

The Business Case for Supporting High-Quality Early Care and Education

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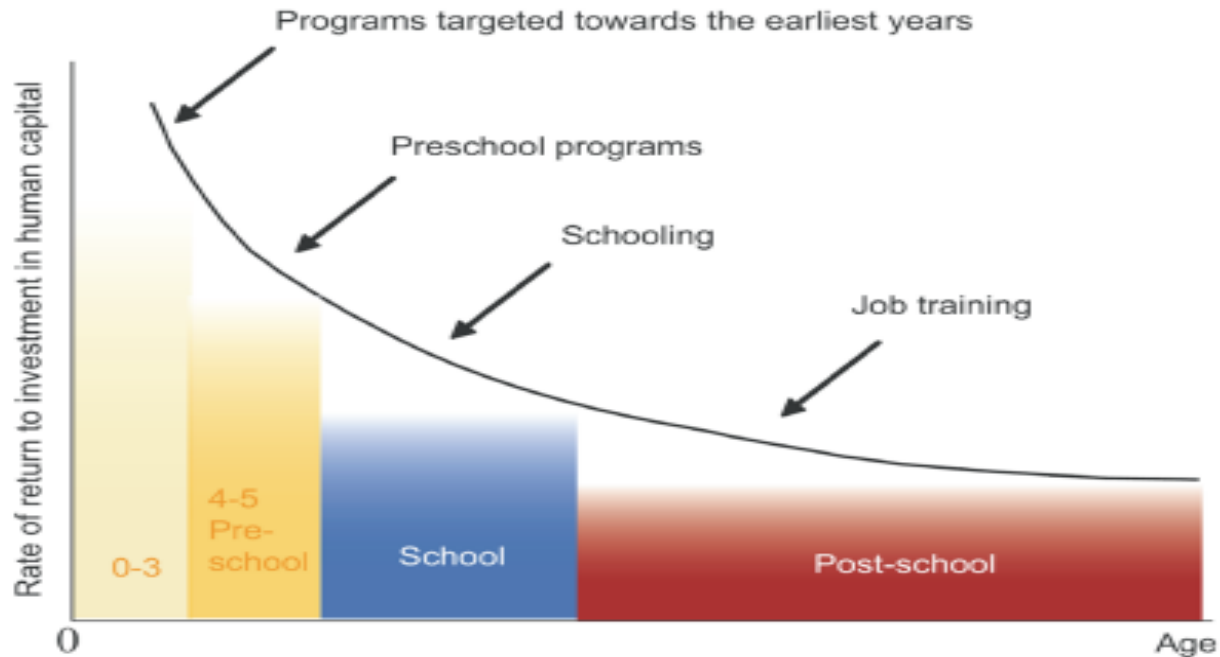
Engaging Business in Early Education

- Owen B. Brad Butler served as chairman of CED from 1988-1992. As chairman of **Procter & Gamble**, he used his position as a leading corporate figure to marshal a new wave of business improvement in education and improving the lives of young children.
- Roy Bostock, former chairman of the board of **Yahoo!**, co-chaired the CED subcommittee that produced the landmark study, *The Unfinished Agenda*.
- James Rohr, former CEO of **PNC Financial Services**, is the former co-chair of CED's Education Subcommittee. His company has made early development and learning a centerpiece of its corporate philanthropy through the PNC Grow Up Great program.



