

ACHIEVING GREAT FUTURES: THE REGIONAL IMPACTS OF INVESTMENTS IN YOUNG CHILDREN



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ANTRIM | BENZIE | GRAND TRAVERSE | KALKASKA | LEELANAU | MANISTEE



Traverse Bay/Manistee

OVERVIEW

Investing in early childhood is a key strategy for achieving long term economic success in the six-county region of Antrim, Benzie, Grand Traverse, Kalkaska, Leelanau and Manistee.

That was the key finding in a recent landmark study “*Dividends of a Great Start: Regional Economic Impacts of Conditions Affecting Children Birth to Five Years.*”

The benefits of focusing on the early years are detailed in the pamphlet you are holding. Analysis and findings from the broader study are included throughout.

The study was commissioned by the Great Start Traverse Bay/Manistee Collaborative using a grant from Michigan’s Early Childhood Investment Corporation.

There is a clear path to a brighter economic future, and it depends on how we raise our youngest children.

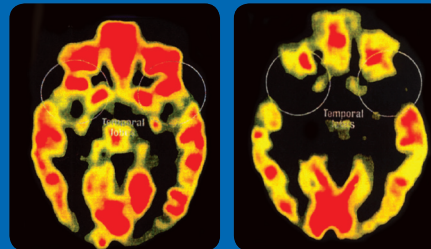
A TIME OF OPPORTUNITY

The early years from birth to five comprise a critical time in the life of a child.

The brain has the capacity to form more new neurological connections at this time than at any other phase of development. 90% of the brain’s architecture is built and most of the foundation for language, social behavior, problem solving ability and emotional health is created in the first five years.

Young minds grow, mature and develop under the right set of conditions. With positive stimulation, healthy learning experiences, stable family and social environments, and other positive inputs, children grow up with greater capacity to learn and succeed. If the conditions are wrong, these minds stagnate.

Comparison of the Developing Brain




Most Active

This graphic shows side-by-side MRI images of brain activity. Environmental and emotional stress and lack of stimulation can prevent children from developing as many neural connections compared to children living in healthy, stimulating environments.

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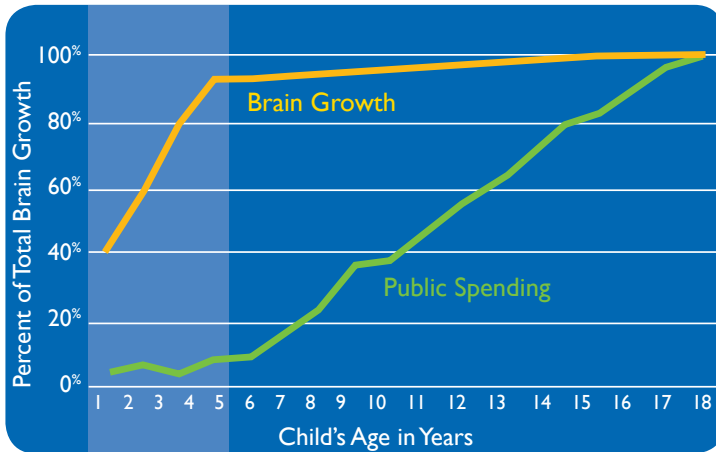
Although education and the acquisition of skills is a lifelong process, starting early in life is crucial.

Ben Bernanke,
Federal Reserve
Board Chairman

When we “get it right” for young children, we set them up for lifetime success. If we don’t, a lifetime of fixes can still lead to poor results. Parents, educators, and communities can spend time, energy and tax dollars in steadily increasing amounts without being able to recreate what was possible in the first years of life. There are no “do-overs” when it comes to early childhood.

However, we tend to devote relatively few resources to these early, critical years.

