

Investments in the Future Workforce

Access to quality child care and early learning programs during the first years of life help build a strong foundation for lifelong learning. While the cost of quality child care is expensive, this investment can lead to long-term benefits, including large economic returns and higher rates of employment. Research shows that quality child care and early childhood programs support a skilled workforce for the future, decrease spending on social services, and yield robust returns on investments, especially for low-income children and investments made earliest in a child's life.

INVESTMENTS IN EARLY CHILDHOOD SEE STRONG RETURNS

Economists have calculated the return on investment of quality child care, finding that high-quality early care and learning programs can yield a \$4 to \$12 return per dollar invested.¹ The highest rate of return in early childhood comes from intervening as early as possible and particularly into low-income and otherwise disadvantaged families, as skills developed at such a young age are cumulative and build upon one another.² If all families enrolled their children in preschool at the same rate as high-income families, the earning gains from enrollment would increase the GDP by .16% to .44% per year, adding between \$28 billion and \$74 billion to the economy per year.³ On average, taxpayers lose \$630 a year per working parent due to lost sales and income tax, which amounts to approximately \$7 billion per year in decreased tax revenues. In the workplace, productivity issues due to child care challenges cost employers around \$12.7 billion annually.⁴ Quality early care and education also boasts enduring health benefits for participants, as it has been found to prevent chronic diseases such as hypertension, heart disease, diabetes, and obesity, saving employers money on health insurance. According to Heckman, quality early childhood programs yield up to a 14% return on investment in health expenditures.⁵

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INVESTMENTS IN EARLY CHILDHOOD ARE A STRONG DRIVER FOR LIFELONG SUCCESS

Young children learn at a rapid pace. Ensuring equitable access to quality early learning experiences and positive interactions with caregivers helps children achieve their potential by building a strong basis for lifelong learning. The first five years of a child's life are crucial for brain development, and positive early experiences help create a stable foundation for thinking, behavior, and emotional well-being.⁷ These quality experiences support children's cognitive and language development and social-emotional regulation, meaning they are likely to succeed in school and serve as productive members of society.⁸ In the long-term, children who participate in high-quality child care programs are more likely to be employed and their lifetime earnings were approximately 25% higher than those not in this type of care.^{9,10} Moreover, their increased buying power and tax payments as adults further contribute to stimulating the economy.

Quality early childhood programs yield a 7% to 13% return on investment per year through better school and career outcomes and reduced spending on remedial education, health issues, and the criminal justice system.⁶

INVESTMENTS IN EARLY CHILDHOOD CONTRIBUTES TO REDUCED SOCIAL COSTS

In addition to actively contributing to the economy, upfront investments in high-quality child care lead to reduced future social costs through reduced dependency on government funded social programs. Studies have shown that participation in high-quality child care programs can reduce incarceration rates, need for special education, grade repetition, and early parenthood—all of which impose costs upon society. By helping to prevent costly outcomes, child care and early education can help reduce financial deficits imposed upon the public. As it relates to low-income families, participation in early childhood education can have intergenerational effects by breaking the cycle of poverty. Children enrolled in these early education programs have stronger, more stable family lives later in life. As a result, even the children of participants in quality early child care and education programs are less likely to be suspended, more likely to graduate from high school and attend college, and more likely to gain full-time employment.

The Takeaway

Investments in child care and early learning is an investment in the future. Just as positive experiences can lead to long lasting positive outcomes for young children, negative early childhood experiences can lead to deficits in capabilities, decreased productivity, and increased in social costs. To maintain a competitive economy and reduce societal debts, the United States must invest in the future, beginning with quality early child care and education. Such care fosters employment success and reduces social deficits creating economic growth for families, communities, and the nation.

Endnotes

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3. James J. Heckman. “Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy.” *The Heckman Equation*. (December 7, 2012). Available at: https://heckmanequation.org/www/assets/2013/07/F_HeckmanDeficitPieceCUSTOM-Generic_052714-3-1.pdf.
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9. Martha Farrell Erickson & Karen Kurz-Riemer. “Infants, Toddlers and Families: A Framework for Support and Intervention” (New York: The Guilford Press, 1999), 19.
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