



Developmental and Workforce
Benefits of High-Quality
Early Care and Education

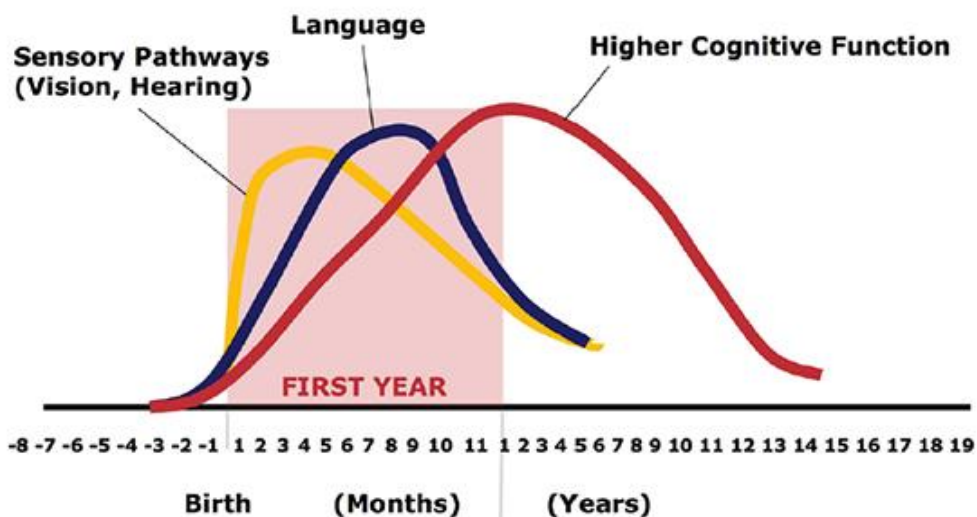
Investments in early childhood care and education “support children’s healthy development and early learning starting at birth, which cascades into longer-term and broader benefits for them, their communities, and the economy.”ⁱ The U.S. Chamber of Commerce Foundation views childcare as “**a two-generation workforce issue: essential to support the workforce of today and vital to develop our workforce of tomorrow.**” Since high-quality early education supports the growth and development of the child, thereby setting him or her up for future success and wellness, while simultaneously providing parents the option to participate more fully in the workforce, the developmental and economic benefits derived from high-quality early care and education are immense.

Developmental Benefits

Prenatal and early childhood experiences form the foundation of emotional, social, cognitive, and language development. This is because human brains are not fully formed at birth; instead, their basic architecture is constructed through an ongoing process, with the first years comprising the most important part. The Center on the Developing Child at Harvard University has determined that in the first few years of life, more than 1 million new neural connections are formed every second; this time of heightened neural plasticity means it is “easier and more effective to influence a baby’s developing brain architecture than to rewrite part of its circuitry in the adult years.”ⁱⁱ

Human Brain Development

Neural Connections for Different Functions Develop Sequentially



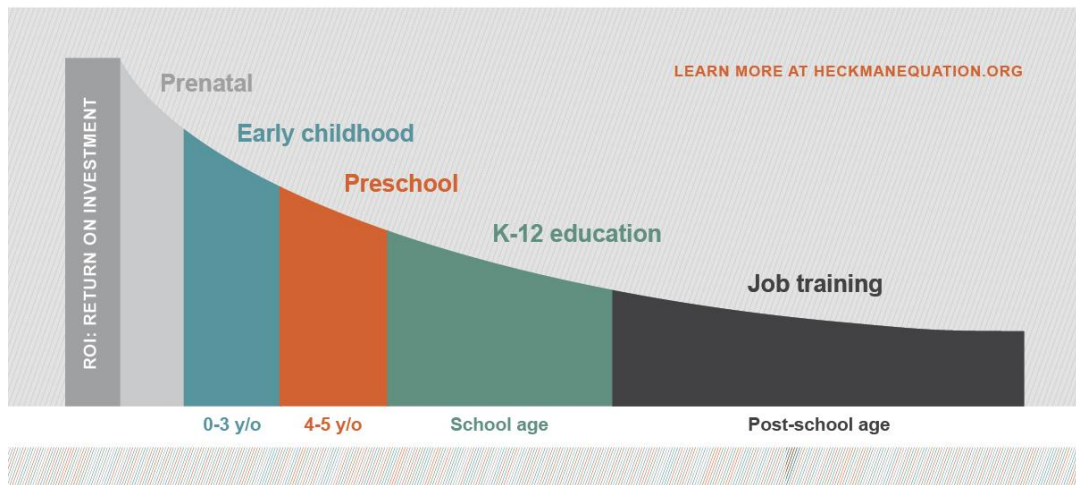
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Because our brains grow faster in early childhood than at any later point in life, the most fiscally responsible public investment we can make is to invest in our citizens early, when the returns are the highest.^{iv} Nobel-laureate economics professor at the University of Chicago, Dr. James Heckman, finds that investing early has the greatest returns.

