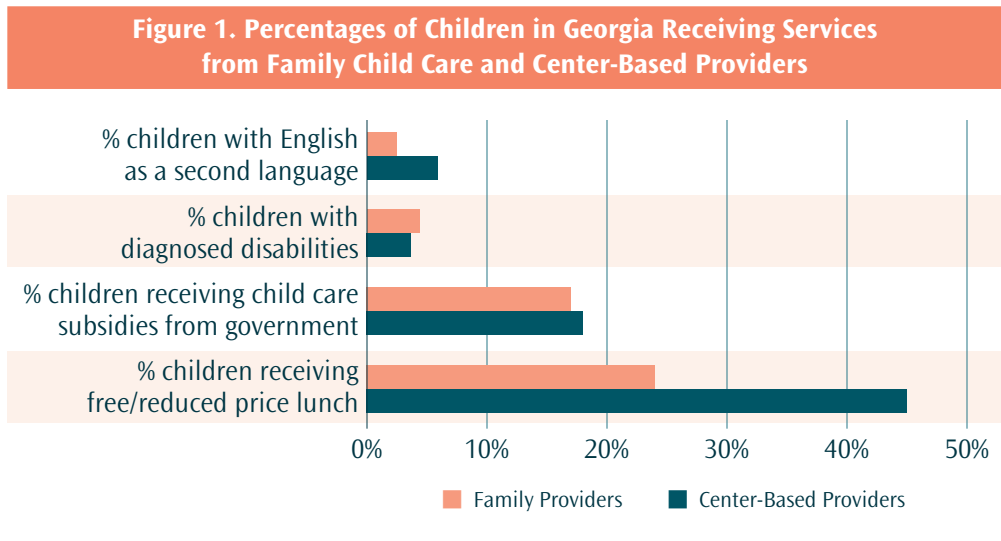


Cost Savings Associated with the Early Care and Education Industry in Georgia

The Child Policy Partnership, comprised of researchers from the University of Georgia and Georgia State University, has just completed a report titled *The Economic Impact of the Early Care and Education Industry in Georgia*. This report was commissioned by Bright from the Start: Georgia Department of Early Care and Learning in 2007. The main finding is that the early care and education industry contributes \$4.1 billion each year to the Georgia economy. Not included in this figure, however, are the potential cost savings to society in the near-term (1-15 years) and the long-term (15 years+). This policy brief highlights some findings from the report that suggest the types of cost savings accrued as a result of the presence of this industry.

Longitudinal research has shown that investments in children and their families have impacts that produce benefits such as improved student academic performance, reduced high school dropout rates, fewer children being referred for special education placements, fewer children being held back a grade, fewer children suffering from depressive symptoms, higher adult earnings, and fewer individuals being connected with the juvenile justice system (Klein and Knitzer 2007; Schweinhart 2005; Reynolds et al. 2001). These results are robust for children in all income brackets (Rolnick and Grunewald 2003; Calman and Tarr-Whelan 2005). In Georgia in particular, the early care and education industry has increased the quality of experiences that promote school readiness, particularly for children enrolled in prekindergarten programs (Neuharth-Pritchett and Hamilton, 2001). These early experiences improve children’s health, school readiness, and subsequent contribution to society (Shonkoff and Phillips 2000; Committee for Economic Development 2006; Knudsen et al. 2006).



Source: Georgia’s Early Care and Education Economic Impact Survey, 2007.

The results of our 2007 survey of industry providers conducted as part of the economic impact study in Georgia indicated that many children are receiving services and benefits through Georgia’s early care and education providers. The percentages of children in center-based care and family-based care who receive benefits are shown in Figure 1.

We found that 3% of children in family-based child care and 6% of children in center-based child care do not speak English as their first language. By serving this population, the industry likely reduces the number of children who would require second-language

by the **Child Policy Partnership** Juanita Blount-Clark, UGA ▪ Angela Fertig, UGA ▪ Stacey Neuharth-Pritchett, UGA ▪ Sally Wallace, GSU

education once they enroll in public school. Consistent with the recent recommendations of the National Task Force on Early Childhood Education for Hispanics, Georgia early care and education providers' responsiveness to the needs of children for whom English is a second language will likely enhance children's academic readiness for school and resultant contributions to Georgia's workforce (Knudsen et al., 2006).