Child Development vs. Public Expenditures



SOURCE: RAND Corporation. Brain development curve Figure 2.4 in D. Purves, Body and Brain, Harvard University Press; Table 1 in R. Haverman and B. Wolfe, “Determinants of Children’s Attainments: A Review of Methods and Findings,” Journal of Economic Literature, Vol. 33, December 1995



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I used to see this strictly as an education or social welfare issue. I now have come to understand early childhood programs in terms of the economic benefit we all gain in future years. Societal issues, law enforcement, the prosperity of the state and the region...these are all at stake.

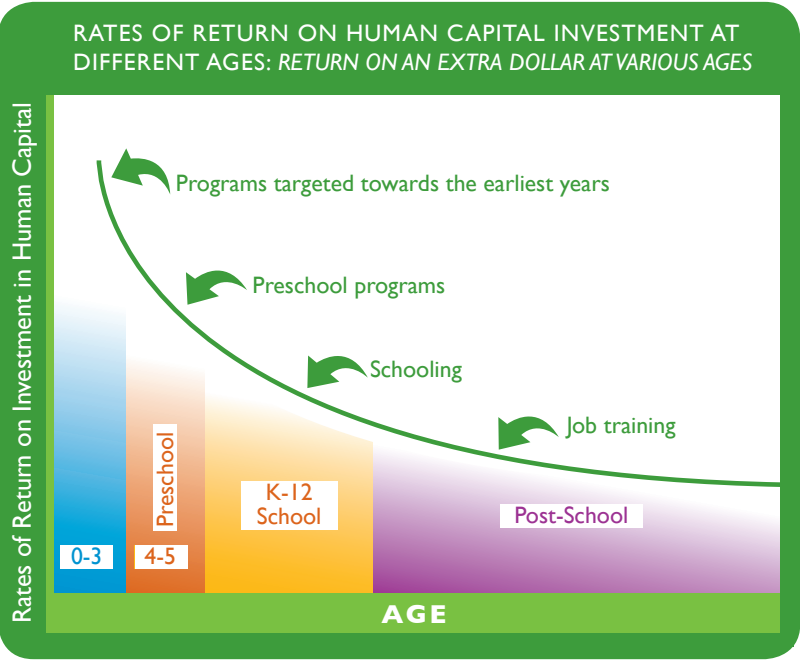
Derek Bailey, *Chairman*
Grand Traverse Band of Ottawa and Chippewa Indians

EARLY INVESTMENTS PAY THE BIGGEST RETURNS

Because so much brain and personality development happens in the earliest years of life, investments made in young children yield huge rewards, including real economic gains. Studies conducted throughout Michigan and the United States over the last 60 years have shown that providing early learning experiences, adequate health care, supportive social and emotional environments, and other positive inputs saves money on social costs, improves the workforce, delivers greater productivity, and enhances regional economies.

The regional *Dividends of a Great Start* report reveals a set of specific investments to be made in young children birth to five that will produce significant economic benefit for the region. These investments are detailed in the following table, which offers a roadmap for successful investment and planning.

AREA OF IMPACT	INVESTMENT/ACTIVITY
EARLY CARE & EDUCATION	<ul style="list-style-type: none">• Extend quality preschool to lower income families• Provide language and literacy enrichment to all children
SUPPORT FOR PARENTS	<ul style="list-style-type: none">• Reduce teen pregnancy• Help mothers achieve a high school education• Support parents in the workplace
PEDIATRIC & FAMILY HEALTH	<ul style="list-style-type: none">• Provide prenatal care, smoking cessation, and nutrition programs to pregnant mothers• Ensure access to a “medical home” for young children
SOCIAL & EMOTIONAL HEALTH	<ul style="list-style-type: none">• Provide home visitation and support to parents in at-risk households



This chart generated by James J. Heckman and Dimitry V. Masterov of the University of Chicago shows the relative rates of financial return on investing in education and training from early childhood to adulthood. The most rewarding investments are those made earliest in life.

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This study of economic benefits shows that the region will feasibly save more than \$40 million per year from these well-focused investments. This large dollar impact is tied to four positive changes that the region will accomplish over time as these investments are made.

