

# The Economic Impact of Early Care and Education in South Carolina

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INSTITUTE *for* CHILD SUCCESS

## Early Care and Education is a vital industry

There are more than 8,000 small early care and education (ECE) businesses in South Carolina, most with fewer than 20 employees.

## That employs thousands,

23,432 South Carolinians are employed in home visiting, early intervention, child care, or pre-K.

## Leverages federal funds,

ECE draws \$266 million in federal grant funds into South Carolina every year.

## And generates economic activity that ripples throughout the state economy

ECE generates \$1.3 billion in economic activity each year. Purchases by ECE businesses and employees support an additional 6,456 jobs in other industries.

## Returning tax revenue to state and local governments,

The economic activity produced or catalyzed by the ECE businesses and institutions generates \$44 million in state and local tax revenue each year.

## Making it possible for thousands more to work, go to school,

Over 50,000 South Carolina working mothers rely on paid child care. Many of these women would be unable to work if paid child care were not available.

## And contribute to the state economy.

South Carolina women who would be unable to work if paid child care were not available earn over \$1 billion each year.

## Early care and education strengthens tomorrow's workforce,

Over 200,000 children under five receive ECE services. High quality ECE improves their chances of success in school and life.

## Reducing public sector costs today...

High quality ECE engages parents and connects families to the resources they need to stay healthy, safe, and intact.

## ...And in the future

ECE decreases the likelihood of incarceration, welfare dependency and other socially costly outcomes in adulthood.

(by)

**Kelly O'Donnell**

*O'Donnell Economics and Strategy*

## (table of contents)

<b>(introduction)</b> .....	2	<b>(ECE impact on labor force participation and worker productivity)</b> .....	13
Early Childhood Care And Education Is An Economic Driver .....	3	Labor Force Attachment .....	13
<b>(economic and demographic profile of South Carolina’s young children and their families)</b> .....	4	Absenteeism.....	13
Labor Force Participation of Parents.....	4	Child Care Assistance for Low Income Working Families.....	14
<b>(early care and education industry profile)</b> ..	4	<b>(ECE economic impact)</b> .....	14
Home Visiting.....	5	Input-Output Analysis.....	15
Early Intervention .....	7	Actual Economic Benefits Far Exceed Industry Employment and Gross Receipts .....	17
Child Care .....	7	<b>(long term impacts)</b> .....	17
<i>Incentives to Improve Quality</i> .....	8	Home Visiting .....	17
Pre-K .....	10	Early Intervention .....	17
<b>(early care and education workforce)</b> .....	11	Child Care.....	18
The Home Visiting Workforce .....	11	Pre-K.....	18
Early Intervention Workforce .....	12	<b>(return on investment is highest for comprehensive systems of quality care)</b> ..	18
Child Care Workforce .....	12	<b>(recommendations and conclusions)</b> .....	19
Pre-K Workforce.....	12	<b>(endnotes)</b> .....	20

## (introduction)

Ever since women began entering the workforce in significant numbers, the availability of child care has been of vital importance to the US economy. Over the last two decades, however, child care has come to be recognized as more than a support for working parents and the care and education of young children has come to mean more than just child care. We now know that high quality early care and education (ECE) helps prepare children, particularly those most at risk for poor educational outcomes, for success in school, careers, and the community. Because it contributes to the preparedness and productivity of tomorrow’s workforce, ECE is crucial to our country’s long term economic health and prosperity. Society’s perception of early care and education has also broadened. It is now understood that truly effective ECE is a *continuum* of services and supports, adapted to the specific needs of families and communities, that begins with pre- and post-natal home visiting, progresses through screenings to identify

health and developmental challenges in their earliest stages, interventions to solve problems early, high quality child care for infants and toddlers and pre-K for three’s and four’s. ECE culminates when a child enters the K-12 system ready to learn and thrive.

Many analyses have demonstrated the economic importance of child care and pre-K. The research presented here improves upon previous efforts by assessing the economic importance of the full ECE continuum: home visiting, early intervention, quality child care, and pre-K.

### EARLY CHILDHOOD CARE AND EDUCATION IS AN ECONOMIC DRIVER

ECE benefits the South Carolina economy in a myriad of ways. It supports the employment of 55,698 South Carolinians—23,432 are employed directly in ECE, 6,448 are employed as a result of the purchases ECE

businesses make from other South Carolina businesses and another 25,818 are able to work due to the availability of affordable child care.

South Carolina’s ECE industry accounts for \$2.3 billion in economic productivity—\$735 million is generated by the industry directly, which stimulates \$595 million in economic activity in other sectors. The 25,818 South Carolinians who are able to work because paid child care is available produce an additional \$1 billion in output.

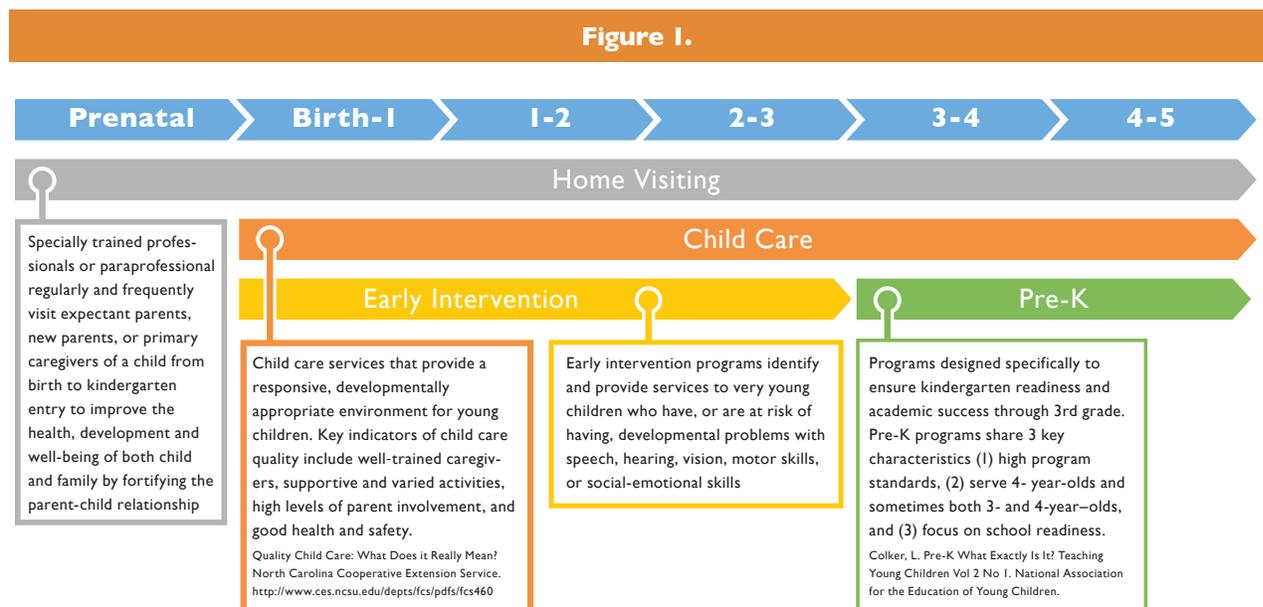
ECE is a growing industry comprised of over 8,000 private businesses that employ 23,432 workers in a broad spectrum of occupations ranging from entry level teaching assistants to nurse home visitors to program administrators and master teachers with advanced degrees. ECE draws \$266 million in federal grant funds into the state each year, creating economic impacts that ripple throughout the state economy, and increase income in virtually every sector.

Access to high quality affordable care for their young children enables 25,818 parents to work, increasing workforce productivity and family incomes by over \$1 billion annually. Conversely, the inability of some parents to access dependable child care costs the South Carolina economy \$900 million in foregone wages and absenteeism. High quality early care and education engages parents and motivates them to pursue the best

possible life for their children. Mothers who participate in early childhood home visiting programs are more likely to further their education and become financially self-sufficient.

By increasing the number of children who enter the K-12 system ready to learn, ECE enhances the efficiency and effectiveness of the public schools, improving the academic odds for all children while at the same time lowering costs for taxpayers by reducing the need for remediation and special education.

