



The Economic Impact OF THE Early Care and Education Industry *in Illinois*



A REPORT BY ACTION FOR CHILDREN, CHICAGO METROPOLIS 2020 AND ILLINOIS FACILITIES FUND

The Early Care and Education industry is important to the Illinois economy. In summary, the industry:

- Generates \$2.12 billion every year.
- Employs almost 56,000 people full-time.
- Helps prepare young children to succeed in school and to participate in the workforce as adults.
- Enables parents to work and continue their education.

Investing in Early Care and Education programs yields a *high return*.

This report on the economic impact of Early Care and Education looks at this industry through a new lens — an economic one that considers for the first time the industry's contributions to the Illinois economy. It also re-examines government savings and the workforce impact of Early Care and Education in Illinois.

Over the years, the Early Care and Education industry has changed to meet the growing needs of working families and their children. Regardless of program type or setting — child care, Head Start, family child care, preschool, or prekindergarten, for-profit or nonprofit, public or private, regulated or unregulated — the Early Care and Education industry provides economic benefits to Illinois and its businesses.

The findings in this report highlight the financial significance of the industry as well as the need to ensure access to high quality Early Care and Education for Illinois children. By targeting the Early Care and Education industry for economic and workforce development, the business community, government and industry leaders can capitalize on the high returns to our children and our economy.

Action for Children
Chicago Metropolis 2020
Illinois Facilities Fund

Every dollar invested in quality Early Care and Education saves up to \$17 dollars on government expenditures by reducing costs of remedial education, grade retention and crime.¹

What is the Early Care and Education industry?

The Early Care and Education industry consists of programs serving children under the age of six.

It includes:

Child care centers

Family child care homes

Head Start

Pre-kindergarten

Preschool





The Early Care and Education industry supports the current workforce.

- One in ten Illinois workers has a child under age six.
- Working parents play a vital role in the economy, earning a total of \$21 billion annually.
- Employer-based child care helps to keep parents working and reduces turnover:
 - For example, Illinois-based Abbott Laboratories offers its employees on-site early care and education and enjoys a turnover rate that is lower than industry norms.

Early Care and Education helps prepare children for opportunities in the new economy.

Long-term studies of low-income children show that children who participate in Early Care and Education have:²

- Greater language development,
- Better mathematical ability; and,
- Fewer behavioral problems in kindergarten.

As adults, these children have:

- Increased high school graduation rates,
- Increased higher education attainment; and,
- Higher rates of workforce participation.

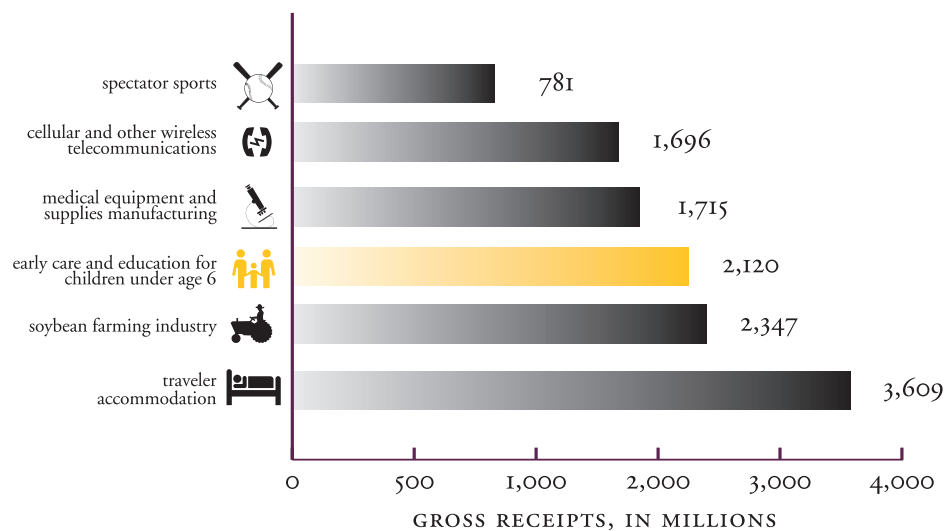
Early Care and Education is critical but costly.

- The typical Illinois family will need to pay 25 percent of its income for an infant and pre-schooler's Early Care and Education if they choose care through a center.
- In 2002, annual, full-time, center-based care for an infant cost more than resident undergraduate tuition at the University of Illinois.

