



# FACTS in ACTION

## The Surprising Economics of Early Care and Education in MA

Did you know? In Massachusetts, early care and education:

- is a \$1.5 billion industry, which is about 5 times larger than the commercial fishing industry;
- employs 29,555 full-time employees, which is only slightly fewer than the legal services industry;
- enables \$13.1 billion to be earned annually by families with children under age six; and that
- on average for every dollar invested in early care and education there is a \$4-\$7 return savings on public expenditures.

Traditionally, early care and education are thought of solely in terms of their benefits to young children, overlooking this industry's tremendous economic impact for all citizens. The National Economic Development and Law Center (NEDLC) recently released a report analyzing the economic impact of early care and education.

The way the report organizes the field's impact falls into three categories. Early care and education:

- is an industry
- creates and sustains the workforce and
- provides financially quantifiable benefits to children over the duration of their lifetime.

### Early Care and Education is an Industry

Early care and education takes place in many classrooms and family homes across the state. Collectively these sites form an "industry". The size of an industry is measured by the amount of money spent on its goods and services - sum the amount of parent fees and public subsidies spent on early care and education. In Massachusetts, the early care and education industry has an estimated value of \$1.5 billion. This is five times larger than the commercial fishing industry (\$252 million), and also substantially larger than the wireless telecommunications industry (\$671 million).

Early care and education additionally supports the economy through the spending of federal and state dollars. In fiscal year 2002, federal and state spending for early care and education in Massachusetts was \$627.3 million. This money was spent on programs such as the Income Eligible Voucher Program, Community Partnerships for Children, Head Start, Quality Improvement, and Early Intervention.

In summary, it is important to recognize that comprehensively the early care and education industry is a key component of the Massachusetts economy.

### Early Care and Education Creates and Sustains the Workforce

Providing early care and education services creates jobs and sustains

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parents' participation in the workforce. In 2003, the industry provided jobs equal to 29,555 full-time positions. NEDLC calculated this number using minimum state law staff-child ratios and rounded this to become a whole number of full-time positions; thus the report warns that

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Erika Argersinger *Project Coordinator*

Corey Zimmerman *Project Associate*

Rose Holandez *Project Intern*

Kristen Stinchcombe *VP of Research & Policy*

Judith Krinski *Logo Design*

Facts in Action  
95 Berkeley Street, Suite 306  
Boston, MA 02116  
(617) 695-0700 x271  
(617) 695-9590 (fax)

[eargersinger@AssociatedEarlyCareAndEducation.org](mailto:eargersinger@AssociatedEarlyCareAndEducation.org)

Facts in Action's mission is to connect practice and advocacy with early childhood field and policy research — to turn facts into action — in order to promote higher quality programs and to bring new advocates to the field of early care and education.

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**Caroline and Sigmund Schott Foundation**  
*Quality Education and Child Care for All*



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*Economics of EC&E, Continued from page 1*

29,555 is potentially a considerable underestimate of the actual number of people employed full and part time in the field. In comparison, the telecommunications industry sustains about 25,929 jobs and the legal services industry supplies about 31,258 jobs.

In addition, by having child care and early education available, parents are able to maintain employment across all sectors of the economy. Working families sustain the economy, particularly in Massachusetts, where one in ten participants in the labor force has a child under age six. These parents collectively earn \$13.1 billion annually. Access to early care and education also allows parents to pursue higher educational degrees. As is the case in many states, including Massachusetts, people with higher educational degrees tend to have higher incomes and use fewer governmental support programs. For states and localities, higher incomes and less use of public services means increased tax revenue and also a savings in public spending.

High quality early care and education also benefits private sector companies. High quality child care is an excellent recruiting and employee-retention tool. As jobs become more specialized, a benefit such as quality child care may be a deciding factor for parent-employees. Furthermore, reliable child care has been found to reduce employee absenteeism and increase their productivity; both of these directly improve a business' bottom line.

Ultimately, early care and education is essential to the issues of workforce creation and development. Early care and education creates jobs, enables parents' employment, and directly benefits business' bottom line.