Impressive as ECE’s immediate impacts are, they are dwarfed by its potential long term benefits. High quality, comprehensive ECE has been repeatedly demonstrated to produce benefits that last a lifetime.<sup>1</sup> Children who have access to ECE are more likely than otherwise comparable children deprived of ECE to graduate from high school, attend college, and become productive members of the labor force and community. They are also less likely to be impoverished, incarcerated, or welfare dependent as adults. Estimates of the long term return on ECE investments range from \$1.80 to \$17.07 per dollar invested.<sup>2</sup>



## (economic and demographic profile of South Carolina’s young children and their families)

There are 294,000 children under five in South Carolina. Young children comprise 6.3 percent of the state population. The number of children under the age of five is steadily increasing and is expected to increase by 28,500 (10%) by 2030.<sup>3</sup>

Each year approximately 58,500 babies are born in South Carolina. One-in-three South Carolina infants is born into poverty.<sup>4</sup> Fifty percent of South Carolina births are paid for by Medicaid.<sup>5</sup>

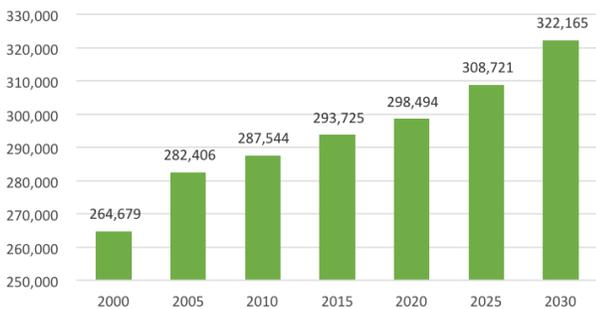
In 2012, 27,402 South Carolina babies were born to unmarried mothers. The percentage of births to unmarried women increased from 33 percent in 1990 to 48 percent in 2012.<sup>6</sup>

### LABOR FORCE PARTICIPATION OF PARENTS

In 2013, 63.1 percent of South Carolina women who gave birth in the past year were in the labor force, up just slightly from 62.7 percent in 2005.

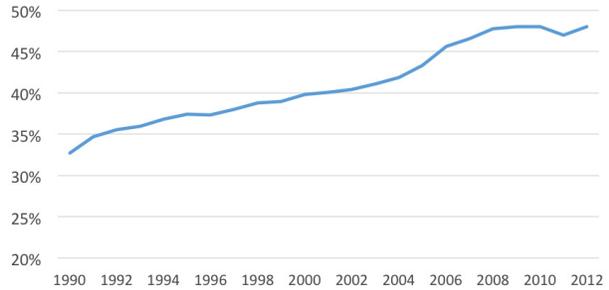
In South Carolina, just over two-thirds of children under six live in households in which all parents work or are seeking work. Labor force participation rates

**Figure 2. South Carolina Children Under 5, 2000–2030**



Source: US Census Bureau. State Population Projections [www.census.gov/population/projections/data/state/](http://www.census.gov/population/projections/data/state/)

**Figure 3. South Carolina Unmarried Mothers, Percent of all Births 1990-2012**



Source: US Census Bureau. State Population Projections [www.census.gov/population/projections/data/state/](http://www.census.gov/population/projections/data/state/)

for parents of young children have remained relatively constant since 2005, but, due to population growth, the number of young children potentially needing care while their parents work continues to increase at a rate of 2,000 children each year.

## (early care and education industry profile)

“Early Care and Education” is not a standard industrial classification. Rather, ECE is a collection of inter-related and often overlapping programs, services, and institutions from several different industrial sub-sectors including Individual and Community Services, Child Daycare Services, Elementary Education, and Healthcare. The ideal ECE system is one in which the individual components form a seamless continuum through which a child progresses from birth until kindergarten entry. Many state systems are striving toward this ideal, emphasizing cooperation, collaboration and communication between ECE service categories and programs. However, because the components of the ECE continuum still function independently of each other, they are addressed individually in this section.

### HOME VISITING

In 2014, South Carolina Early Childhood Home Visiting (ECHV) providers had the capacity to serve roughly 4,800 families, up from 3,274 in 2010<sup>7</sup>. Growth in home

**Table 1. Labor Force Participation of South Carolina Women with a Birth in the Past 12 Months**

		Percentage	Number
2005	All	62.7%	36,538
	Single	69.0%	14,903
	Married	59.1%	21,635
2013	All	63.1%	36,512
	Single	65.0%	16,242
	Married	61.7%	20,270

Source: U.S. Census Bureau, American Community Survey 2005 and 2013. B13012 women 16 to 50 years who had a birth in the past 12 months by marital status and labor force status

visiting capacity is likely to continue as evidence of its efficacy mounts and public awareness of its benefits to families and society increases.

Early childhood home visiting programs seek to improve health, school readiness, and economic self-sufficiency by connecting the families of very young children to the community resources, information, and socio-emotional support they need to parent effectively. High quality home visiting programs can improve a child’s chances of healthy development and school readiness and have been shown to reduce childhood injuries, child maltreatment, and welfare dependency for participating families.<sup>8</sup>

Home visits generally consist of education, support, referrals for needed services, and screenings for maternal mental health issues, infant developmental delays, maternal substance abuse, intimate partner violence, and parenting behavior.

The term “home visiting” refers to a mechanism of service delivery but not to any particular program, model, or content. There are dozens of nationally recognized early childhood home visiting models, at least eight of which are currently being utilized in South Carolina. For purposes of this analysis, a home visiting program is defined as:

**Table 2. Children Five and Under in Families in Which all Parents are in the Labor Force**

	Number	Percentage
2005	209,327	66%
2013	226,028	68%
Change	16,701	•
Annual Average Change	2,088	•

Source: American Community Survey, South Carolina 2013

*A voluntary program whereby a specially trained professional or paraprofessional regularly and frequently visits an expectant parent, new parent, or primary caregiver of a child from birth to kindergarten entry to improve the health, development, and well-being of both child and family by fortifying the parent-child relationship.*

In 2014, funding for ECHV in South Carolina totaled approximately \$22.3 million.<sup>i</sup> The state utilizes a broad array of public and private funding streams to support home visiting. South Carolina law does not mandate funding of home visitation programs, however, a significant share of public funding for home visiting comes through state general fund appropriations. State programs such as First Steps to School Readiness finance home visitation with program funds. First Steps also generates substantial support for its home visiting initiative from private contributions. Since 2009, home visiting programs funded through First Steps have received \$43 million in private contributions, including \$14 million from The Duke Endowment and \$7 million from the Blue Cross Blue Shield Foundation.<sup>9</sup>

The Children’s Trust Fund of South Carolina, a public/private non-profit organization established in state statute, is the state’s lead agency for the federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program. MIECHV is the federal government’s most

i Due to data limitations, the estimate of annual home visiting spending is based on the following assumptions: (1) multi-year funding streams are distributed uniformly across program years and (2) MIECHV funds did not supplant any pre-2010 home visiting funding (3) Initiatives funded by First Steps to School Readiness and the Children’s Trust constitute 70 percent of home visiting services in South Carolina.

prominent and well-resourced home visiting initiative. South Carolina receives both formula and competitive MIECHV grant funds that totaled \$6.2 million in fiscal year 2013-14 and \$6.4 million for fiscal year 2014-15. The Children's Trust also administers the federal Community-Based Child Abuse Prevention (CBCAP) grants in South Carolina. The Trust makes sub-grants to innovative community based programs that seek to prevent child abuse by strengthening families. The Trust's current CBCAP grant-making efforts emphasize the use of home visiting and/or parenting education and support as a primary service delivery mechanism.<sup>10</sup>

Early Head Start provides home visiting to low-income and impoverished South Carolina families through the program's "home-based option." Services are targeted to families with children birth to age 3 and children with disabilities who are eligible for services through BabyNet, the state's early intervention program.