IMPROVING WORKPLACE PRODUCTIVITY
through reducing employee absenteeism and turnover

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BUILDING EDUCATIONAL ATTAINMENT
by dramatically improving school readiness

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ENHANCING QUALITY OF LIFE
through reducing crime and social costs

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EXPANDING THE ECONOMIC BASE
by attracting employers of choice

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The evidence is clear. The results are real and compelling. Investing in early childhood is one of the most substantial steps the region can take to strengthen business, improve schools, expand economic opportunities and move the region forward.

Every problem we face [in education] has already been solved somewhere in America...if we can do it somewhere, then we have to learn how to do it everywhere.

Former Michigan Governor John Engler speaking at the 2010 National Economic Forum on Early Childhood Investment



IMPROVING WORKPLACE PRODUCTIVITY

THE PROBLEM

In the six-county region, 67% of children birth to five have all parents working outside the home. The need for childcare is widespread.

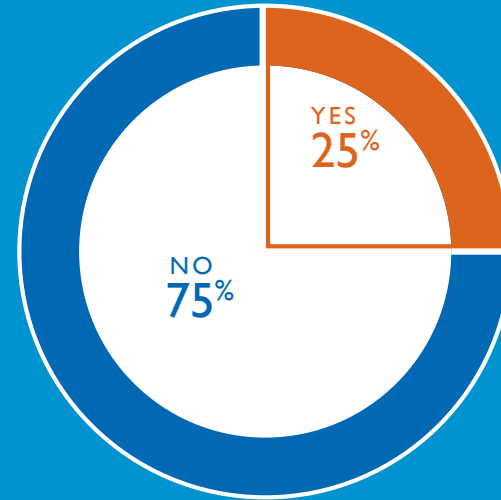
However, working parents with young children lack quality childcare choices throughout much of Northwest Lower Michigan. In some areas, there just is no child care at all. In many others, child care does not include infant care, after hours care, sick child care, or many other services that allow an employee to consistently show up for and be productive at work. As a result, some highly qualified workers stay out of the workforce while others are distracted. Absenteeism and turnover are higher as a result.



CASE EXAMPLE: Johnson & Johnson

Johnson & Johnson is a consumer products company based in New Jersey. For years, the company has offered child care consultation and referral through its “LifeWorks” program. *LifeWorks* helps Johnson & Johnson employees find and recognize quality child care (including backup care). According to an employee survey, 60 percent of those who used the program said it strengthened their commitment to the company. More than half said the program helped them be more productive at work, with large numbers reporting fewer days when they arrived late, left early, or took days off work to care for their children.

WORKING PARENTS WITH CHILDREN UNDER 13 WHO EXPERIENCED A CHILDCARE PROBLEM (WITHIN 3 MONTHS)



SOURCE: Bond, J.T., Galinsky, E., & Swanberg, J.E. (1998). *THE 1997 National Study of the Changing Workforce*. New York, NY: Families and Work Institute.

DOING IT HERE:
Helping Parents to be More Productive



Some examples of ways business people can provide better support to parents in the workplace are:

- Allow flexible scheduling and flex time so that working parents can fulfill caregiving obligations
- Provide child care resource and referral information to employees by contacting the Great Start Regional Resource Center *Great Start CONNECT* at: www.greatstartforkids.org/connect/
- Collaborate with other employers to contract with quality child care providers

By supporting parents in the workplace, employers will see higher productivity, reduced absenteeism, reduced turnover, and higher quality work. The benefits to the bottom line will show up almost immediately.

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I want to see more young people move here, and I'd like to get our region's best to come back home. As soon as someone has kids, they should choose to live in Northern Michigan. Unfortunately, out here [in Glen Arbor] there has been no consistent daycare. That becomes a real distraction for an employee who is always scrambling to find child care arrangements.

