECE spending in the local economy, which is used in the Economic Multiplier Analysis for this study. It uses information BEI collected for this effort, combined with available published data, and data provided by County staff and other consultants. The steps involved in estimating the total direct spending associated with the ECE industry in Riverside County are:

1. Estimate the **supply of ECE spaces** and the number of providers by age group;
2. Estimate the **total amount of dollars spent** on subsidized ECE programs by program type and source;
3. Estimate the number of **subsidized ECE spaces** by program type;
4. Estimate the number of **non-subsidized** or parent-funded (private pay) **ECE spaces** by subtracting subsidized spaces from the total supply by age group;
5. Calculate the **average parent tuition by age group** and apply it to the estimate of privately funded ECE spaces by age group;
6. Estimate **public agency and non-profit organization spending** on ECE in the County by entity or type of program;
7. Summarize the spending by type of care, agency or program, and estimate **total current annual spending on ECE** in the County.

Tables II-6 and II-7 (in **Chapter II**) summarizes the current supply of ECE by age group and type in the County, which is used to estimate the value of the ECE industry in Riverside County. To summarize, there are:

- 860 Small Family Child Care Homes (FCCs) and 816 Large FCCs with a combined total of 18,250 spaces serving children 0 to 12 years old.
- 556 ECE centers, serving a total of 32,315 children 0 to 12 years old.
- 11,934 Transitional Kindergarten (TK) spaces serving 4- and 5-year-olds, and about 293 school sites offer TK in the County.
- 99,116 license-exempt School Age spaces offered through the ELOP, ASES and 21st Century programs in total.

- 4,216 children aged 0 to 12 years, served by 2,216 Friends, Family, and Neighbors (FFNs), which are considered unlicensed care.

In total, there are 4,812 FFNs, FCCs, centers, and license-exempt providers in the County.⁹⁷

Infant/Toddler spaces total 6,689, while Preschool spaces total 42,401, and School Age spaces total 112,925. In total, there are currently 162,015 ECE spaces in the County and 4,216 with FFN spaces, for a total of 166,232 spaces serving children 0 to 12 years old as of 2025.

Table V-1 summarizes the number of subsidized ECE spaces in the County by type of program. As shown, there are a variety of sources of subsidized funding in the County that fund a total of 141,639 subsidized spaces. By age group, the following subsidized spaces are available:

- Infants/Toddlers – 4,717 spaces
- Preschool, including TK – 25,523
- School Age – 111,399

These data are used to estimate the number of non-subsidized or privately funded ECE spaces in the County.

Table V-2 summarizes the total funding by type of subsidized program. The County's total subsidized funding from State and federal sources totals \$1.12 billion. About one-third of this is ELOP/ASES/21st Century program funding at \$368.5 million, followed by TK funding at 18%. A total of 20 specific subsidized funding programs support 85% of the total ECE spaces in the County as of 2025.

Table V-2 also gives a detailed view of the recent Cost of Care supplemental payments from the California Department of Social Services (CDSS) received in the County. These payments originate from California's General Fund and are intended to supplement the subsidized ECE reimbursement rates, which differ across regions in the State. Based on current data, Riverside County received \$46 million in additional payments in 2025.

Table V-3 shows the regional monthly market rates for full-time ECE per age group and type of provider. These data are compiled by the US Department of Labor's Women's Bureau, which maintains a national database of ECE prices per county. The annual rate for Infant/Toddler care is \$23,337 for center-based care and \$13,331 for Family Child Care (FCC) care. For Preschool children, the annual center-based rate

⁹⁷ School sites with these programs are used as a proxy for the number of providers of license-exempt programs.

is \$13,734, and the FCC rate is \$12,424. For School Age children, the annual market rates are at \$6,221 for center-based care and \$10,338 for FCC care.

Table V-1**Subsidized ECE Spaces by Program and Age Group - Riverside County 2025****ECE Economic Benefits Study - Riverside County 2026**

Subsidy Program	Total Available Supply of Spaces				Percent of Total
	Infants / Toddlers	Preschool	School Age	Total 0-12 Years	
CA State Preschool (CSPP) Full-Time and Part-Time (1)	-	7,476	-	7,476	5.3%
General Child Care and Development Programs (CCTR) (2)	1,869	400	1,524	3,793	2.7%
CalWORKs Stage 1 (3)	610	573	1,339	2,522	1.8%
CalWORKs Stage 2 and 3 (4)	446	770	2,373	3,589	2.5%
California Alternative Payment Program (CAPP) (4)	1,306	1,459	2,386	5,151	3.6%
Migrant Programs (CMIG and Migrant Head Start) (5)	373	394	-	767	0.5%
Head Start (6)	-	2,518	-	2,518	1.8%
Early Head Start (7)	112	-	-	112	0.1%
Transitional Kindergarten (TK) (8)	-	11,934	-	11,934	8.4%
ELOP/ASES/21st Century (8)	-	-	103,777	103,777	73.3%
Totals	4,717	25,523	111,399	141,639	100.0%
Percent of Totals	3.3%	18.0%	78.7%	100.0%	

Note not all subsidized programs serve all age groups; See Table IV-7, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(1) California Department of Education, CATS Combined Report, County Sort, March 2025. Spaces estimated based on contract amount, minimum days of operation, and daily rate.

(2) California Department of Social Services, CATS Contract Report FY2024. Spaces estimated based on contract amounts, minimum days of operation and daily rate, as well as licensed capacity by age group.

(3) California Department of Social Services, Child Care CalWORKs Families Monthly Report (CW 115), October 2024.

(4) Consortium for Early Learning Services, Zip Code Priorities Report 2024-25. Report uses AIR Data (2020).

(5) Office of Head Start, Migrant and Seasonal Services Head Start Services Snapshot, Riverside County Office of Education (2023-24). California Department of Social Services, CATS Contract Report FY2024. Spaces estimated based on contract amounts, minimum days of operation and daily rate, as well as licensed capacity by age group.

(6) Office of Head Start, Head Start Services Snapshot, Riverside County Office of Education (2023-24).

(7) Office of Head Start, Early Head Start Services Snapshot, Riverside County Office of Education (2023-24).

(8) Brion Economics, ECE Needs Assessment - Riverside County, 2025, Table II-10.

Sources: 2024-25 Zip Code Priorities Report for Riverside County; California Department of Education; California Department of Social Services; Riverside Resource & Referral Agency; Office of Head Start; Sarah Kinahan Consulting; Brion Economics, Inc.

Table V-2

Estimated Current State and Federal Subsidy Dollars - Riverside County

ECE Economic Benefits Study - Riverside County 2026

Subsidy Program	Annual Funding	% of Subsidy Funding	Date of Funding Amount	Notes/Sources
CA State Preschool (CSPP) Full-Time and Part-Time	\$89,526,298	7.9%	FY 24/25	California State Preschool Program (CSPP) Contracts FY 2024-25, retrieved on 11/20/25 from https://www.cde.ca.gov/fg/fo/r2/cspp2425fundresults.asp
General Child Care and Development Programs (CCTR)	\$54,336,730	4.8%	FY 25/26	California Department of Social Services, Child Care Bulletin No. 25-10, FISCAL YEAR 2025-26 DIRECT SERVICE CHILD CARE AND DEVELOPMENT INITIAL CONTRACT AWARD ALLOCATIONS, retrieved on 11/20/25 from https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-10.pdf?ver=06ubB5mlWow3Sep176KcFQ%3d%3d
CalWORKs Stage 1	\$31,575,975	2.8%	FY 24/25	County of Riverside, Department of Public Social Services (DPSS), Finance and Forecast Division, January 2026.
CalWORKs Stage 2 and 3	\$26,505,762	2.3%	FY 25/26	California Department of Social Services, Child Care Bulletin No. 25-20, FISCAL YEAR 2025-26 VOUCHER-BASED BUDGET ACT AMENDMENTS, retrieved on 11/20/25 from https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-20.pdf?ver=5PVFVwhNWU34v_BErga2tg%3d%3d
California Alternative Payment Program (CAPP)	\$235,774,074	20.8%	FY 25/26	California Department of Social Services, Child Care Bulletin No. 25-20, FISCAL YEAR 2025-26 VOUCHER-BASED BUDGET ACT AMENDMENTS, retrieved on 11/20/25 from https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-20.pdf?ver=5PVFVwhNWU34v_BErga2tg%3d%3d
Riverside Hybrid Alternative Payment Program	\$3,749,863	0.3%	FY 25/26	First 5 Riverside County - Detailed Budget, provided by Charna Widby
Migrant Child Care and Development Program (CMIG)	\$411,517	0.0%	FY 25/26	California Department of Social Services, Child Care Bulletin No. 25-10, FISCAL YEAR 2025-26 DIRECT SERVICE CHILD CARE AND DEVELOPMENT INITIAL CONTRACT AWARD ALLOCATIONS, retrieved on 11/20/25 from https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-10.pdf?ver=06ubB5mlWow3Sep176KcFQ%3d%3d
Migrant Head Start	\$19,790,102	1.7%	FY 24	Head Start California, FY23 and FY24 Nationwide HS & EHS Program-Level Enrollment and Funding Data, March 4, 2025.
Head Start	\$46,070,331	4.1%	FY 24	Head Start California, FY23 and FY24 Nationwide HS & EHS Program-Level Enrollment and Funding Data, March 4, 2025.
Early Head Start	\$6,948,295	0.6%	FY 24	Head Start California, FY23 and FY24 Nationwide HS & EHS Program-Level Enrollment and Funding Data, March 4, 2025.
ELOP/ASES/21st Century	\$368,529,565	32.5%	24/25, ELOP = FY 23/34	From Needs Assessment, Table II-9
Emergency Child Care Bridge Program for Foster Children	\$2,058,217	0.2%	FY 25/26	California Department of Social Services, County Fiscal Letter No. 25/26-04, FISCAL YEAR (FY) 2025-26 ALLOCATION FOR THE EMERGENCY CHILD CARE BRIDGE PROGRAM FOR FOSTER CHILDREN, retrieved on 11/20/25 from https://www.cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/CCBs/2025/CCB_25-04.pdf?ver=06ubB5mlWow3Sep176KcFQ%3d%3d
Cost of Care Plus Payments - CSPP Programs	\$15,609,340	1.4%	2025	Information about the allocations here: https://www.cde.ca.gov/sp/cd/ci/mb2601.asp
Cost of Care Plus Payments - CAPP, Stage 1, 2, and 3, Emergency Bridge, CCTR, CMIG	\$30,378,173	2.7%	2025	Information about the allocations here: https://cdss.ca.gov/inforesources/child-care-and-development/child-care-provider-resources/provider-payments
Transitional Kindergarten (TK)	\$201,302,712	17.8%	FY 25/26	California Department of Education, Funding Rates and Information, Fiscal Year 2025-26, retrieved on 11/26/25 from https://www.cde.ca.gov/fg/aa/pa/pa2526rates.asp
Total ECE Subsidy Funding in Riverside County	\$1,132,566,954	100.0%		

Sources: California Department of Social Services; California Department of Education; HeadStart California; Sarah Kinahan Consulting; and Brion Economics, Inc.

