



A Future Ready Community Starts With K-Ready Children

The Case for Investing in Early Care and Education

Table of Contents

- 1. Introduction 3
- 2. A Future Ready Community Starts with K-Ready Children: The Case for Investing in Early Care and Education 4
 - a. Educational Disparity Drives Chronic Economic Inequity 4
 - b. Workforce Shifts Threaten the Local Economy and Deepen the Divide ... 5
 - c. The Best Investment in Education Starts Early 6
 - i. Preparing Future Workers 6
 - ii. Enabling Current Workers 8
 - iii. Impact on Business 9
 - iv. Return on Investment to Governments and Communities 9
 - v. State and Local Returns on Investment in Quality ECE 10
- 3. The Problem - Inequity in Early Care and Education 11
 - a. Distressed Neighborhoods Lack Quality and Affordability of Care 11
 - b. Early Care and Education in Central Florida: What Works and Where it Falls Short 13
- 4. Conclusion 14

Introduction

Quality care and education for children from birth to five is the best investment we can make to strengthen our future workforce and build broad-based prosperity in our community; yet too many of our young children do not have access to high-quality early care and education, start kindergarten not ready for school...and never catch up.

Even during strong economic times like we experienced recently, benefits of a strong economy and low unemployment fail to reach many residents in Central Florida. Almost half of families in Orange County struggle to meet basic needs, like rent and child care. The majority of jobs in our region are low-skilled, low-wage jobs that are insufficient to support a family and combat the deep income inequities in our community. The additional effects of globalization and impending shifts in the marketplace put our local economy and the broad-based prosperity of our community further at risk. Our ability to compete in the modern global marketplace and create a community where more families can prosper requires a greater investment in the education of our future workers. However, warning signs show that these future workers--our children--are not on track to meet the demands of 21st century job markets and build a prosperous future for their families or for our community.

We know that investing in the development of children from birth to five is the most effective investment in education, and multiple studies show returns on investment of 13% to 20% to local governments, businesses, and the community. This is because 90% of brain development happens and most soft skills and language skills are learned before age five, forming the bedrock for lifelong health, intellectual ability, and emotional and social well-being. Gains from these years are compounded throughout school and into adulthood. Financial returns on investments in early childhood development include reductions in social costs like child welfare, remediation, and juvenile crime, as well as long-term positive outcomes, such as higher labor productivity and better health outcomes. Positive impacts on businesses are multi-generational. With quality childcare, today's children, our future workers, are better prepared for future high-skilled jobs, and parents can fully participate in the current workforce and pursue education, reducing the job skills gap.

Yet, too many of our community's young children, 40% overall and as much as two-thirds in distressed neighborhoods, do not have access to high-quality early care and education; start kindergarten not ready for school; and start fourth grade not reading on grade level -- strong predictors of dropout rates and college completion rates. Our early care and education system, which is decentralized, underfunded, and mostly private with minimal regulation, is not meeting the needs of our children, their families, and our community. High quality early education is labor-intensive and expensive, too expensive for struggling families, and subsidies are inadequate and not structured to drive quality. Florida's voluntary pre-Kindergarten program (VPK) is not good enough -- serves only four-year-olds for only half the day; is 41st in funding out of 45 states; and meets only 2 of 10 national quality standards. In addition the current system does not adequately support the needs of the whole child, such as health, mental wellness, nutrition, safety and reduction of Adverse Childhood Experiences (ACES).

For our local businesses and community leaders, investing in high-quality early care and education is a winning proposition -- both an urgent need and a wise investment. All sectors have a stake in the future of children and should be active partners in their success. The U.S. and Florida Chambers of Commerce and communities across the country are making quality early childhood development a priority. It is time that our Central Florida community does the same.

A Future Ready Community Starts With K-Ready Children

The Case for Investing in Early Care and Education

Over the past decade, Orange County has experienced a booming economy, bolstered by tourism, hospitality, and construction sectors and fueled by growth in the technology and medical industries. However, our region continues to experience deep inequities in prosperity and opportunity and a widening skills gap that threatens the local economy and the well-being of our entire community. Investment in the education of our future workforce today is necessary and urgent to prepare for a more prosperous future. The most effective investment in education is in the earliest years, birth to 5.

New Definition of Care

In the past, quality “care” was considered a place where a child was safe, fed, and given attention. Today, knowing the critical brain development that is happening in the first five years of life, “care” and “education” should be seen as one and the same. In order to ensure that children are positioned for future success in school and life, early care and education must incorporate best practices of social-emotional development and age appropriate emergent academic skills.

Educational Disparity Drives Chronic Economic Inequity

Even during recent times of low unemployment and strong GDP growth, almost half of families (47% in Orange County) still struggle to meet basic needs, like rent and child care, according to the 2019 ALICE report (Asset Limited, Income Constrained, Employed)¹. The majority of jobs in our region are low-skilled, low-wage jobs that are insufficient to support a family. Combined with rising costs of living, basic economic security is precarious at best, and prosperity is far out of reach for too many of our neighbors.