- Bob Sutherland,
Founder and CEO, Cherry Republic



BUILDING EDUCATIONAL ATTAINMENT

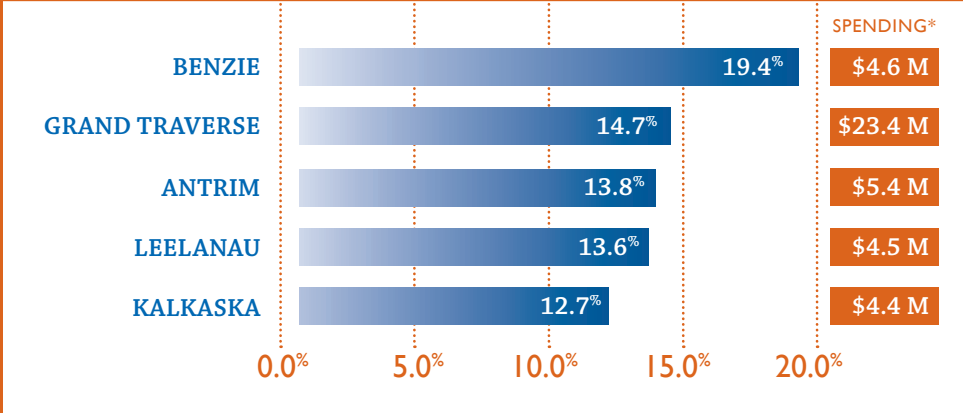
THE PROBLEM

A successful education system is critical to the region’s economic future. Today’s students are tomorrow’s employees, business leaders, entrepreneurs and innovators, and they need to be prepared. Also, good schools attract discriminating parents to settle and remain in the region.

A 2010 regional study conducted by the Traverse Bay Intermediate School District found that fewer than 50% of incoming kindergarten students are entering school with the skills and capabilities to be truly ready for kindergarten. With such a poor start, many of these children will struggle to master skills, to advance through grade levels, and to graduate.

In addition, nearly one in six children in area public schools is being assigned to special education classes today, at considerable expense. Studies have shown that many of these students have conditions that could be lessened or managed with the right early childhood investments.

PERCENTAGE OF CHILDREN IN REGIONAL SPECIAL EDUCATION PROGRAMS



**Spending by individual school districts and pro rata spending by TBAISD combined.*

SOURCES: TBAISD; *The Dividends of a Great Start*



CASE EXAMPLE: Cincinnati, OH

In the late 1990’s a coalition of business leaders, educators and others in the greater Cincinnati, Ohio region became concerned that nearly 60% of children were not ready for kindergarten each year, and that this was starting a cascade of problems later on. After a review of the research, the group made a commitment to invest in two highly effective evidence-based best practices: home visitation and quality early childhood education. The home visitation initiative was designed to give parents skills and plug them into the resources they needed to provide optimal early childhood experiences to their children. The outcomes of both initiatives are impressive, with dramatic improvements in kindergarten readiness and educational achievement of the region’s children.

DOING IT HERE:
Improving Access to Quality Preschool



Improving access to quality preschool is the key strategy identified in *The Dividends of a Great Start* for improving regional schools. If every at-risk child age birth to five were able to take part in a quality, center-based preschool program, then the following results will plausibly occur:

- Special education assignment will fall from 14.7% to 8.5%
- Students will be less likely to repeat grades
- Graduation rates will improve
- Regional schools will have more than \$8 million to redirect to other programs and priorities
- Overall school performance will improve

Ensuring that all children, especially at-risk children, are given appropriate mental stimulation, care and support ensures that they arrive at kindergarten ready to learn and to make the most of their school careers.



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It's not a family issue; this truly is a regional issue ...
and the region that gets this wins.

- Mike Hill, Superintendent,
Traverse Bay Area Intermediate School District

ENHANCING QUALITY OF LIFE

THE PROBLEM

When kids are unsuccessful in school and life, we all end up paying.

