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Early care and education investments help prepare low-income children ages zero to five for kindergarten, a critical opportunity to increase readiness and close the achievement gap, provide an important work support for low-income working families and support the professional development and advancement of early care and education providers.

High-Quality Early Care and Education Can Improve Outcomes for Children

Access to affordable, high-quality early care and education is crucial to the future educational success and economic security of our region's most impoverished residents. **Children without this foundation are more likely to encounter financial and academic challenges than peers who enter kindergarten prepared.** Quality early care and education for young children (zero to five) can successfully close this "preparation gap."¹

- Kids who enter kindergarten prepared are on a path to reading proficiently by third grade—and are four times more likely to graduate high school.²
- There is a clear correlation between educational attainment and earnings. Women in our region with a graduate or professional degree have median annual earnings (\$75,070) more than four times the earnings of those who do not graduate from high school (\$18,129).³
- Young children's brains are developing rapidly. At birth, the brain is 25 percent of adult size, but reaches 80 percent by age three and 90 percent by age five.⁴ Preparing three and four-year-olds in pre-k programs is not enough; we have to start early and also invest in quality care for infants



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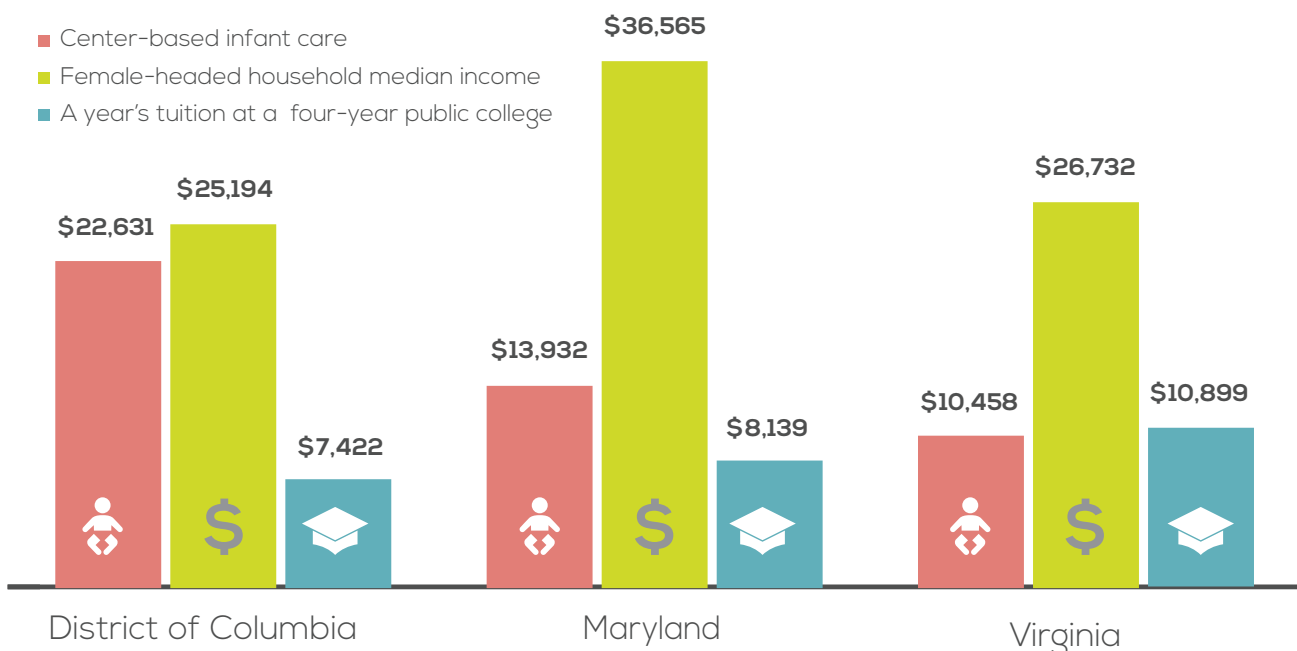
and toddlers. Early childhood care and education interventions have a far more robust effect when compared with similar interventions applied in later childhood, adolescence, and early adulthood.⁵

- Poverty creates stressful environments and this “toxic stress” affects the cognitive development of children. Several research studies have demonstrated that children living below the federal poverty line develop smaller volumes of several brain regions critical for cognitive and academic performance.⁶
- Given that close to 12 percent of children in the Washington region are estimated to live in poverty,⁷ quality early care and education can help buffer and counteract some of the negative effects of poverty and ensure that all children are ready to succeed in school.