Children living in or near poverty often struggle in school and in life, starting at a disadvantage and never breaking through the cycle of poverty. Twenty-four percent of children in Orange County live in poverty, and 65% of students in Orange County Public Schools (OCPS) are considered economically disadvantaged². For a myriad of reasons, including lack of educational access and Adverse Childhood Experiences (ACEs), which cause toxic stress, these students are less likely to graduate from high school with the skills they need to succeed in post-secondary institutions and the workforce.

Children who start off behind often never catch up. In Orange County, 60% of economically disadvantaged students are not reading on grade level in 3rd grade, and in many neighborhoods with high concentrations of families living in poverty, it is closer to two-thirds. These children are four times more likely to drop out and never attain higher education or a higher-skilled, higher paying job. Nationally, only 1 in 10 students who are poor will go on to college.

Key Take-Aways:

- Low-wages and high cost of living means prosperity is out of reach for many families in Orange County.
- Children from low-income homes who start off behind struggle to catch-up academically.
- Children who grow up without adequate resources rarely break the cycle of poverty.

¹ The United Way (2019). ALICE: A Study of Financial Hardship in Florida. Hoopes, S. Retrieved from <http://www.uwof.org/united-way-alice-report-florida-0>

² The Florida Legislature Office of Economic and Demographic Research (2016). Florida's Families and Children Below the Federal Poverty Level. Retrieved from <http://edr.state.fl.us/content/presentations/social-services/povertydemographicspresentation.pdf>

Workforce Shifts Threaten the Local Economy and Deepen the Divide

The future strength of our economy and the broad-based prosperity of the region's citizens are further threatened by the compounding effects of globalization and impending shifts in the marketplace due to evolving technology, changing industries, and automation. The world is currently at the brink of the "Fourth Industrial Revolution" expected to be the largest shift in the workforce in history on the scale of the agricultural and industrial revolutions, where millions of workers across the world had to learn new skills to gain employment in the emerging industries fueled by new technologies like steam power and concepts like the assembly line. While many workers did relearn the skills needed for the new job market, it was not without significant financial loss and political turmoil³.

A recent report estimates that by 2030, 40% of jobs in the U.S. will be eliminated as a result of automation⁴. Projections are even more severe in Central Florida, with 47-63% of existing jobs expected to be eliminated and replaced by 2035 with work requiring different skills - not only technical skills but softer skills, like critical thinking, empathy, and communications⁵. This shift will also increase the need for workers with some post-secondary training. Yet the Central Florida talent pipeline is already projected to be behind this shift. By as soon as 2025, 60% of jobs will require degrees or certificates, yet only 48% of Central Florida residents currently have them. While it is expected that the percent of adults with advanced degrees and certifications will increase, it will likely not keep pace with the impact of automation, globalization, and the "fourth industrial revolution".⁶

Regions across the US are struggling to produce the middle and high-skilled workers required in these new economies. Other developed and developing nations, meanwhile, are surpassing the US as a whole in terms of increasing educational achievement and post-secondary completion. On the Program for International Student Assessment (PISA) exam, a world-wide assessment given to 15-year-olds in 72 countries, the US ranks 35th in math, 24th in science, and 23rd in reading. Singapore (topping the list in all three categories), Hong Kong, Japan, South Korea, and Finland lead the rankings. All of these countries have affordable, or free, high-quality early care and education.⁷

In Orange County over forty percent of children entering kindergarten are not ready for school, and half of our third-grade students are not reading on grade level.⁸ These children are four times more likely to drop out and less likely to go on to complete post-secondary degree programs or training needed for higher-skilled jobs. Relatively low education attainment will put our region at a disadvantage for attracting and growing businesses and creating and filling higher-skilled, higher-wage jobs in the future.

As low skilled jobs in our region are eliminated or replaced and current and future workers are not prepared for new higher-skilled jobs, unemployment and poverty levels in our community will worsen. Disadvantaged children without a good education will likely remain in poverty. Many of today's workers currently employed, but struggling financially, may be pushed out of the workforce altogether and slide from economic insecurity to poverty, deepening income disparity and costing the region millions in welfare expenditures just to help residents survive.

Key Take-Aways:

- The world, and Central Florida, are on the brink of a major shift in the workplace.
- Many of today's jobs will be eliminated and new jobs will require a different set of skills.
- The region is not on pace to meeting the needs of the new marketplace in terms of education and training.
 - The US is falling behind other countries academically.
 - Central Florida is also not on track to fill new skilled jobs of the future.
- If nothing is done, overall prosperity, already on the decline, will get worse as demand for higher skill labor outstrips supply.