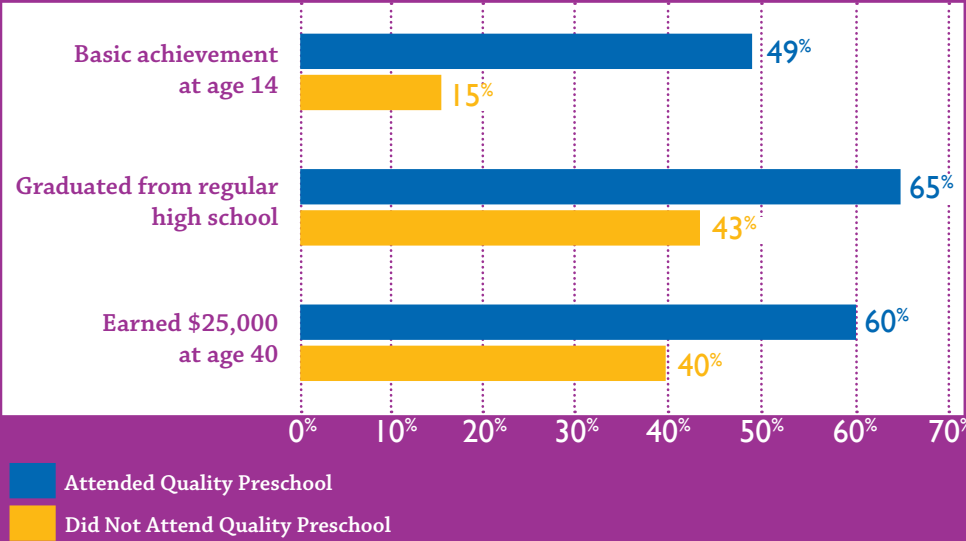
As they grow up, children who fail to finish high school or who otherwise have poor academic achievement are much more likely than the norm to be in poverty, to require social services and to break the law. As a result, taxpayers must pay a higher burden to try to correct issues that could have been diminished through investments in early childhood. Furthermore, all citizens suffer the costs of higher crime and social disruption.



CASE EXAMPLE: High/Scope Perry Preschool, Ypsilanti, MI

From 1962 to 1967 in Ypsilanti, Michigan the High/Scope Perry Preschool program provided high-quality preschool education to low-income at-risk children. Participants in the study have been followed by researchers for more than forty years. The results are staggering. The individuals who participated in the program were more successful in school, and as adults earned higher wages and were far less likely to break the law than their contemporaries.

HIGH/SCOPE PERRY PRESCHOOL EFFECTS



Reducing Crime/Increasing Annual Wages

DOING IT HERE:



The research shows us that one of the best ways to simultaneously reduce crime and increase the tax base in our region is to invest in the education of our youngest citizens. *The Dividends of a Great Start* predicts the following outcomes from enrolling more of our community's at-risk children in quality preschool:

- \$4.9 million in savings associated with reduced crime
- \$11.4 million in additional economic activity for the region associated with the higher earning potential of more high school graduates

Investing in early childhood will produce safer, more affluent communities in our region and will improve overall quality of life.

“”

The first community and culture that acts ... to create consistent, nurturing, safe environments for young families and their children is going to see a huge quantum leap in all kinds of things and recapture 30% of dollars that could be used for the arts, infrastructure, and invention. [Providing children with] one set of experiences will produce tax-payers and one set of experiences will produce tax-consumers.

- Bruce D. Perry, , M.D. Ph.D

EXPANDING THE ECONOMIC BASE

THE PROBLEM

The regional economy is gripped with long term economic challenges. Unemployment and poverty rates remain high while major sectors such as construction and manufacturing continue to languish. Sustainable economic health depends on attracting and retaining businesses that can compete in the global knowledge economy. However, many in the workforce today lack the skills necessary to participate in these businesses.