Cost of Early Care and Education is Beyond What Low-Income Families Can Afford

Though the benefits of early care and education are clear, **the cost of these programs is beyond what low-income families can afford.** Early care and education is one of the largest expenses for families of any income level in our region.

- The U.S. Department of Health and Human Services recommends that parents spend no more than 10 percent of their family income on child care. In 2014, the average annual cost of full-time center-based care for an infant in the District of Columbia was roughly \$22,631 or about 90 percent of the median income of a female-headed household. In Maryland and Virginia, the cost for female-headed households (\$13,931 and \$10,458 respectively) was more than a third of their annual income, or about 38 and 39 percent respectively. Even for two-parent families, the cost of care in the District of Columbia was about 15 percent of their combined annual income, while it was 12 percent in Maryland and 10 percent in Virginia.⁸
- The cost of center-based care for an infant in the District of Columbia was three times higher than the cost of a year’s tuition and fees at a four-year public college in 2014. In Maryland, the cost of center-based infant care was nearly twice the cost of a year’s tuition and fees at a four-year public college. In Virginia, the cost of center-based care and public college was in a similar range.⁹



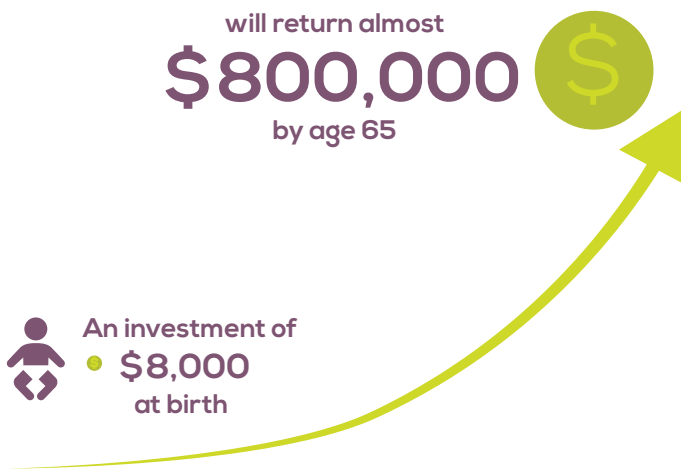
Cost of Early Care and Education versus Median Income and Cost of Public College, 2014

Source: Parents and the High Cost of Care and American Community Survey, 2014

Economic Benefits of Quality Early Care and Education

Affordable early care and education options are critical for families in our region to remain employed, and **employers report that quality child care improves employee productivity, reduces turnover, diminishes absenteeism, and can increase company value.**¹⁰ In addition, investing tax dollars in early care and education creates economic development in communities in the short-term and has been found to save money for years to come.¹¹

- Investments in early care and education for children in disadvantaged families can deliver an annual return in the range of 7-10 percent based on decreased costs and increased productivity.¹² Another source estimates the rate of return to be ten cents for every dollar invested, for the entirety of a child's life. With compounding interest over time, an investment of \$8,000 at birth will return almost \$800,000—or 100 times the amount—by age 65.¹³



- Every public dollar invested in early care and education saves taxpayers up to \$13 dollars in future costs.¹⁴ In particular, early care and education programs that serve low-income children have been shown to have positive impacts on crime reduction and health, reduce the need for other public spending, and allow mothers to earn more later in life.¹⁵
- An impact study found that companies that sponsor child care centers for their employees saw a reduction in voluntary turnover that resulted in an aggregate \$3.4

million cost savings for those companies. Turnover among employees using sponsored child care was reduced by nearly 50 percent.¹⁶

Access Differs Across the Region

Access to affordable, high-quality early care and education is crucial to ensuring the future educational success of our youngest residents, but **access differs across the region.**