### **Provides Financially Quantifiable Benefits**

Although not conducted in Massachusetts, the long-term studies documenting the economic benefits of

investing in early care and education are quite reliable and can generally be applied to other settings. Major studies of the High Scope/Perry School program, Carolina Abecedarian Project, and the Chicago Parent Child Centers, have demonstrated that there are predictable future savings from present investment in early care and education. Generally, the ratio is for every \$1 invested in early care and education, there is a savings of \$4-\$7 throughout that same child's life through their reduced use of public support programs, i.e. remedial education, public assistance, or criminal justice. These studies are discussed at more length later in the issue in "In Brief: Is ECE Worth the Investment?" (Page 5).

In summary, investing in early care and education is a wise financial investment because there is a significant return on investment, despite the initial costs.

### **Further Information**

The NCEDL report contains much more information on this topic. Seek out the full report if you are also interested in learning about the average annual cost for full-time licensed care vs. the state's median family income, child care capacity in the state, or about how labor trends relate to the growing need for early care and education in this state. In addition, in this issue's *Ideas for Action* you will find suggestions on how to incorporate data into your advocacy efforts.

Early care and education has tremendous financial benefits and impacts for all citizens. Providing high-quality care impacts much more than just one child's life; it effects the economic success of an entire state.

Source: National Economic Development and Law Center. *The Economic Impact of the Child Care and Early Education Industry in Massachusetts*. (2004) [www.doe.mass.edu/els/news04/nedlc\\_report.pdf](http://www.doe.mass.edu/els/news04/nedlc_report.pdf)

# The Child Care Choices of Immigrant Families

The number of children in immigrant families is now growing faster than those of non-immigrant families. During the 1990s, the number of immigrant children grew by 47 percent in comparison to the seven percent increase for children with U.S.-born parents. This rise has led researchers to focus on the child care choices of immigrant families as they play an important role in the education and development of our country's citizens.

Dr. P. Brandon, professor of sociology at the University of Massachusetts-Amherst, observed how a family's child care arrangements are affected by the following factors: (1) the immigrant status, (2) the generational status (i.e. Second-generation immigrant children have at least one foreign-born parent, while third-generation children have two U.S.-born parents), and (3) the family's country of origin. In this study, he found that:

- Immigrant families use center-based care less than non-immigrant families, and choose, instead, to place their children in parental and kin care.
- In the five states with the highest numbers of immigrant children (California, New York, Florida, Texas, and Illinois), children with at least one foreign-born parent are more likely to choose kin care than children with U.S.-born parents.
- Furthermore, immigrant children of Mexican, Asian, and White descent are less likely to be placed in center-based care than non-immigrant children of the same descent. In addition, Mexican-American children with U.S.-born parents are much less likely to be in center-based care than

Asian, White, and Black children with U.S.-born parents.

Dr. Brandon believes it is important to explore why these groups are choosing to place their children in parental and kin care more than center-based care. Are the reasons based on cultural values or lack of knowledge about how to access child care subsidies? In sum, he believes that more research should go into this topic to ensure that immigrant families have access to their top child care choice.



Source: Brandon, P. (2002) *The Child Care Arrangements of Preschool Children in Immigrant Families in the United States* [www.ffcd.org/uploadDocs/UMASS%20Brandon.pdf](http://www.ffcd.org/uploadDocs/UMASS%20Brandon.pdf)

## In the Classroom: Learning to Make Smooth Transitions

An important task for preschool and kindergarten teachers is to help children move from one activity to another without letting them become confused, bored, or frustrated. According to the Center on Social and Emotional Foundations for Early Learning, preparing smooth transitions between activities not only keeps students engaged in the lessons of the day, but also helps students become independent and responsible. For children, doing what they "must" or "should", rather than what they "feel" or "want to", is an important lesson to learn during the early years of their education.



Essentially, teachers should keep in mind the following techniques for use in the classroom and in planning their curriculum:

- **Announce or signal** to the children that the class will be moving on to another lesson or activity. Announcements can begin with phrases like "five minutes until...", while signals can include showing a picture of the next activity.
- Include **enough time** in the daily schedule for transitions between activities.
- Be prepared to **accommodate the individual needs** of children that may require more time than others (i.e. children with learning disabilities or new English

language learners).

