Early Childhood Programs for State Economic Development

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Outline

• How early childhood programs boost local economic development

• How effects vary with program features

• Wisconsin policy issues
How Early Childhood Programs Affect Economic Development

Mechanism 1: Effects on former child participants

• High quality pre-K, child care, and home-visiting all improve adult labor supply of child participants

• More than 60% of former child participants will stay in state

• Improved labor supply will attract more and better jobs
How Early Childhood Programs Affect Economic Development

Mechanism 2: Effects on parents

- Child care programs will increase labor force participation of parents, increasing skills and wages

- Home-visiting/parenting programs improve life course of parents

- Improved labor supply of parents attracts more and better jobs
Focus on 3 Programs

1. Half-day universal pre-K for all 4-year-olds
   ($5K per child, $14 billion national cost at full-scale)

2. Full-time child care/pre-K birth to age 5 for disadvantaged families
   ($60K cost per child, $40 billion national cost at full-scale)

3. Nurse-Family Partnership
   (home visiting for first-time, disadvantaged moms, prenatal to age 2; $10K per child, $4 billion national cost at full-scale)

Why these 3? Most rigorous research
Per-Capita Earnings Effects

- **Per dollar** invested, present value of per-capita state earnings increased by:
  - $2.78 for half-day universal pre-K
  - $2.25 for birth to 5 care/pre-K
  - $1.85 for Nurse-Family Partnership

- Pre-K due to children; other 2 programs half due to parents
- Adding crime effects and out-migrants could get us to 16-to-1
- Comparable to best business tax incentives ($3.14-to-1)
- Bang for buck highest for pre-K, but total effect highest for child care
How Are Such Large Effects on Kids Possible?

• Learning begets learning

• Effects on “soft” (social) skills: effects on “hard” (academic) skills often fade

• Soft skills raises issues for accountability

• Synergy between these programs and K-12? (but works with Chicago Public Schools!)
What Program Quality Features Matter?

- **Lower class size** in pre-K from 20-to-2 to 15-to-2 pays off

- **Teacher early childhood training** matters for pre-K/child care. Credentials? Controversy, but all exemplar programs use certified teachers.

- Nurses better than paraprofessionals in Nurse-Family Partnership

- Quality and frequency of **teacher-student interactions** matters.
How Do Benefits Vary Across Different Income Groups?

- For **pre-K, DOLLAR** effects on future earnings are similar for middle class and poor. % effects greater for poor. (Due to social skills?)

- For **Nurse-Family Partnership**: Program much more effective for disadvantaged

- For **child care**: Unknown.
How Do Benefits Vary With “Time Intensity” of Services?

- **Diminishing returns:**
  - **Full-day** pre-K adds 60% to **half-day** effects (costs up 160%)
  - **Two-year** pre-K (adding age 3 to age 4) adds 50% to **one-year** (age 4) pre-K effects (costs double)
  - Going from **half-day age 4 pre-K** to **birth-to-5 care/pre-K** increases benefits 6 times, costs 12 times

- But all these expansions have net benefits
Difficult Tradeoffs

- **Universal half-day pre-K** benefits middle-class while providing 6% boost to earnings of lowest-income quintile; moderate costs at full-scale ($14 billion)

- **Birth-to-5 child care** has 36% earnings boost for lowest-income quintile, but no direct benefits for middle class & high cost at full-scale ($40 billion)

- **Nurse-Family Partnership** is cheaper ($4 billion at full-scale), but has modest benefits because so targeted (3% earnings boost for lowest quintile)
Observations on Wisconsin Pre-K

- 4K participation high (55% of 4-year-olds, 6th in U.S.) but not at Oklahoma levels (74%)

- Reliance on subsidized child care for poor for full-day and for 3-year-olds
  - Oklahoma moving to full-day pre-K, other states have 3-year-old pre-K (Illinois leading state—20% of 3-year-olds)

- Kindergarten literacy screening. What about soft skills?

- What about pre- and post-test for evaluation—could that be part of new longitudinal data system?
Observations on Wisconsin Subsidized Child Care for Low-Income Families

- **Low participation** among eligible low-income families: 22% birth to age 3, 38% birth to age 5

- 46% of kids in subsidized child care are in **low-quality**. State is trying to improve with financial incentives for high-quality centers

- How do we increase participation and quality? More funding needed?
Observations on Wisconsin Home-Visiting

• **Low participation** of eligibles: less than one third of first-time low-income moms.

• How can scope be expanded? Are there ways to do this cheaper than with nurses (e.g., social workers)? Can home visiting work beyond first-time moms?
Observations on Wisconsin Governance in Early Childhood

- Statewide system vs. Locals: pre-K and home-visiting decentralized, child care centralized

- Could North Carolina’s Smart Start program be a model? Block grants to locals for early childhood—equivalent in Wisconsin would cost $100 million. Used for variety of child care/pre-K/parenting programs birth to age 5

- Duke Study: Smart Start raised 3rd grade average test scores by 2 months.