Table V-3**Average ECE Market Prices in Riverside County - 2024****ECE Economic Benefits Study - Riverside County 2026**

Age	Center-based		FCC Home-based	
	Weekly	Annual	Weekly	Annual
Infant	\$449	\$23,337	\$256	\$13,331
Toddler	\$264	\$13,734	\$239	\$12,424
Preschool	\$209	\$10,884	\$226	\$11,760
School Age	\$120	\$6,221	\$199	\$10,338

See Table IV-5, *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources: National Database of Childcare Prices, US Department of Labor's Women's Bureau, 2024

inflation-adjusted prices,

<https://public.tableau.com/app/profile/women.s.bureau.department.of.labor/viz/CountyFactsheets/ChildcareintheCounties>.

Sarah Kinahan Consulting, Brion Economics, Inc.

Table V-4 estimates the non-subsidized or parent-funded number of spaces by age group. This estimate is calculated by taking the total supply of spaces by age group minus the estimated subsidized spaces per age group. As shown, there are 1,972 privately or parent-funded Infant/Toddler spaces, 16,878 Preschool spaces, and 1,526 School Age spaces for a total of 20,376 privately funded spaces. Next, the average annual market rate per age group is applied to this estimate of spaces by age group. This results in an estimated annual spending of **\$234.7 million** per year on non-subsidized ECE in the County.

Table V-4**Estimated Annual Non-Subsidized ECE Expenditures by Age Group - Riverside County 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	Estimated ECE Spaces by Age Group			Total 0 to 12 Years
	Infants/Toddlers	Preschool	School Age	
Total ECE Spaces (1)	6,689	42,401	112,925	162,015
Total Subsidized Spaces	4,717	25,523	111,399	141,639
Estimated Non-Subsidized Spaces	1,972	16,878	1,526	20,376
Average Annual Market Rates				
FCCs	\$12,878	\$11,760	\$10,338	
Center-Based Care	\$18,536	\$10,884	\$6,221	
Average Rate	\$15,707	\$11,322	\$8,280	
Estimated Expenditures (2)	\$30,980,066	\$191,091,415	\$12,635,822	\$234,707,303

(1) Based on Table II-11, *Early Care and Education Needs Assessment - 2025*, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

(2) This is an approximation of private tuition, based on an estimate of non subsidized spaces, and average market rates; the actual private tuition rates vary by provider type.

Sources: 2024-25 Zip Code Priorities Report for Riverside County; California Department of Education; California Department of Social Services; Riverside Resource & Referral Agency; Office of Head Start; Sarah Kinahan Consulting; Brion Economics, Inc.

Table V-5 summarizes indirect spending on ECE in the County from agencies and non-profits that support the ECE field in the County. The total annual spending associated with the ECE industry in Riverside County is estimated at **\$16.2 million**, from 12 programs, organizations, or agencies. This total agency spending in Riverside County is provided by CELS, First 5 Riverside County, and the Riverside County Office of Education for various ECE-related programs. This amount includes most of RCOE and First 5's ECE-related spending, but not their entire budgets.

Table V-5**Current Annual Expenditures for Agencies Related to ECE - Riverside County****ECE Economic Benefits Study - Riverside County 2026**

ECE-Related Programs	Agency	Annual Funding
Riverside County Local Planning Council	CELS	\$129,703
DPSS Family Child Care Support	CELS	\$106,566
QCC Workforce Pathways Grant	CELS	\$1,033,247
Early Care and Education Programs	CELS	\$1,000,000
UPK Mixed Delivery Grant (average of 3 yr. grant)	CELS	\$883,258
COE Resource and Referral Agency	RCOE	\$1,693,401
Child Care Initiative Program (CCIP)	RCOE	\$100,229
California State Preschool Programs - Quality Rating and Improvement System	RCOE	\$2,520,525
Quality Counts California, Quality Improvement	RCOE	\$959,269
Quality Rating and Improvement System for the County	First 5 & RCOE	\$7,195,000
Workforce Stabilization and Incentives	First 5	\$475,000
Quality Training Kits	First 5	\$150,000
Total Agency Spending Supporting ECE		\$16,246,198

Note: CELS - Consortium for Early Learning Services; RCOE - Riverside County Office of Education; First 5 - Riverside County First Five.

Sources: Riverside County Office of Education; First 5 Riverside County; Riverside Local Planning Council; Consortium for Early Learning Services; Brion Economics, Inc.

As shown in **Table V-6**, in total, the County has developed 180 new spaces, mostly Infants/Toddler spaces, and 169 renovated spaces, for a total of 349 spaces in recent years. A total of \$34.4 million has been allocated to ECE facilities over the last five years by First 5 Riverside County and other County agencies. Together, these projects represent a countywide, multi-year, multi-stream strategy in which all five Supervisorial Districts are represented. Projects include a mixture of new builds, major renovations, classroom additions, and outdoor/play yard improvements. Nearly all investments have targeted Infant/Toddler capacity, the most underserved group. This total figure has been divided by five to arrive at an average annual expenditure on new ECE facilities or \$6.9 million.

California Child Care and Development Infrastructure Grant Program (IGP) provided important funding for new ECE Facilities and for repairs and maintenance of existing facilities in 2022 to 2023. In Round 1 (minor repairs and renovations grant), 252 applications were submitted from Riverside County, totaling \$20 million in requested funds. Of those, 196 applications were approved, resulting in \$9 million in

awarded funding. Most of the successful applicants in the County were FCC providers, with 162 home-based programs and 34 center-based programs receiving grants. In Round 2 (new construction and major renovations), Riverside County ECE providers submitted 83 applications, requesting a total of \$26 million. However, only two applications by FCC providers from the County were ultimately approved, with a combined funding total of just \$103,200 – less than 1% of the total funds requested. Altogether, Riverside County received approximately \$9.1 million (see **Table V-7**). This funding is assumed to have been spent over three years, and the average annual expenditure is about \$3.03 million.

Table V-6

Recent Facilities and Access Projects by First 5 and Other Agencies over 5 Years - Riverside County
ECE Economic Benefits Study - Riverside County 2026

Project Name and Location	Facility Expenditures	Capacity Impact
Lakeland Village	\$9,207,000	+48 infant/toddler spaces
Temple Beth El	\$172,038	Renovation, +24 infant/toddler spaces
Escuela de la Raza Unida (Blythe)	\$2,180,000	Modular facility + splash pad, +36 infant/toddler spaces
Family Service Association (Riverside)	\$780,000	Renovation, +47 infant/toddler spaces
French Valley Child Care Center	\$18,000,000	New 13,000 sqft site, +48 infant/toddler spaces
VIP Tots (Hemet)	\$382,678	Outdoor playground, +24 infant/toddler spaces
Bermuda Dunes	\$585,160	Kitchen/restroom/playground renovation, +50 infant/toddler spaces
Desert Rose	\$1,000,000	Renovation/new classrooms, +48 spaces
Jan Peterson CDC (Moreno Valley)	\$2,100,000	New building + playground, +24 infant/toddler spaces
Total Spending and Spaces Added or Renovated	\$34,406,876	349 Spaces
Average Spending per Year over 5 Years	\$6,881,375	

See Table IV-10, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources: First 5 Riverside County; Brion Economics, Inc.

Table V-7**California Child Care & Development Infrastructure Grant Program (IGP) - Riverside County****ECE Economic Benefits Study - Riverside County 2026**

Round of Funding	Purpose of Grant	ECE Provider Applications Received	Accepted Applications	Available Funding (Approved)
Round 1	Minor repairs and renovations (applications closed March 2022)	252	196	\$9,000,000
Round 2	New construction and major renovations (applications closed Jan. 2023)	83	2	\$103,200
Total Grants Awarded		335	198	\$9,103,200

See Exhibit IV-6, Early Care and Education Needs Assessment - 2025, prepared by Brion Economics, Inc. for Riverside County Local Planning Council, November 2025.

Sources: Build Up California, County Fact Sheet – Riverside County, March 2024. Retrieved from: https://buildupca.org/wp-content/uploads/2024/03/Riverside_IGPFactSheet_v.2.pdf on June 11, 2025.

Sarah Kinahan Consulting, Brion Economics, Inc.

Table V-8 summarizes the total estimated annual spending by type in the County on the ECE industry, including direct spending in terms of subsidies, parent spending, and indirect services spent to support the ECE industry in the County. As shown, the total spending equals about **\$1.39 billion** per year. This includes \$1.37 billion in direct ECE program funding, including subsidy funding and private parent fees. This total direct revenue figure is run through the IMPLAN software to estimate the additional benefits this spending generates in the County's economy in the next section.

Table V-8**Estimated Annual ECE Revenue and Supply by Type of Program - Riverside County 2025****ECE Economic Benefits Study - Riverside County 2026**

Item	Children Served - 2024/25				Estimated Annual Revenue/Spending
	Infants / Toddlers	Preschool	School Age	Total 0-12 Years	
Subsidized Programs (1)	4,717	25,523	111,399	141,639	\$1,132,566,954
Non-Subsidized Programs (2)	1,972	16,878	1,526	20,376	\$234,707,303
Total Program Spaces (3)	6,689	42,401	112,925	162,015	\$1,367,274,257
Agency Spending on ECE (4)					\$16,246,198
Recent Facilities and Access Projects (5)					\$6,881,375
California Child Care & Development Infrastructure Grant Program (IGP) (6)					\$3,034,400
Total Annual Revenue/ECE Spending					\$1,393,436,231

(1) See Table V-1 and V-2.

(2) See Table V-4.

(3) Excludes children served by FFNs as the age breakdown of these children is not available.

(4) See Table V-5.

(5) See Table V-6; assumes spending occurred over 5 years; total is divided by 5.

(6) See Table V-7; assumes spending occurred over 3 years; total is divided by 3.

Sources: Riverside County Office of Education; First 5 Riverside County; Riverside Local Planning Council; Consortium for Early Learning Services; Brion Economics, Inc.

V.3 Economic Benefits or Impacts of ECE

Overview of Economic Multiplier or Input/Output Analysis

Input-output modeling is a method of estimating how economic activity in one sector, such as ECE, is supported through interactive relationships with other sectors. The calculations are performed using analytical software; in this case, IMPLAN® online software is used. These buyer-supplier relationships include all of the outside vendors and service providers necessary for an individual business to operate. In ECE, the buyer is the parent paying tuition or the agency funding a subsidized space, and the supplier is the ECE provider. The ancillary effects, or how spending ripples through the local economy, are known as “multipliers,” that is, the indirect positive benefit, or effect, that direct spending in one sector has on other sectors. In addition, the multiplier effects include labor income, or induced economic benefits, which result from local spending by ECE employees and business owners.

This analysis reports economic activity in the following ways:

- **Economic Benefits or Total Output:** All economic activity, including direct spending in a particular industry, such as goods and services (commodity inputs), wages and salaries (labor income), property income, business profits, and other spending components.
- **Employment:** the number of jobs supported annually as a result of each economic activity.
- **Wages and Salaries or Labor Income:** the wages and salaries associated with each industry's operations.

The multiplier effect of each economic activity includes direct, indirect, and induced benefits or effects, which, combined, equal total output, as defined below.