“There are significant societal benefits and governmental savings from investing in early care and education. This report contains important new information about the economic benefits of early childhood care and education and provides an additional incentive for Illinois to invest in children from birth to age five.”

State Senator Don Harmon

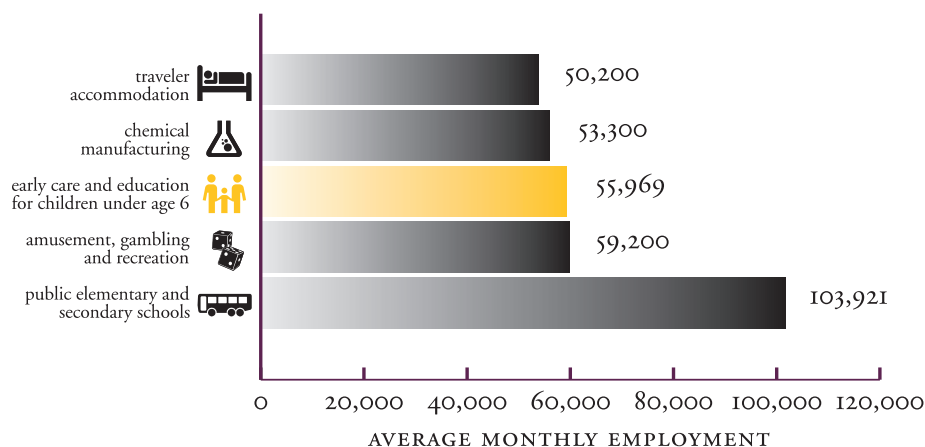
ANNUAL GROSS RECEIPTS BY INDUSTRY IN ILLINOIS³



“The returns to early childhood development programs are especially high when placed next to other spending by governments made in the name of economic development. Yet early childhood development is rarely considered as an economic development measure.”

Art Rolnick, Federal Reserve Bank of Minneapolis

EMPLOYMENT BY INDUSTRY IN ILLINOIS⁴



KEY ACTION STEPS:

BUSINESS

- Support state legislation that expands access to quality Early Care and Education programs and that makes working families eligible for subsidies at higher income levels.
- Leverage funds through public-private partnerships to build quality Early Care and Education facilities and develop programs that can address the shortage of infant care.
- Provide resource materials to enable more businesses to help support their employees' early care and education needs.
- Develop partnerships and provide resources to help the Early Care and Education industry improve its business skills and practices.
- Nominate Early Care and Education industry representatives and experts to be appointed to the boards of business community organizations involved in economic development and workforce issues.

“In addition to Northern’s Early Childcare Center assisting with recruitment and retention, it helps employees feel good about working for an organization that cares enough about its employees to make the commitment of having an on-site child care center. Those positive feelings translate into improved productivity and better client service.”

Tim Moen, Executive Vice President of Human Resources and Corporate Services, The Northern Trust Company

GOVERNMENT

- Pass state legislation that expands access to quality Early Care and Education programs and that makes working families eligible for subsidies at higher income levels.
- Integrate Early Care and Education into statewide planning for education, housing, and workforce development.
- Publicly recognize businesses that support their employees' Early Care and Education needs.
- Analyze how population trends affect the demands for and geographic distribution of Early Care and Education services in Illinois.

EARLY CARE AND EDUCATION INDUSTRY

- Advocate for legislation that expands access to quality Early Care and Education.
- Advocate with the business community for increases in capital and program investments in Early Care and Education.
- Work with government and the economic development community to market Early Care and Education as a vital multi-billion dollar state industry that employs tens of thousands of workers.
- Advance an Early Care and Education industry workforce development agenda within government to improve quality through staff training and development.

An investment in Early Care and Education is much more than an investment in children. It is an investment that helps guarantee the long-term stability of Illinois' economy, its families and future workforce.

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¹ High/Scope Perry Preschool Study

² Studies include: The Abecedarian Study at the University of North Carolina at Chapel Hill, High/Scope Perry Preschool Study, and Chicago Child-Parent Center Study.

³ Sources: U. S. Census Bureau's 1997 Economic Census adjusted to 2004 using CPI. Soybeans only were based on Illinois Department of Agriculture's 2002 Cash Receipts Facts adjusted to 2004 using CPI. Spectator sports data includes professional team revenue only.

⁴ Source: IDHS, 2003 CES Survey. Early Care and Education employment was calculated in full time equivalents.