- Help children become more independent by allowing them to move from one activity to another on their own as well as encouraging them to **assist each other** in completing and moving on to another activity.
- **Acknowledge a child's efforts** to contribute to making smooth transitions. An example of this can include, "Kim and Alex did a great job in picking up and putting away the building blocks."

Source: Ostrosky, M. M., Jung, E. Y., and Hemmeter M. L. *Helping Children Make Transitions between Activities* <http://csefel.uiuc.edu/briefs/wwb4.html>

## New Resources for Practitioners and Advocates

### Child Care and Early Education Research Connections

<http://childcareresearch.org/>

This recently launched website is a one-stop shop for early childhood education and child care research on the web. This has a high quality collection of resources including original research reports and data sets, advice about research quality, and information about state and national public policies. Grant alerts are also included on the website.

### Pre-K Policy Framework

<http://www.fpg.unc.edu/~npc/>

Looking for more information about Pre-K programs and initiatives in other states? This website offers many useful resources about the design and construction of high quality state pre-K programs across the nation. This website also contains summaries of current pre-K research, links to state pre-K websites, and detailed information about infrastructure, program standards, and professional development.

### Facts in Action

<http://www.factsinaction.org>

Visit *Facts in Action* online! At the FIA website you can download entire issues as PDFs, search prior articles, or find web-exclusive articles. At this website you can also sign a friend up to receive FIA email updates.



## Inside the Statehouse: Legislature Approves New Dept. of Early Care and Education

In June the Massachusetts Legislature made a remarkable commitment to the children of the Commonwealth by establishing a new Board and Department of Early Education and Care in their FY05 budget. Consolidating the state's multiple early education and care programs into one streamlined independent agency powerfully affirms this state's commitment to high quality early education and care.

The new Board of Early Education and Care is charged with a number of tasks including to:

- Design and implement a voluntary system of universally-accessible high quality early childhood education for all preschool-aged children in the Commonwealth;
- Create and oversee a comprehensive evaluation of early education and care programs, including a kindergarten readiness assessment system; and
- Craft and manage a workforce development system, which will address training and compensation of the early education and care workforce.

Additionally, a portion of the Board's \$600,000 FY05 appropriation has been designated for eight planning

grants to support up to 12 communities in designing universal high quality publicly-funded preschool systems.

What does the timeline look like for this initiative? In July, the three-Commissioner Council on Early Education and Care, created in last year's budget language, will begin developing a comprehensive plan to transition the current administration of early care and education services to the new consolidated department.

Also, a 21-member Advisory Committee will begin studying the foundational and organizational elements essential for building a first-rate early education and care system in Massachusetts.

Both the Council and Committee are due to report to the legislature by December 2004. The Board will appoint a Commissioner of Early Care and Education by April 2005, and the new Department will go into effect July 1, 2005.

At this time, it's awaiting final review by the Governor; he can approve or veto it. This will be followed by a final review and approval by the Legislature. Stay tuned as this stands to be a monumental development for all children and families in Massachusetts.

# Is ECE Worth the Investment?

Although high quality early care and education (ECE) may seem expensive, its investment is key to improving the lives of children and families. Through cost-benefit analyses, a process of adding up and comparing the costs and benefits of a project and/or program, researchers have determined that high quality early childhood programs provide children and taxpayers with short- and long-term benefits that on average are greater than the estimated costs.

In a RAND Corporation study of nine early childhood programs, they found that participants of high quality early childhood programs experienced significant social, intellectual, and financial advantages over non-participants:

- Most of the participants that were at-risk of dropping out of school and engaging in criminal behavior

were more likely to avoid these decisions and actions.

- At least in the short-term period, participants maintained significantly higher grades in school and higher IQ scores.
- As the participants became adults, they were more likely to have a job and earn a higher salary.