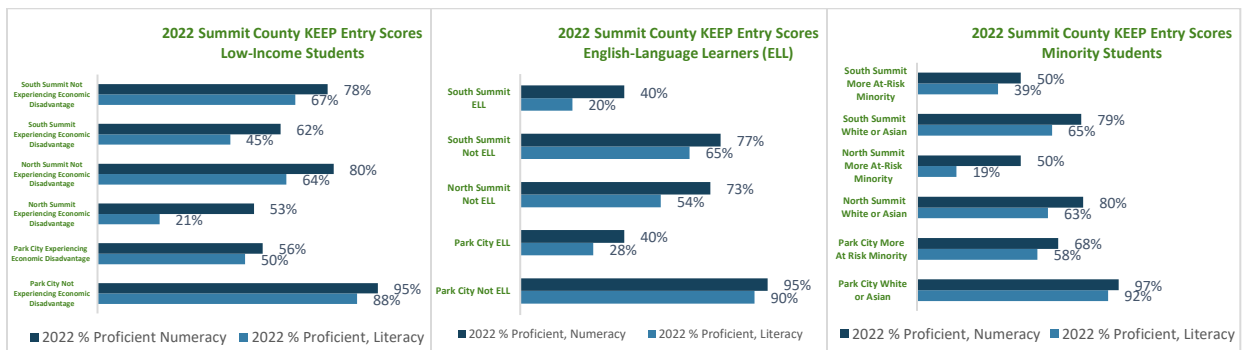


Return on Investment

Economic impact of investing in early childhood learning.



Lack of school readiness is one of the many ways in which communities pay for missed opportunities in providing high-quality early childhood experiences and environments. In Summit County, our minority, dual-language learning, and low-income students are disproportionately less ready for school than their peers, based on the Kindergarten Entry and Exit (KEEP) scores.^{vi}



Workforce Benefits

According to the U.S. Chamber of Commerce Foundation’s report released in December, 2022,^{vii} “[c]hildcare is crucial for Utah’s economic infrastructure and provides a stable foundation for Utah to continue to thrive as a business environment.” Inadequate access to childcare negatively affects family income, business productivity, and tax revenue. Nationally, insufficient care for children under the age of three is estimated annually to cost each individual child’s parent \$3,350, each business employing a parent \$1,150, and each taxpayer \$630.^{viii} One third of businesses report that childcare issues factored “a great deal” into loss of productivity for employees.^{ix}

In Utah, lack of access to childcare results in an estimated \$1.36 billion loss annually for Utah’s economy and Utah loses an estimated \$258 million annually in tax revenue due to childcare issues.^x The topline findings show that lack of childcare is damaging Utah’s economy and exacerbating workforce shortages:

TOPLINE FINDINGS

-\$1.36B

THE UNTAPPED POTENTIAL:
Childcare issues result in an estimated \$1.36 billion loss annually for Utah's economy

-\$258M

Utah loses an estimated \$258 million annually in tax revenue due to childcare issues

-\$1.10B

Absences and employee turnover due to childcare cost Utah employers an estimated \$1.10 billion per year