Home visiting initiatives funded through First Steps to School Readiness and the Children's Trust constitute between 65 and 70 percent of ECHV services provided in South Carolina.<sup>12</sup>

Home visiting models funded through First Steps include Nurse Family Partnership, Parents as Teachers, Parent Child Home, and Save the Children Early Steps to School Success. In 2013 First Steps programs served 2,298 families at a total cost of roughly \$5 million.<sup>13</sup>

Models funded through the Children's Trust include Family Checkup, Healthy Families America, Healthy Steps, Parents as Teachers, and Nurse-Family Partnership. In 2014, programs funded through the Children's Trust served 1,169 families.<sup>14</sup> The Trust expects to serve 1,600 families in 2015.<sup>15</sup>

Sources of funding for early childhood home visiting in South Carolina include:

- Federal Maternal, Infant, Early Childhood Home Visiting (MIECHV) Grants.
- State General Funds
- Private Philanthropy
- Early Head Start

## EARLY INTERVENTION

BabyNet is South Carolina's comprehensive statewide program of early intervention services for infants and toddlers with disabilities. Early intervention programs identify and provide services for children ages birth through three who have, or are at risk of having, developmental problems with speech, hearing, vision, motor skills, or social-emotional skills.

Fiscal year 2013-14 funding for BabyNet totaled \$29.5 million. The program is funded by direct state appropriations, the operating budgets of several state agencies, Medicaid, and grants from the federal Program for Infants and Toddlers with Disabilities.<sup>ii</sup>

## CHILD CARE

Affordable child care has long been recognized as a critical economic support for families, employers, and communities because it enables parents to work, further their educations, and obtain job training. More recently, it has become evident that high quality early childhood programs generate public sector cost savings and other economic benefits by enhancing children's school readiness and chances for long term success.

According to the US Census Bureau, there are approximately 8,178 child care businesses in South Carolina, 7,253 are sole proprietorships with no employees.<sup>16</sup> Most child care business with employees have fewer than 20 workers.

A comparison of establishment data to licensure data indicates that 36 percent of child care businesses are state-regulated. Seventy percent of South Carolina's regulated child care slots are in licensed centers. Churches account for an additional 25 percent of regulated child care slots.<sup>17</sup>

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ii Part C of The Individuals with Disabilities Education Act of 2004 (IDEA) (also known as Early Intervention Program for Infants and Toddlers with Disabilities) provides grants to States to serve infants and toddlers (ages birth through 2 years) who have developmental delays or have been diagnosed with a physical/mental condition that may result in developmental delays. The Office of Special Education and Rehabilitative Services, within ED, administers the IDEA grants, including Part C grants. See: <http://www2.ed.gov/about/offices/list/osers/index.html>

**Table 3. South Carolina Regulated Child Care, 2015**

	<b>Facilities</b>	<b>Capacity</b>	<b>Percent of Statewide Child Care Capacity</b>
Licensed Centers	1,290	127,380	70%
Licensed Churches	121	16,365	9%
Registered Churches	215	29,439	16%
Licensed Child Care Homes	14	80	0%
Registered Child Care Homes	1,157	6,844	4%
G-Child Care Homes	122	1,452	1%
<b>Totals</b>	<b>2,919</b>	<b>181,560</b>	<b>100%</b>

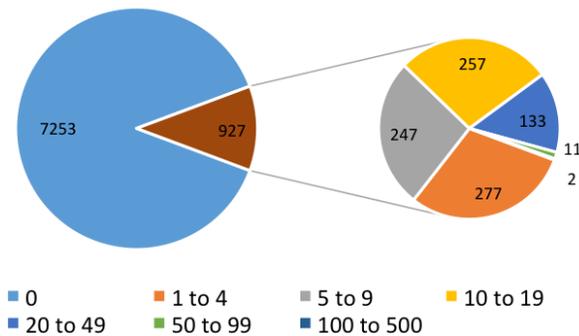
Source: South Carolina Department of Social Services Division of Child Care Licensing Open Facilities and Capacity 03/12/2015, Bob Howard Program Manager Division of Early Care and Education South Carolina Department of Social Services

Quality child care is an essential support for working families, but it is extremely expensive. South Carolina is considered one of the nation's most affordable states for child care.<sup>18</sup> Even so, full-time center-based care for one infant consumes over 31 percent of the state median income for a single mother family (Table 4).<sup>19</sup>

Child care assistance makes quality child care affordable for low income working families, enabling them to work and attain financial autonomy. Child care subsidies have been shown to increase mothers' duration of employment, hours worked, and earnings.<sup>20</sup>

South Carolina subsidizes child care for low income families through the South Carolina Voucher program, which is financed with a combination of state and federal Child Care and Development Fund (CCDF) dollars.

To qualify for assistance, parents must be working, seeking work, or attending school and have household income below 150 percent of the Federal Poverty Level (FPL). Families receiving child care subsidies remain eligible for assistance until their income exceeds 175 percent FPL. Parents are required to pay part of the

**Figure 4. South Carolina Child Care Businesses by Number of Employees, 2013**

Source: US Census Bureau, County Business Patterns CBI200A12: Geography Area Series: County Business Patterns by Legal Form of Organization

**Table 4. Average annual payments for full-time regulated child care in South Carolina, 2013**

<b>Child Age</b>	<b>Annual cost of center-based care</b>	<b>Percent of state median income for a single mother family</b>
Infant	\$6,372	31.8%
4-year-old	\$5,385	26.9%
School-age	\$2,221	11.1%

Source: Child Care Aware Child Care in America: 2014 State Fact Sheets. [http://usa.childcareaware.org/sites/default/files/I9000000\\_state\\_fact\\_sheets\\_2014\\_v04.pdf](http://usa.childcareaware.org/sites/default/files/I9000000_state_fact_sheets_2014_v04.pdf)

**Table 5. 2015 Federal Poverty Guidelines**

Persons in household	100%	150%	175%
1	\$11,770	\$17,655	\$20,598
2	\$15,930	\$23,895	\$27,878
3	\$20,090	\$30,135	\$35,158
4	\$24,250	\$36,375	\$42,438
5	\$28,410	\$42,615	\$49,718
6	\$32,570	\$48,855	\$56,998
7	\$36,730	\$55,095	\$64,278
8	\$40,890	\$61,335	\$71,558

Source: the poverty guidelines updated periodically in the *Federal Register* by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).

cost of subsidized child care. Copayments are based on family size and income, and range from \$6 to \$20 per week per child.

In 2014, South Carolina's Voucher<sup>iii</sup> program (SC Voucher) subsidized care for an average of 11,600 children each month.<sup>21</sup> Parents receiving vouchers choose their own provider from among the 2,500 providers enrolled in the voucher program.<sup>22</sup> In 2014, about 83 percent of voucher program children were enrolled in licensed child care centers.<sup>23</sup>

### Incentives to Improve Quality

All child care is not alike. Only *high quality* child care received consistently and over a significant period of time has been shown to enhance school readiness or improve other outcomes. The highest quality of care is also the most costly to provide because it requires well-trained staff and low child-staff ratios. South Carolina encourages providers to invest in quality improvements through ABC Quality, the state's Quality Rating Improvement System (QRIS). Participating providers are rated on a five tier quality rating scale

ranging from C to A+.<sup>iv</sup> Higher quality programs receive higher voucher program reimbursements. Programs that participate in ABC Quality are eligible for technical assistance, training, workforce scholarships, and grants. Approximately 1,500 child care providers currently participate in ABC Quality. About two percent of voucher program participants are enrolled in A or A+ centers.<sup>24</sup>

South Carolina's regulated child care industry generates approximately \$532.6 million in revenue annually. Funding for licensed and registered child care comes from a wide variety of sources.