In a more recent study, the University of Pittsburgh – Office of Child Development provided updated information on how certain programs paid off for each dollar invested. In two of the early education programs examined, the Abecedarian Project (NC) and the Perry Preschool Program (MI), the estimated cost-benefit ratio resulted in approximately \$4 gained for every \$1 invested, while the Chicago Child-Parent Center (IL) resulted in \$7 for every \$1 invested.

Nonetheless, both of the studies concluded that not enough programs undergo a cost-benefit analysis and out of those that have, few can be cited as an accurate financial picture of the program evaluated. So while cost-effectiveness demonstrates the need to continue implementing high quality early care intervention programs, it also points to the need to invest in continued research and development as a way to ensure greater progress tomorrow.

Sources: Goark, C., Mehaffie, K., McCall, R., and Greenberg, M. (2003) *Investing Today for Tomorrow: The Costs and Benefits of Early Childhood Care and Education*. <http://dil.sched.pitt.edu/ocd/publications/govtaskforce1.pdf>

Karoly, L., et al. (1998) *Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions* [www.rand.org/publications/MR/MR898/](http://www.rand.org/publications/MR/MR898/)

## Pre-K for MA Homeless Children

When homeless children access high quality early care and education opportunities, many of the developmental risks associated with homelessness are reduced *and* their parents are able to secure jobs and housing more efficiently. Due to the high number of homeless children living in state-funded emergency housing shelters in 2003 – 2,864, ages birth to 18 -- Horizons for Homeless Children conducted a survey of shelters in Massachusetts. Their study assessed the percentage of homeless children participating in early care and education programs.

They found that, overall:

- 44% of homeless children in MA attend a formal early care or education program
- 56% of homeless children have no formal care arrangement.
- Children in domestic violence shelters, teen living programs, and transitional shelter pro-

grams, on average, attended early care and education programs at higher rates than children living in congregate family shelters or scattered site family shelters.

Compared to statewide averages,

- 52% of shelter children stay with a parent during the day, compared to only 24% of housed children.
- 38% of homeless children attend a Head Start, Early Head Start or center based program, whereas 56% of children statewide attend these programs.



- Overall, 44% of homeless children participate in a formal care program compared to 68% of all Massachusetts children.

In order to sustain the current good work and focus the field on next steps, Horizons offers recommendations including:

- Increase contracted child care slots for homeless children;
- Strengthen partnerships between the family shelter system and the early childhood care and education field; and
- Collect data to further document and benchmark progress.

Ultimately, homeless children's access rate of early care and education is yet another dynamic of the economics of child care discussion.

Cameron, E. & Heilman, S. (2004) *Bridging the Gap: Early Care and Education for Massachusetts Young Homeless Children*. [www.horizonsinitiative.org](http://www.horizonsinitiative.org)

# Ideas for Action: Using Data for Advocacy

Data is a powerful ally to any advocacy effort because data is viewed as objective information. Whether trying to describe the success of your child care program, or convince a legislator that the teacher retention rates at your center need to be improved, numbers add powerful clout to your argument. This *Ideas for Action* provides several easy tips on how to strengthen your advocacy efforts through the integration of data.

**USE DATA TO QUANTIFY THE ISSUE.** Instead of stating, “teacher retention rates are low and therefore must be addressed.” Try saying, “In Fall 2002, 30% of the teachers that graduated from the Signing Bonus Program and worked in high-risk areas quit. This rate is much higher than the national statistic, 9%, of new teachers that quit after the first year.” (<http://epaa.asu.edu/epaa/v11n13>) Using numbers to quantify the

scope of the problem helps policymakers clearly see that the issue is not just about 1 or 2 teachers but is about 100 or 300 teachers. Providing a number for comparison directly points out to policymakers why this situation is not normal and therefore requires attention.

**PROVIDE DATA IN A CLEAR CONCISE FORMAT.** Data and statistics, which can be cumbersome to read in paragraph form, can easily be displayed in graphs, tables, or bullet points. Using any of these gives the reader a quick impression of the point you are making before they even begin reading your article. For example, see the *Quick Facts to Clip and Quote* (page 8). The significant differences between the two groups are apparent immediately, before you even begin to read the text.

