

The Economic Impact of the Early Care and Education Industry in New Mexico

Insight Center for Community Economic Development

The Insight Center for Community Economic Development (formerly known as the National Economic Development and Law Center) is a national research, consulting and legal organization dedicated to building economic health and opportunity in vulnerable communities. The Insight Center works in collaboration with foundations, nonprofits, educational institutions and businesses to develop, strengthen and promote programs and policies that:

- lead to good jobs – jobs that pay enough to support a family and offer benefits and the opportunity to advance;
- strengthen early care and education systems so that children can thrive and parents can work or go to school; and
- enable people and communities to build financial and educational assets.



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Committee for Economic Development (CED)

CED is a non-profit, non-partisan business led public policy organization. CED is dedicated to policy research on major economic and social issues and the implementation of its recommendations by the public and private sectors. Membership is made up of almost 200 senior corporate executives and university leaders who lead CED's research and outreach efforts. In 2009, CED teamed with the New Mexico Early Childhood Development Partnership to enlist business champions from across the state and arm them with research and analyses showing the substantial returns from investing in quality early care and education.



The early care and education industry is integral to the vitality of New Mexico's economy. It:

- generates \$421 million in gross receipts annually and directly employs nearly 12,000 people;
- leverages an additional \$416.7 million and 7,496 jobs in other industries;
- benefits all industries in the state by enabling parents to work productively outside the home and attend higher education programs to update their skills; and
- lays the groundwork for New Mexico's economic future by preparing upcoming generations for school and workplace success.

New Mexico Early Childhood Development Partnership

The New Mexico Early Childhood Development Partnership is a public-private partnership whose mission is to create statewide awareness, support and understanding of the overwhelming benefits of early childhood programs, and the positive effect on future generations of New Mexicans.



new mexico early childhood development partnership



Given the current state of the economy, New Mexico leaders must spend wisely and prioritize their investments. Investment in quality early care and education should be a high priority. It is an efficient and effective solution for improving the education, health and economic outcomes for New Mexico and its citizens.

Birth to Five Policy Alliance

The Birth to Five Policy Alliance works to fulfill the American promise of opportunity for all. Forty-two percent of our nation's children under 6 live in low-income families and the "opportunity gap" is rooted in these very early years. The Alliance's goal is to shift the odds for our youngest, most vulnerable children so they can grow up eager to learn and ready for success in life.



For more information or a copy of the full economic impact report, visit www.nmeecd.org.

Fight Crime: Invest in Kids, a group of sheriffs, police chiefs and district attorneys, believes that investing in effective early learning programs is one of the most powerful and effective ways to fight crime.



"In New Mexico we have enormous economic challenges and a multitude of interests and voices that compete for our scarce tax dollars. In this time of scarcity, it is more important than ever that we focus on the abundance created by prioritizing an investment in early childhood programs. Doing so is an efficient and effective solution for improving education, creating healthy communities, and strengthening economic outcomes. Further, it should be no surprise that an effective investment in early childhood bolsters local and regional economic development efforts and boosts the earnings of our future workforce."

– Larry Langley, CEO/President, NM Business Roundtable

Acknowledgements

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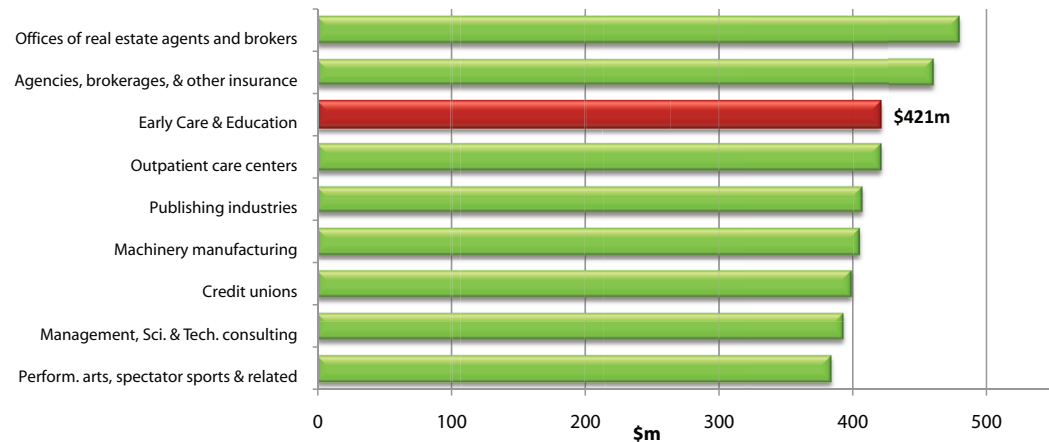
A recent evaluation of New Mexico's state pre-kindergarten program reveals that it is making significant impact on school readiness, including:

- 54% more growth in children's vocabulary scores over the year;
- 50% more growth in early math skills; and
- 116% increase in children's print awareness.