³ The Conversation (2018) What the Industrial Revolution really tells us about the future of automation and work. Retrieved from <https://theconversation.com>

⁴ PwC Global (2018). Will Robots Really Steal Our Jobs?. Retrieved from <https://www.pwc.co.uk/economic-services/assets/international-impact-of-automation-feb-2018.pdf>

⁵ Brill, D. (2018). Personal Interview.

⁶ Dashboard: Credentials Beyond High School. (2017). Retrieved from <http://floridacollegeaccess.org/research-and-data/credentials-beyond-high-school/>

⁷ Strauss, V. (2013). The Link Between Early Childhood Education and PISA Scores. The Washington Post. Retrieved from <https://www.washingtonpost.com/news>

⁸ Annie E. Casey Foundation. (2018). Florida Counties Child Wellbeing Index 2018. Retrieved from <http://www.floridakidscount.org/>

The Best Investment in Education Starts Early

The ability of the region to remain competitive and reduce income disparity in a dramatically changing marketplace will require a greater investment in the education of our future workers. While great work is happening in our community focused on K-12 and advanced education, the most effective investment focuses on the critical development years from birth to 5. Investment in quality early care and education has a two-fold impact - helping parents to fully participate in the workforce and pursue advanced education, while ensuring that children are prepared for the jobs of the future. This two-generational approach leads to stronger businesses, a healthy economy, and broad-based prosperity for the region's residents today and in the global marketplace of the future.

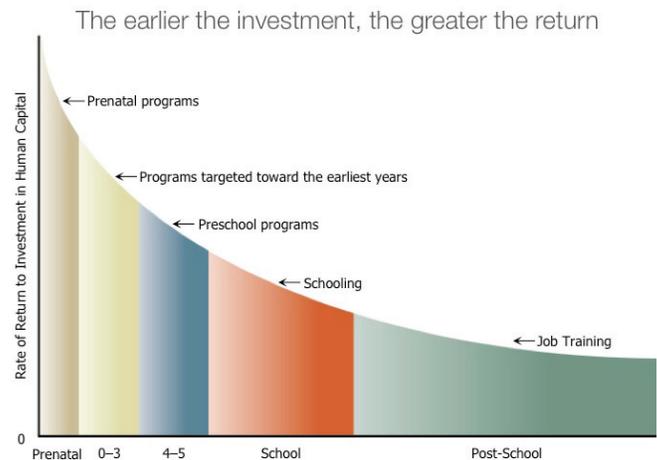
Preparing Future Workers

Nobel Prize winning economist, Dr. James Heckman, who has studied the economic impact of quality early education, states “the most effective strategy for strengthening the future workforce, both economically and neurobiologically, is to invest in the environments of disadvantaged children in early childhood years.”⁹ This is because the vast majority of brain development happens in the first three years, with more than one million new neuronal connections developed per second.¹⁰ During this critical time of brain development, the foundations for important future cognitive and non-cognitive skills are built. Cognitive skills include the basis for language, literacy, and math. Non-cognitive skills are the building blocks for “soft” skills (often referred to as social-emotional development), such as empathy, persistence, attention, and self-regulation and also develop primarily in a child's first five years of life.¹¹

Building strong foundations in cognitive skills has long been understood as a key to later success in school and in life. The value of soft skills in the workplace, while not as widely known as the importance of traditional academic learning, is increasingly becoming a focus for employers. In a recent survey by the Wall Street Journal, 93% of 900 business executives said that character skills were as important or more important than technical skills, and 89% reported difficulties in finding employees with these abilities.¹² The importance of soft skills in the workforce will only increase as automation changes the types of jobs available from those involving routine and manual tasks to jobs requiring more interactive and problem-solving skills.¹³ As with cognitive based academic skills, waiting to teach soft skills later in a child's academic career will not be as impactful if the foundations are not built in early years.

Later interventions are less effective because brain development is cumulative; as a child grows, more advanced learning and development builds off of previous learning. The neural connections that develop at a rapid pace in the early years are either strengthened or pruned based on whether or not the connections are used and reinforced, or neglected. If connections are not used, like important language connections, then a child may lose them forever.¹⁴ These discoveries about the human brain, a result of years of research and advancement in technology which enabled brain imaging, prove that there is a direct link between the quality of early care and education, and kindergarten readiness, on track learning in early grades, high school performance, and post-secondary success later in a child's life. Given that neural connections not used are lost, even intense interventions later on, such as additional reading support in kindergarten through third grade or job training programs, are not able to make up for the deficits caused by inadequate early brain development.¹⁵

Early Childhood Development is a SMART INVESTMENT



Source: James Heckman, Nobel Laureate in Economics

⁹ The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

¹⁰ Center on the Developing Child (2009). *Five Numbers to Remember About Early Childhood Development* (Brief). Retrieved from www.developingchild.harvard.edu.