26%

Parents who have changed their childcare arrangement due to COVID-19

43%

Parents who reported missing work or class at least once in the past 3 months

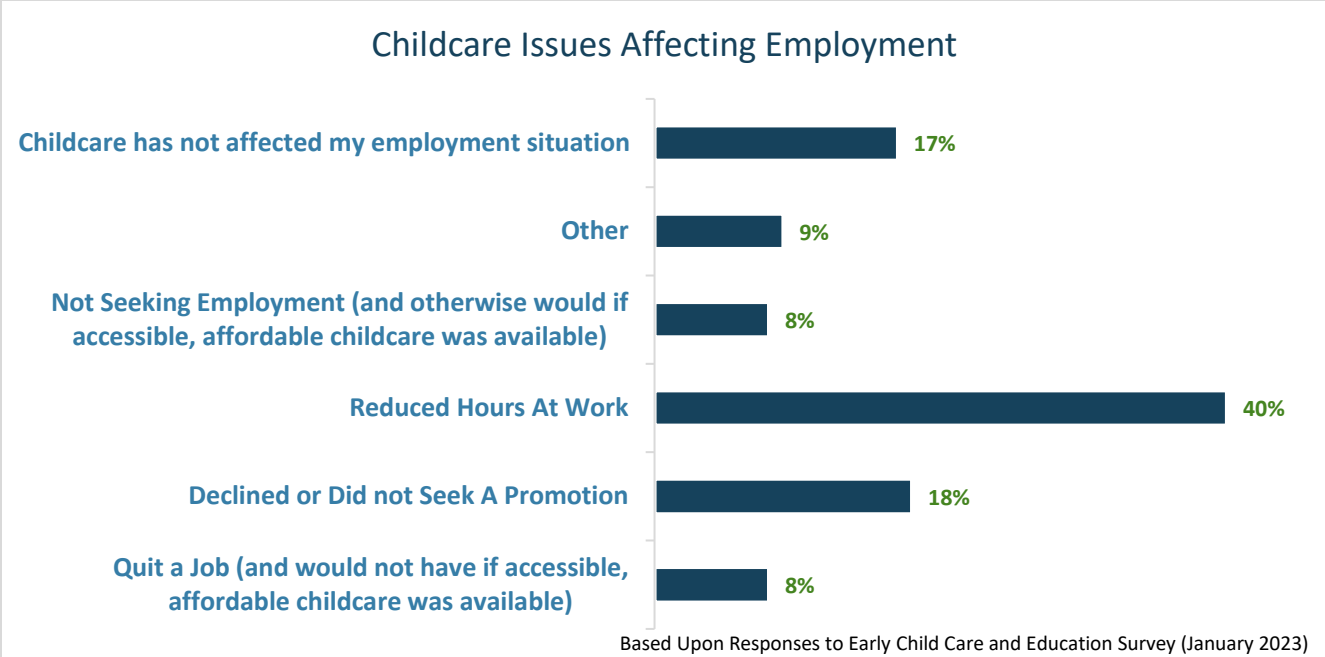
10%

Parents who voluntarily left a job due to childcare issues

48%

In the past 12 months needed to make a significant adjustment to their school or work training due to childcare issues

More locally, 83% of Summit County parents responded that childcare issues had affected their employment, such as causing them to reduce hours at work (40%) or declining/not seeking promotions (18%).



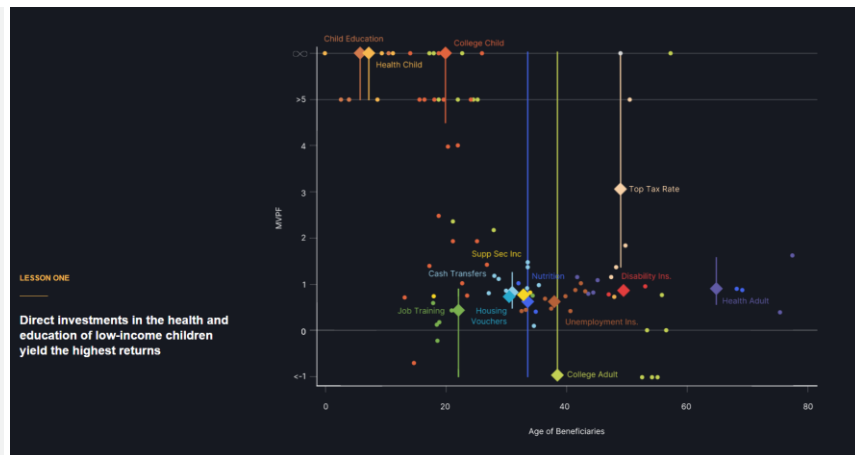
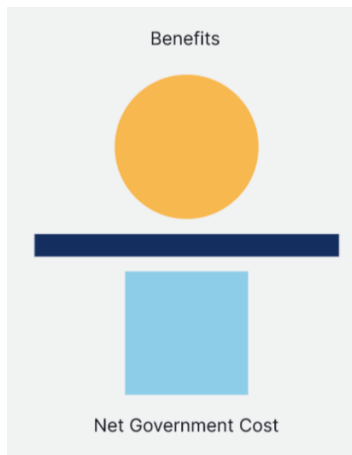
The Bipartisan Policy Center quantified the economic burden of Summit County’s childcare gaps on households, businesses and tax revenues for both the immediate one-year impact and the future impact (representing the annual value plus losses that accumulate over the next 10 years due to the compounding nature of deficits incurred in the initial year).^{xi} The low and high estimates for Summit County are shown in the table below:

	Annual-Low	Annual-High	Future Value-Low	Future Value-High
Summit County	\$21,073,000	\$32,183,000	\$35,711,000	\$54,539,000

Societal Benefits

Early care and education benefits the child and his/her parents, but also society as a whole. These investments can “advance both economic efficiency and equity.”^{xii} Societal benefits include greater productivity and economic growth, less individual reliance on government transfers, and fewer bad outcomes that are costly for society such as poor health, noncompletion of high school and crime.^{xiii} Improvements in early childhood education, for example, have been found to lead to a 20% reduction in later criminal behavior.^{xiv}

Because of the numerous societal benefits, investments for early childhood are an excellent use of public funding. Two economists from Harvard University have set forth a mathematical analysis to determine what government expenditures are most effective at improving social well being.