- **Direct Effects** represent the economic response of a given industry to final demand⁹⁸ for that same industry, such as a change in employment.⁹⁹ Direct effects in the ECE industry are, for example, the employment of ECE workers as a result of the direct spending from State and federal dollars coming into the County for subsidized care, parent tuition, and other public funding, such as grants to ECE providers and agency spending that supports the industry.
- **Indirect Effects** represent the economic response by all local industries created by the industry in question purchasing from other industries. An example of indirect effects is the number of jobs and other impacts that are generated throughout Riverside County when the ECE industry purchases goods and labor to provide ECE services. This includes food and sundries, cleaning supplies, toys and art supplies, furniture, equipment, etc., that are directly needed to provide ECE services.
- **Induced Effects** represent the economic response of all local industries caused by the expenditures of **new household income generated by the direct and indirect effects** of final demand for a given industry. That is, ECE workers spend their wages in the local economy. These induced benefits most typically occur in housing, retail, and other local-serving industry categories, such as education, health care, and personal services.
- **Total Output or Benefit** is the total multiplier effect of a given economic activity, which is the **sum of the direct, indirect, and induced effects** as defined above. In this study, it represents the entire economic response of local industries from the ECE industry's economic activity.

⁹⁸ Final demand refers to the total demand for goods and services in an economy for final consumption, investment, government spending, and exports (minus imports). Final demand excludes intermediate goods and services.

⁹⁹ The set of expenditures applied to the predictive model (i.e., I/O multipliers) for impact analysis. It is a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy. Applying these initial changes to the multipliers in an IMPLAN model will then display how the region will respond economically to these initial changes.

This analysis thereby measures how every dollar spent or generated by the ECE industry creates an additional economic benefit in the County.

Estimated Economic Benefits of ECE

Table V-9 summarizes 2024 data from IMPLAN, the software used to conduct the economic impact analysis. The current IMPLAN model tracks 528 economic sectors in Riverside County. The table shows the countywide economic data or size of the local economy, including the total output in millions of dollars, the number of wage and salary employees per industry. According to IMPLAN's data, the Real Estate Rental and Leasing sector is the largest sector in the County at \$31.5 billion (14.1%) in terms of economic output. Manufacturing is the next largest sector and has a total output of \$22.5 billion (10.1%) followed by the Construction sector with \$20.2 billion (9.1%) in total output. Health Care and Social Assistance follows with \$17.9 billion (8.1%) in total output. In total, the Riverside County economy comprises:

- \$222.6 billion in total output
- 918,810 wage and salary jobs
- \$8.7 billion in proprietor income

The economic impacts and percent distribution of all sector economic activity is shown in **Table V-9**.

IMPLAN includes ECE under "Child day care services," (sector 476) which are nested in the category of Health Care and Social Assistance. In the IMPLAN baseline data, the total output of this sector was \$365.3 million, excluding ECE programs provided by local education agencies (LEAs), and employment is listed as 3,827, including employees and proprietors. This study estimated a total of 14,063 ECE workers (see **Chapter IV** and **Table IV-6 and 6a** above), 7,914 of whom are employed in center-based programs and FCCs and 6,149 are employed by LEAs, and a total output of \$1.4 billion based on current data collected for this effort (see **Table V-8**). This clearly shows how the model does not accurately portray the ECE industry, likely due to its complexity and variety of providers.

Exhibit V-1 summarizes the largest sectors of the Riverside County economy graphically.

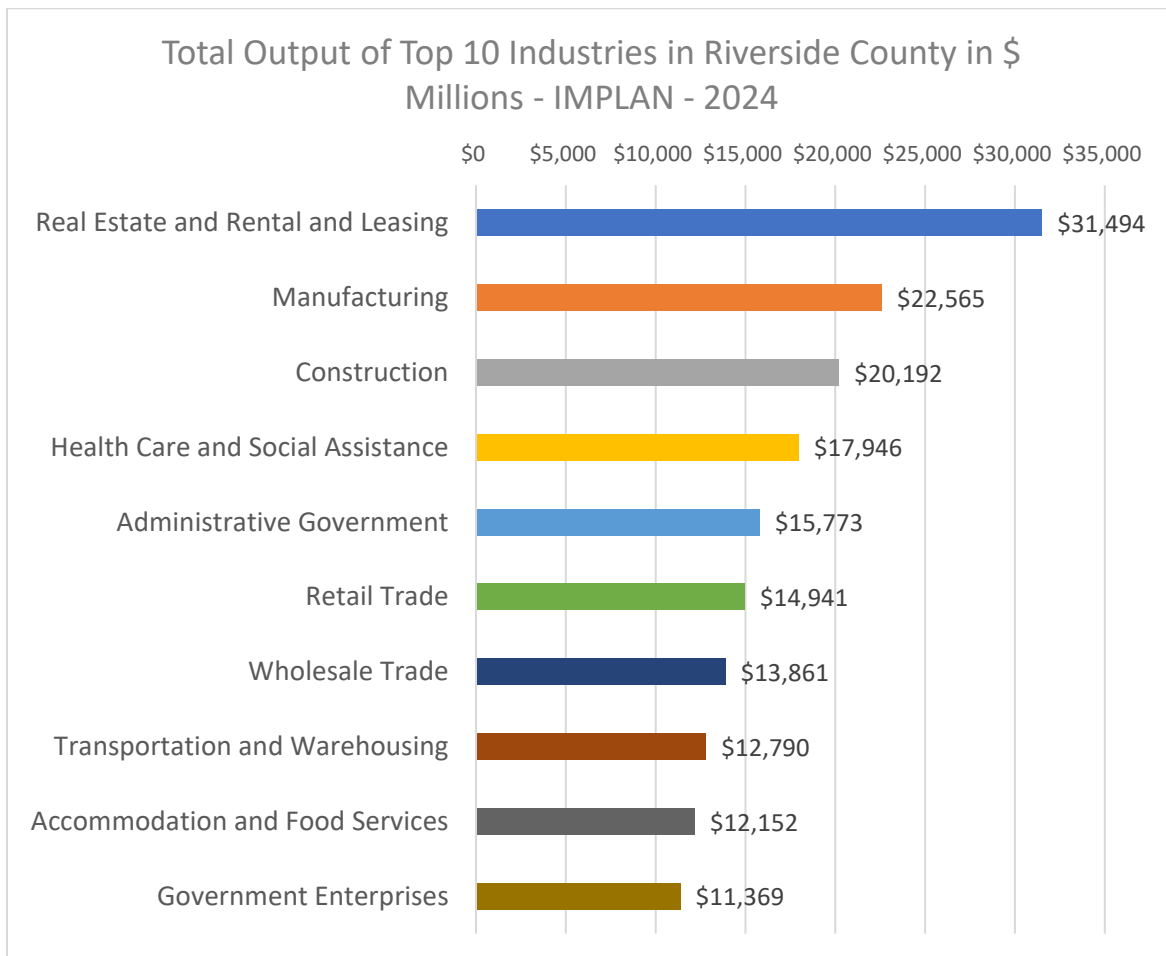
Table V-9

Current IMPLAN Data by Industry in Riverside County - 2024

ECE Economic Benefits Study - Riverside County 2026

NAICS Code	Industry Name	Total Output in Millions	Percent Distribution	Wage and Salary Employment	Percent Distribution	Proprietor Income in Millions	Percent Distribution
11	Agriculture, Forestry, Fishing and Hunting	\$1,783	0.8%	11,720	1.3%	\$186	2.1%
21	Mining, Quarrying, and Oil and Gas Extraction	\$776	0.3%	454	0.0%	\$194	2.2%
22	Utilities	\$2,820	1.3%	1,599	0.2%	\$48	0.6%
23	Construction	\$20,192	9.1%	79,309	8.6%	\$1,175	13.5%
31-33	Manufacturing	\$22,565	10.1%	45,209	4.9%	\$131	1.5%
42	Wholesale Trade	\$13,861	6.2%	28,721	3.1%	\$259	3.0%
44-45	Retail Trade	\$14,941	6.7%	86,282	9.4%	\$490	5.6%
48-49	Transportation and Warehousing	\$12,790	5.7%	76,739	8.4%	\$899	10.3%
51	Information	\$4,531	2.0%	7,027	0.8%	\$181	2.1%
52	Finance and Insurance	\$7,920	3.6%	12,624	1.4%	\$64	0.7%
53	Real Estate and Rental and Leasing	\$31,494	14.1%	12,285	1.3%	\$1,703	19.5%
54	Professional, Scientific, and Technical Services	\$10,190	4.6%	33,370	3.6%	\$675	7.7%
55	Management of Companies and Enterprises	\$919	0.4%	3,207	0.3%	(\$1)	0.0%
56	Administrative and Support and Waste Management and Remediation Services	\$8,547	3.8%	55,516	6.0%	\$582	6.7%
61	Educational Services	\$1,429	0.6%	10,558	1.1%	\$36	0.4%
62	Health Care and Social Assistance	\$17,946	8.1%	134,860	14.7%	\$496	5.7%
71	Arts, Entertainment, and Recreation	\$2,822	1.3%	14,856	1.6%	\$269	3.1%
72	Accommodation and Food Services	\$12,152	5.5%	96,312	10.5%	\$186	2.1%
81	Other Services (except Public Administration)	\$7,761	3.5%	59,878	6.5%	\$1,145	13.1%
9A	Government Enterprises	\$11,369	5.1%	29,742	3.2%	\$0	0.0%
93	Non-NAICS	\$0	0.0%	-	0.0%	\$0	0.0%
9B	Administrative Government	\$15,773	7.1%	118,541	12.9%	\$0	0.0%
All Industry Total		\$222,582	100%	918,810	100%	\$8,718	100%

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

Exhibit V-1

The first task in the analysis is to estimate the total current direct spending in the ECE industry in the County, which was done above in Section V-2. **Table V-10** shows the total ECE expenditures in Riverside County, amounting to **\$1.38 billion** or direct output. This amount was then used in the Input-Output or economic analysis using the IMPLAN software. This amount includes spending on ECE by public agencies, private pay or parent tuition, and subsidized programs (excluding spending on ECE facilities construction). The direct effects of this analysis are also shown in **Table V-10**. The IMPLAN model estimates 14,063 direct jobs supported by ECE expenditures. This amounts to an average industry economic benefit or direct output value of about \$98,380 per ECE worker for Riverside County. The annual direct labor income or wages and salaries from these jobs totals about **\$768.4 million**, or **\$54,638 per worker** on average. This average per worker reflects the higher wages paid by public LEAs compared to other wages and salaries associated with non-LEA ECE programs.

After accounting for the multiplier effects, the jobs supported by ECE expenditures in Riverside County total nearly 18,300 jobs or positions. About 1,585 of the jobs are indirect jobs and result from business-to-business or other enterprise support purchases. This includes spending on food, sundries, equipment, cleaning supplies, toys, art supplies, and other goods or services needed to provide ECE services. Services include accounting, property management, building maintenance and repair, etc. Another 2,616 jobs are “induced,” i.e., those jobs come from the additional household spending generated by ECE worker wages and salaries or labor income (see **Table V-10**).