¹¹ The Foundation for Child Development. (2013) *Investing in Our Future: The Evidence Base on Preschool Education*. Yoshikawa, H., Weiland, C. Retrieved from <https://www.fcd-us.org/assets/2016/04/Evidence-Base-on-Preschool-Education-FINAL.pdf>

¹² Davidson, K. Employers Find 'Soft Skills' Like Critical Thinking in Short Supply, *The Wall Street Journal*, August, 30, 2016

¹³ The Brookings Institute. (2014). *Tomorrow's Skilled Workforce Requires Investing in Young Children Today: The Importance of Early Childhood Development*. Atinc, T., Gustafsson-Wright, E. Retrieved from <https://www.brookings.edu/>

¹⁴ Center on the Developing Child at Harvard University (2016). *From Best Practices to Breakthrough Impacts: A Science-Based Approach to Building a More Promising Future for Young Children and Families*. <http://www.developingchild.harvard.edu>

¹⁵ U.S. Chamber of Commerce (2017) *Workforce of Today, Workforce of Tomorrow*. Stevens, K. B. Retrieved from <https://www.uschamberfoundation.org/>

As a result high-quality early child care and education has lasting impact into adulthood. A study of the Chicago Child-Parent Center, an early education program that focused on both cognitive and non-cognitive skills, found that children who attended a high-quality one year school readiness program had higher high school graduation rates than those who did not attend.¹⁶ Another study found that children who participated in the Abecedarian project, a high-quality early education program in North Carolina, were three times more likely to go on to higher education.¹⁷ Investment in high-quality early childhood programs that focus on cognitive and non-cognitive, or social-emotional, development can also reduce juvenile and adult crime, as well as reduce risk for chronic conditions such as heart disease and diabetes.¹⁸ Finally, children who participate in high quality early learning also benefit from higher wages in adulthood and are five times less likely to rely on government subsidies.¹⁹

“Young children are like sponges. The behaviors, love of learning, and accumulation of many words in their early vocabulary are essential foundations to long-term success in education and life. All children need to have access to the same quantity and quality of education during their early years of development in order to have a fruitful future. They all need to start their K-12 careers on equal footing.”

- OCPS School Board Member District 4 Pam Gould

Key Take-Aways:

- Early education lays the foundation for the development of skills needed for the shifting needs of the workplace, especially the increasingly important social-emotional, or “soft”, skills.
- If foundations are not built in these early years, even intense interventions later on won’t make up for gaps.
- The effects of receiving a high-quality early education have lasting impacts into adulthood including improving health and income and reducing crime and substance abuse.

¹⁶ The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

¹⁷ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

¹⁸ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

¹⁹ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

Enabling Current Workers

In addition to benefiting future generations, child care is important to the needs of the current workforce as parents of young children need reliable child care in order to work. Nationally, working parents with children under 5 represent 21% of the workforce.²⁰ Yet many of them are taken out of the workforce, temporarily or permanently, due to child care issues. According to a survey by the National Survey of Children's Health, a quarter of respondents stated that "During the past 12 months, someone in their family had to quit a job, not take a job, or greatly change a job because of a problem with child care".²¹ Studies conducted in Maryland, Georgia, Indiana and Louisiana support these findings. In Maryland for instance, 49% of parents experienced short-term disruptions (arrive late, leave early, absence), and 14.7% experienced long-term disruptions (going from full to part-time, leaving a job, not taking a promotion).²²

These disruptions have real economic consequences for working parents as they are forced to take off, reduce hours, or pass up promotional or learning opportunities that would allow them to earn more. In contrast, when quality early care and education is available, it can lead to more stable employment and higher earnings for parents. The study of the Abecedarian project in North Carolina found that low-income mothers, whose children participated in the full-day preschool program, had higher levels of educational attainment and held higher-paying jobs, leading to an average increase of \$117,000 in lifetime earnings.²³

Key Take-Aways:

- **Investments in prek have a two-fold effect 1. Helping parents fully engage in the workplace and 2. Preparing today's children for the jobs of the future.**
- **A quarter of families with young children report they have been limited or displaced at work due to child care issues.**
- **Lack of adequate child care can limit engagement in the workplace.**
- **Access to high-quality child care options enables families to engage in work, earn more, and achieve financial stability.**

²⁰ The Maryland Family Network. (2018). Counting Our Losses: The Hidden Cost to Marylanders of an Inadequate Child Care System. Talbert, E., Bustamante, A., Thompson, L., Williams, M. Retrieved from <http://www.marylandfamilynetwork.org>

²¹ Metro Atlanta Chamber. (2018). Opportunities Lost: How Child Care Challenges Affect Georgia's Workforce & Economy. Goldberg, H., Cairl, T., Cunningham, T. Retrieved from https://www.metroatlantachamber.com/assets/opportunities-lost-report-final_ymXE7Za.pdf