Private payments for child care total \$341.2 million. This includes payments to providers by families not participating in the South Carolina Voucher program and copayments made by voucher recipients. The estimate of private payments is based on the assumption that approximately 70,498 children ages zero to four are enrolled in regulated child care<sup>v</sup> at an average annual cost of \$5,724 per child.<sup>25 vi</sup>

iv Levels A and A+: Exemplary programs are measured against rigorous quality standards. Facilities at this level meet better ratios, additional staff qualifications, receive ERS assessments, and are eligible for the highest child care rates and quality incentive bonuses. Levels B and B+: Programs are measured against quality standards beyond basic state regulations. Facilities at this level meet voluntary ABC Quality standards and are eligible for higher child care rates and a quality incentive bonus that is less than Level A. Level C: Programs that meets basic licensing regulations (health and safety) or, are exempt from regulation. See: South Carolina 2013-14 CCDF Plan.

v Based on a total regulated child care capacity 181,560 (South Carolina Department of Social Services Division of Child Care Licensing Open Facilities and Capacity as of 03/12/2015), an assumed average vacancy rate of 35 percent for regulated child care programs. South Carolina data were not available, so North Carolina data were used as a proxy (NC Division of Child Development and Early Education July 2014 Statistical Report). Children ages zero to four constitute 68 percent of regulated child care enrollment (based on age distribution of SC Voucher recipients in 2013 as reported by the Administration for Children and Families).

vi Blending, braiding and other inter-relationships between ECE funding streams create the potential for double counting. Total payments (\$457.3 million) are reduced by \$33.5 million to account for SC Voucher payments for children under 5. The South Carolina Department of Social Service, Division of Early Care and Education Office of Data, Policy and Planning reported \$41.1 million in SC Voucher payments for FFY 2014. Sixty eight percent of SC Voucher recipients are under age 5, however, because young children spend more total time in care at a higher average reimbursement rate, it is assumed that 82% of voucher payments are made on their behalf. Estimates were also adjusted to eliminate double counts to the greatest extent possible. For instance, the \$3.1 million in state pre-K funds used as part of the required state CCDF match are counted in state CCDF funds and subtracted from state pre-K funds. As were the \$817,054 in

iii SC Voucher <http://www.scchildcare.org/departments/sc-voucher.aspx>

**Table 6. South Carolina: Child care Funding by Source, 2013-14 (\$ millions)**

	State/Local	Federal	Private	Total
Child Care and Development Fund (CCDF)	\$14.4	\$77.5	—	\$91.9
Early Head Start (does not include home based option) approximate	—	\$8.8	—	\$8.8
Federal Child & Dependent Care Tax Credit (ages 0-5 only)	—	\$48.6	—	\$48.6
State Child & Dependent Care Tax Credit (ages 0-5 only)	\$13.5	—	—	\$13.5
State Employer Child Care Tax Credit	\$0.1	—	—	\$0.1
Voluntary State Income Tax Check-offs	\$0.1	—	—	\$0.1
Child and Adult Care Food Program (child care only)	—	\$28.3	—	\$28.3
Social Services Block Grant	—	\$0.2	—	\$0.2
Private Pay (includes CCDF co-pays)	—	—	\$341.2	\$341.2
<b>Total</b>	<b>\$28.0</b>	<b>\$163.4</b>	<b>\$341.2</b>	<b>\$532.6</b>

Additional sources of child care funding include the federal Child Care and Development Fund (CCDF) grant and the state's CCDF maintenance of effort (MOE) and matching funds.

The Child and Adult Care Food Program (CACFP) is another significant source of revenue for early childhood programs. CACFP is a federal program that funds the provision of nutritious meals and snacks at child care programs that serve low-income families.<sup>26</sup> In 2013, South Carolina child care providers received approximately \$28.3 million in CACFP reimbursements for meals provided to children under five.

Child care is also provided to low income families through the federally funded Early Head Start program. Early Head Start provides intensive, comprehensive, child development services for pregnant women, infants and toddlers and their families. In 2014 South Carolina had 1,426 funded Early Head Start slots.<sup>27</sup>

Federal and state income tax credits help subsidize child care for middle income families. The federal Child and Dependent Care Tax Credit (CDCTC) offsets the cost of child and dependent care expenses for families with federal income tax liability. Low income families that do not have net federal income tax liability cannot benefit from the credit. In 2013, South Carolina families of young children received \$48.6 million in federal Child and Dependent Care Tax Credits. The South Carolina Child and Dependent Care Credit is equal to 7 percent of expenses that qualify for the federal credit. Like the federal credit, it is non-refundable. The state credit returned \$13.5 million to the families of children under five in 2013.

Employers who establish and/or operate child care programs for their employees or pay independent providers to care for employees' children may take a credit of up to 50 percent of expenses.

Voluntary check off programs enable taxpayers to donate all or part of their income tax refunds to specific charitable causes. There are voluntary check offs for First Steps to School Readiness and the South Carolina Children's Trust Fund on South Carolina state income tax forms.

pre-K funds used to meet CCDF MOE. Notably, the \$485 million estimate of child care center gross receipts arrived at when estimated private payments, SC Voucher payments and payments by the CACFP are totaled is within 1 percent of the 2013 US Bureau of Economic Analysis estimates of total output by South Carolina's child care sector (\$493.6 million).

## PRE-K

Pre-K programs prepare preschoolers for kindergarten and seek to ensure their academic success through third grade. Pre-K programs share three key characteristics:

1. High program standards,
2. Serve 4-year-olds and sometimes 3-year-olds as well
3. Intense focus on school readiness.<sup>28</sup>

Nationwide, 29 percent of four-year-olds and four percent of three-year-olds are served by state-funded pre-K.<sup>29</sup> The number of children served by public pre-K is on the rise due to significant recent funding increases.<sup>30</sup>

South Carolina has two state pre-K programs – the South Carolina Half Day Child Development Program (4K) and The Child Development Education Pilot Program (CDEPP). In the 2013-2014 school year, the combined programs served over 27,000 with approximately \$50 million in state funding;<sup>31</sup> funding increased to \$79.4 in 2014-2015 from a combination of expansion and carryover funds from CDEPP.<sup>32</sup> Another 11,900 three- and four-year-olds are served by federally funded Head Start preschool programs,<sup>33</sup> and 5,000 children receive federally funded special education pre-K services.<sup>34</sup> Some children may be served in more than one of these programs but it is impossible to completely unduplicate these figures.

4K was established in 1984 as part of South Carolina’s Education Improvement Act (EIA). 4K provides half day pre-K to 20,000 children at an annual cost to the state of \$15.5 million or about \$798 per child enrolled.<sup>35</sup> Enrollment priority is given to low income and otherwise at-risk children. Services are paid for with state appropriations to individual school districts, but classes can be provided in schools, through Head Start, or in private centers.

CDEPP was established as the result of a 2006 court decision directing the state to provide full-day pre-K in all school districts. In the 2013-2014 year, CDEPP served 7,985 children at an annual state-funded cost of \$34.3 million; as indicated in Table 9 using information from the Education Commission of the States, CDEPP funding has recently expanded by over 70 percent, which will significantly increase the scope of the program.<sup>36</sup> The South Carolina Department of Education

(SCDE) oversees implementation of CDEPP in public schools and South Carolina Office of First Steps (First Steps) oversees implementation in private child care settings. All CDEPP teachers must be certified, regardless of the venue in which services are provided.

Table 7, right, highlights the spending changes seen in South Carolina’s programs in recent years. These figures reflect appropriated budgets by year; it is worth noting that final funding may differ from what is initially appropriated, due to mid-year budget changes or carry-over funds.

Head Start is a national pre-K program designed to provide a variety of key educational, health, and parental engagement services to at-risk children and families. In 2013, South Carolina’s Sixteen Head Start preschool programs served 11,877 children. Seventy nine percent of South Carolina’s Head Start pre-K programs are full-day and full-week.<sup>37</sup> Federal funding for Head Start programs in South Carolina totaled \$94 million in 2013.<sup>vii</sup> South Carolina did not supplement Head Start programs with state funds in 2013.