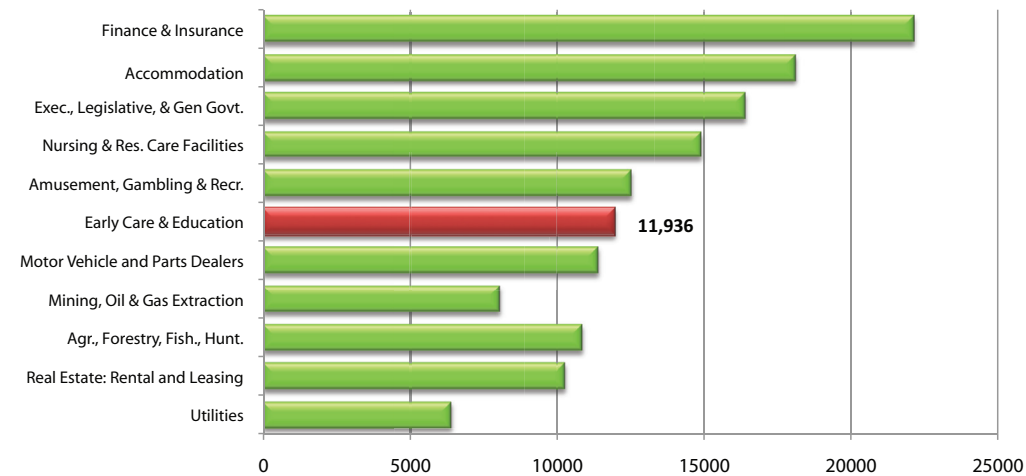
Early care and education is a significant industry in New Mexico.

Investing in quality early care and education is a fiscally responsible way to reduce deficits and create growth in the short- and long-term. As you can see from the charts below, in the short-term, it creates jobs, improves the economy of the state and allows parents to work and provide the best possible opportunities for their children. In the long-term, it assures that we are educating the workforce of tomorrow.

New Mexico Gross Receipts by Select Industry (\$m)



New Mexico Direct Employment by Select Industry



For families in most income brackets, early care and education is a significant expense, averaging nearly 22% of the family budget in urban areas and more than 17% in rural areas in New Mexico.

- The industry employs almost double the number of people in the utilities sector and also more people than in the mining, oil and gas industries and agriculture, forestry, fishing and hunting industries, among others.
- More than \$421 million in revenue and nearly 12,000 jobs are generated through the early care and education industry.
- Early care and education spending ripples through the economy, leveraging an additional \$416.7 million in revenue and 7,496 jobs in other industries.
- More than 68% of children under thirteen in New Mexico live in families where all parents work.
- Working parents with young children collectively earn \$4.9 billion annually in New Mexico, generating income tax revenue for the state and a stronger economy overall.

The early care and education industry helps boost statewide and regional economies, supporting a wide range of industries and jobs. The industry:

- allows parents to be productive employees;
- prepares children for future academic success; and
- contributes to the state's economic vitality by employing significant numbers of workers, generating gross receipts and purchasing goods and services from many other industry sectors.

Quality early care and education is an investment that pays for itself – now and into the future.

- Children benefit because they enter kindergarten with the cognitive, social and emotional skills they need to be productive and successful as adults.
- Taxpayers benefit when costs for criminal justice, remedial education and welfare decline as a result of high quality early care and education.
- Regional economies benefit from the economic activity and job creation fueled by the early care and education industry. In many small towns and rural areas, early care and education may be one of the largest employers.
- Businesses benefit when quality, affordable, accessible early care and education options attract new skilled workers to the area and prepare children for skilled employment in the future.
- Communities benefit when parents have access to safe, quality early care and education for their children while they work outside the home.



“The only way to get our economy back on its feet in the short term is to allocate resources, public and private, to those initiatives that will yield a solid return on investment over the very long term. Early childhood programs and policies that provide young children with the basics they need to have a real shot at a productive future guarantee us that return. In addition, the economic benefits of investing in human capital can ensure that we can meet the needs of New Mexico companies and the needs of our communities for a skilled, talented, innovative workforce.”

– Barbara Damron, Ph.D., RN
President, Damron Oncology Consulting

Recommendations for Elected Leaders, Business and Policymakers

Based upon this data, what can we do to maximize the benefits to our state, citizens and business?

- Invest in programs that have proven they work, particularly New Mexico PreK, New Mexico STARS, the T.E.A.C.H. Early Childhood Program and home visiting.
- Explore ways to use or revise existing economic development initiatives to support the early care and education industry. New Mexico currently supports a range of tax credits and administrative support initiatives for small businesses. These initiatives could be of assistance to early care and education businesses.
- Encourage efficiency through administrative structures that enable early childhood programs and practitioners to share resources, staff and other services that support cost-effective service delivery and help attain economies of scale.
- Empower communities through local planning and leadership to develop early learning initiatives that build on local strengths and resources.

Defining Early Care and Education (ECE)

This report uses the term “early care and education” to describe a range of programs that are outside the traditional K-12 educational system that provide care and education to children ages birth through age twelve. This broad definition encompasses not only the child care and early education programs that serve infants, toddlers and young children before they enter school, but also some licensed afterschool and out-of-school time programs that are used by school children through age twelve. ECE programs include all licensed ECE settings (centers, homes and group homes) and some license-exempt settings such as the NM PreK and Head Start programs operated under the auspices of public schools.