²² The Maryland Family Network. (2018). Counting Our Losses: The Hidden Cost to Marylanders of an Inadequate Child Care System. Talbert, E., Bustamante, A., Thompson, L., Williams, M. Retrieved from <http://www.marylandfamilynetwork.org>

²³ Metro Atlanta Chamber. (2018). Opportunities Lost: How Child Care Challenges Affect Georgia's Workforce & Economy. Goldberg, H., Cairl, T., Cunningham, T. Retrieved from https://www.metroatlantachamber.com/assets/opportunities-lost-report-final_ymXE7Za.pdf

Impact on Business

These studies also highlighted a significant economic impact on businesses as a result of childcare-related work disruptions. Focusing on turnover and absenteeism, researchers in Maryland determined that child care issues cost \$2.41 billion to employers and reduced economic output by \$1.28 billion.²⁴ Indiana, which had similar findings as Maryland, also looked at the impact in three urban counties and found between \$29 million and \$138 million in economic loss per region and an average of \$221.8 million per region in annual losses to businesses as a result of child care issues.²⁵

Another consequence when parents do not fully participate in the workforce due to childcare issues is the growing “skills gap” -- when companies are unable to find workers with the right skills. According to the U.S. Chamber of Commerce, “The skills gap feeding an unprecedented labor shortage will only worsen if companies don’t directly provide child care solutions.” Seventy percent of non-working adults with children under 5 state “taking care of family” as the reason they are not in the workforce, ranking higher than “can’t find work”.²⁶ The Maryland study found that 24.7% of respondents reported forgoing additional educational experiences as a result of child care issues, incurring an opportunity cost of \$2.34 billion per year in lower wages, lower spending, and lower tax revenue.²⁷ If businesses could help families find stable and high-quality care they could reduce the skills gap, increase economic mobility and stimulate the economy at the same time.

Key Take-Aways:

- **There are significant economic costs to businesses and the overall economy as a result of inadequate child care - in Maryland employers incurred \$2.41 Billion in costs as a result of child-care related work disruptions.**
- **Lack of high-quality early care and education exacerbates the skills gap - when companies have open positions due to lack of qualified candidates - by preventing working parents from participating in advanced education or training or taking promotions.**

Return on Investment to Governments and Communities

Investing in early care and education can have short- and long-term benefits to workers and businesses. Research on quality early education programs has demonstrated rates of return between 7 and 20 percent to governments who support these initiatives.²⁸ While different studies have found slightly different returns on investment, Nobel Prize winning economist Dr. James Heckman determined that for every dollar invested in quality early education, \$13 is returned to the community in benefits.²⁹ The earliest benefits come in the form of:

- Reductions in child welfare expenditures;
- Parents’ increased labor participation and tax contributions;
- A reduced need for remediation and special education in K-12; and
- Lower rates of juvenile crime.

With additional and larger gains occurring later in participants’ lifetimes:

- Increase high school graduation and college attendance;
- Increase earnings and consumer potential;
- Improved adult health outcomes;
- Lower likelihood to commit crimes; and
- Decrease in substance abuse.³⁰

While participating children and families benefit directly from these investments, much of the benefits go to society as a whole. A separate national analysis showed that of the \$10.83 return per dollar invested, \$7.20 went to individuals other than participants and their families.³¹

²⁴ The Maryland Family Network. (2018). *Counting Our Losses: The Hidden Cost to Marylanders of an Inadequate Child Care System*. Talbert, E., Bustamante, A., Thompson, L., Williams, M. Retrieved from <http://www.marylandfamilynetwork.org>

²⁵ Indiana University Public Policy Institute. (2018). *Lost Opportunity: The Impact of Inadequate Child Care on Indiana’s Workforce & Economy*. Littlepage, L. Retrieved from <https://earlylearningin.org>

²⁶ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

²⁷ The Maryland Family Network. (2018). *Counting Our Losses: The Hidden Cost to Marylanders of an Inadequate Child Care System*. Talbert, E., Bustamante, A., Thompson, L., Williams, M. Retrieved from <http://www.marylandfamilynetwork.org>

²⁸ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

²⁹ Garcia, Jorge Luis and Heckman, James J. and Ermini-Leaf, Duncan and Prados, Maria, *The Life-Cycle Benefits of an Influential Early Childhood Program* (December 19, 2016). CESR-Schaeffer Working Paper No. 2016-18. Available at SSRN: <https://ssrn.com/abstract=2884880> or <http://dx.doi.org/10.2139/ssrn.2884880>

³⁰ Rohnick, A. (2003). *Early childhood development: Economic development with a high public return*. *The Region* [fedgazette]. Retrieved from <http://www.minneapolisfed.org/pubs/fedgaz/03-03/earlychild.cfm>