Additional sources of federal funds for pre-K include the Preschool Grants for Children with Disabilities Program<sup>viii</sup> and Title I (Education for the Disadvantaged) funds.<sup>ix</sup><sup>38</sup> In 2013 an estimated 5,466 South Carolina three- and four-year olds receive federally funded special education pre-K services.<sup>39</sup>

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vii Includes Early Head Start

viii Established to provide grants to States to serve young children with disabilities, ages 3 through 5 years and authorized under Section 619 of Part B of IDEA <http://www2.ed.gov/about/offices/list/osers/osep/index.html>.

ix Public schools can use Title I funds to provide additional academic support and learning opportunities to low-achieving children. Title I of the No Child Left Behind Act permits school districts to use federal Title I funds for “preschool programs.” For purposes of Title I, preschool programs are defined as programs for children not yet old enough to enroll in traditional public school. The US Department of Education does not, however, maintain data on the districts that exercise the option to fund pre-K or the extent to which Title I preschool spending is allocated to state pre-K. In the 2011-2012 school year, 2.6 percent of US children attending Title I-funded education programs were ages 0-5 and thus labeled as “pre-K students.” See: New America Foundation. Federal Education Budget Project. No Child Left Behind Act - Title I Distribution Formulas. <http://febp.newamerica.net/background-analysis/no-child-left-behind-act-title-i-distribution-formulas>. According to the South Carolina State Department of Education, almost all South Carolina school districts spend some Title I funds on pre-K, but Title I pre-K spending is not reported separately from other Title I spending.

**Table 7. South Carolina Public Pre-K Spending 2013-15 (\$ millions)**

	2013-14	2014-15	Change (\$)	Change (%)
Child Development Education Pilot Program: Full-Day pre-K	\$37.0	\$63.9	\$26.9	73%
EIA Half-Day Child Development Program	\$15.5	\$15.5	\$0	0%
<b>Total</b>	<b>\$52.5</b>	<b>\$79.4</b>	<b>\$26.9</b>	<b>51%</b>

Source: Education Commission of the States State Pre-K Funding: 2014-15 fiscal year By Bruce Atchison and Emily Workman January 2015

## (early care and education workforce)

In addition to making employment possible for thousands of working parents, the ECE industry directly employs approximately 23,432 workers in a broad range of occupations. Figure 5 contrasts employment in a number of key South Carolina industries including ECE.

### THE HOME VISITING WORKFORCE

There are approximately 289 home visitors working in publicly financed ECHV programs in South Carolina.<sup>x</sup> Early childhood home visitors are an extremely diverse group with a wide range of qualifications. Most, but not all, are degreed and most have experience in early childhood, but there is no single standard for what makes a good home visitor. In fact, the major home visiting models differ greatly in their staff requirements. Nurse-Family Partnership (NFP) requires that home visitors be registered nurses with a minimum of a bachelor's degree in nursing. Parents as Teachers (PAT), on the other hand, requires home visitors to have at least a high school diploma and two years of experience

Source: Email communication from Roy Stehle, Director, Office of Federal and State Accountability, South Carolina State Department of Education February 20, 2015

x Because home visitors have such diverse employment and education backgrounds, they do not cluster into a specific occupational classification and are therefore hard to pinpoint in government employment data. Early Head Start and Parents as Teachers report the number of home visitors they employ in South Carolina. To estimate the number of home visitors employed in other programs we used the number of clients served, the recommended ratios of clients per home visitor (20:1, on average) and home visitors per home visiting supervisor (10:1 on average) in the most common home visiting models. Because many home visiting programs are in expansion mode, 15 percent excess capacity was assumed.

working with young children or parents. Early Head Start (EHS) and Healthy Families America (HFA) are among the minority of home visiting programs that do not have a policy stating minimum education requirements for home visiting staff.<sup>40xi</sup> Instead of requiring specific educational credentials, HFA emphasizes personal characteristics, cultural competence and relevant experience, while Early Head Start seeks home visitors with experience and education in child development and early childhood education.<sup>41</sup> Despite the lack of formal policies requiring that home visitors be degreed, many programs clearly prefer to hire college graduates. Approximately 60 percent of South Carolina's 26<sup>42</sup> EHS home visitors<sup>43</sup> and 91 percent of PAT parent educators<sup>44</sup> have an associate degree or better.

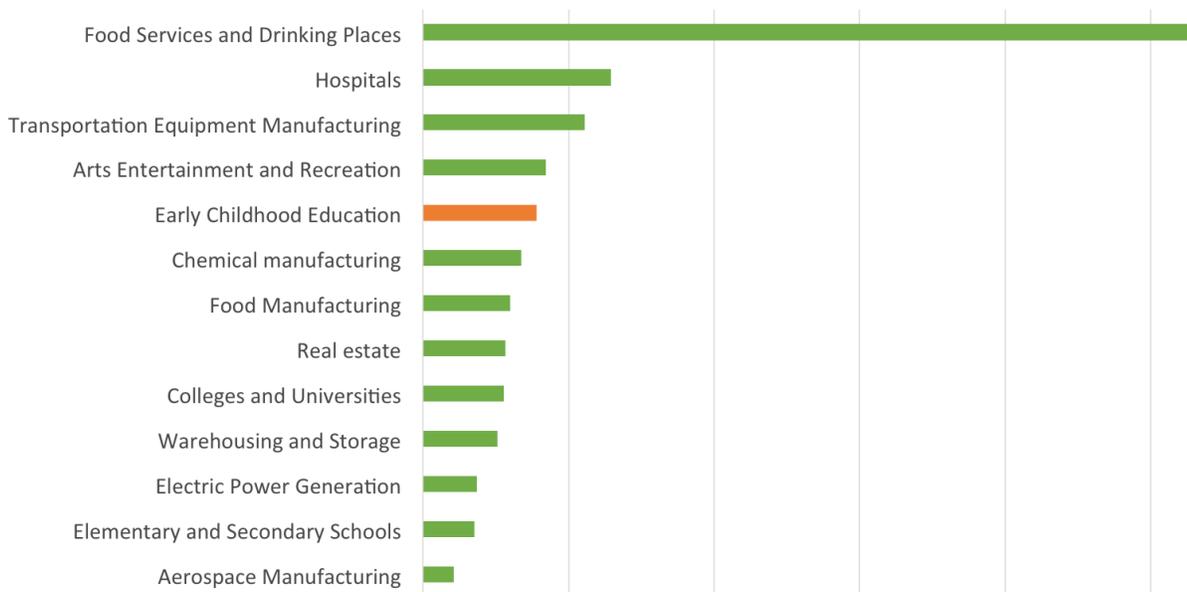
Home visitor salaries also vary greatly. Parent educators employed by Parents as Teachers earn an average annual salary of \$45,000 (2013 dollars),<sup>45</sup> while EHS home visitors earn \$28,953,<sup>46</sup> and registered nurses in South Carolina earn an average of \$60,000 annually.<sup>47</sup>

### EARLY INTERVENTION WORKFORCE

Early intervention services are extremely varied and programs employ or contract with a variety of practitioners, including audiologists, speech therapists, occupational therapists and infant mental health specialists, many on a part time basis. Thus it is hard to say exactly how many South Carolinians are employed in the early intervention field. An estimate of 413 full time equivalents was derived by assuming that 70 percent of the

xi Many programs that do not require home visitors to have degrees have a strong preference for those that do

**Figure 5. Employment, Selected South Carolina Industries, 2013**



BabyNet budget is devoted to salaries and/or payments to contract personnel and that early interventionists earn an average full time salary of \$50,000.<sup>xii</sup>

## CHILD CARE WORKFORCE

The child care workforce is composed of individuals employed in private child care programs including center-based Early Head Start and self-employed individuals who operate child care businesses, usually from their homes, and have no employees.

## PRE-K WORKFORCE

There are approximately 4,320 preschool teachers and an additional 150 special education preschool teachers in South Carolina. In 2013 South Carolina preschool teachers earned an average of \$26,300 and special education preschool teachers earned an average of \$45,100. South Carolina preschool teachers who work in Educational Services sector earn 75 percent more than those employed in the Social Assistance sector.<sup>48</sup>

Head Start preschool programs employ 2,900 staff. Head Start teachers earn an average salary of \$22,209 per year.

The US Bureau of Labor Statistics predicts that jobs for preschool teachers in the US will increase by 17 percent between 2012 and 2022, faster than the national rate of 14 percent for all occupations.<sup>49</sup> Nationally, increases in the preschool age population are expected to account for most of the growth. However, demand for preschool teachers in South Carolina is likely to increase faster than the national average due to recent large increases in pre-K funding.