**DATA CAN BE INCLUDED EVERYWHERE.** Use data to enhance your points to all audiences. When discussing in your parents newsletter the importance of reading with children, try reinforcing your point by adding, children who are read to more than three times a week are twice as likely to score in the top 25% in reading. ([www.nifl.gov/nifl/facts/parental.html](http://www.nifl.gov/nifl/facts/parental.html)) Or when inviting a local business to partner with you, explain to them that because of unreliable child care arrangements, employee absenteeism costs American businesses about \$3 billion a year, and that by partnering with you they can begin to reduce that. ([www.strategiesforchildren.org/images/pdfs/Why%20Investing.pdf](http://www.strategiesforchildren.org/images/pdfs/Why%20Investing.pdf))

Ultimately a winning advocacy strategy uses both anecdotes and data to communicate a point. Stories are what move our hearts, and numbers are what move policy.

## Making it Count: A Special Issue of *Facts in Action*

*Facts in Action* has published a series of articles designed to take you step-by-step through the process of measuring outcomes in your program or family child care home. This series of articles has been repackaged into a special issue of the *Facts in Action* newsletter and is now available for only \$2.00 per copy.

If you would like to order this special issue of *Facts in Action*, please contact:

Erika Argersinger  
*Facts in Action*  
Associated Early Care and Education, Inc.  
95 Berkeley Street, Suite 306  
Boston, MA 02116  
(617) 695-0700 x271  
[eargersinger@AssociatedEarlyCareAndEducation.org](mailto:eargersinger@AssociatedEarlyCareAndEducation.org)

## Send in your Reader Survey Today!

So that we may continue providing you with valuable and useful information, we are asking you to complete the brief reader survey on Page 7. Your answers will help us continue to create a resource that is directly relevant to you. If you have already returned the purple postcard reader survey, that recently came via mail, we have your information. Thank you for your help in making the *Facts in Action* newsletter more responsive to its readers!



**We would love to hear your feedback!** Please let us know how you have used *Facts in Action* in your work, topics you would like to see covered here, your experiences with outcome measurement, or comments about the newsletter in general. All returned comments will be entered into a raffle for a gift certificate for books or supplies, so **please include your name, address, and ten-digit telephone number!**

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## Special Thanks

*Facts in Action* would like to thank the following members of its advisory committee for their commitment to our project: Mary Ann Anthony, Catholic Charities; Doug Baird, Associated Early Care and Education, Inc.; Don Buchholtz, United Way of Massachusetts Bay; Marcia Farris, Boston Association for the Education of Young Children; Nancy Folbre, University of Massachusetts Amherst; Jan Gilpin, Independent Consultant; Sue Halloran, Child Care Circuit; Amy Kershaw, Early Education for All; John Lippitt, Heller Graduate School, Brandeis University; Mary Mindess, Lesley College; Donna Traynham, Massachusetts Department of Education; Roy Walker, Administration for Children and Families/U.S. Department of Health and Human Services; and Pat Xavier, Boston Child Care Alliance.

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## We want to hear from you!