³¹ The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

Positive returns of a quality early education program are compounded as participants age.³² The study of the Perry Preschool program followed participants into their early 40s and found returns of \$8.47 for participants at age 27 and \$16.14 at age 40 for every \$1 invested in the preschool program.³³ Other studies confirm these significant returns. A national study found that by 2050, every tax dollar invested in ECE would be offset by \$2.37 in budget savings. In Georgia, researchers determined that if child care challenges were addressed, the economy would be at least \$2 billion stronger each year.³⁴

These estimates show a clear return on investment yet likely underestimate the positive economic impact. Only measurable variables, such as the cost of worker turnover and absenteeism, the cost of student remediation programs, and the cost of welfare and crime were included in the analyses. But there are many other important, but more difficult to measure, costs to businesses such as the cost of tardies and early departures, the skills gap, and presenteeism (employees working but distracted and unproductive due to child care concerns). Positive effects on families and communities of a quality early education include: higher personal savings, lower drug use, fewer teen pregnancy, better health and marriage outcomes, and higher voter participation. Yet these were not included in the economic impact valuation of early education initiatives, meaning the real return on investment is likely much higher than current estimates.³⁵

State and Local Returns on Investment in Quality ECE

While a more in-depth analysis would need to be conducted to project the economic and business impact of investing in a quality ECE system at the local level, reports show significant social and financial returns can be expected at the state level. An analysis by the Washington Center for Equitable Growth shows that every state would have a return on investment that far outweighed the cost. The study estimates that if Florida instituted a universal, high-quality pre-K program for both three- and four- year-olds (currently Florida offers free, voluntary, prekindergarten for 4- year-olds only) at an additional cost of \$1.301 billion, the state would see \$16.821 billion in benefits by 2050, a cost to benefit ratio of 1 to 8.7.³⁶

“Studies consistently show us that a person’s life successes – their health and emotional well being – have their roots in early childhood. We know that if we get it right in the early years, we can expect to see children thrive throughout school and their adult lives. For every dollar spent on quality early learning initiatives, at least \$8 will be returned to society in the form of fewer high school dropouts, fewer people in prison and higher earnings. For kids from low-income backgrounds, who need help most, a lack of access to quality preschool education can limit them for the rest of their lives. Caring and supportive environments that promote optimal early childhood development greatly increase children’s chances of achieving better learning outcomes in school and better education, employment and health in their lifetimes.”

– Orlando Mayor Buddy Dyer

Key Take-Aways:

- The return on investment in high-quality early care and education is well documented - a leading study found there is a \$13 return on every dollar invested - with most going to individuals other than participants, including employers and the general economy.
- The returns on investment in high-quality early care and education actually increase over the lifetime of participants.
- The benefits are likely even higher than current best estimates as many positive impacts that are harder to quantify were not included in analyses.
- Florida would see financial returns of \$16 billion with implementation of high-quality universal pre-k for three- and four-year-olds.

³² The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

³³ The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

³⁴ Metro Atlanta Chamber. (2018). *Opportunities Lost: How Child Care Challenges Affect Georgia’s Workforce & Economy*. Goldberg, H., Cairl, T., Cunningham, T. Retrieved from https://www.metroatlantachamber.com/assets/opportunities-lost-report-final_ymXE7Za.pdf

³⁵ Van Horn, C. (2018). *Investing in America’s Workforce: Improving Outcomes for Workers and Employers*. Retrieved from <https://www.investinwork.org/book>

³⁶ The Washington Center for Equitable Growth. (2015). *The Benefits and Costs of Investing in Early Childhood Education*. Lynch, R., Vaghul, K., Retrieved from <https://equitablegrowth.org>

The Problem - Inequity in Early Care and Education

Though early care and education is critical to our current and future workforce and economy, today's system is not appropriately preparing all students for school or providing support for working parents. For too many families, the current system delivers early care and education that is unaffordable, unavailable, and in many areas, low quality.

Distressed Neighborhoods Lack Quality and Affordability of Care

The barriers to creating a more accessible, affordable, and high-quality early care and education system are interrelated - high quality care is expensive; parents can't afford it, and subsidies don't cover enough; providers cut cost, and quality suffers.

According to an analysis by the US Chamber of Commerce, high-quality child care is labor intensive, and therefore expensive, ranging from \$195-\$294 a week for an infant (\$10k to \$15k annually) and \$150-\$190 a week (\$8k to \$10k annually) for a four-year-old. Most families can't afford these high costs; 45% of young children live in families earning below 200% of the federal poverty level - or \$49,000 for a family of four.³⁷ As a result, providers in low-income communities must keep fees and costs low by paying low wages. On average, child care workers only earn \$9-\$11 an hour, making them some of the lowest paid professionals in our workforce. Wages for child care workers are less than the average annual salary of parking attendants, nail technicians, and animal caretakers.³⁸ Many in the child care industry struggle to make ends meet themselves, with 46% enrolled in at least one of the four public support programs available for low-income families. These burdens lead to a high turnover rate of 40% among childcare teachers.