- The share of children attending publicly funded pre-k varies significantly across the region. The District of Columbia is the only jurisdiction that has a universal pre-k program. The city's investment in equal access to early care and education regardless of family income is reflected in the number of three and four-year-olds that are benefiting from the policy.¹⁷
- About 97 percent of four-year-olds were enrolled in public pre-k programs for the 2013-2014 school year in the District. In comparison, only 36 and 18 percent were enrolled in Maryland and Virginia respectively. Enrollment of three-year-old students has increased significantly since the District of Columbia began offering universal pre-k in 2008. During the 2013-2014 school year, 69 percent of three-year-olds were enrolled in public pre-k programs. Maryland and Virginia are lagging behind with four and zero percent enrolled respectively.¹⁸
- Assistance policies help low-income families offset the costs of early care and education, and are critical in determining families' ability to afford and access high quality early care and education programs. It is important to continuously update the income eligibility limit to receive assistance, in order to keep up with inflation. In our region, the income eligibility limit has not kept pace with changes in the federal poverty level. For example, for a family of three, since 2001 the gap between the income eligibility limit and the federal poverty level has grown close to six percent in the District of Columbia, 20 percent in Maryland, and between two percent and 62 percent in Virginia (Virginia has different income limits for different regions of the state). This means that fewer families qualify for child care assistance in our region now than in 2001.¹⁹

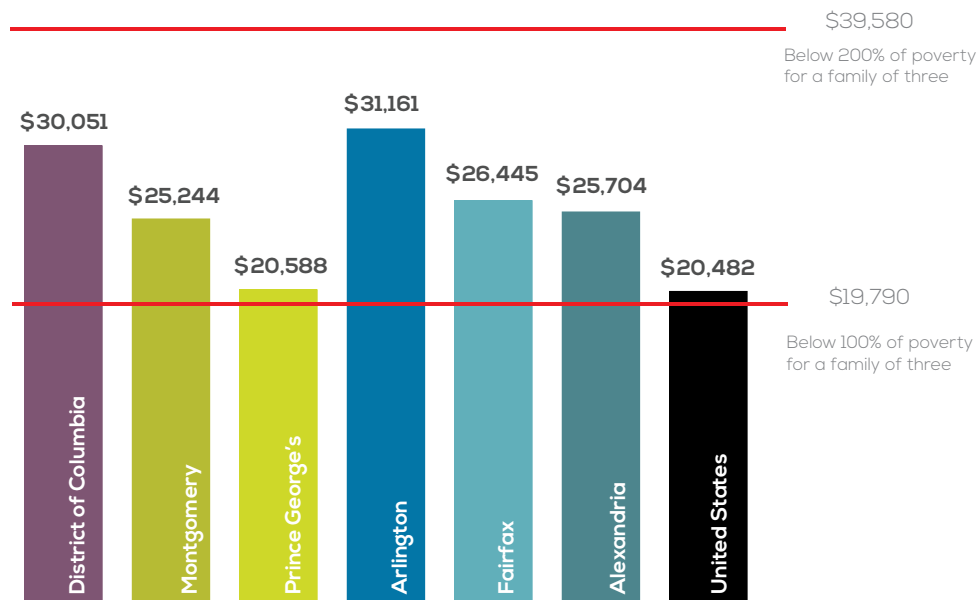
Early Care and Education Providers Struggle to Maintain Economic Security

Despite its critical impact, **early care and education is one of the lowest paying professional fields—and jobs are predominately held by women workers**, themselves struggling to support families on low wages. Through professional development, workers can earn higher wages and children receive higher quality programs.

- The average income for a child care professional in 2014 in the Washington region was \$26,532, barely above the poverty guidelines for a family of three. In 2014, the

median annual earnings for private child care workers in the Washington region ranged from \$20,588 in Prince George's County to \$31,161 in Arlington County (see graph below).²⁰

- According to recent local research, the business model for providing early care and education services is tenuous. New financing strategies and supports are needed to stabilize these businesses and, in turn, benefit both the early care and education worker and the quality of care provided to our region's young children. In particular, the reimbursement rates for child care subsidies often do not match the true cost of providing services, driving wages down for providers, and need to be adjusted.²¹



Average Annual Pay for Early Care and Education Providers, 2014

Source: Quarterly Census for Employment and Wages, 2014

Conclusion

Research highlighted in this fact sheet speaks to the advantages of quality early care and education for children's development, parents' employment and the broader health of the community. Quality early care and education has both a short-term and long-term impact on the economic vibrancy of the community—supporting the current workforce, while also ensuring the strong development of a well-prepared workforce for the future. Issues of access and cost should not prevent families from the benefits of early care and education. Furthermore, early care and education providers should be able to support families of their own, while working in this critical sector. There is much progress needed to support a high-quality early care and education system in the region, but the potential impact is too critical to delay investment.

To learn more, visit www.TheWomensFoundation.org

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Endnotes

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