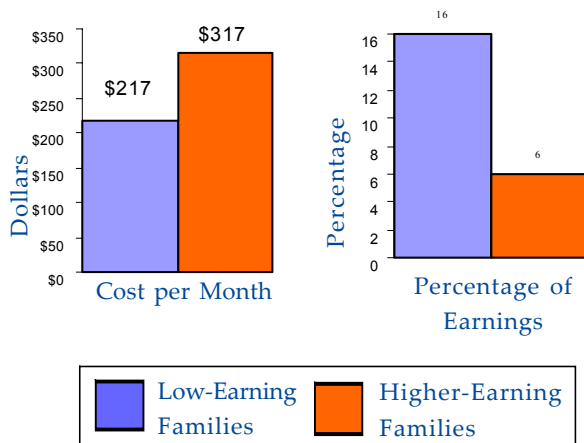
**PLEASE COMPLETE AND RETURN YOUR READER SURVEY TODAY!**

<p>1. Which of the following best describes your occupation? <i>(please check one)</i></p> <p><input type="checkbox"/> Child care director  <input type="checkbox"/> Child care teacher  <input type="checkbox"/> Child care administrator  <input type="checkbox"/> Family child care provider  <input type="checkbox"/> School teacher (K-12)  <input type="checkbox"/> Public policy/advocacy  <input type="checkbox"/> State government  <input type="checkbox"/> College/university faculty  <input type="checkbox"/> Community Partnerships for Children coordinator  <input type="checkbox"/> Other: _____</p>	<p>3. Please indicate your race/ethnicity <i>(please check one)</i>:</p> <p><input type="checkbox"/> African American  <input type="checkbox"/> Asian      <input type="checkbox"/> White  <input type="checkbox"/> Hispanic  <input type="checkbox"/> Other: _____</p>	<p>4. Please tell us your zip code in the space below:</p>	<p>6. <b><i>If you have not used the newsletter for any of the purposes listed in #5, please indicate the reason(s) below :</i></b></p> <p><input type="checkbox"/> Articles aren't relevant.  <input type="checkbox"/> Articles are too long.  <input type="checkbox"/> Articles are too short.  <input type="checkbox"/> Information wasn't clear.  <input type="checkbox"/> No connection between the information in the newsletter and my work.  <input type="checkbox"/> Other:          _____          _____          _____          _____          _____</p>
<p>2. What is the highest level of education you have completed? <i>(please check one)</i></p> <p><input type="checkbox"/> GED      <input type="checkbox"/> High School  <input type="checkbox"/> Some college  <input type="checkbox"/> 2-year college graduate  <input type="checkbox"/> 4-year college graduate  <input type="checkbox"/> Post-graduate degree</p>	<p>5. In the last year, have you done any of the following with the <i>Facts in Action</i> newsletter <i>(check all that apply)</i>:</p> <p><input type="checkbox"/> Discussed an item you read with a friend or co-worker?  <input type="checkbox"/> Contacted a legislator about something you read?  <input type="checkbox"/> Copied an article for someone?  <input type="checkbox"/> Taken any of the "Action Steps"?  <input type="checkbox"/> Changed practices in a program with information from an article?  <input type="checkbox"/> Used information in a presentation, proposal, or grant application?  <input type="checkbox"/> Developed an outcome measurement system in your program using information from <i>Facts in Action</i>?</p> <p><b>(Please answer #6 if you did not check any options)</b></p>		
<p>7. On average, with how many people do you share the <i>Facts in Action</i> newsletter (some articles or entire newsletter)?</p> <p>_____</p>			

## Quick Facts to Clip and Quote

How much of a families' income is spent on child care expenses? Turns out it depends on the family's earning level. Higher earning families spend about 6% of their total income on child care expenses, while low-earning families spend, on average, 16% of their income on child care expenses. (In this study, low-earning was defined as those with monthly earnings less than or equal to 200% of the applicable poverty threshold for that family's size, in 1997.)

### Child Care Expenses by Family Earnings



Source: Child Care Expenses of America's Families, Urban Institute, 2001.

## Announcements!

**The Schott Fellowship in Early Care and Education** - Massachusetts early care and education professionals are invited to apply for this opportunity to build leadership and social change skills. 2005 Fellows will focus on: Preschool/Kindergarten transition; Cultural and language diversity among young children; and Parents as advocates for young children. Individuals excited about addressing policy issues and solutions in one of these three areas should visit [www.schottfoundation.org](http://www.schottfoundation.org) or contact Tamara Bates at 617-876-7700. Applications due by 9/30/04.

**Operation Child Care** - Show your support for our troops by participating in Operation Child Care! Donate four hours or more of child care to Service Members of the National Guard or Reserve who are home on two weeks of Respite and Reunion (R&R) from Operation Iraqi Freedom and Operation Enduring Freedom in Afghanistan. For more information contact your local child care resource and referral agency or <http://www.childcareaware.org/en/operationchildcare/>

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Associated Early Care and Education, Inc.  
95 Berkeley Street, Suite 306  
Boston, Massachusetts 02116

