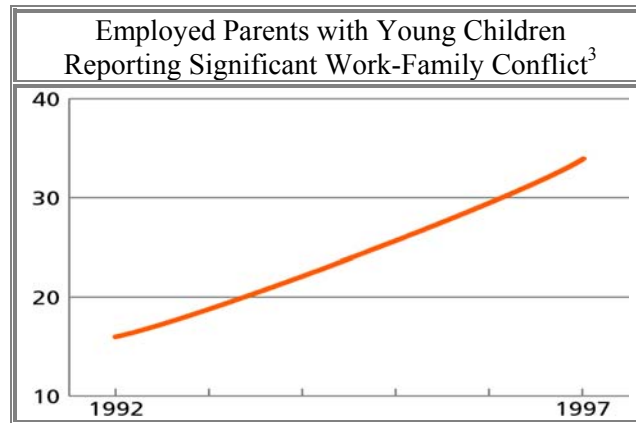


## How does high quality child care benefit business and the local economy?

**Childcare is central to the economic well being of families, businesses, and communities. Research indicates that high quality care for young children directly affects the productivity of both the current and future workforce.**

### The Current Workforce

Many families are struggling to balance family and work while providing their children with quality care. Over the next ten years, it is projected that 85% of the workforce will be working parents.<sup>1</sup> Not only are more parents going to work, they are also spending more time working. Compared to 20 years ago, the average amount of time spent on the job has increased by 3.5 hours per week.<sup>2</sup> Working parents with young children are experiencing increased work-family conflict.



- Employees with inadequate childcare are more likely to be late for work, absent, or distracted on the job than parents who are confident about their children's child care arrangements. Employees may be forced to spend time at work or take time off to handle childcare concerns.
- A 1992 survey found that nearly 30 percent of workers knew employees who quit their jobs because of inadequate childcare.<sup>4</sup> Productive and valued employees who leave their jobs because of childcare problems increase hiring and training costs.
- High rates of turnover, absenteeism, and low productivity cost employers money. It is estimated that absenteeism caused by poor quality childcare costs American business more than \$3 billion a year.<sup>5</sup>
- Working parents lose the equivalent of six days of work annually due to childcare issues or problems, costing Seattle businesses approximately \$112 million a year.<sup>6</sup>

Investments in child care profit business's bottom line.<sup>7</sup> Access to affordable, quality childcare provide businesses with considerable benefits including:

- lower employee turnover;
- reduced tardiness and absenteeism;
- higher employee morale and commitment;
- lower training and recruitment costs;
- and, increased employee productivity and performance.<sup>8</sup>

## **The Future Workforce**

An investment in quality childcare doesn't just benefit the workforce of today-- it's an investment in the workforce of the future.

In today's fast-paced, high-tech world, businesses need better educated and more highly skilled employees. There is an increasingly short supply of skilled workers, due to a population aging into retirement, slowed population growth, and the increasing level of skills demanded by most jobs in the nation's economy. This comes at a time when approximately 15% of American-born college graduates are functionally illiterate and less than a third of America's fourth-graders are reading at grade level. Nearly 50% of American businesses provide remedial education for their workers, teaching such basic skills such as reading, writing, arithmetic and English.<sup>9</sup>

Brain development research and longitudinal studies of high quality preschool programs confirm the importance of children's early learning and care experiences to their future academic success and employee productivity. Findings from the High Scope Perry Preschool Project in Michigan concluded that for every dollar invested in a high-quality early childhood program for children, the direct and indirect economic benefits to the public total about \$7.16.<sup>10</sup> These conclusions have been validated again by a recent longitudinal study in Chicago which showed similar societal benefits including increased tax revenue from participant's higher earnings and reduced costs to society for remedial education and crime. Early education is the most cost-effective way to decrease the number of unskilled adults in the future.<sup>11</sup> Children from quality preschool and early learning settings have higher high school graduation rates and higher college achievement. A report issued by the Committee for Economic Development cited research showing that when children are better educated, they are more productive as adults, likely to be healthier, pay more taxes, and are less likely to require welfare and other public assistance.<sup>12</sup> Nationally, business leaders have called for increased early childhood education quality, access, and funding.

Vital communities are essential for strong businesses. Communities with necessary services such as childcare are better able to attract and retain workers. The public sector invests only about \$20-25 billion annually in care and education programs for youngsters from birth to age 5, while spending roughly \$500 billion on K-12 and postsecondary education. Just as the nation earlier acknowledged society's stake in and responsibility for the education of older children and young adults, it is now time to recognize that early education is equally vital to the individual and collective well-being and equally worthy of public support.

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<sup>1</sup> *Marital and Family Characteristics of the Labor Force from the March 1997 Current Population Survey*, Bureau of Labor Statistics.

<sup>2</sup> Child Care Partnership Project, Child Care Bureau, U.S. Department of Health and Human Services Engaging Business Partners: Employer Toolkit Template

<sup>3</sup> Shore, R. (1998) *Ahead of the Curve*, Families and Work Institute.

<sup>4</sup> Smith, S., Fairchild, M., Groginsky, S. (1997) *Early Childhood Care and Education: An Investment That Works*. National Conference of State Legislatures.

<sup>5</sup> *Building Blocks: A Legislator's Guide to Child Care Policy*, National Conference of State Legislatures, 1997, p. vii

<sup>6</sup> June 20, 2002. *Letter to the Editor, Peter Steinbrueck*. Seattle Times.

<sup>7</sup> U.S. Department of the Treasury. (1998). *Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response*.

<sup>8</sup> Smith, S., Fairchild, M., Groginsky, S. (1997) *Early Childhood Care and Education: An Investment That Works*. National Conference of State Legislatures.

Parkinson, Deborah (1995). *Work Family Roundtable: Child Care Services*. The Conference Board.

<sup>9</sup> Child Care Action Campaign. *Preparing the Workers of Tomorrow: Report on Early Learning*.  
<http://www.childcareaction.org>

<sup>10</sup> Barnett, W. S. (1996). *Lives in the balance: Age-27 benefit-cost analysis of the High/Scope Perry Preschool Program* (Monographs of the High/Scope Educational Research Foundation, 11). Ypsilanti, MI: High/Scope Press.

<sup>11</sup> D'Amico, C., Judy, R.W. (1997) *Workforce 2020: Work and Workers in the 21st Century*. The Hudson Institute.

<sup>12</sup> Committee for Economic Development. (2002) *Preschool for All: Investing in a Productive and Just Society*. Statement by the Research and Policy Committee of the Committee for Economic Development.