

How educating children early and well creates a ripple effect for us all ^[1]

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EXCERPTS

In 2013's and 2014's State of the Union speeches, President Obama proposed universal pre-kindergarten as a means of helping poor children catch up with their richer peers.

In this year's speech, he eschewed all mention of universal pre-K. Instead he spoke of "universal child care," as a means of helping working parents.

Today, both proposals seem to have lost any momentum they may have initially had. Which is a shame, because they are actually two sides of the same coin - and, recognized as such, could provide a sort of double dividend for the American economy.

At this point, you've probably already heard all about how public spending on high-quality preschool helps poor kids achieve more later in life and improves the government's bottom line as a result. As research from Nobel economics laureate James J. Heckman has showed, early investment in disadvantaged children improves academic achievements, career prospects and, ultimately, their lifetime income, which brings in more tax dollars. It also reduces public spending on criminal justice, remedial education, health care, and safety-net programs that disproportionately get used by people who grew up poor. Heckman's work suggests that a dollar spent on high-quality early-childhood education programs produces a higher return on investment than does almost any major alternative.

But that's looking only at the effect of early-childhood education programs on kids. Improving access to high-quality child care and preschool offers even bigger returns when you also consider their effect on parents.

That's because they can help parents who want to work stay attached to the labor force, thereby improving their lifetime earning potential, too.

Survey data suggest that many stay-at-home mothers want to work outside the home, at least part time. Why is this? The problem probably isn't sexist husbands. Rather, families weigh the costs of paid child care against mom's post-tax take-home pay and decide that it's just not worth it for her to take a job. If every dollar of mom's paycheck goes toward child care and other household help, she might as well handle all these responsibilities herself.

But that's the wrong calculus: By dropping out of the workforce, these mothers are not just eliminating their current earnings; they are depressing their future earnings, too. Research shows that women who take time off from paid work to raise kids suffer permanently lower wages. Families are considering only the immediate problem of money coming in and going out today, rather than the long-term problem of how a decision to outsource some household production today might affect the family's collective earnings tomorrow.

The costs of this sort of myopic thinking - within individual families, and across the economy writ large - are likely to grow bigger going forward. Women are now acquiring more education than men, which means they are attaining more skills that will go underutilized, which reduces their families' long-term living standards (and, of course, the taxes they remit to Uncle Sam).

There are lots of ways to help mothers who want to work stay connected to the labor market, in order to improve their earning opportunities later on: nudging fathers to take on more duties at home; encouraging employers to offer more flexible jobs and/or shorter hours (since many mothers appear to drop out of the labor force because they cannot find accommodating part-time work); requiring companies to provide paid parental leave; or even lecturing families about their shortsighted income arithmetic, as I've just done (okay, that one seems least effective).

One obvious remedy is to improve child care and pre-K options to make them (A) more affordable and (B) higher-quality, so that working parents know their kids are in good hands.

Such a policy initiative would also be especially important for improving the earnings and upward mobility of single parents, who represent an increasing share of households with kids. It turns out that if you want single mothers to stay employed and break free of the patchwork of other social safety net services they might rely on, then good, reliable, inexpensive, early-childhood education is a sensible place to start.

Advocates of high-quality early-childhood education usually fall into two relatively siloed camps: those who see it as an efficient way of giving poor kids a shot at moving up in the world, and those who see it as a valuable work support. In truth, it is both. High-quality early-childhood programs offer a fiscally responsible way to unlock the earning potential of families, two generations at a time.

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