	PERSONS BELOW POVERTY LINE (2007)	UNEMPLOYMENT (JUNE 2010)
ANTRIM	12.0%	14.4%
BENZIE	9.7%	13.7%
GRAND TRAVERSE	8.8%	11.6%
KALKASKA	14.0%	13.1%
LEELANAU	7.5%	9.4%
MANISTEE	14.1%	12.7%

Source: United States Census Bureau: <http://quickfacts.census.gov/qfd/states/26.html>

Unemployment rates: Michigan Labor Market Information: www.milmi.org



THE WAY FORWARD

The skill and knowledge gap extends to the United States as a whole. This is why national business leaders, central bankers, economists and other thought leaders are seeking efficient ways to build economic competitiveness. The answer increasingly coming back is **early childhood**. James Heckman articulated the following equation to show this path forward:

INVEST + DEVELOP + SUSTAIN = GAIN

INVEST

Invest in education & other resources for disadvantaged families

DEVELOP

Nurture early development of cognitive and social skills in children from birth to age 5

SUSTAIN

Sustain early development with effective education through adulthood

GAIN

Gain more capable, productive and valuable workforce that pays dividends to America for generations to come

DOING IT HERE:
Projected Long Term Economic Effects



The Dividends of a Great Start shows that investments in early childhood will plausibly return \$6 or more for every dollar invested.

Long term economic effects that are predicted to arise from these investments are:

- Producing, attracting and retaining a highly skilled workforce
- Retaining current businesses in the region and providing them with the human resources to grow and develop
- Attracting new business and enterprise to the region

Creating a brighter economic future for our region depends on investing in young children.



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In Michigan and in our region we have a problem attracting employers right now. There is a gap between the skill sets they need and those that our employees have. If our region could have that funnel really working from early childhood right up through college, we wouldn't have that much of a disconnect and growth would increase.

- Tino Breithaupt,
Senior Vice President for Economic Development,
Traverse City Area Chamber of Commerce

A COORDINATED ACTION PLAN FOR EARLY CHILDHOOD

Where do we as a region go from here? We recognize that investing in young children birth to five is critical to our economic future. We understand that the investments we make in young children will produce huge dividends. Now we must act.

The *Dividends of a Great Start* highlights a variety of investments in young children that can and should be made in order to produce real economic impacts. This matrix shows the areas of investment and action where you can get involved.

DESIRED OUTCOMES

The impacts that will produce the economic changes and benefits highlighted in this document.

INVESTMENTS

The resources the community uses to achieve the highest return on investment and greatest benefits for children.

ACTIONS

The activities that agencies, businesses, organizations, and individuals do to achieve the priority outcomes with strong return on investment.

DESIRED OUTCOMES

INVESTMENTS

Improved Kindergarten Readiness

- Scholarships
- Workforce development
- Common data systems

Improved Workplace Support for Working Parents

- Employer childcare referral/ assistance
- Workplace accommodations
- Family-friendly HR policies

Improved Prenatal and Pediatric Health

- Community health clinics
- Substance abuse (including smoking cessation) treatment programs
- Nutrition resources

Improved Social/ Emotional Health Outcomes

- Home visitation programs
- Family navigator program
- Funding regional infant mental health services

ACTIONS

- Universal preschool
 - Quality improvement in early education
 - Common information systems
- Quality improvement in childcare
 - Parent Education
 - Advocacy
 - One-stop-shop
- Home visitors
 - Medical Home
 - Health promotion
- Home visitors
 - Maternal education
 - Support groups

ADDITIONAL RESOURCES

For more information on the topics contained in this document, contact the following organizations:



**GREAT START
TRAVERSE BAY/MANISTEE
COLLABORATIVE**
202 East Grandview Parkway
Traverse City, MI 49684
231-922-6257 coordinator
231-995-7116 business liaison
www.greatstartkids.com



**EARLY CHILDHOOD
DEVELOPMENT
CORPORATION (ECIC)**
112 E. Allegan
Lansing, MI 48933
(517) 371-9000
www.greatstartforkids.org



**TRAVERSE BAY
INTERMEDIATE SCHOOL
DISTRICT**
1101 Red Drive
Traverse City, MI 49684
(231) 922-6200
www.tbaisd.k12.mi.us



**TRAVERSE CITY AREA
CHAMBER OF COMMERCE**
202 East Grandview Parkway
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(231) 947-5075
www.tcchamber.org



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