## (ECE impact on labor force participation and worker productivity)

High quality early care and education does more than provide a safe place for children while their parents work. At its most effective, ECE engages parents, motivates them to pursue the best possible life for their children, and connects them to the resources they need to support their families, including education, training, and job search assistance.

xii Average Early intervention Specialist salary for South Carolina Indeed.com. <http://www.indeed.com/salary/q-Early-Intervention-Specialist-l-South-Carolina.html>. Accessed April 1, 2015.

**Table 8. South Carolina Early Care and Education Workforce, 2013**

	<b>Employment</b>	<b>Median Hourly Wage</b>	<b>Annual Average Wage</b>
Preschool teachers <sup>1</sup>	4,470	\$10.5	\$26,860
Child care workers <sup>1</sup>	5,800	\$8.7	\$18,860
Administrators of preschool and child care programs	570	\$21.9	\$49,900
Other private child care center staff	4,619	\$8.7	\$18,860
Self-employed child care providers <sup>2</sup>	7,253	n/a	\$7,658
Home visitors <sup>3</sup>	219	n/a	n/a
Early interventionists (FTE equivalent) <sup>3</sup>	501	n/a	n/a
<b>Total</b>	<b>23,432</b>	<b>n/a</b>	<b>n/a</b>

<sup>1</sup> Bureau of Labor Statistics, May 2013 State Occupational Employment and Wage Estimates. <http://www.bls.gov/oes/current/oesrcst.htm>

<sup>2</sup> U.S. Census Bureau. (n.d.). 2012 Nonemployer Statistics. <http://www.census.gov/econ/nonemployer/index.htm>

<sup>3</sup> Estimated

## LABOR FORCE ATTACHMENT

Many home visiting programs help parents to advance their education, obtain training, and find jobs. Early Head Start home visiting, Nurse Family Partnership and Parents as Teachers have all been shown to increase family economic self-sufficiency.<sup>37</sup> In one study, mothers receiving home visits through Nurse Family Partnership worked 82 percent more than control group members during their child's first four years.<sup>51</sup>

Access to affordable child care is often the lynch pin of parental employment. Numerous studies have shown that mothers with access to affordable, stable, child care are more likely to get employed and stay employed.<sup>52 53</sup> Conversely, lack of access or diminished access due to cost increases, reduce a mother's likelihood of maintaining a job. Maternal workforce participation and productivity have profound implications for child well-being, family economic security, and the productivity of the economy overall.

## ABSENTEEISM

Breakdowns in child care are a leading cause of employee absenteeism. Nationally, employees with children under 13 miss an average of 8 to 9 days of work per year due to child care problems.<sup>54</sup> Parents may lose

income when they miss work, but because the absence of one employee can diminish the productivity of many others, the impact of absenteeism on productivity is considerably higher than just the wages lost by the absent employee. A 2005 study estimated that unscheduled absenteeism cost US employers \$3,600 per worker per year for hourly workers and \$2,650 per worker per year for salaried employees<sup>55</sup> (\$4,308 and \$3,171 in 2015 dollars respectively). By this metric, absences from work by mothers of young children due to child care breakdowns translate into several hundred million dollars in lost productivity for the South Carolina economy each year.<sup>56 xiii</sup>

## CHILD CARE ASSISTANCE FOR LOW INCOME WORKING FAMILIES

Quality child care is an essential support for working families. Child care assistance makes this vital support accessible to low income working families. Child care subsidies have been shown to increase the duration of employment, the number of hours worked, and the earnings of working mothers.<sup>57</sup> Subsidized child care reduces a family's likelihood of incurring large debt and

xiii Averaged between salaried and hourly workers, this costs employers \$3740 per worker. Considering the 161,326 mothers of young child in South Carolina, this totals to \$603 million annually.

becoming dependent on welfare.<sup>58</sup> Child care assistance also yields long term benefits by improving the quality of care children receive and the likelihood that they will be cared for in licensed settings.<sup>59</sup>

Paying for child care can undermine a family’s financial stability. The cost of child care is effectively a tax on parent wages, which reduces a family’s ability to purchase other necessities and increases the likelihood of accruing substantial debt. Child care costs have been shown to influence parents’ employment decisions, particularly those of mothers.<sup>60</sup> In one survey, 40 percent of non-working mothers cited child care costs as their primary barrier to employment.<sup>61</sup>

There are 161,326 working mothers with children under 6 in South Carolina.<sup>62</sup> Approximately 32 percent of working families pay for child care.<sup>63</sup> Assuming half of working mothers who pay for child care have no alternative work arrangements or care options and would thus be unable to work were paid child care not available, and multiplying the number of mothers whose employment is dependent on child care (25,818) by the state median wage (\$38,880) yields an estimated \$1 billion in wages and salaries directly attributable to access to child care.

In South Carolina, 65,906 mothers of children under 6 are *not* in the labor force<sup>64</sup> and another 22,332 are unemployed. If lack of child care is the reason 20 percent of these mothers do not work, the resulting cost to South Carolina is \$678 million in lost wages and salaries.

Finally, if the 161,326 working mothers of children under 6 each miss 8.5 days of work per year due to child care issues, the South Carolina economy loses \$208 million in wages and salaries and considerably more in unrealized productivity. Unfortunately, the data upon which these estimates are based was only available for working mothers. The work lives of fathers are increasingly impacted by child care; thus, the estimates in Table 9 do not reflect the full labor market impact of access to child care.

**Table 9. Estimated Impact of Child Care on the Earnings of South Carolina’s Working Mothers**

	Parents	Income
Employment contingent on availability of paid child care	25,818	\$1 billion
Not working due to lack of affordable child care	87,238	-\$678 million
Absenteeism due to child care issues	161,326	-\$208 million

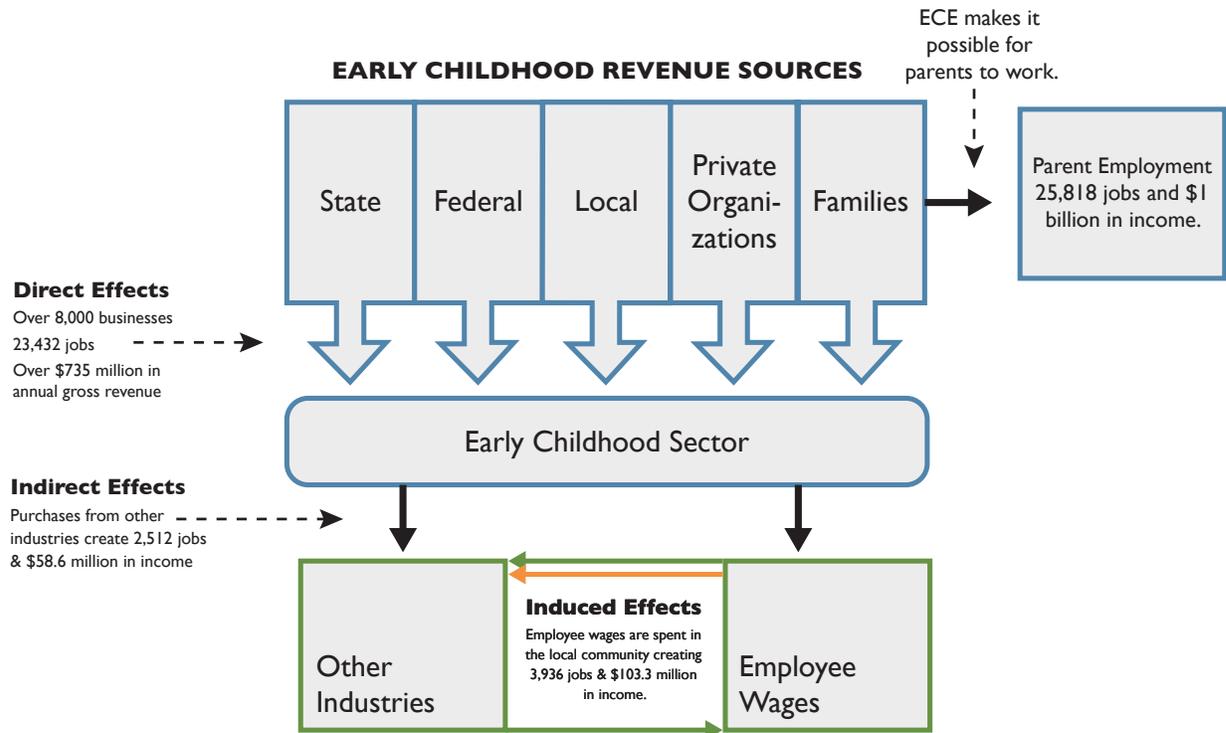
## (ECE economic impact)

Within any economy there are industries that serve the local market and those that serve remote markets. Those that serve remote markets are called “economic base” or “basic” industries. Economic base industries draw money into the local economy, usually through the export of goods or services. Manufacturing and tourism are economic base industries, as are businesses that draw most of their revenue from the federal government.<sup>xiv</sup> “Non-base” industries produce goods and services for consumption by local residents. Non-base industries do not draw revenue into the state from outside; rather, they recirculate funds within the state.