Using their marginal value of public funds (MVPF) analysis, which measures the “bang for the buck” of government spending on a given policy, direct investments in low-income children’s health and education have had the highest MVPF and yield the greatest returns compared against 133 policies in the U.S. over the past half century.^{xv} MVPFs are high throughout childhood and some direct investments in low-income children’s health and education pay for themselves.^{xvi}

Conclusion

Investing in high-quality, affordable childcare and early childhood education in coordination with parental support and health programs helps:

- (1) close the achievement gap,
- (2) assist local employers in attracting and retaining their workforce,
- (3) strengthen school districts,
- (4) break the cycle of poverty, and
- (5) maximize our collective return on investment.

End Notes

- ⁱ Economic Report of the President, 125 (March 2023) available at: <https://www.whitehouse.gov/wp-content/uploads/2023/03/ERP-2023.pdf>.
- ⁱⁱ Center on the Developing Child, Harvard University, In Brief: The Science of Early Childhood Development, available at: <https://developingchild.harvard.edu/resources/inbrief-science-of-ecd/>.
- ⁱⁱⁱ Center on the Developing Child, Harvard University, In Brief: The Science of Early Childhood Development, available at: <https://developingchild.harvard.edu/resources/inbrief-science-of-ecd/>.
- ^{iv} Heckman: The economics of human potential, available at: <https://heckmanequation.org/>.
- ^v Heckman: Economic Impact of Investing in Early Childhood Learning, available at: https://heckmanequation.org/www/assets/2020/06/F_Heckman_Sharegraphic_ROIChart_2019-1.jpg.
- ^{vi} Email from Jon Collins, Research Consultant, Utah State Board of Education to Kristen Schulz, Early Childhood Alliance, (January 19, 2023).
- ^{vii} U.S. Chamber of Commerce Foundation, *Untapped Potential in UT: How Childcare Impacts Utah's Workforce Productivity and the State Economy*, (December 2022), available at: https://uw.org/wp-content/uploads/UntappedPotential_UTAH_011223_DIGITAL.pdf.
- ^{viii} Ready Nation, Council for a Strong America, *Want to Grow the Economy? Fix the Childcare Crisis*, (January 2019), available at: <https://strongnation.s3.amazonaws.com/documents/602/83bb2275-ce07-4d74-bcee-ff6178daf6bd.pdf>.
- ^{ix} U.S. Chamber of Commerce Foundation, *Employer Roadmap: Childcare Solutions for Working Parents*, (March 2022), available at: https://www.uschamberfoundation.org/sites/default/files/ECE%20Employer%20Roadmap_March%202022.pdf.
- ^x U.S. Chamber of Commerce Foundation, *Untapped Potential in UT: How Childcare Impacts Utah's Workforce Productivity and the State Economy*, (December, 2022), available at: https://uw.org/wp-content/uploads/UntappedPotential_UTAH_011223_DIGITAL.pdf.
- ^{xi} Bipartisan Policy Center, Child Care Gaps Assessment, Summit County, Utah, available at <https://childcaregap.org/>.
- ^{xii} Economic Report of the President, 127 (March 2023) available at: <https://www.whitehouse.gov/wp-content/uploads/2023/03/ERP-2023.pdf>.
- ^{xiii} Economic Report of the President, 127 (March 2023) available at: <https://www.whitehouse.gov/wp-content/uploads/2023/03/ERP-2023.pdf>.
- ^{xiv} John Anders, Andrew C. Barr, and Alexander A. Smith, *The Effect of Early Childhood Education on Adult Criminality: Evidence from the 1960s through 1990s*, American Economic Journal: Economic Policy, 15(1): 37-69, (February 2023), available at: <https://www.aeaweb.org/articles?id=10.1257/pol.20200660&from=f>.
- ^{xv} Nathaniel Hendren and Ben Sprung-Keyser, *A Unified Welfare Analysis of Government Policies*, Quarterly Journal of Economics, 135(3) (February 2020), available at: https://opportunityinsights.org/wp-content/uploads/2019/07/Welfare_paper.pdf.
- ^{xvi} Policy Impacts, *MVPF Lessons*, available at: <https://www.policyimpacts.org/mvpf-explained/mvpf-lessons>.