Table V-10**Economic Multiplier Effects from Annual Direct ECE Spending in Riverside County - 2026****ECE Economic Benefits Study - Riverside County 2026**

Type of Benefit/Impact	Direct Effect (1)	Indirect Effect (2)	Induced Effect (3)	Total Effect (4)	Multiplier (5)
Employment	14,063	1,585	2,616	18,264	1.30
Percent Distribution	77.0%	8.7%	14.3%	100%	
Labor Income	\$768,368,099	\$80,042,454	\$132,645,876	\$981,056,429	1.28
Percent Distribution	78.3%	8.2%	13.5%	100.0%	
Output	\$1,383,520,455	\$300,346,071	\$440,611,421	\$2,124,477,947	1.53
Percent Distribution	65.1%	14.1%	20.7%	100.0%	

(1) Represents the direct economic activity of the ECE industry in the County, including number of jobs, labor income, and total spending.

See Table V-8 for a summary of annual ECE spending by source, includes spending on TK and before- and after-school care at public elementary schools. Excludes construction of ECE facilities, which is analyzed separately.

(2) Represents the economic activity associated with ECE in terms of goods and services the industry uses or purchases.

(3) Represents the jobs and spending in the local economy from the spending of direct wages and salaries associated with ECE workers.

(4) The combined benefit or impact of direct, indirect, and induced effects.

(5) The additional economic activity generated by the ECE industry for every dollar spent or direct job in the industry.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

Exhibit V-2 summarizes these employment data. As shown, the majority of the jobs related to the ECE industry are direct jobs serving children. The multiplier value for employment is 1.3. This means that every ECE job in Riverside County will generate another 0.3 jobs in the County across other industry sectors (see **Table V-15** for the occupational effects from the direct spending on ECE). This could include a handyman who provides building maintenance, a gardener, a retail job in a store that sells art supplies, a bookkeeper, or a tax consultant who works for an ECE business, for instance.

The total wages and salaries (labor income) associated with ECE expenditures equal \$981.1 million, including \$80.0 million in indirect labor income effects and \$132.6 million in induced effects (see **Exhibit V-3**). For labor income, the multiplier value is 1.28, which indicates that every dollar earned by ECE workers will generate an additional \$0.28 in labor income for Riverside County workers in other sectors.

The industry output for ECE expenditures totals **\$2.12 billion**, with **\$300.3 million in indirect output effects** and **\$440.6 million in induced output effects** (see **Exhibit V-4**). The multiplier for industry output is 1.53, meaning that every dollar of ECE expenditure will generate an additional \$0.53 in economic activity in Riverside County across other industry sectors.

As shown in **Table V-10**, the majority of the economic activity associated with the ECE industry is direct. This is because the industry is a “service” component of the economy, and the majority of the industry expenses are labor costs. The industry also pays lower-than-average wages in the County, which, in turn, provides less household buying power in the local economy.

Exhibit V-2

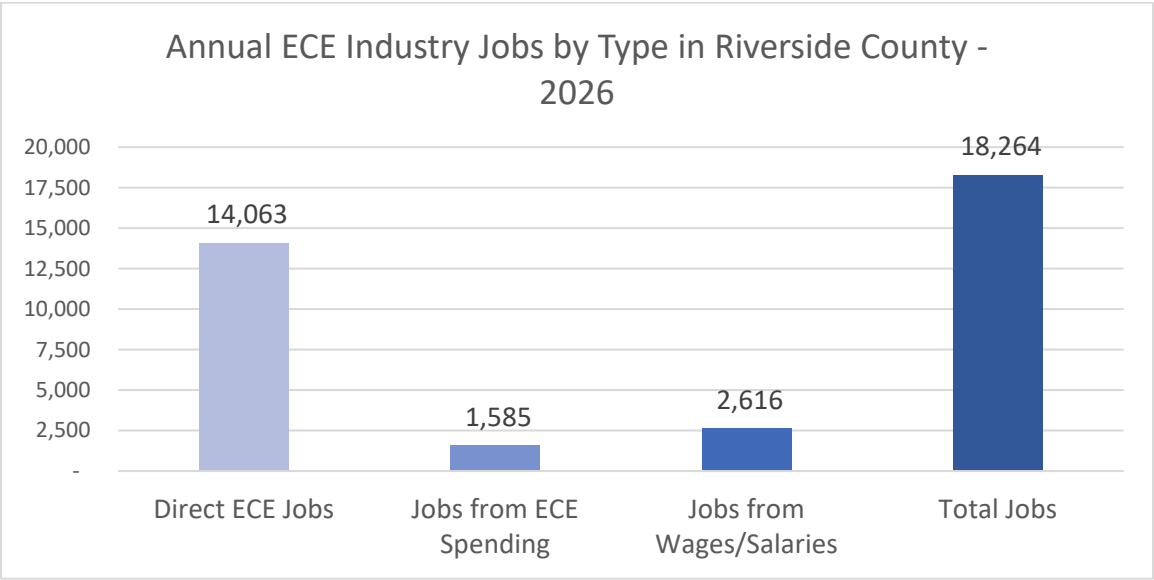
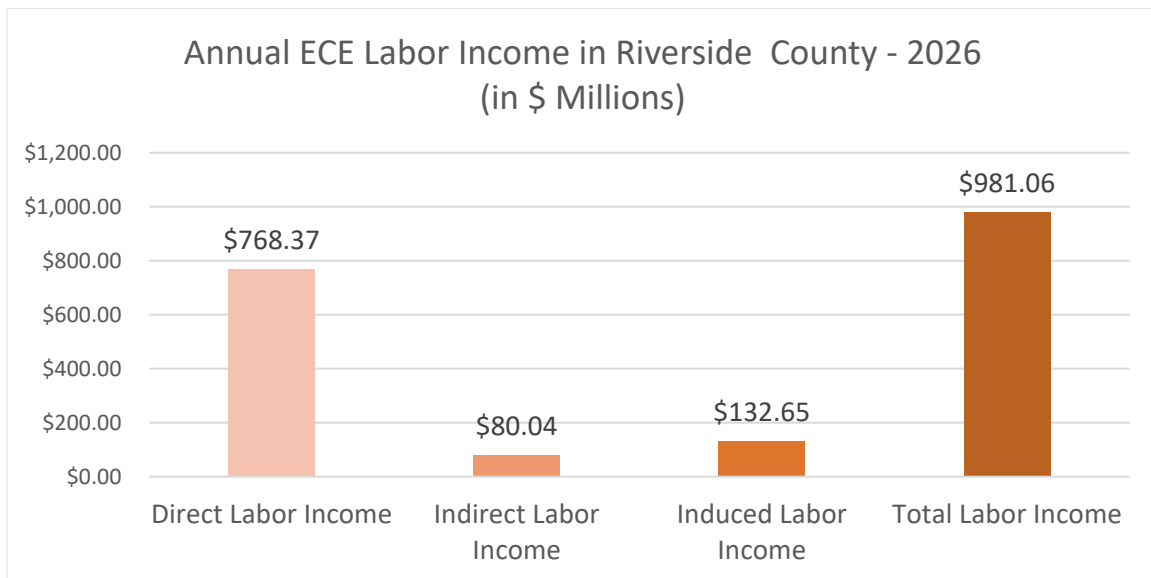
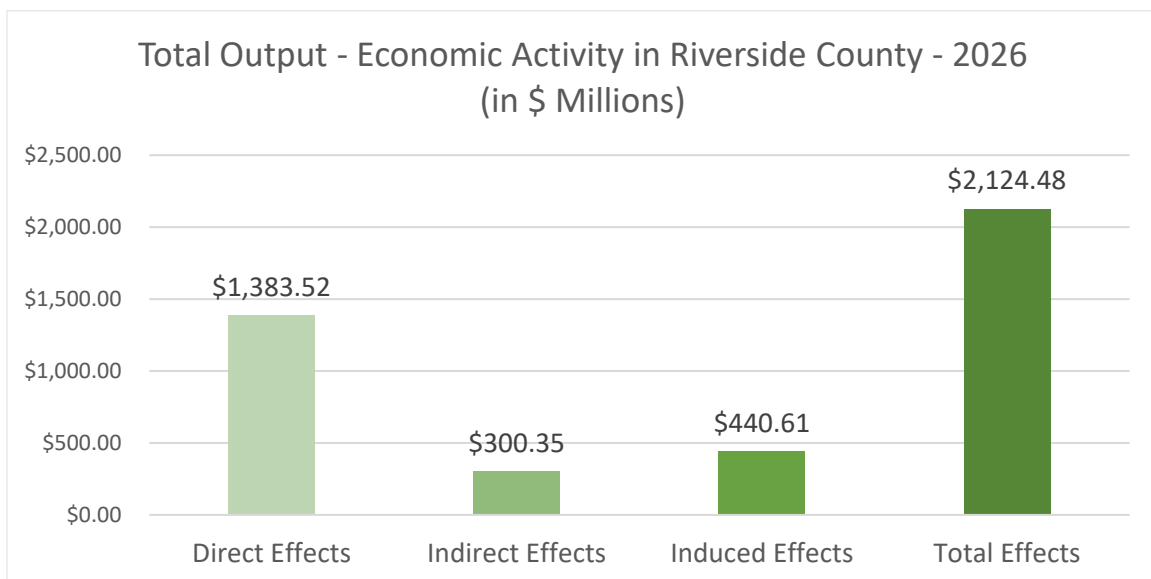


Exhibit V-3**Exhibit V-4**

Economic Benefits of ECE Facility Construction Activities

Table V-11 summarizes the economic benefits of ECE facility construction in Riverside County. This analysis assumes an average spending of \$9.9 million per year, based on recent spending over the last 5 years in the County (see **Table V-8** for more detail).

After accounting for multiplier effects, the construction jobs supported by ECE facility expenditures in Riverside County total 66 positions. Direct construction employment associated with this spending equals 45 jobs. Another seven of the jobs are indirect jobs and result from business-to-business or other enterprise support purchases. This includes accounting, financing, goods and supplies, etc. Another 14 jobs are “induced,” and those jobs come from the additional household spending generated by construction worker wages and salaries or labor income (see **Table V-11**). The distribution of construction job activity is shown in **Exhibit V-5**.

The total wages and salaries (labor income) associated with ECE facility construction equal \$5.2 million, including \$484,300 in indirect labor income effects and \$701,800 in induced effects (see **Exhibit V-6**). For labor income, the multiplier is 1.30, indicating that every dollar earned by construction workers generates an additional \$0.30 in labor income for Riverside County workers in other sectors.

Table V-11

Economic Multiplier Effects from Annual Direct ECE Spending Associated with ECE Facility Development in Riverside County - 2026

ECE Economic Benefits Study - Riverside County 2026

Type of Benefit/Impact	Direct Effect (1)	Indirect Effect (2)	Induced Effect (3)	Total Effect (4)	Multiplier (5)
Employment	45	7	14	66	1.47
Percent Distribution	67.8%	11.1%	21.0%	100%	
Labor Income	\$3,988,485	\$484,346	\$701,772	\$5,174,603	1.30
Percent Distribution	77.1%	9.4%	13.6%	100.0%	
Output	\$9,915,775	\$1,773,680	\$2,331,584	\$14,021,039	1.41
Percent Distribution	70.7%	12.7%	16.6%	100.0%	

(1) Represents the direct economic activity of the ECE industry in the County, including number of jobs, labor income and total spending.