The twin factors of thin profit margins and low pay in the child care market limits quality and availability, even if there are enough "slots" for children in a region. A recent needs assessment at the state level in Florida confirms this, with the greatest issue being affordability of quality care.³⁹ Few businesses enter into the industry, and existing providers are often forced to close because of sudden decreases in enrollment, loss of government subsidies, or small profit margins, causing a lack of availability, especially in lower-income communities. Low wages often drive lower teacher qualification requirements (advanced degrees, certifications, and experience), which can also keep quality low.

A recent assessment of the needs of young children and their families conducted by the state of Florida revealed that there are five major challenges*:

- Families do not have equitable access to quality early childhood care and education programs statewide.
- Families have difficulty navigating multiple social services, being informed consumers, and fully engaging as partners with early childhood care and education programs in children's development.
- There is significant local variance in the percentage of children served and subsidy rates. Limited funding, unmet need, and local delivery create widely different local priorities and, therefore, widely different levels of quality for families.
- While there has been increased accountability and use of program assessment statewide, there remains inconsistent access to effective quality supports for providers to help them improve.
- Transitions into kindergarten are uneven, and collaboration between early childhood care and education and local school systems is inconsistent.

* Office of Early Learning (2018) Needs Assessment, Preschool Development Grant Birth-5. Prepared by the Anita Zucker Center for Excellence in Early Childhood Studies, College of Education, University of Florida.

³⁷ U.S. Chamber of Commerce (2017) Workforce of Today, Workforce of Tomorrow. Stevens, K. B. Retrieved from <https://www.uschamberfoundation.org/>

³⁸ Center on the Developing Child at Harvard University (2016). From Best Practices to Breakthrough Impacts: A Science-Based Approach to Building a More Promising Future for Young Children and Families. <http://www.developingchild.harvard.edu>

³⁹ Office of Early Learning (2018) Needs Assessment, Preschool Development Grant Birth-5. Prepared by the Anita Zucker Center for Excellence in Early Childhood Studies, College of Education, University of Florida.

In Florida neither market mechanisms nor government oversight are currently in place at levels needed to increase the quality, availability, or affordability of care. Most pre-school children are in private and minimally regulated child care centers. While support and training are available, there are few incentives for providers to participate. This decentralized and minimally-regulated environment, combined with a lack of information on quality for parents and few incentives for providers to improve, has created a “market for lemons”, leaving many families with little to no options for high-quality and reliable care.

“Is it fair to say all early care and education programs across Orange County are high-quality - no. Quality and, hence, outcomes for children are mixed. While talent is evenly distributed, opportunity is not. High-quality early care and education can be the equalizer. We can’t wait for the state or federal government to fix it. We have to take action locally; and we have to start today.”

**- Karen Willis, Chief Executive Officer
of the Early Learning Coalition of Orange County**

Key Take-Aways:

- The current system charged with ensuring children are healthy and prepared to start school is failing.
- The compound effects of parents who can’t afford care, subsidies that don’t cover costs, providers who can’t meet quality standards because of lack of funding cause the failures within the early care and education system.
- The market is broken - thin profit margins lead to low-quality of available providers and is worse in low-income communities.

Early Care and Education in Central Florida: What Works and Where it Falls Short

The challenge of access to affordable and high-quality care and education for young children is playing out at a local level as well. In Orange County there are approximately 86,000 children under 5:

- 25% or 21,500 of children live in poverty⁴⁰
- 47% of families are asset limited (living paycheck to paycheck)⁴¹
- 78% of four- year-olds are enrolled in VPK⁴²
- 1.5% or 1,536 children are enrolled in Head Start and Early Head Start⁴³
- 20% or 11,705 of the 43,018 eligible children receive School Readiness subsidies (subsidies for children from low-income families)⁴⁴
- At its peak (calculated monthly) there were 1,200 families on the waitlist for subsidies 2019.⁴⁵
- 45%, or close to 5,000 children, enter kindergarten already behind (60% of children from low-income homes)⁴⁶
- By the time children reach 3rd grade, half will not be reading on grade level⁴⁷

These challenges are not because of some deficiency in our children or families. The science of systems thinking dictates that systems work exactly as they were designed to work. Based on the school readiness and reading proficiency results, our local early care and education system was designed to create inequitable access to educational opportunity. More than 60% of children from low-income homes, enter kindergarten without the skills they need to learn, ultimately limiting their educational and economic opportunities. In Central Florida there is a disconnect between what we want to be true for our children, and what is true. This neither serves our children nor our economy and community. The predictable future is that this will continue to be true if we continue operating in the status quo. But an alternative future is possible. One where Central Florida's children are on track for success in school and life, where parents can work knowing their children are safe and learning, and where businesses can thrive with the help of a skilled and stable workforce. There are actions that local business and government leaders can take, in partnership with nonprofits and coalitions, to put our community on a new path.

