

Early Childhood Education for All

A Wise Investment

EXECUTIVE SUMMARY

Recommendations arising from
“The Economic Impacts of Child Care and Early Education:
Financing Solutions for the Future”
a conference sponsored by Legal Momentum’s Family Initiative and the MIT Workplace Center



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April 2005

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In a time of scarce public resources, the care and education of young children will continue to fall to the bottom of the priority list until there is a shift in public understanding about the economics of raising the next generation. High quality early childhood education is too vital to be brushed aside as a social service expenditure for only a few families or as too expensive to consider in tight budgetary times.

Early education is important for all children. And study after study shows that it is not too expensive. Quite the contrary. **Investments in quality child care and early childhood education do more than pay significant returns to children—our future citizens. They also benefit taxpayers and enhance economic vitality.**

Indeed, economic research cited here—by Nobel Prize-winners and Federal Reserve economists, in economic studies in dozens of states and counties, and in longitudinal studies spanning forty years—demonstrates that the return on investment to taxpayers of quality early childhood education is superior to many traditional economic development programs.

On December 9 and 10, 2004, Legal Momentum and the MIT Workplace Center at the Sloan School of Management sponsored a conference, “The Economic Impacts of Child Care and Early Education: Financing Solutions for the Future,” that led to this report. It brought together some 80 scholars, experts, government officials and activists from around the country.

We examined the research about the economics of early childhood education—its positive impacts on states and communities, its value for children and families—and we discussed how to effectively present the case to policymakers and voters.

The partners in this effort were Legal Momentum’s Family Initiative and the MIT Workplace Center; co-sponsors were The National Economic Development and Law Center, The Early Care and Education Collaborative and The Center for Policy Alternatives.

We looked at the evidence and found that children who receive quality early education arrive at school ready to learn and with better developed social skills, so they do better in school. They need fewer costly special education classes. They are more likely to graduate from high school and hold jobs. They are less likely to be on welfare. And they are significantly less likely to wind up in the courts and in jails – and costing taxpayers dearly.

What’s more, investments in quality care and early education pay off for communities, taxpayers and businesses.



Whereas taxpayers are asked to subsidize a number of industries and economic development projects—agriculture, sports stadiums, highways, plant relocations—policy makers have not typically thought of early education as an economic development opportunity. But it is.

Like adequate highways, bridges and housing, early education is part of the infrastructure that supports businesses and parent’s ability to work. Businesses benefit as parent employees are more productive, less often absent and have fewer turnovers.

And, early education is itself a significant industry, providing millions of jobs nationwide, paying billions of dollars in wages, purchasing billions in goods and services, and generating billions in gross receipts. In many states, it is often one of the largest employers and producers of revenues.

- In Massachusetts, it employs more people than telecommunications, computer manufacturing, or pharmaceuticals;
- In New York, more than hotels and lodging, air transportation, and public transportation;
- In Washington state, more than in agriculture, and
- In North Carolina, it produces more gross receipts than wholesale leaf tobacco.

The National Child Care Association estimates that the industry employs 900,000 people as licensed providers and teachers, with another 2 million working as “family, friend and neighbor” child care providers. A conservative calculation of the licensed child care’s direct revenues is \$43 billion in 2002.

Yet while virtually every state has maintained economic development funding at high levels in order to aid job growth, state after state has made cutbacks in child care and early education.

This approach is short sighted. Not only is high quality early childhood education a wise investment, **universally available quality early education would be the most cost-effective economic investment.**

Several longitudinal studies, most notably the 40-year-old High/Scope Perry study, examine the economic impact of quality early education on **at-risk** children. Forty years after a test group of 123 at-risk toddlers were divided into two groups—one that received quality early education, and one that did not—the differences between the two subgroups remain dramatic. By a number of measures—school completion, jobs, income, home ownership, absence of criminality, absence of welfare—the group that received quality early education has surpassed the group that did not. Because of this, the public



gained \$12.90 for every dollar spent on the program; individual program participants earned 14% more per person than they would have otherwise.

But **in absolute numbers, most children who drop out of school are not poor, not “at risk.”** In those states, like Oklahoma, where pre-Kindergarten is being made available to all families who choose it, the research demonstrates that, across the board, children benefit and enter school better able to learn. The early investment in their skills grows, and is a cost-effective economic investment.



Quality is all-important. The savings will come from investing in quality early education, available to all. Young children need a safe, secure and loving environment in which to learn and thrive. This means focusing resources on the professional development and compensation of teachers and the design of developmentally appropriate curricula.

RECOMMENDATIONS FOR NEXT STEPS TO CREATE QUALITY EARLY CARE AND EDUCATION:

- There must be additional, comprehensive cost-benefit analysis of early childhood education, evaluating both short- and long-term benefits. **Members of Congress should ask for a definitive analysis of current research by the General Accounting Office.** Further state-based research should be undertaken by state commerce or economic development agencies.
- **New financing schemes must be developed, including public, private and philanthropic dollars.** The investment in early education will yield a significant rate of return to the public—as much, evidence shows, as \$13 for every \$1 invested. But the money to invest must be found.
- **Broad public education is needed so that policymakers and citizens frame the issue of early childhood education as an important investment** that pays off not only for children, but also for economic development.
- Because quality early education is vital, new funding must be linked to system improvements. **The first and most important step is improved education and compensation for child care and early education providers.** Quality education requires quality teachers; and for quality teachers to remain in the field, there must be adequate compensation and avenues for career growth.
- Creating **new, more efficient administrative structures** would save money and free educators to focus on the needs of children.