



EARLY CHILDHOOD EDUCATION INVESTMENTS PROVIDE IMMEDIATE ECONOMIC RETURNS

Increased Early Childhood Education Investments Can Boost the Economy Today... and Produce Long-Term Returns For the Future

The economic recovery package should include substantial funds for early childhood education (ECE) programs - programs that will provide immediate economic gains through increased employment, greater consumption of goods and services, and superior worker productivity and stability. High quality educational programs for at-risk children age birth to five produce some of the best longer-term returns on investment of any domestic program. *Given the significant short and long-term economic benefits, an additional \$3 billion in funding for Head Start and \$3 billion for the Child Care and Development Block Grant (CCDBG) should be included in the economic recovery package.*

Increased funding for Head Start/Early Head Start and the Child Care and Development Block Grant would provide short-term and long-term economic benefits:

Immediate Impact:

A significant portion of Head Start and CCDBG funding pays for teachers and other staff. Therefore, additional investments create immediate new jobs for these professionals in the short term.

Additionally, in a worsening economy, early childhood services provided through Head Start and CCDBG funding are essential to allow working parents to keep their jobs - or to allow unemployed parents to find new jobs or access the training and education they need to succeed in the workforce. Since 2001, Head Start and CCDBG funding levels have fallen by nearly \$2 billion in real terms. As a result, centers have closed or scaled back services. Investment in these programs would immediately stimulate the local economies that have been hardest hit by the economic downturn.

- **A new investment of \$3 billion for Head Start will directly create 80,280 Head Start teacher and staff jobs and serve an additional 162,593 children. As impressive as this figure is, it does not include the additional employment created by the increased purchase of supplies, goods and services by Head Start programs.**
- **A new investment of \$3 billion for child care subsidies under CCDBG will allow states to serve an additional 482,684 children and create paid work for an estimated 189,600 caregivers. Child care is one of the largest expenses many families face, and the cost is increasing rapidly while assistance continues to decrease. If additional money is provided to assist parents, those dollars will be spent quickly by parents whose children are currently not in care, or are in unpaid child care.**

Long Term Impact:

High-quality early childhood services, including Head Start/Early Head Start, put children on the right trajectory for success in school and life and reduce the need for costly educational and social interventions later. Research demonstrates, and economists and business leaders agree: the long-term return on investment in high quality education for at-risk children from birth to age five results in improved academic achievement, fewer referrals for special education, and increased and improved job opportunities later in life. In addition, children who attend high-quality early care and education programs are less likely to be involved in the criminal justice system or dependent on public assistance. Supporting parents by providing early care and education opportunities for our youngest children is a critical and cost-effective long-term investment, especially for low-income and at-risk families.

In many states, early care and education play a significant role in job creation:

- **Recent research shows that child care is a half a trillion dollar industry that employs 15 million workers nationally.**
- In Washington, over 9,000 licensed early education businesses provide 30,600 jobs—more than retail apparel, more than the hotel industry.
- In Massachusetts, over 12,000 licensed small child care or early education businesses employ 30,000 teachers and providers.
- In North Carolina, the sector employs more people than public elementary school teaching, computer and electronic manufacturing, hotel accommodations and telecommunications. In fact, North Carolina's early childhood industry is similar in scope to all building construction in the state.

Early care and education is also a major consumer of good and services:

- In New York State, early childhood education produces \$4.7 billion in gross receipts (the total revenue received by child care providers, including parent fees, government subsidies, and industry supports paid by the government) and serves 750,000 parents, who collectively earn over \$30 billion annually.
- In Illinois, early childhood education produces \$2.12 billion in gross receipts, more receipts than spectator sports, wireless telecommunications, and medical equipment manufacturing.

In total, "the early care and education industry is often one of the [nation's] largest employers and producers of revenues." Government investment in early care and education provides a direct stimulus to the economy.

For more information on the LMFI/MIT report *Early Childhood Education for All A Wise Investment* by Leslie J. Calman and Linda Tarr-Whelan (2005) go to: <http://web.mit.edu/workplacecenter/docs/Full%20Report.pdf>

Early Childhood Education Opportunities Increase Worker Productivity and Stability

A study of Los Angeles County by the Center for Community Economic Development shows that businesses that provide high-quality ECE options for their employees benefit in many ways, including:

- increased employee retention and reduced absenteeism;
- enhanced recruitment of skilled workers; and
- increased on-the-job productivity.

Innovative ECE solutions not only meet the needs of working families by giving parents peace of mind that their children are safe, but they also support business productivity and profitability.

For more information on the Center for Community Economic Development report, *The Economic Impact of the Early Care and Education Industry in Los Angeles County* (2008) go to:
<http://www.unitedwayla.org/getinformed/rr/research/education/Pages/TheEconomicImpactof.aspx>

The First Five Years Fund

The First Five Years Fund is an initiative to significantly increase the life chances of at-risk children by making cost-effective investments that allow one million additional children to access high-quality early learning programs, beginning at birth. Five influential philanthropies joined together to support the First Five Years Fund, including the Buffett Early Childhood Fund, the Bill & Melinda Gates Foundation, the Irving Harris Foundation, the George Kaiser Family Foundation, and the Children's Initiative, a project of the J.B. and M.K. Pritzker Family Foundation. These five family philanthropies apply a private sector approach to social change, and recognize early learning as a particularly influential and cost-effective investment.