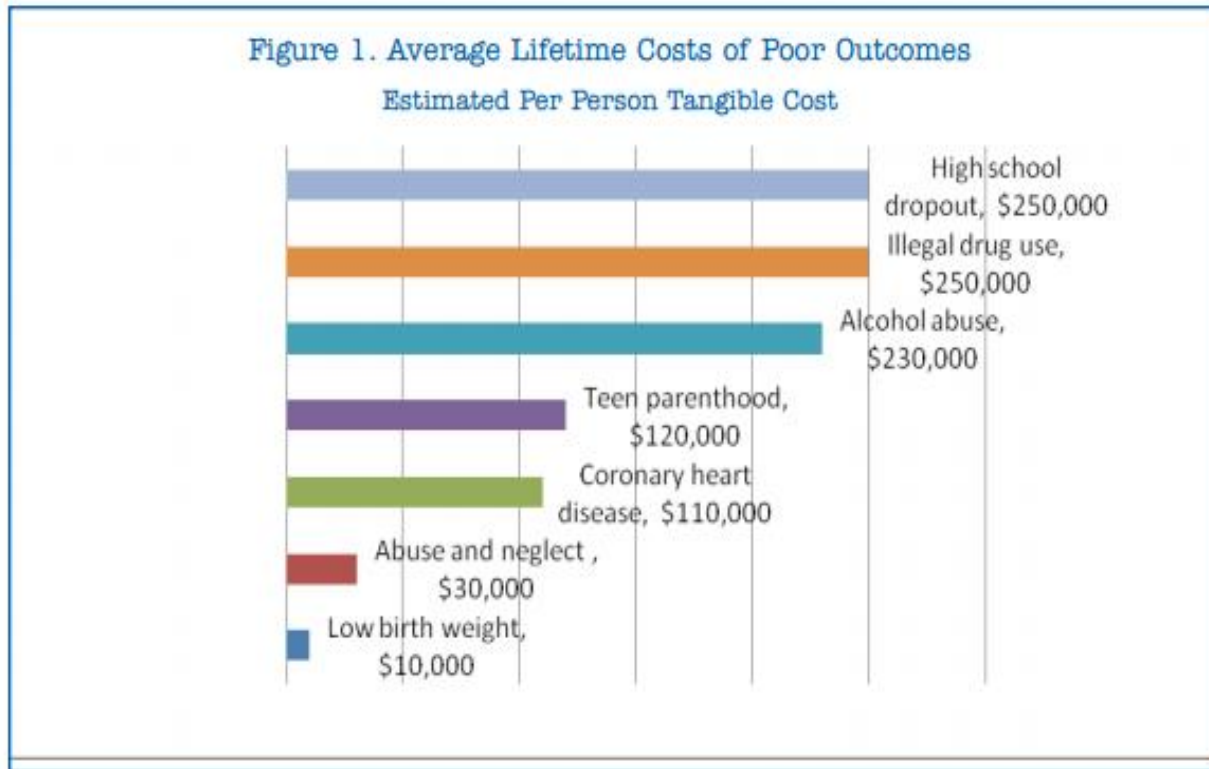
The Economic Case for Investing in Early Education

Figure 2. Human capital investment: returns to a unit dollar invested



Source: The Heckman Equation, www.heckmanequation.org

The Consequences of Not Investing in the Early Years



Earnings Gap Between Education Levels

High school grads earn \$290,680 more over their life time than HS drop-outs
College grads earn \$905,640 more over their life time than HS graduates
College grads earn \$1.1 million more over their life time than HS drop-outs

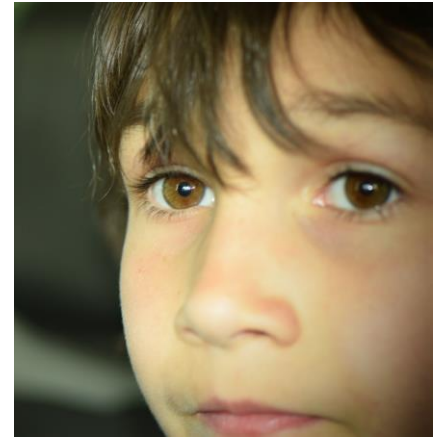
Return on Investment

10,620 1st graders in Alaska (2014)

- If about 6% are retained in grade, that costs \$11.5 million per year

Alaska's HS graduation rate is about 71% (over 4 years)

- In looking at the 1st grade class, that's about 1,539 boys who may not graduate over 4 years.
- Studies show 10% are likely to be incarcerated
- At \$40,000 per year, that's a cost of \$6.1 million