ECE services are generally considered non-base because more than 50 percent of industry revenue originates within the local economy. Parents pay local providers for services. Local providers spend much of the income they earn in the local community, but little *new* revenue is brought into the community and the overall level of economic activity remains largely unchanged. When governments pay for a significant percentage of services, as is often the case for ECE, the dynamic changes somewhat. State governments use taxes paid by state residents to purchase services. Each dollar spent on a service by the state government is a dollar that cannot be spent by state taxpayers elsewhere

xiv Manufacturing is the classic example of an economic base industry because rarely are all the widgets produced by a factory consumed by the residents of the community in which the factory is located. Instead, most of the widgets are exported for purchase elsewhere. The revenue from those purchases flows back to the manufacturer and the community in which the widgets were produced, increasing the overall volume of commerce in the local economy.

**Figure 6. Economic Impact of Early Care and Education**



in the economy. The state government spending may be beneficial and cost effective over time, but, in the immediate term, it has no net effect on the overall economy because it is offset by diminished taxpayer spending. On the other hand, when the federal government pays for services provided in a state, new revenue flows into the state from taxpayers outside the state.<sup>xv</sup> This creates a net increase in the overall level of commerce. The federal government accounts for about 36 percent of total ECE revenue in South Carolina.

Economic impact is a change in the level of economic activity caused by an influx or outflow of funds from the local economy. Federal spending on ECE in South Carolina creates an inflow of funds and thus a positive economic impact.

## INPUT-OUTPUT ANALYSIS

The IMPLAN™ modeling system was used to estimate the economic impact of ECE on the South Carolina economy. IMPLAN is a widely used software package and database for estimating local economic impacts<sup>65</sup> using input-output analysis.

Input-output analysis is based on the premise that local economies are composed of numerous interconnected industrial sectors and institutions. Significant changes in one sector or institution impacts the many sectors and institutions to which that sector is connected. The initial change is called the “direct” effect. As the initial change reverberates throughout the local economy it produces “indirect” and “induced” effects, sometimes referred to as “multiplier” effects. Input-output analysis is a technique for estimating the total economic impact of a change by quantifying the direct, indirect and

xv Of course, South Carolinians pay federal taxes too, so not every penny of federal revenue flowing into South Carolina originates outside the state, but the taxes paid by South Carolina residents account for only .7% of all taxes paid by US residents, so 99.3 cents of every federal dollar flowing into South Carolina originates elsewhere in the country.

**Table 10. South Carolina ECE Industry: Total Employment and Economic Activity**

Impact Type	Employment	Labor Income	Output	State and Local Tax Revenue
Direct Effect	23,432	\$424.1m	\$735.6m	\$32.2m
Indirect Effect	2,512	\$58.6m	\$246.8m	\$4.5m
Induced Effect	3,936	\$103.3m	\$349.2m	\$7.8m
<b>Total Effect</b>	<b>29,880</b>	<b>\$586.0m</b>	<b>\$1,331m</b>	<b>\$44.5m</b>

induced effects using data on the relationships between industrial sectors. These relationships are represented by *multipliers*.<sup>xvi</sup>

- *Direct effects* represent the initial change to the industry in question.
- *Indirect effects* result when the industries that supply the industry in question respond to the change in demand resulting from the initial impact.
- *Induced effects* reflect changes in local spending that result from income changes in the directly and indirectly affected industry sectors.

Spending on ECE by private households, philanthropy, and state, local and federal government in South Carolina generates a direct impact when it is received by ECE providers. It generates an indirect impact when those providers purchase goods and services from other local industries and households. Induced impacts result when employees of both the ECE industry and the various industries that supply ECE providers use their wages and salaries to purchase goods and services in the local economy.

The ECE industry in South Carolina employs 23,432, generates annual gross receipts of at least \$735 million,<sup>xvii</sup> and produces \$32.2 million in state and local tax revenue.<sup>xviii</sup> The direct impact of the ECE industry catalyzes the creation of an additional 6,456 jobs and generates \$596 million in additional output in other sectors. The total employment, income, economic activity and tax revenue attributable to the ECE industry is presented in Table 10.

In South Carolina, most ECE industry revenue derives from state government, local government, or private households. Because it originates locally, this spending recirculates income within the economy, but does not increase the overall volume of commerce. However, 36 percent of industry gross receipts (\$266m) derive from the federal government. Because this revenue originates outside South Carolina, it has a net positive impact on the state economy—the economic activity it stimulates is activity that otherwise would not have occurred and thus the economy experiences net growth. The \$266 million annual federal investment in ECE in South Carolina supports 8,485 of the industry’s 23,432 jobs, produces \$481.6 million in new economic activity and generates \$16.1 million in state and local tax revenue. “Net new” economic activity is presented in Table 11.

xvi *Output multipliers* relate the changes in sales to final demand by one industry to total changes in output (gross sales) by all industries within the area. An industry output multiplier of 1.80 indicates that a change in sales to final demand of \$1.00 by the industry in question would result in a total change in local output of \$1.80. *Income and employment multipliers* relate the change in direct income to changes in total income within the local economy. For example, an income multiplier for a direct industry change of 1.75 indicates that a \$1.00 change in income in the direct industry will produce a total income change of \$1.75 in the local economy. Similarly, an employment multiplier of 1.75 indicates that the creation of one new direct job will result in a total of 1.75 jobs in the local economy.

xvii This should be regarded as a lower bound estimate of the industry’s size because it does not account for fees, donations, in-kind contributions and other sources of revenue for ECE programs; technical assistance, professional development and quality initiatives supported with non-CCDF funds; or the thousands of unregulated child care businesses.

xviii Assumes an effective state and local tax rate of 7.6 percent. State and local taxes include property, sales, selective excise, and state income taxes.

**Table II. South Carolina ECE Industry: Net New Employment and Economic Activity**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>	<b>State and Local Tax Revenue</b>
Direct Effect	8,485	\$153.4	\$266.0	\$11.66
Indirect Effect	910	\$21.2	\$89.3	\$1.61
Induced Effect	1,425	\$37.3	\$126.3	\$2.84
<b>Total Effect</b>	<b>10,820</b>	<b>\$211.9</b>	<b>\$481.6</b>	<b>\$16.11</b>

### ACTUAL ECONOMIC BENEFITS FAR EXCEED INDUSTRY EMPLOYMENT AND GROSS RECEIPTS

Many of ECE's most significant economic benefits are not reflected in its multiplier effects or its substantial contribution to gross state product. In the short term, access to affordable early learning programs helps parents pursue additional education and training, secure stable employment, and be more productive on the job. Child care is frequently a family's largest expense. Access to affordable care can therefore reduce household stress, stabilize parental employment, and increase a family's ability to obtain other necessities such as healthy food, healthcare, and housing.

