



Investing in Early Childhood Makes Good 'Cents'

Google, "Why invest in early childhood development and education?" and you're likely to get over 30 million hits. From the White House to State Houses, from the World Bank to the Federal Reserve Bank, from courthouse chambers to the US Chamber of Commerce, leaders agree that it's economic common sense to do so. Among other things, good early childhood development, a product of healthy, nurturing family and early education environments, leads to greater success in school with higher graduation rates; higher employment rates; overall higher median income; and greater success as parents raising another generation of successful citizens.

Conversely, poor early childhood development, a product of adverse early environments, is associated with school challenges requiring remediation, grade retention, and leading to dropping out; higher unemployment rates; greater likelihood of entering the criminal justice system; and parenting challenges, including teen parenthood, single parenthood, poverty, and difficulties nurturing children to become successful citizens. These negative situations cost Colorado's economy enormous amounts of money, for example: \$7500 - \$11,000 in grade retention and remediation costs per child over the course of that child's school years; and \$52 million annually in college remediation costs and lost earnings due to poorly prepared students and dropouts.

The Alliance for Excellent Education (http://www.all4ed.org/files/Colorado_seb.pdf) estimates that if **half** of Colorado's 17,300 students who dropped out in 2010 had graduated on time, those graduates would reap many benefits, including: \$119 million more earnings in a year than those without a diploma; \$88 million in additional spending in an average year; and \$413 million in home purchases by mid-point in their careers. From the increased earnings, spending, and investments of these potential graduates, Colorado's economy would have 800 new jobs; \$151 million in economic growth by the mid-point of their careers; and \$8.3 million in increased tax revenues on incomes and purchases annually.

Aside from the future benefits of investing in early childhood development and education, our national, state and local economies realize enormous direct and leveraged economic benefits because the early care and education (childcare) industry is itself a powerful economic driver, contributing more to GDP than many other higher profile industries. Nationally, in 2001 (the most recent year that comprehensive economic data is available) almost 3 million people were employed in licensed and unlicensed childcare, generating **\$9 billion** in taxes. Licensed childcare providers enabled working parents to earn over **\$102.5B** that year. Their wages generated **\$579B** in direct and indirect labor income, **\$69B+** in taxes, and supported about 15.2M jobs. This represented **\$904B** of GDP, 10% of our \$10 trillion economy in 2001 alone.

Similarly, the childcare industry is a critical component of Colorado's economic infrastructure, employing 22,636 professionals in licensed settings in 2009. Government-subsidized childcare enabled low income parents to earn over **\$111M** in 2001, and if other income brackets were considered, this amount would be much higher. These wages generated **\$570M** in direct and **\$492M** in indirect labor income, **\$12.3M** in taxes, and represented **\$1.074B** of GSP in 2001. 92% of the money earned by childcare providers and working parents stays in Colorado and contributes to our economy.

The economic models used to generate the above information also apply to our local economy. According to KidsCount 2013, there were 603 children in Montezuma County in licensed settings, and 625 children in some other form of childcare (some of which we can assume was paid). On licensed childcare alone, local families spend from **\$75,375 - \$105,525 per week!** Government subsidies for low-income families bring in additional dollars. These revenues pay providers, directors, and support staff; purchase supplies and services (real estate, insurance, accounting, etc.) from local vendors; and enable working parents and providers to themselves spend their income supporting our local economy.

MECC itself brings in over \$200,000 annually from federal and state sources as well as grants from foundations, thus supporting local businesses by purchasing goods and services, as well as employing local professionals who themselves pay taxes and spend money supporting local businesses. The early care and education industry is a critical thread in the fabric of our local economy. We are all truly interdependent.

Mary Dodd is MECC's Chief Knowledge Officer.