Florida state legislators and agency leaders have already recognized the need for improvement and have begun implementing changes. In 2018 the legislature passed HB 1021 to establish a quality measurement system for providers serving children 0-3 that accept subsidies. Currently only VPK providers have a formal quality rating system. The VPK readiness rate formula will also be modified to include additional measures of quality, including measures of learning growth and observational data on teacher and student interactions. In addition, the bill set up a system to encourage quality improvement using increased subsidy rates for providers that improve or maintain high quality. A year later, in 2019, Florida applied for the Preschool Development Grant Birth-Five (PDG B-5), a federal grant that would enable Florida to create and implement an Early Childhood Strategic Plan that would continue to address identified needs.

While these changes at the state are promising, they will only be successful if implemented effectively at the local level and if local needs not addressed in the state plan are met through collaborative local leadership. This moment is an opportunity to leverage the improvements to the early care and education system and provide support to ensure that the changes make a significant impact on a timeline that reflects the urgency of meeting the needs of developing young minds.

Early Education History in Florida

In 2005, the Florida legislature, after years of advocacy from the early education community and a state constitutional amendment requiring such, passed voluntary universal prekindergarten (VPK) for four year olds, becoming one of only three states and D.C. with such a program. As a result of the implementation of VPK, Florida has one of the highest pre-kindergarten participation rates for four-year-olds in the country, with 77% of children in the state enrolled.

As of 2013, working parents in Florida who are economically disadvantaged (and some who meet one of a number of other characteristics) can also apply for School Readiness (SR) funds. These funds can be used for early care and education for children under 5 as well as after school care for some school-aged children.

The law also established the Early Learning Coalitions as the local managing agencies for all state funds for early care and education. These agencies also provided support and professional development for the mostly private providers that receive VPK and other funds.

Children from families that are deemed "low-income" according to federal poverty guidelines (\$25,750 annual income for a family of four) can also qualify for Early Head Start or Head Start programs.

⁴⁰ Annie E. Casey (2019) Kids Count, Florida. Retrieved from <https://www.aecf.org/resources/2019-kids-count-data-book/>

⁴¹ United Way (2017) ALICE in Florida, A Financial Hardship Study. Bell, J. Retrieved from <https://www.hfuw.org/meetalice/>

⁴² Office of Early Learning (2019) Office of Early Learning Report 2017-2018. Retrieved from <http://www.floridaearlylearning.com/>

⁴³ Orange County Government (2019). Every Step of the Way, 2019 Head Start Annual Report. Retrieved from <https://www.orangecountyfl.net/>

⁴⁴ Office of Early Learning (2019) Office of Early Learning Report 2017-2018

⁴⁵ <https://4cflorida.org/parents/school-readiness-sr/faq-school-readiness/>

⁴⁶ Florida Department of Education (2019) Florida Kindergarten Readiness Screener. Retrieved from <http://www.fldoe.org/>

⁴⁷ Florida Department of Education (2019) Florida Standards Results, English Language Arts, Third Grade. Retrieved from <http://www.fldoe.org/>

Conclusion

It is widely understood that education is key to breaking the cycle of chronic poverty and preparing the local workforce for the more high-skilled jobs of the 21st century. Career and college readiness efforts frequently focus on ensuring high school students have the skills needed to succeed in postsecondary education or job training. However, the most effective investment in education is in early childhood (birth to five), when the vast majority of brain development occurs and most soft skills are learned. **Our region's global competitiveness and broad-based prosperity depend on a quality education system, and any effort to improve the education system must begin early.**

Though there is great work happening in our community, deep inequities still exist in access to quality early care and education. In distressed neighborhoods, quality preschools are largely unaffordable and unavailable, and the results are evident. As many as two-thirds of children in lower-income neighborhoods enter kindergarten without the skills they need to learn and continue to struggle in school and in life, often never gaining the skills they need for a good job and a prosperous future.

Ensuring that ALL children in our community get the start they need to be successful should be our top priority, but we have a long way to go. Transforming our early care and education system is both an urgent need and a wise investment, yielding significant returns to governments, businesses, and the entire community. Every sector has a stake in the future of children and should be active partners in their success. **To make transformative improvements to the early care and education system, business must lend its experience and expertise, in addition to funding and advocacy.** In communities across the country, businesses, government, and non-profit sectors are working together to invest in quality early childhood development programs and are making great strides. It is time that our community does the same. Our future depends on it.

Report Authors

Minga Advisors

www.MingaAdvisors.com

www.GetKReady.com

Report Sponsor



www.elcoforangecounty.org

Published October 2019