See Table V-8 for a summary of ECE spending on recent ECE facilities projects.

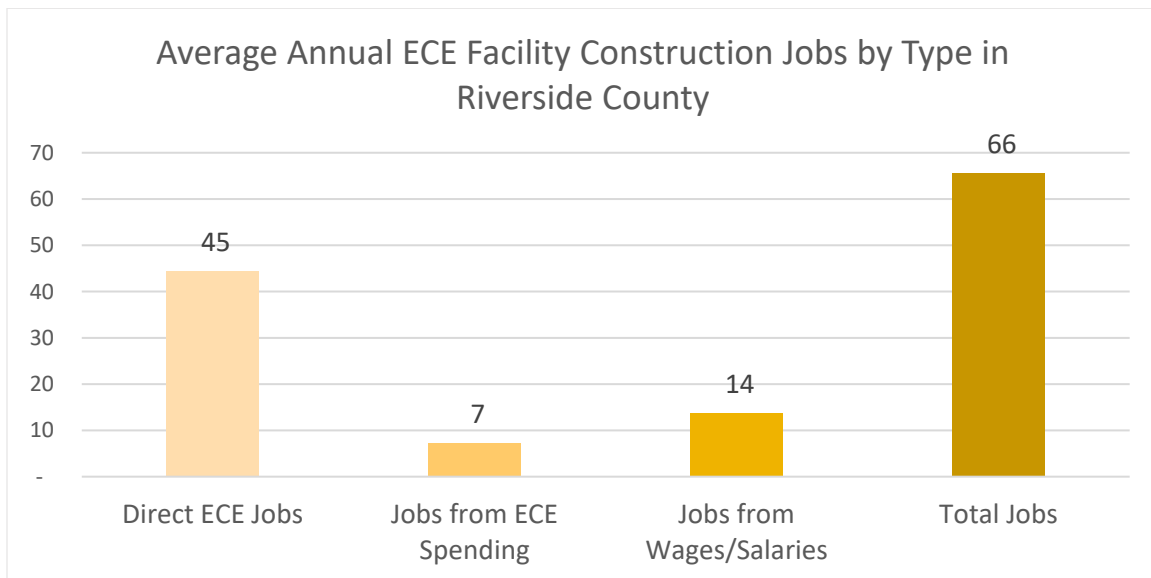
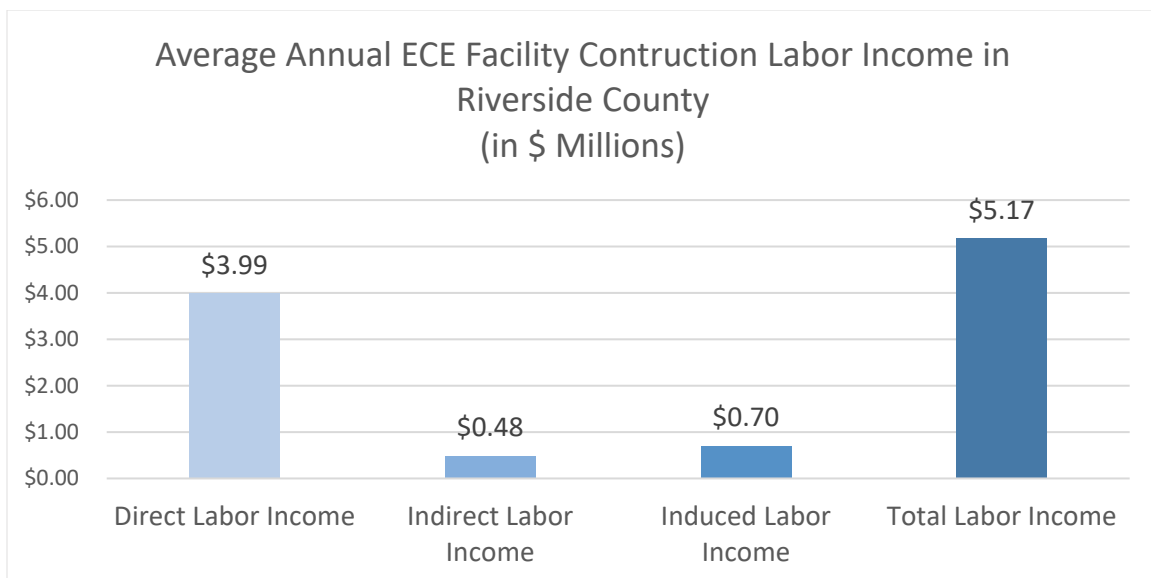
(2) Represents the economic activity associated with ECE in terms of goods and services the industry uses or purchases.

(3) Represents the jobs and spending in the local economy from the spending of direct wages and salaries associated with ECE workers.

(4) The combined benefit or impact of direct, indirect, and induced activity.

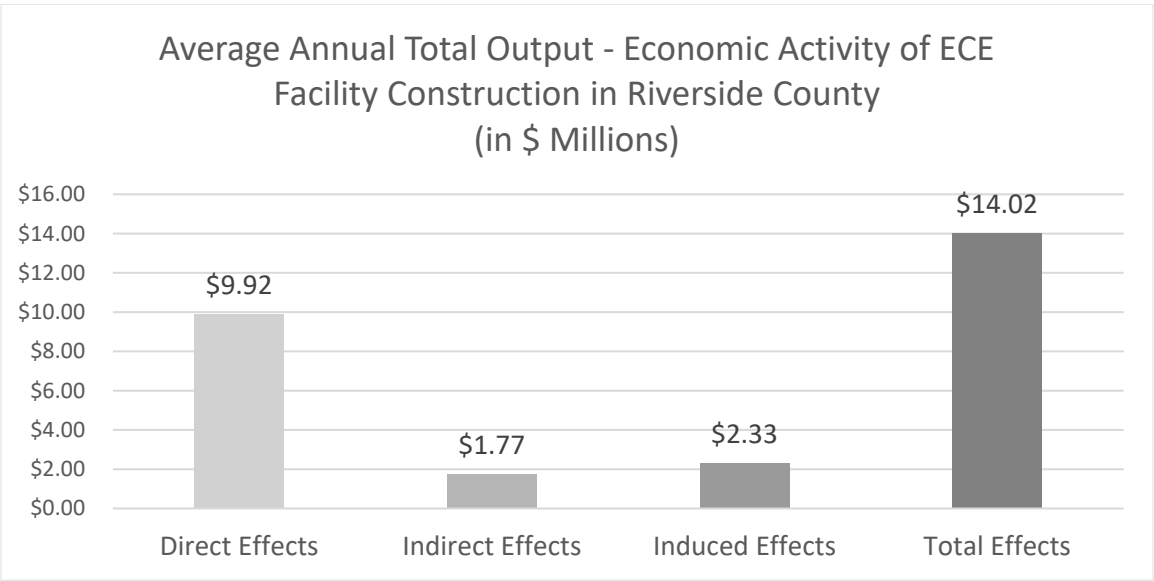
(5) The additional economic activity generated by the ECE industry for every dollar spent or direct job in the industry.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

Exhibit V-5**Exhibit V-6**

The industry output for ECE facility expenditures of \$9.92 million totals **\$14.02 million**, with \$1.77 million in indirect output effects and \$2.3 million in induced output effects (see **Exhibit V-7**). The multiplier for industry output is 1.41, meaning that every dollar spent on building ECE facilities will generate an additional \$0.41 in economic activity in Riverside County across other industry sectors.

Exhibit V-7



ECE Indirect Benefits by Industry Sector

The top industries that benefit from indirect spending associated with the ECE industry are shown in **Table V-12**. Indirect spending is the dollars spent on the goods and services needed to operate ECE programs and facilities. The industries benefit in terms of total effects or output, indirect jobs supported, and indirect labor income. As discussed above, the total indirect output associated with the ECE industry is about \$300.3 million. Other real estate ranks number one in the top 20 industries impacted by the ECE industry, followed by other local government enterprises, personal and household goods repair and maintenance, services to buildings, and a wide range of other sectors. The top 20 industries account for 78% of the indirect benefits in terms of total output. About 22% of the total output is associated with all other sectors.

ECE Induced Benefits by Industry Sector

The top industries that benefit from induced spending associated with the ECE industry are shown in **Table V-13**. Induced benefits are derived from the wages and salaries generated by the ECE industry workers and how their spending ripples through the economy. The top 20 industries benefit in terms of total induced effects or output, induced jobs supported, and induced labor income. As discussed above, the total induced output associated with the ECE industry is about \$440.6 million. Owner-occupied dwellings rank number one in terms of induced output, followed by hospitals, limited-service

restaurants, other real estate, full-service restaurants, other local government enterprises, offices of physicians, retail sectors, etc. The top 20 industries benefiting from induced spending account for 60% of the induced benefits in terms of total output, and about 40% of the total induced output is associated with other sector activity.

Table V-12

Key Industries Impacted by the ECE Industry - Indirect Effects

ECE Economic Benefits Study - Riverside County 2026

IMPLAN Code	Industry Sector	Indirect Effects	Indirect Jobs	Indirect Labor Income
		<i>Rounded to \$1,000s</i>		<i>Rounded to \$1,000s</i>
429	Other real estate	\$117,487,000	536	\$21,933,000
516	Other local government enterprises	\$17,627,000	42	\$4,915,000
498	Personal and household goods repair and maintenance	\$11,869,000	49	\$3,003,000
458	Services to buildings	\$7,677,000	72	\$2,986,000
43	Natural gas distribution	\$7,180,000	8	\$1,414,000
381	Wholesale - Grocery and related product wholesalers	\$6,973,000	22	\$2,408,000
493	All other food and drinking places	\$6,453,000	72	\$3,007,000
55	Maintenance and repair construction of nonresidential structures	\$5,993,000	26	\$2,315,000
459	Landscape and horticultural services	\$5,892,000	45	\$2,226,000
454	Employment services	\$5,123,000	59	\$2,547,000
496	Electronic and precision equipment repair and maintenance	\$4,849,000	30	\$1,791,000
399	Truck transportation	\$4,825,000	23	\$1,645,000
379	Wholesale - Other durable goods merchant wholesalers	\$4,814,000	14	\$1,208,000
491	Full-service restaurants	\$4,601,000	42	\$1,591,000
400	Transit and ground passenger transportation	\$4,579,000	59	\$1,316,000
377	Wholesale - Household appliances and electrical and electronic goods	\$3,674,000	5	\$551,000
481	Independent artists, writers, and performers	\$3,670,000	29	\$557,000
423	Monetary authorities and depository credit intermediation	\$3,546,000	10	\$766,000
433	General and consumer goods rental except video tapes and discs	\$3,526,000	23	\$1,414,000
427	Insurance agencies, brokerages, and related activities	\$3,446,000	15	\$865,000
	All other industry sectors	\$66,543,000	405	\$21,584,000
	Total Indirect Effects Associated with ECE Industry	\$300,347,000	1,585	\$80,042,000

Indirect Effects represent the economic response by all local industries caused by the industry in question purchasing from other industries.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

Table V-13**Key Industries Impacted by the ECE Industry - Induced Effects****ECE Economic Benefits Study - Riverside County 2026**

