Fiscal Research Center

The Economics of Early Care and Education

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Overview

- Relationship between Early Care and Learning and the Economy
- Brief review of literature
- How much does Early Care and Learning affect the economy?
- GSU-UGA Study of the Economic Impact of Early Care and Learning
Where is the Impact?

- Benefits to children:
  - Improving outcomes in education
  - Increased labor market opportunities
  - Health security

- Benefits to parents:
  - Wages via employment options
  - Job security

- Benefits to society:
  - Economic development (lots more on this)
  - Reduced long term costs associated with better education and labor outcomes
Benefits to Children

- Large literature documenting the impacts
  - Rolnick’s Return on Investment (ROI)
    - Early education → better school outcomes
    - Early education → more labor market opportunities and contributions via taxes!
    - Early education → reduced crime
    - Calculations – 18 percent return on investment annually for two year program for 3-4 year olds
      - Better than most pension funds and other market investments!
More Research: Economic Impact through Children

- Carolina Abecedarian Project:
  - Performed better at high school
  - Higher rate of college enrollment
  - More likely to have a skilled job
  - Less likely to smoke and use marijuana
  - Less likely to have first child before age 18
  - Less likely to have depressive symptoms
And More Research....

- High/Scope Perry Preschool Program
  - Short term: higher reading and math scores through high-school
  - Higher graduation rate
  - Higher probably of employment

- After school programs also have documented benefits
Economic Impact on Parents

- Enables parents to be part of the workforce
  - Reduce workplace absenteeism and lessen schedule problems
  - Promotes Longer employment durations and experience
  - And, subsidies help even more—lowering the cost increases labor participation
- Facilitates transition from welfare to work
- Enables parents to attend higher education programs to update skills
Parents’ Income Supported by Industry

Georgia 2013

Earnings in two parent households, both parents working  $18,969,380,715

Earnings in single parent household, parent working  $7,339,114,838

$26,308,495,553
What else does the Early Care and Education Industry Bring to Development? Economic Impact Analysis

- The economic impact comes in the form of:
  - Direct impacts: expenditures made on the industry itself (we measure via gross receipts)
  - Indirect impacts: expenditures of the industry on other industries (e.g. transportation, janitorial services)
  - Induced impacts: household spending impacts: employees purchase other goods, etc.
How Large and Industry

- Big!
- 2007-08 study results:
  - Total impact $4.1 billion
  - On par with industries including:
    - Arts, entertainment and recreation
    - Nursing and residential care facilities
- Update of study is in progress now
Economics of Early Care and Education?

- Important
- Large
- Diversified
- Great investment!