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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!