IMPLAN Code	Industry Sector	Induced Effects	Induced Jobs	Induced Labor Income
		<i>Rounded to \$1,000s</i>		<i>Rounded to \$1,000s</i>
431	Owner-occupied housing	\$74,816,000	-	\$0
472	Hospitals	\$21,905,000	90	\$10,240,000
492	Limited-service restaurants	\$21,405,000	171	\$5,777,000
429	Other real estate	\$17,360,000	79	\$3,241,000
491	Full-service restaurants	\$14,676,000	134	\$5,075,000
516	Other local government enterprises	\$14,249,000	34	\$3,973,000
465	Offices of physicians	\$12,174,000	73	\$7,295,000
385	Retail - Motor vehicle and parts dealers	\$11,554,000	47	\$3,858,000
389	Retail - Food and beverage stores	\$9,211,000	69	\$3,702,000
394	Retail - General merchandise stores	\$8,664,000	77	\$3,404,000
468	Outpatient care centers	\$8,356,000	46	\$4,178,000
494	Automotive repair and maintenance, except car washes	\$7,532,000	51	\$3,636,000
475	Individual and family services	\$6,687,000	150	\$4,203,000
493	All other food and drinking places	\$5,736,000	64	\$2,673,000
423	Monetary authorities and depository credit intermediation	\$5,426,000	15	\$1,172,000
503	Religious organizations	\$5,402,000	109	\$4,054,000
392	Retail - Clothing and clothing accessories stores	\$5,316,000	39	\$1,162,000
424	Other financial investment activities	\$5,233,000	42	\$343,000
399	Truck transportation	\$5,093,000	24	\$1,736,000
390	Retail - Health and personal care stores	\$5,068,000	39	\$1,757,000
	All other industry sectors	\$174,749,000	1,264	\$61,166,000
	Total Induced Effects Associated with ECE Industry	\$440,612,000	2,616	\$132,645,000

Induced Effects represent the economic response of all local industries in Riverside County caused by the expenditures of new household income generated by the direct and indirect effects of final demand for a given industry.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

V.4 ECE Compared to Other Industries

This section compares the ECE industry or sector to other economic sectors in Riverside County for context. **Table V-14** compares the total output and direct jobs for five similarly sized sectors based on total output or economic activity in the County. The corresponding jobs associated with these industries are also shown and vary relative to the total output. These sectors vary in type of economic activity, including Arts, Entertainment and Recreation, Utilities, Agriculture, Forestry, Fishing and Hunting (combined), Education, and Management of Enterprises and Companies. The total output in dollars, combined with the total jobs associated with the output (total economic activity, including direct, indirect, and induced spending), is shown. The percentage of total dollars and direct jobs in

comparison with the ECE sector is shown. In all cases, the total direct jobs are lower than in the ECE sector, while the dollars associated with the sector are higher in two sectors.

Exhibit V-8 summarizes the total output or spending by sector compared to the ECE sector, and **Exhibit V-9** compares total direct jobs.

Table V-14

Similar Sized Industry Sectors Compared to ECE Sector in Riverside County

ECE Economic Benefits Study - Riverside County 2026

Sector Name	Total Output	Total Jobs	% Compared to ECE Output	% Compared to ECE Jobs
<i>Rounded to \$1,000s</i>				
ECE Industry (1)	\$2,124,000	18,264	NA	NA
Arts, Entertainment, and Recreation	\$2,822,000	14,856	133%	81%
Utilities	\$2,820,000	1,599	133%	9%
Agriculture, Forestry, Fishing and Hunting	\$1,783,000	11,720	84%	64%
Educational Services	\$1,429,000	10,558	67%	58%
Management of Companies and Enterprises	\$919,000	3,207	43%	18%

(1) Based on results of the Input/Output analysis; all other sector data is baseline data from the 2024 IMPLAN model.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

Exhibit V-8

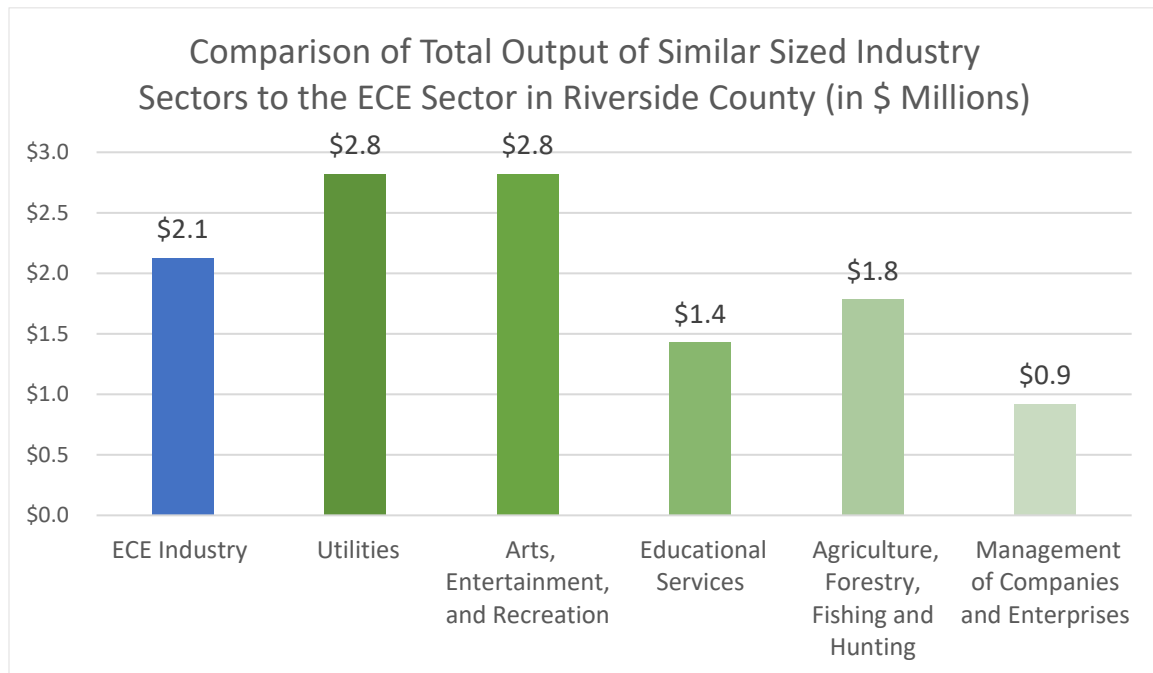


Table V-15

Top 20 Occupational Effects Associated with the ECE Industry
ECE Economic Benefits Study - Riverside County 2026

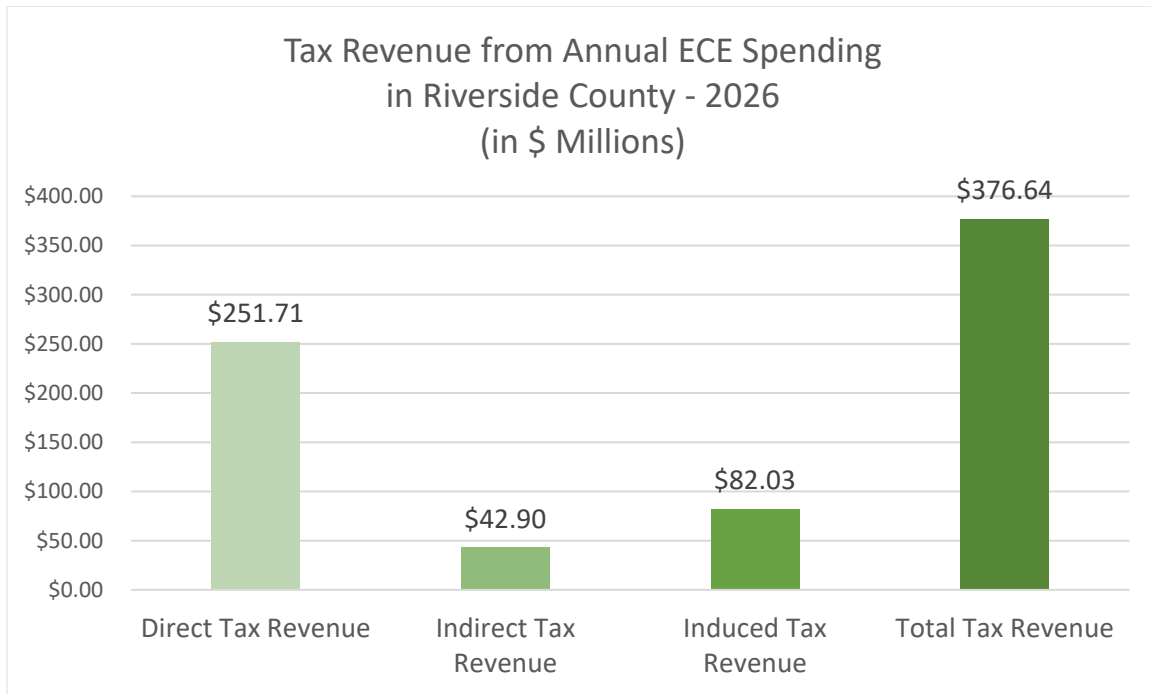
Occ Code	Occupation	Wage and Salary Employment	FTE Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
<i>Rounded to \$1,000s Rounded to \$1,000s Rounded to \$1,000s</i>						
25-2000	Preschool, Elementary, Middle, Secondary, and Special Education Teachers	4,075	3,617	\$251,978,000	\$53,040,000	305,019,000
39-9000	Other Personal Care and Service Workers	2,062	1,803	\$54,367,000	\$10,090,000	64,456,000
25-9000	Other Educational Instruction and Library Occupations	1,510	1,334	\$66,203,000	\$13,382,000	79,586,000
11-9000	Other Management Occupations	745	660	\$73,232,000	\$15,092,000	88,324,000
25-3000	Other Teachers and Instructors	386	345	\$19,389,000	\$4,171,000	23,561,000
21-1000	Counselors, Social Workers, and Other Community and Social Service Specialists	333	296	\$23,892,000	\$4,983,000	28,875,000
35-2000	Cooks and Food Preparation Workers	301	256	\$9,195,000	\$1,601,000	10,796,000
35-3000	Food and Beverage Serving Workers	259	208	\$7,377,000	\$1,087,000	8,463,000
43-6000	Secretaries and Administrative Assistants	249	224	\$14,961,000	\$3,133,000	18,093,000
37-2000	Building Cleaning and Pest Control Workers	215	193	\$9,370,000	\$1,877,000	11,247,000
13-1000	Business Operations Specialists	201	182	\$16,882,000	\$3,354,000	20,236,000
43-9000	Other Office and Administrative Support Workers	193	172	\$8,655,000	\$1,717,000	10,372,000
31-1100	Nursing Assistants, Orderlies, and Psychiatric Aides	185	164	\$5,385,000	\$1,048,000	6,433,000
29-1000	Healthcare Diagnosing or Treating Practitioners	185	168	\$22,495,000	\$4,584,000	27,079,000
11-1000	Top Executives	184	163	\$23,148,000	\$4,498,000	27,646,000
41-2000	Retail Sales Workers	178	155	\$5,899,000	\$1,256,000	7,155,000
53-3000	Motor Vehicle Operators	152	137	\$8,129,000	\$1,707,000	9,836,000
49-9000	Other Installation, Maintenance, and Repair Occupations	142	128	\$8,825,000	\$1,800,000	10,625,000
43-4000	Information and Record Clerks	135	122	\$6,557,000	\$1,329,000	7,886,000
53-7000	Material Moving Workers	116	106	\$5,280,000	\$993,000	6,274,000
	All Other Occupations	1,516	1,363	\$109,855,000	\$22,073,000	131,928,000
Total Occupations		13,322	11,797	\$751,074,000	\$152,815,000	903,890,000

The Occupational Effects include the direct effects associated the ECE Industry. It does not include the indirect or induced effects.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

ECE and Tax Revenues

The IMPLAN software also estimates the local, state, and federal tax revenue generated by a particular industry. **Exhibit V-10** and **Table V-16** summarize the tax revenues generated by the direct, indirect, and induced activities of the ECE industry in Riverside County. The total net tax revenue generated by all ECE activities in the County equals **\$376.6 million**. For every \$1 of total ECE spending or output, another \$0.18 in local, State, and federal tax revenues is generated overall.