... benefits begin accruing to society through cost savings in the public education and social services sectors as soon as the children enter kindergarten.

Four percent of children from birth to age 13 have a diagnosed disability. Early care and education environments can supplement disability services in schools and can minimize or eliminate disabilities prior to formal school entry through support systems that maximize the cognitive, physical, and social-emotional development of children with disabilities (Shonkoff & Phillips, 2000). In particular, this study found that more than half of children under age 3 with disabilities who participate in Georgia's early intervention program, Babies Can't Wait, do so through child care providers. By cooperating with the state's intervention program and providing structured early care and education environments, the industry may be reducing the number of children with disabilities who require services from the public school system. It is estimated that the excess cost for special education programs above the cost for regular education is over \$6,000 per pupil per year (in 2005 dollars) (Chaikind and Corman, 1991).

Through the Georgia Division of Family and Children's Services and the U.S. Department of Agriculture's Child and Adult Nutrition program, some families who might not otherwise be able to afford child care can enroll their children in care and be assured that the nutritional needs of their children are being met. An estimated 17–18% of children in Georgia's early care and education environments receive child care subsidies, and 24% of children in family settings and 45% of children in center settings receive free or reduced price lunch. Research suggests that proper nutrition is related to children's readiness to learn (Shonkoff and Phillips, 2000), again influencing later costs to the public school systems in Georgia.

While the early care and education industry generates an enormous amount of economic activity on a daily basis by employing a large workforce and purchasing materials and services and by enabling parents to work, its largest impact on the economic development of the state may be through its benefits to children. These benefits begin accruing to society through cost savings in the public education and social services sectors as soon as the children enter kindergarten. Given the growing demands on this industry due to Georgia's growing young population, the increasing racial and ethnic diversity of the state, and an increasing number of single-parent families and women in the workforce (Census 2000 and American Community Survey 2006), investments in the early care and education industry are likely to be needed, however, the evidence above indicates that those investments will reap returns through cost savings.

Works Cited

- Calman, L. J., and L. Tarr-Whelan. 2005. *Early childhood education for all—A wise investment*. New York: Legal Momentum.
- Chaikind, S., and Corman, H. (1991). The impact of low birthweight on special education costs. *Journal of Health Economics*, 10, 291-311.
- Committee for Economic Development. 2006. *The economic promise of investing in high-quality preschool: Using early education to improve economic growth and the fiscal sustainability of states and the nation*. Washington, DC: Committee for Economic Development.
- Klein, L., and J. Knitzer. 2007. *Promoting effective early learning—What every policymaker and educator should know*. New York: National Center for Children in Poverty.
- Knudsen, E. I., J. J. Heckman, J. L. Cameron, and J. P. Shonkoff. 2006. Economic, neurobiological, and behavioral perspectives on building America's future workforce. *Proceedings of the National Academy of Sciences of the United States of America* 103:10155–62.
- Neuharth-Pritchett, S., and C. E. Hamilton. 2001. *What happened to the youngest? State-supported universal prekindergarten's impact on infant and toddler care and services*. Paper presented at the biennial meeting of the Society for Research in Child Development, Minneapolis.
- Reynolds, A. J., J. A. Temple, D. L. Robertson, and E. A. Mann. 2001. *Age 21 cost-benefit analysis of the Title I Chicago Child-Parent Center Program*. Paper presented at the annual meeting of the Society for Prevention Research, Madison, WI.
- Rolnick, A., and R. Grunewald. 2003. *Early childhood development: Economic development with a high public return*. Minneapolis: Federal Reserve Bank of Minneapolis.
- Schweinhardt, L. J. 2005. *Lifetime effects: The High/Scope Perry Preschool Study through age 40*. Ypsilanti, MI: High/Scope Research Foundation.
- Shonkoff, J. P., and D. A. Phillips. 2000. *From neurons to neighborhoods: The science of early childhood development*. Washington DC: National Academies Press. Copies of the executive summary and the full report are available on the Bright from the Start website (www.decal.state.ga.us) or from the Research and Evaluation Specialist at Bright from the Start. Call 404-656-5957 or send a written request to: Research Specialist, Bright from the Start, 10 Park Place, Suite 200, Atlanta, GA 30303. For additional information about the study, contact Juanita Blount-Clark at the Carl Vinson Institute of Government, University of Georgia, at jclark@cviog.uga.edu or 404-463-6805.