**The return on investment is not just about earnings.
It's also about school savings.... and incarceration savings.**

The Short-Term Impact of Early Education and Care

An American Business Collaborative report found that:

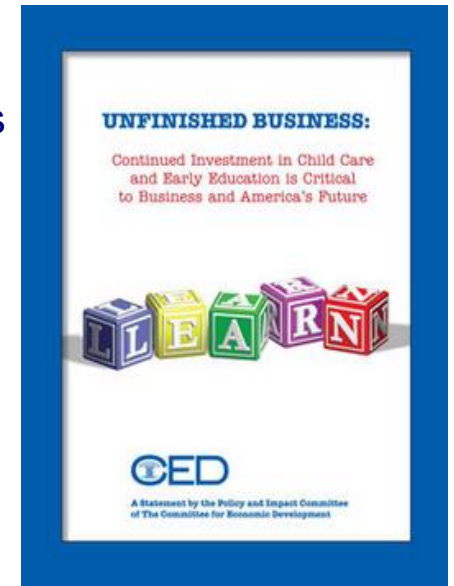
- **63%** of employees report improved productivity while using quality dependent child care.
- Child care breakdowns leading to absences cost companies **\$3 billion** annually.

A Cornell University report found that:

- On average, a new dollar spent in the child care and early education sector translates to a broader statewide economic impact of two dollars.
- For each new job created in this sector, the broader statewide impact is 1.5 jobs.

CED's 2012 Report, *Unfinished Business*

- Recommends that business contribute 1% of corporate profits to public/private partnerships.
- Makes the case that fiscal prudence should not come at the expense of early learning programs for young children.
- Frames investment in early learning as an economic imperative.
- States that under-investments in children undermines our country's standing in the world from a global competitiveness standpoint.



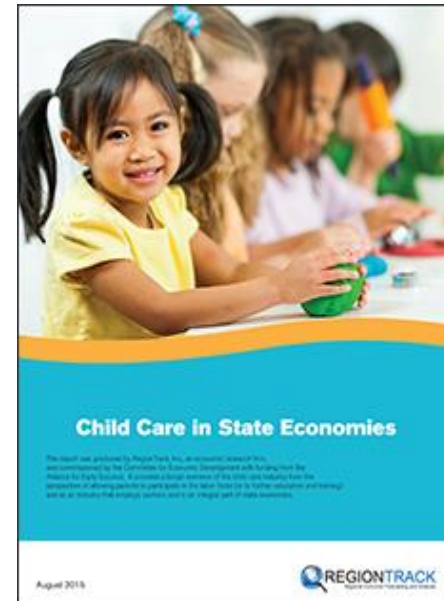
Early Learning Spending Among Nations



CED's 2015 Report, *Child Care in State Economies*

Key Takeaways

- In 2012, more than 768,500 child care programs produced revenue totaling \$41.5 billion and employed 1.57 million wage and salary and self-employed workers in the U.S.
- Service industries of comparable size include women's clothing stores (\$43.1 billion), waste collection (\$41.3 billion), and home furnishing stores (\$40.4 billion).
- The child care industry is estimated to support another \$41.6 billion in “spillover” (spending) in other industries.



CED's 2015 Report, *Child Care in State Economies*

Key Takeaways

- Child care supports regional economic growth primarily through its support of labor force participation and education and/or job training of parents in the workforce.



CED's 2015 Report, *Child Care in State Economies*

Key Takeaways

- Subsidized child care can encourage low-skilled parents to maintain their connection to the labor force or to upgrade their skills through job training or education, thereby contributing to economic growth and productivity over the long term.



Business Leadership for ECE Investments

Leading the Call for a New Vision



THE BUSINESS CASE FOR Investing In High Quality Child Care



helps parents
earn



helps children
learn



**Building with blocks today.
Building the economy tomorrow.**

**Families and employers depend on quality child care for more
stability for today's employees and to invest in tomorrow's workforce.**