### (long term impacts)

In the longer term, high-quality early childhood education helps ameliorate the developmental impacts of early stress and prepares young children to succeed in school. Early academic success appears to pave the way to higher levels of educational attainment, better paying and more secure employment, less reliance on public welfare programs, and reduced likelihood of destructive and socially costly behaviors. As such, it is estimated that every dollar invested in quality early care and education saves taxpayers up to \$13.00 in future costs.<sup>66</sup>

### HOME VISITING

By strengthening families, improving parenting skills and helping to identify developmental problems at the earliest possible time, home visiting and early intervention programs lay the ground work for school readiness and the many long term advantages associated with

healthy home environments and early academic success. Research indicates that effective home visiting programs can return as much as \$9.50 per dollar invested in reduced spending in health care, criminal justice, child welfare, and special and remedial education.<sup>67</sup>

### EARLY INTERVENTION

By identifying and remediating health and developmental issues early in a child's life, early intervention programs reduce the need for special education and other costly interventions during the K-12 years, simultaneously saving school districts money and enabling children to derive the greatest possible benefit from their education. Similarly, nurse home visiting has been shown to increase parental employment, reduce welfare dependence and lower costs to the behavioral health and criminal justice systems, generating returns of up to \$5.70 per taxpayer dollar spent and a total benefit to society of over \$41,000 per family served.<sup>68</sup>

### CHILD CARE

Child care can impact child development, school readiness and lifelong academic, employment and social success.<sup>69</sup> High quality care can improve a wide variety of outcomes. Conversely, low quality care, characterized by insufficient and inconsistent interaction with caregivers, unqualified staff, and few educational opportunities has been shown to impede healthy development,<sup>70</sup> potentially *increasing* societal costs.

### PRE-K

Numerous evaluations of pre-K programs have documented higher achievement test scores, decreased grade retention, reduced time in special education, less crime and delinquency and increased rates of high

school graduation.<sup>71</sup> In fact, researchers estimate that if universal high quality pre-K were made available to the lowest income quartile of US 3- and 4-year-olds, the public investment would be entirely recouped within six years, and, by 2050, every tax dollar spent on the program would be offset by \$3.18 in savings, and public sector benefits would exceed costs by tens of billions.<sup>72</sup>

<sup>73 74</sup>

## **(return on investment is highest for comprehensive systems of quality care)**

Each component of the early childhood continuum – home visiting, early intervention, child care and pre-K—has been shown to generate both short term and long term economic benefits for participating families and for the economy overall. Each individual ECE service is of tremendous value in its own right, but ECE is most beneficial and cost effective when it is delivered as a comprehensive continuum of services that support children and families throughout the first five years of life. The landmark programs that produced the largest and most enduring documented return on investment, including Perry Preschool, Abecedarian, and Chicago Child-Parent Centers, combined elements of all four service delivery models. Just as children who participate in pre-K are better prepared than those who don't to thrive in kindergarten, toddlers who received high quality child care are better prepared to benefit from pre-K than those whose early environments were less stimulating and secure. Each step in the ECE continuum compounds the value of the previous step and thus a well-coordinated, comprehensive early childhood *system* will produce the greatest overall benefit at the lowest public sector cost.

A handful of intensive ECE programs have provided the data upon which most of the prominent return on investment studies have been based. These programs, although different in many respects, shared key characteristics of quality including multi-year program participation and comprehensive services that extended beyond the classroom to address the economic and social welfare of both the child and the family.

The Chicago Child-Parent Centers (CPC) provided half day pre-K for 3- and 4-year-olds that included supportive services such as health care, social services, free meals, home visits and assistance to parents in completing school. The program was eventually extended to include full day kindergarten and after school programs through third grade.

The Abecedarian program was a full-day, year-round, educational child care program for children ages birth to five. The program maintained low child-caregiver ratios, provided child-specific curricula and included frequent and regular home visits by a teacher who helped parents provide educational opportunities at home and assisted with employment, referrals, social services, transportation and other aspects of home life likely to impact child well-being.

Follow up studies of Abecedarian children showed that they were less likely to need remedial special education, repeat grades, drop out of high school, or smoke. Researchers also found that mothers of children in the Abecedarian program earned significantly more than mothers in the control group because the stable, high-quality, full-time care provided by the program made it possible for them to obtain employment and additional training. Over a span of 21 years, Abecedarian mothers earned an average \$78,750 more than the non-program mothers.<sup>75</sup>

The High/Scope Perry Preschool was a half-day, two-year, intensive public preschool program with low child-to-caregiver ratios, certified teachers and a weekly ninety-minute home visit. Once in the K-12 education system, Perry participants had higher test scores, grades, and high school graduation rates and were less likely than non-participants to need special education or repeat grades. Followed into adulthood, Perry Preschool children had higher rates of employment, earned more, and were less likely to engage in crime or depend on state assistance. The estimated annual rate of return for investments in the Perry Preschool program was 16 percent, 4 percent for participants and 12 percent for society overall.<sup>76</sup>

The three exceptional programs profiled above were intensive and exceptionally well-resourced pilot programs. Reproducing their results at the community, state, or national levels requires large public

**Table 12. Landmark ECE Studies: Program Characteristics**

	<b>Number of Years of Program</b>	<b>Average Annual Cost per Child</b>	<b>Total Cost of Program per Child</b>	<b>Lifetime Benefit to Society per Child</b>
Chicago CPC Study	2, half-day	\$3,500	\$7,000	\$48,000
Perry Pre-School Project	2, half-day	\$6,000	\$12,000	\$108,000
Abecedarian Project	5, full-day	\$7,200	\$36,000	\$136,000

Source: Hanushek, EA, Machin, SJ, Woessmann. L Handbook of the Economics of Education. Elsevier, 2011

investments and a systems approach to ECE. Every preschool program cannot offer the scope of services that Perry or Abecedarian did, but, with adequate investments and attention to quality at each step of the continuum, a well-coordinated and adequately resourced ECE system very likely can.

## (recommendations and conclusions)

High quality early care and education can be a potent antidote to the deleterious developmental impacts of early deprivation and toxic stress. The most effective ECE programs offer comprehensive services, engage parents, and provide consistent care over two or more years. Most of today's ECE programs are not comprehensive, but close coordination of home visiting, early intervention, child care and pre-K services can enable them to function as a seamless continuum, replicating the benefits of a single all-encompassing program on a scale capable of serving thousands of young children and families.

The ECE continuum provides a variety of economic benefits to individual families and entire communities. In South Carolina, ECE directly or indirectly employs 29,880 and makes it possible for another 25,818 parents of young children to remain employed. Each year, South Carolina's ECE industry generates or supports over \$2.3 billion in economic activity.

South Carolina can further increase the economic benefits of its early childhood system by:

1. Expanding access to high quality ECE
  - Increase home visiting capacity
  - Increase the number of full day pre-K slots for three-and four-year olds
  - Make quality child care more affordable for working families
  - Expand the Voucher program, and
  - Make the South Carolina Child and Dependent Care Tax Credit refundable so it can assist the low income families who need it most
2. Enhancing the efficiency and effectiveness of the current ECE system
  - Enhance the coordination of individual ECE services through communication and data sharing
  - Increase access to home visiting and quality child care so their capacity is proportional to that of public pre-K
  - Increase the emphasis on quality by educating parents about the benefits and markers of quality care, including information about the importance of quality care in home visiting curricula, and increasing quality incentives for providers.
3. Increasing funding for ECE
  - Maximally leverage state investments with local, federal, and private matching funds
  - Explore new revenue sources, including public-private partnerships, shared savings programs, and other non-traditional funders.

#### 4. Leveraging the demonstrated economic benefits of ECE

- Continue to monitor and report the outcomes of high quality care in order to better quantify the annual return on public sector investments.
- Explore ways to monetize the economic benefits of ECE to attract private sector investment
- Consider the economic impact of ECE and the extent to which benefits offset costs when determining public sector spending.
- Encourage policymakers to regard ECE as economic development and explore the potential for extending state and local economic development incentives to ECE providers
- Encourage employers to utilize the Employer Child Care Tax Credit to decrease turn-over, reduce absenteeism and finance an attractive employee benefit for working parents

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