



Investment in preschool education will net a better return than in manufacturing and retailing, study finds

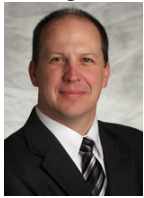
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By Jess Herndon
Special to the Gazette

KALAMAZOO — Investing in quality early childhood education is an important but often overlooked economic strategy, one that could potentially generate billions of dollars for Michigan's economy and create up to 58,000 new jobs, according to a report released Tuesday.

"Investment in early education provides a booster shot to the economy now and also lays a foundation for long-term economic security," Sheri Welsh, president of Kalamazoo-based professional recruitment firm Welsh & Associates, told a gathering Tuesday at the Kalamazoo Regional Chamber of Commerce.



On Tuesday, Welsh was one of four local business executives to present "Strengthen Michigan's Businesses Through Investments in Early Education," a report by the group America's Edge that details the economic importance of early education. Welsh was joined by: David Tomko, Southwest Michigan regional president of PNC Bank; Michael Larson, president and CEO of the Greater Kalamazoo United Way; and Steward Sandstrom, president and CEO of the Chamber of Commerce.

Also present was Susan Gates, national director of America's Edge, a national nonprofit of about 600 business leaders who work to strengthen businesses, the economy and local communities through investments in children.

Among other things, its report said that the benefits of investing in pre-kindergarten schooling outweigh those of investing in other industries like construction, retail trade, manufacturing, transportation and utilities.

For every dollar invested in early education, an additional \$1.11 is generated in the local economy, the report said. That's a total of \$2.11 put into the economy. By comparison, every dollar invested in construction puts an estimated \$1.95 into the economy; with transportation, \$1.94; with the retail trades, \$1.76; with manufacturing, \$1.75; and with utilities, \$1.49.



How is that? The report indicates that the first dollar goes directly to education programs, which then purchase goods and services from local businesses to enable their daily operations. The programs also employ teachers and staff, who spend their wages locally.

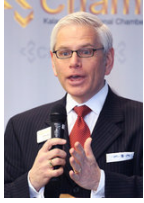
"The results are immediate," Tomko said. "There's no way to import it, offshore it or even get it from another state."

The banker said, "Those kinds of returns are difficult to ignore and, in fact, should be highlighted. Continuing these investments is an essential strategy for supporting Michigan's businesses and economy."

Larson, of the United Way, said, "Many people don't understand that early-care education represents a sizeable part of our economy."

The early-education sector employs 27,000 people and generates \$2.1 billion annually in Michigan, he said. And for every four jobs created in the education sector, another is created in other industries, according to the report.

The report indicates that a \$1.4 billion investment in early education funding would enable about 75 percent of Michigan toddlers to receive a quality preschool education. That investment would yield an additional \$1.5 billion, totaling \$2.9 billion in spending. It would also create up to 58,000 new jobs, including 12,000 positions outside the early learning sector, according to the report.



"Every dollar is generated in the local community," Welsh said. "It's an immediate infusion of dollars that is pumped right back into the local economy."

Such spending generates economic growth, but also saves in community costs and better prepares children for the work world.

About 60 percent of new jobs require skills possessed by only 20 percent of the workforce, according to the report.

"I built a business on identifying workforce talent for local companies," Welsh said. "I can say from experience that many companies are finding it difficult to find workers with the right skills."

Students who receive a quality preschool education perform better in math and reading, develop social and emotional skills at an accelerated rate, have higher graduation and employment rates and earn more as adult workers over a lifetime, according to the report. Additionally, the report cites less need for special education services, a lower rate of excessive absences and grade retention and decreased potential to be involved in criminal activity among the benefits of receiving an early education.

For every dollar invested in early education, up to \$16 is saved on future costs like criminal punishment and government assistance, the report said.

Sandstrom said it is essential that early education investments remain a priority in the state budget. "They've increased the amount of money spent on early education programs by \$6 million this year," he said. "Something's going to have to give, we know, but programs like these need to rise above that cut line."

America's Edge is a nonprofit organization supported by contributions from individuals, foundations, and corporations, with major funding from The Anne E. Casey Foundation. It tries to identify the knowledge, skills and abilities employers will need their workers to have in the future, according to its website. It then tries to educate policy-makers and business people with that research to effect change.