Exhibit V-10**Table V-16****Tax Revenue Effects from Annual Direct ECE Spending in Riverside County - 2026****ECE Economic Benefits Study - Riverside County 2026**

Type of Benefit/Impact	Direct Effect (1)	Indirect Effect (2)	Induced Effect (3)	Total Effect (4)
Sub County General	\$12,992,107	\$3,031,709	\$7,111,727	\$23,135,543
Sub County Special Districts	\$13,995,450	\$3,246,340	\$7,598,348	\$24,840,139
County	\$8,932,158	\$2,070,313	\$4,844,375	\$15,846,845
State	\$47,449,621	\$11,495,547	\$23,745,851	\$82,691,020
Federal	\$168,342,809	\$23,055,394	\$38,732,342	\$230,130,545
Total, All Taxing Entities	\$251,712,145	\$42,899,303	\$82,032,644	\$376,644,091

(1) Represents the tax revenues associated with the direct economic activity of the ECE industry in the County.

Represents combined tax revenue generated by ECE spending and TK and before- and after-school care at public elementary schools. Excludes construction of ECE facilities, which is analyzed separately.

(2) Represents the tax revenues associated with ECE in terms of goods and services the industry uses or purchases.

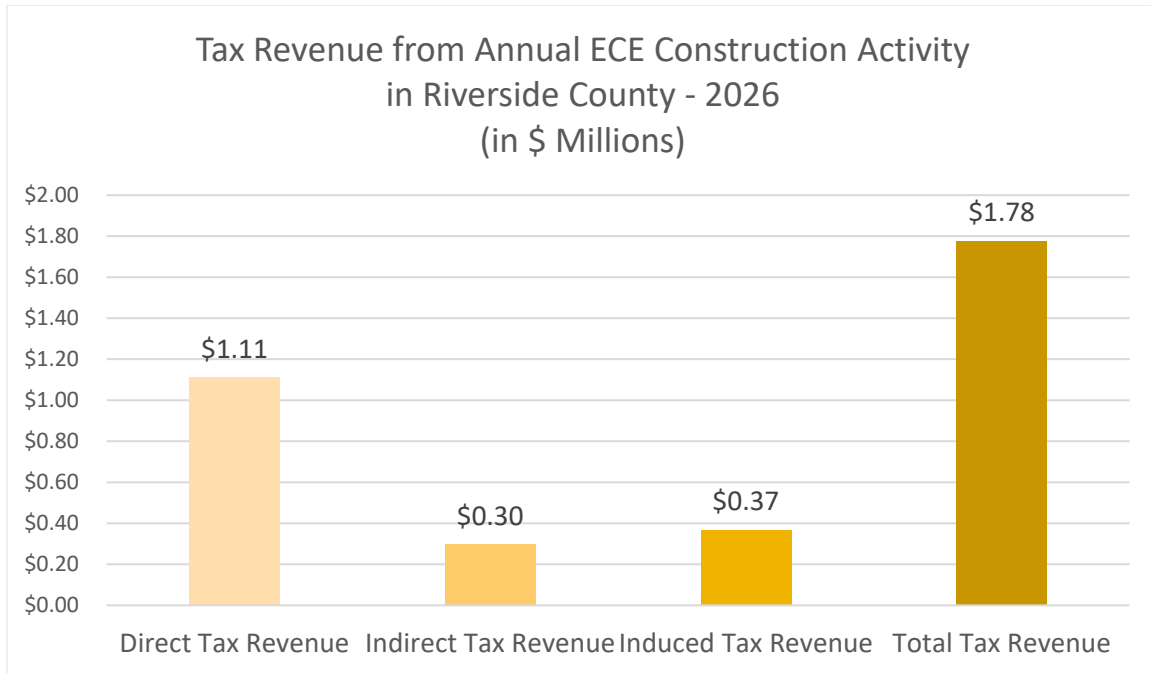
(3) Represents tax revenues associated with the spending of direct wages and salaries associated with ECE workers.

(4) The combined benefit or impact of direct, indirect, and induced effects.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

ECE construction activity generates local, state, and federal tax revenues as well. **Exhibit V-11** and **Table V-17** summarize the tax revenues generated by the direct, indirect, and induced average construction activities (valued at \$9.9 million) of the ECE industry in Riverside County. The total net tax revenue generated by all ECE construction activities in the County equals **\$1.77 million**. For every \$1 of total ECE

construction spending or output, another \$0.13 is generated in local, State, and federal tax revenues, overall.

Exhibit V-11**Table V-17**

Tax Revenue Effects from Annual Direct ECE Spending Associated with ECE Facility Development in Riverside County - 2026
ECE Economic Benefits Study - Riverside County 2026

Type of Benefit/Impact	Direct Effect (1)	Indirect Effect (2)	Induced Effect (3)	Total Effect (4)
Sub County General	\$11,104	\$32,792	\$31,892	\$75,787
Sub County Special Districts	\$12,577	\$34,991	\$34,074	\$81,641
County	\$8,076	\$22,305	\$21,724	\$52,105
State	\$205,183	\$92,436	\$106,492	\$404,111
Federal	\$874,210	\$115,027	\$173,694	\$1,162,932
Total, All Taxing Entities	\$1,111,150	\$297,550	\$367,875	\$1,776,576

(1) Represents the tax revenues associated with the direct economic construction activity in the ECE industry in the County.

Represents combined tax revenue generated by ECE facility construction spending.

(2) Represents the tax revenues associated with ECE construction in terms of goods and services the industry uses or purchases.

(3) Represents tax revenues associated with the spending of direct wages and salaries associated with construction workers.

(4) The combined tax revenue effects of direct, indirect, and induced effects of ECE construction activity.

Sources: IMPLAN Cloud; Brion Economics, Inc.; Economic & Planning Systems, Inc.

V.5 Economic Benefits of Addressing ECE Shortfall

This section evaluates the additional economic activity that could be generated by meeting the current shortfall of ECE spaces and facilities in the County. As discussed in **Chapter II**, there is currently a significant shortfall of ECE spaces in the County to serve children with working parents.¹⁰¹ Currently, there is an estimated shortfall of about 34,000 ECE spaces serving children 0 to 12 years old. The current estimate of the supply of ECE spaces equals about 162,000 spaces, excluding children served by FFNs through the Alternative Payment Program.

As shown in **Table V-18**, the current average economic value per ECE space is \$13,113 per year. The current labor income (wages and salaries) value per ECE space is \$6,055 per year. Applying these two figures to the current shortfall of ECE spaces results in an additional economic output of \$446.4 million per year, including \$206.1 million of labor income or new wages and salaries associated with new required ECE workers. For context, the total wage and salary employee compensation in the County is \$68.5 billion according to IMPLAN data. Currently, ECE labor income represents about 1.4% of total employee compensation in the County. If the current shortfall of ECE spaces was addressed completely, ECE wages and salaries would represent 1.7% of all employee compensation in the County.

The total economic benefit from **all ECE spaces needed** for working parents would amount to **\$2.57 billion per year**, including **\$1.18 billion in labor income**, an increase of 21% overall. This would allow a minimum of **34,000 additional working parents to work, assuming one working parent per ECE space** and that ECE was affordable to parents of various incomes. If an ECE space served two working parents, the increase in working parents would be higher. This would assume that an additional 34,000 jobs could be supported by the local economy. Currently, there are an estimated 75,600 unemployed workers in the County for context (see **Table III-6**). These 34,000 jobs would represent 3.7% of the current wage and salary employment in the County.

The economic loss of not having enough ECE spaces to support working parents totals **\$446.4 million**. The current average Gross Domestic Product (GDP) per worker in the County is about \$150,103.¹⁰² Applying this figure to the additional 34,000 workers that could go to work would generate a 4% increase in the County's current GDP **or a potential additional \$5.1 billion**. This represents a rough estimate of the opportunity costs of not having enough ECE supply in Riverside County.

¹⁰¹ Note that this analysis estimates the demand for ECE based on Labor Force Participation Rates of parents with children, either single parents with children or two working parents with children, under 6 years of age and from 6 to 17 years of age. This is a standard method of estimating the need for ECE throughout the State.

¹⁰² See total GDP in Table III-1 and total average monthly employment in Table III-3.

Table V-18**Additional Economic Benefit of Total Demand for ECE Spaces Being Met****ECE Economic Benefits Study - Riverside County 2026**

Economic Benefit Category		Totals	Amount per ECE Space
Current Conditions			
	Current ECE Spaces (1)	162,015	
	Current Total Output (2)	\$2,124,477,947	\$13,113
	Current Total Labor Income (3)	\$981,056,429	\$6,055
Unmet Demand Being Met			
	Unmet Demand for ECE Spaces (4)	34,043	
	Additional Total Output (2)	\$446,400,659	
	Additional Total Labor Income (3)	\$206,142,049	
Total Economic Benefits with Unmet Demand Met			
	Total Supply of ECE Spaces	196,058	
	New Total Output (2)	\$2,570,878,606	
	New Total Labor Income (3)	\$1,187,198,478	
	% Increase over Current Conditions	21%	

- (1) See Table II-8 for estimate of current supply of ECE spaces; current supply of spaces excludes children served by FFNs.
- (2) Output is the total activity including direct, indirect, and induced economic activity. See Table V-10. Includes output for both the ECE industry and TK and before- and after-school care at LEAs.
- (3) Labor income is a subset of total output and part of the economic benefits of ECE associated with the wages and salaries of workers. See Table V-10.
- (4) See Table II-8 for estimate of current shortfall.

Sources: Economic & Planning Systems, Inc.; Brion Economics, Inc.

VI. Findings and Recommendations

This chapter synthesizes the study's findings, assesses the data from the analysis, and presents the key recommendations for strengthening Riverside County's ECE system. The analysis confirms that Riverside County's ECE sector is both (1) essential workforce infrastructure that enables parents to participate in the labor market and (2) a significant economic sector in its own right, generating substantial direct spending and multiplier effects throughout the local economy. At the same time, the study identifies persistent structural challenges—most notably a severe Infant/Toddler space shortage, affordability constraints, and compensation levels that are not commensurate with the cost of living—each of which contributes to instability in the ECE workforce and limits the County's ability to meet current and future demand.

