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## **Report: Make Early Care and Education An Engine for Economic Development**

### ***Connecticut organizations call for more early childhood investment***

With a workforce that employs more people than the state's pharmaceutical industry, Connecticut's early care and education (ECE) industry should be given at least the same status as transportation, utilities and housing when considering the state's essential economic health. So says an impact study released today by the Connecticut Center for Economic Analysis (CCEA) at the University of Connecticut. The Connecticut advocacy organizations that commissioned the report recommend that ECE should be incorporated as an essential industry in state, regional and local economic development initiatives.

Citing a 15,000 ECE-member workforce that enables 10% of Connecticut's entire labor force (160,000 employees) to hold jobs, the CCEA reported the early education industry as "generating over \$920 million in gross state product each year." The report, entitled "The Economic Impact and Profile of Connecticut's ECE Industry," was commissioned by CT Voices for Children, The Child Health and Development Institute of Connecticut (CHDI) and the CT Association for Human Services. The study comes on the heels of a national report released earlier this week in which the Washington-based Economic Policy Institute showed a significant economic return to taxpayers from public investment in high quality preschool programs.

Calling early childhood education "an extremely important industry," which provides a "good deal for Connecticut employers," Shelley Geballe, President of Connecticut Voices for Children, cites the work of Minneapolis Federal Reserve Bank Vice President Art Rolnick, whose analyses show that ECE investments provide "an annual rate of return of 16%, which is significantly greater than many other uses of public or private monies."

Among other things, the report notes that Connecticut's ECE industry:

- Purchases \$306 million in annual goods and services in Connecticut annually;

- Generates \$789 million in revenue, mostly through parent fees;
- Employs more workers than the state’s pharmaceutical industry—with its 15,000 teachers, secretaries, health professionals, managers and custodians; and
- Pays \$321 million in annual wages.

“Despite these impressive figures and despite the ECE industry’s contributions to the state’s workforce, there’s much left to be done,” said Ms. Geballe. “Families don’t have enough affordable high quality child care choices, and Connecticut has, in the past several years, actually reduced its investments in this area. It’s time to reverse course and re-invest.”

Focusing on the economic benefits of the state’s early education industry, Susan Wilson, Director of Early Childhood DataCONNECTIONS at the Child Health and Development Institute, said investment in high-quality early education enables both the “quantity and quality of the state’s private and public sector workforce to rise.”

“Because more than 148,000 households with children under 12 rely on the ECE industry, it’s possible for adults to work, receive training and participate in educational programs,” said Ms. Wilson. Her agency estimates that formal ECE establishments in Connecticut have the capacity to accommodate “about 40% of children under age 5, and 8.5% of school-age children.” The report focused on the impact of formal ECE establishments and did not measure the effects of informal (e.g., family-based) early care.

A brochure summarizing the report, drafted by the Connecticut advocacy organizations that commissioned the study, encourages public and private entities to take an active interest in quality early education, “just as it does for construction and maintenance of roads, public transportation, utilities, housing and educational facilities.” By doing so, “Connecticut would make quality early education essential to the state’s economic health.”

James Horan, Executive Director of the CT Association for Human Services, cited the rise in both long-term economic benefits and averted economic costs that accrue when children are provided with high quality early childhood education. “Children are better prepared for school and are more likely to perform at a high level. They are also more likely to graduate from high school, attend college and find a high paying job,” Horan said. “In addition to the economic value-added of these positive outcomes, we avoid the costs of welfare dependency, health care and prison confinement.”

Stating that deficiencies in supply are most noticeable for “infants, toddlers and school-age children,” Wilson said nearly half the preschool programs for 3-5 year olds are part-time and “therefore less likely to meet the needs of families in the full-time labor force.”

“It takes skilled teachers to help children learn,” she said. “Research confirms that an ECE provider’s education, specifically in early childhood development, and his/her salary are the greatest predictors of program quality.”

The report states that ECE teachers earn an average annual salary of less than \$21,500. In 2001, the starting hourly wage for a center-based ECE provider was \$7.19, while a custodian in the same industry averaged \$8.20 an hour.

The organizations who commissioned the report called for an increased public support of early childhood education, labeling it “the wisest long and short-term investment.”

The study was conducted by the Connecticut Center for Economic Analysis (CCEA) at the University of Connecticut ([ccea.uconn.edu](http://ccea.uconn.edu)). CCEA, established in 1992, serves the people of Connecticut by improving our understanding of the state’s economy. The report was commissioned by

- Connecticut Voices for Children, a statewide, research-based policy and advocacy organization committed to promoting leadership, policy change, and investment on behalf of all of Connecticut’s children and youth ([www.ctkidslink.org](http://www.ctkidslink.org));
- the Connecticut Association for Human Services, a statewide, nonprofit advocacy, research, and outreach organization that works to reduce poverty and strengthen families and communities ([www.cahts.org](http://www.cahts.org)); and
- the Child Health and Development Institute, a research and advocacy group which seeks to promote and maximize the healthy physical, behavioral, emotional, cognitive and social development of children throughout Connecticut ([www.chdi.org](http://www.chdi.org)).

Funding for the study was provided by the Smith Richardson Foundation, the National Center for Children in Poverty, and the Child Health and Development Institute.

The report can be found on the Connecticut Voices for Children Web site at [www.ctkidslink.org](http://www.ctkidslink.org).

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