

A Strong Economy for New York Depends on Quality Early Learning Settings



Business leaders know first-hand about the importance of a skilled workforce to support a strong economy, keep America competitive globally, and ensure a vibrant economy.¹

Investing in early learning and development is the best foundation for human capital.

A Strong Economy Depends on a Skilled Workforce

The forces of globalization and technology continue to redefine the knowledge economy: **tomorrow's workers must rely more on brain than on brawn.** Technological improvements have led to escalating skill requirements, and globalization has contributed to the loss of many labor-intensive and digitally transferable jobs in the United States.²

In the coming years, labor force growth will slow as the baby boom generation retires. Improving the quality of the labor force will be challenging – most new workers will come from minority populations that have historically completed fewer years of school.³

What is clear is that individuals need to achieve education beyond a high school degree and need to develop advanced technical skills. What we know is that the most formative years of brain development come during the prenatal period and the first three years of life – before kindergarten and before preschool.

The Economic and Fiscal Impact of Quality Child Care and Early Learning Settings

Early and sustained participation in quality child care and early learning settings leads to:

- more children graduating high school,
- higher earnings rates for parents and for children once grown,
- reduced public spending on remedial education and services, and
- lower incarceration rates.

Federal, state, and local budgets will improve significantly when governments can dedicate more of their resources to productive endeavors, rather than to remediation, incarceration, and welfare.

- Improving high school dropout rates could save as much as \$11 billion annually in welfare, food stamp, and housing assistance.⁴
- Boosting the high school completion rate of adult men by 1 percent would save up to \$1.4 billion a year in crime related costs.⁵

Workers with a high school diploma earn over \$9,430 more annually than those who have not completed high school. Adding a four year college degree translates to an additional \$23,779 annual increase in earnings.⁶

A Profile of New York's Children

In New York, 22 percent of children do not graduate high school on time (e.g., they drop out of high school or take longer than 4 years to graduate from high school).

New York 4th Grade Reading Scores

The [National Assessment of Educational Progress 4th grade test scores](#) show that for New York children:

- 20 percent of White 4th grade students read below grade level;
- 44 percent of Hispanic 4th grade students read below grade level;
- 48 percent of African American 4th grade students read below grade level; and
- 43% of low-income 4th grade students read below grade level.

Children living in poverty are a particular concern because they are at greater risk of not starting kindergarten ready to learn and not graduating from high school.

Children Living in Poverty in New York

- 24.2 percent of children under age 5 live in poverty.
- 17 percent of families with children under age 5 live in poverty.
- 40.7 percent of families headed by a single mother with children under age 5 live in poverty.

Source: U.S. Census Bureau

The 2015 Annie E. Casey Kids Count Data Project reports that 918,000 children under age 18 (about 22 percent) in New York were food insecure at some point last year.

The collateral impact of living in poverty, not starting school ready to learn, potentially not having enough to eat and not eating nutritiously, affects a child's development and ability to succeed in school. From an economic standpoint, the repercussions are felt throughout our society – for example, in terms of lost earnings and tax revenue, increased health care costs, and a population unfit for employment and productive work.⁷

Quality child care and early learning settings can make a difference in the lives of young children. But, of the 858,853 children under age 6 with working parents in New York, just a tiny fraction attend a Pre-K program or receive a subsidy to help afford the cost of child care.

Quality child care matters for the healthy development of children. However, it also matters for their parents and the ability of their parents to provide for their family and contribute to the strength of the economy.

Research shows that low-income mothers who are provided state and federal child care subsidies are more likely to work (and work 40 hours per week) than their peers who do not receive assistance.⁸

“Early child development is economic development with a very high public return. I want to stress that it’s a public return. I want to stress that it’s an economic return.”

Arthur J. Rolnick, Senior Vice President and Director of Research, Federal Reserve Bank of Minneapolis

The strength of New York's economy is related to school readiness and workforce readiness. It is time to invest in quality child care and early learning settings.

¹ Committee for Economic Development. “Unfinished Business: Continued Investment in Child Care and Early Education is Critical to Business and America’s Future.” (2012). <https://www.ced.org/reports/single/unfinished-business>

² Committee for Economic Development. “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.” (2006). <https://www.ced.org/reports/single/the-economic-promise-of-investing-in-high-quality-preschool>

³ Ibid.

⁴ Marta Tienda. “Public Assistance Programs: How Much Could be Saved with Improved Education?” paper presented at the symposium on “The Social Costs of Inadequate Education” (Columbia University Teachers College, October 2005). <http://www.tc.columbia.edu/centers/EquitySymposium/symposium/resourceDetails.asp?PresId=7>

⁵ Enrico Moretti, “Does Education Reduce Participation in Criminal Activities? Paper presented at the symposium on “The Social Costs of Inadequate Education” (Columbia University Teachers College, October 2005). <http://www.tc.columbia.edu/centers/EquitySymposium/symposium/resourceDetails.asp?PresId=6>

⁶ U.S. Census Bureau, Median Earnings in the Past 12 Months By Sex By Educational Attainment for the Population 25 Years and Over, 2014 American Community Survey, 1 Year Estimates. Table B20004.

http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_B20004&prodType=table

⁷ Committee for Economic Development. “Unfinished Business: Continued Investment in Child Care and Early Education is Critical to Business and America’s Future.” (2012). <https://www.ced.org/reports/single/unfinished-business>

⁸ Marshall, N.L., Robeson, W.W., Roberts, J.R. & Dennehy, J. (2013). *Child Care for Low-Income Families*. Wellesley Centers for Women. <http://www.wcwonline.org/pdf/SubsidyStudyOverview.pdf>