VI.1 Overall Assessment and Study Findings

ECE Needs and Demographics

- **County size and child population:** Riverside County is a large and diverse county with an estimated population of 2.55 million (2025) and approximately 411,440 children ages 0–12. Children represent about 15.9% of the total population (down from 18.1% in 2020).
- **Labor force participation and demand driver:** The Labor Force Participation Rate (LFPR) for parents with children under 6 is about 65%, and 65.7% for parents with children ages 6–17. Based on these rates, the study estimates approximately 269,279 children with working parents (2025), which drives demand for ECE services.
- **Household income and affordability pressure:** Median household income is estimated at \$93,172 (2024), while the National Database of Childcare Prices indicates that infant center-based care can reach \$23,337 per year—up to about 22% of median family income. Even with subsidies, example household budgets show monthly deficits, underscoring that affordability remains a constraint for many families.
- **Poverty and subsidy need:** About 8.5% of all families are below the federal poverty level, and poverty among households with children is substantially higher (reported at 16.8%). The *Riverside County 2025 ECE Needs Assessment* indicated that only about 51% of subsidized ECE need is currently met countywide, meaning many eligible families lack access to subsidized care.

ECE Supply, Demand, and the Current Space Shortfall

- **Provider landscape:** The County's mixed-delivery ECE system includes licensed centers and FCC providers, school-based Transitional Kindergarten (TK), and license-exempt expanded learning programs (ELOP/ASES/21st Century), plus Friends, Family, and Neighbors (FFNs). The study reports 2,596 licensed and license-exempt providers (including 293 TK school sites), plus an estimated 2,216 known FFNs serving 4,216 children.
- **Total supply of ECE spaces:** Riverside County is estimated to have 162,015 licensed and license-exempt ECE spaces, plus 4,216 FFN-served children or a total of 166,232 spaces.
- **Demand estimate:** Overall demand for ECE services is estimated at 196,058 spaces, including 16,958 Infant/Toddler, 46,062 Preschool and 133,038 School Age spaces.
- **Countywide ECE shortfall is concentrated in Infant/Toddler care:** Overall, the current supply of ECE meets about 83% of estimated demand, but the gap varies sharply by age group. The study estimates shortages of 10,269 Infant/Toddler spaces, 3,661 Preschool spaces, and 20,113 School Age spaces—totaling about **34,043** spaces. Current Infant/Toddler supply meets only about 39% of demand, making this the most critical need in Riverside County.

Riverside County Economy

- **Biggest industry sectors:** Riverside County's economy totals approximately \$126.3 billion in GDP (2023), with the largest sector being real estate, rental and leasing (about \$24.2 billion, 19%), followed by government, retail trade, construction, health care and social assistance, and wholesale trade.
- **Employment by sector:** In 2024, the trade, transportation and utilities sector was the County's largest employer (about 197,691 average monthly jobs), followed by education and health services (about 142,032 jobs) and local government (about 118,541 jobs).
- **Average wages vary widely by sector:** Government wages are among the highest, while leisure and hospitality and ECE are among the lowest (around \$16 per hour in 2024).
- **Unemployment has remained elevated relative to the State:** The County's unemployment rate was 6.3% in August 2025 (versus 5.8% statewide). Late-2025 declines were attributed partly to a shrinking labor force, with the region's job growth concentrated in health care and public education.

ECE Workforce Conditions, Living Wage Gap, and Workforce Needed to Close the Shortfall

- **Workforce size is substantial and spans multiple settings:** Using a space-and teacher/staff-ratio method, the study estimates 7,914 ECE workers in licensed center-based programs and FCC settings (excluding TK and other LEA-delivered expanded learning). When including LEA-delivered TK and other before- and after-school programs, the total estimated ECE workforce increases to **14,063** workers.
- **Workforce demographics and well-being signals:** The CSCCE survey for Riverside County indicates a predominantly female workforce, with substantial Spanish-language capacity across both FCC and center settings. Measures of well-being show notable strain (e.g., high reported stress levels) and meaningful reliance on public assistance for both FCC and center-based staff.
- **ECE wages are materially below comparable public education wages:** Across data sources (CSCCE, BLS, and a 2025 countywide provider survey), the analysis finds large pay gaps between ECE roles and analogous public school roles (teachers and administrators), reinforcing recruitment and retention challenges.
- **Living wage benchmark and gap:** Using the MIT Living Wage Calculator, the study estimates an average living wage of **\$43.34 per hour** (across household types and sizes) and applies adjustments by role. Under this framework, wages for most ECE roles would require roughly **99% to 174%** increases to reach living wage levels, depending on position.
- **Cost to bring current licensed ECE wages to a living wage:** Current annual wages for licensed ECE workers (FCC and centers) are estimated at **\$354.4 million**. At living-wage levels, annual wages are estimated at **\$820.1 million**, implying a **\$456.6 million** annual gap (or requiring a **131%** increase).
- **Additional workforce required to close the space shortfall:** To meet the estimated shortfall of 34,043 spaces, the study estimates the need for **6,129** additional ECE workers (a 77% increase), including 4,687 additional teachers (2,934 Infant/Toddler; 366 Preschool; 1,387 School Age), plus additional directors/FCC owners and support staff.
- **Wage implications of expansion:** Paying the additional 6,129 workers at living-wage levels would add an estimated **\$635.3 million** in annual wages; pay at current wage levels would require an additional **\$278.3 million**.

Economic Benefits of ECE in Riverside County and the Cost of Unmet Need

- **Direct annual ECE spending:** The study estimates approximately **\$1.39 billion** in total annual ECE spending in Riverside County, including subsidized program funding and parent-paid tuition, plus related agency spending (facility construction analyzed separately).
- **ECE spending generates substantial multiplier effects:** Using IMPLAN, direct ECE expenditures of about \$1.38 billion support an estimated 14,063 direct jobs. Including indirect and induced effects, the analysis estimates nearly **18,300** total jobs supported, countywide.
- **Total economic output impact:** The IMPLAN results estimate total output of about **\$2.12 billion** from ECE spending (including indirect and induced output), implying an output multiplier of **1.53** (each dollar of ECE expenditure generates an additional \$0.53 in countywide economic activity).
- **Labor income impact:** Total labor income associated with ECE expenditures is estimated at **\$981.1 million**, with a labor income multiplier of **1.28** (each dollar of ECE labor income generates an additional \$0.28 in labor income in other sectors).
- **Tax revenues:** The study reports total net tax revenue associated with ECE activity of approximately **\$376.6 million** per year (across local, state, and federal categories).
- **Impact of facility investments:** Based on average annual facility development spending of about **\$9.9 million**, the model estimates about **66** total jobs supported (direct, indirect, induced) and about **\$14.0 million** in total output, plus related tax revenues.
- **Economic cost of unmet ECE need:** Applying current output and labor income per space to the estimated shortfall suggests that closing the **34,000-space** gap could add approximately **\$446.4 million** in annual economic output and **\$206.1 million** in labor income tied to additional ECE employment increases.
- **Broader GDP opportunity cost:** The study also estimates that if ECE availability enabled roughly **34,000** additional parents to work, the implied increase in County GDP could be on the order of **\$5.1 billion** (based on average GDP per worker). This figure is presented as a rough, high-level estimate of the opportunity cost of constrained ECE supply.

Taken together, these findings indicate that Riverside County's ECE system is constrained by a combination of (1) insufficient Infant/Toddler capacity, (2) affordability limits for families, and (3) compensation levels that do not support workforce stability. These constraints are mutually reinforcing: low reimbursement rates and limited parent ability to pay restrict provider revenues; constrained revenues suppress wages and benefits; low compensation fuels turnover and limits growth; and limited

supply reduces labor force participation and economic output. Addressing ECE gaps, therefore, requires a coordinated strategy that links capacity expansion, sustainable provider funding, and a long-term workforce compensation framework.

VI.2 Recommendations

This section presents recommendations that follow directly from the quantified gaps in supply, affordability, and workforce compensation described above. Recommendations are organized to support near-term stabilization and longer-term system building.

Stabilize and Professionalize Compensation Countywide

- **Move from one-time supplements to a sustained compensation strategy:** Build on the County's recent wage supplement experience by defining a stable, multi-year approach (not solely time-limited relief) that supports retention across FCC and center-based settings.
- **Adopt a countywide wage scale and career ladder:** Establish a transparent wage framework tied to role, qualifications, and experience (aligned with CSCCE guidance) to reduce inequities and improve recruitment and retention.
- **Prioritize benefits and total compensation:** Pair wage strategies with approaches that expand access to health coverage and retirement savings options, recognizing that workforce stability depends on total compensation, not wages alone.
- **Align local strategy with the State's rate reform timeline:** Prepare for the July 2026 implementation of the Single Rate Structure (SRS) by identifying how County priorities (Infant/Toddler capacity, workforce retention, quality goals) can be supported through base and enhanced rates as they become available.

Target Capacity Expansion Where the Gap is Greatest (Infant/Toddler) and Protect Wrap-Around Care

- **Prioritize Infant/Toddler expansion:** Focus facility, technical assistance, and financing strategies on Infant/Toddler supply, where the study finds the most severe shortage (only 39% of current demand met).
- **Build and preserve full-day options:** Promote full-day and nontraditional-hour care models (where feasible) to better match working parent schedules, especially for logistics, healthcare, and hospitality workers.

- **Support TK wrap-around implementation:** Ensure TK expansion is paired with accessible wrap-around care so that free part-day TK translates into real labor force participation gains for working parents.
- **Use a project pipeline approach for facilities:** Maintain a countywide pipeline of ready-to-advance projects (e.g., new builds, renovations, classroom conversions, outdoor improvements) to deploy local dollars quickly when available.

Strengthen Local Data Systems and Continuous Planning

- **Invest in a stronger workforce data system:** Adequately fund and promote participation in workforce registry efforts and integrate licensing, subsidy, and workforce datasets to enable better targeting of future compensation and capacity investments.
- **Monitor TK and rate reform impacts on providers:** Track closures, staffing changes, and shifts in age-group offerings as TK expands and reimbursement reforms roll out, with particular attention to FCC sustainability.
- **Use the study's metrics as a baseline:** Update key indicators annually (e.g., space supply by age, shortage estimates, wage levels vs. living wage, and economic impacts) to inform budgeting, grant pursuits, and policy advocacy.

Build a Sustainable Local Financing and Employer Partnership Strategy

- **Evaluate stable local revenue options:** Given the size of the living-wage gap and the scale of the space shortfall, consider long-term local funding options (e.g., sales tax add-ons or parcel tax) to complement State and federal funding streams.
- **Engage employers in high-growth sectors:** Formalize partnerships with major employers and industry groups (e.g., healthcare, logistics/warehousing, hospitality) to support solutions such as shared services, on-site or near-site child care, and improved alignment between care hours and shift work.
- **Leverage tax-credit changes and shared models where applicable:** Encourage employers—especially small businesses—to explore pooled approaches to child care support and to take advantage of available federal incentives where feasible.

Appendices (Under Separate Cover)

Appendix A: Economic Benefits of ECE Literature Review

Appendix B: Recent ECE Workforce Pilot Studies and Policy
Impacts on Early Educators

Appendix C: IMPLAN Economic Detailed Results