



NIEER Estimates of Costs and Short-Term Economic Impacts of Early Learning Investments that Could Contribute to Economic Recovery

1. Build new facilities for 1,000,000 children over the next two years. Many states have projects (public and private) developed but stalled because of budget woes. Total cost is \$15 to \$20 billion. The 2 year time line is tight for new construction, but funds could be used to upgrade existing child care facilities, convert facilities from other uses, and purchase prefabricated buildings. To maximize the role of this proposal in economic recovery, priority should be given to projects that have already been planned and other projects that can be completed quickly. Priority also should be given to states that commit to high quality. This means not relying on a formula tied to other federal distributions like Title I aid or Medicaid reimbursement. These facilities would serve children of all ages birth to 5 and would be available to private as well as public providers. New construction can be owned by the public and leased to private providers, but there should be no limits private access to funds for upgrades. This could be a carve out of school construction, but it would need to be done so that it could not be absorbed by K-12 and was not misallocated to states that could not spend it effectively on quality programs.

The impact on jobs depends on the jobs multiplier used. If we apply a multiplier of 10 jobs per \$1 million, this would generate 75,000 to 100,000 jobs each year. A multiplier of 20 jobs per \$1 million yields 150,000 to 200,000 jobs each year. When comparing this to other construction projects, consistent multipliers should be used in all projects.

2. Provide \$3 billion in federal dollars over two years to entice states to serve 1,000,000 new children within 2 years (this is just the federal share, and other funds would have to make up the difference in cost to provide a quality program). Facilities costs for many of these children would be paid for by the first proposal, but a substantial number of pre-K children will already be served in private child care programs that have facilities, though the programs may need to be brought up to higher pre-K standards in terms of teacher qualifications, class size, curriculum, etc. Programs could be full-day or half-day (most likely a mix) as long as there is a plan for child care collaboration. The easiest way to make this happen is to involve private providers in pre-K, as well.

This amount of funding would serve 500,000 children the first year and 1,000,000 the second. This would generate 55,000 jobs in direct service in year 1, and 110,000 jobs in year 2. The multiplier effect yields another 0.5 jobs for each of these so that there would be 82,500 jobs in year 1 and 165,000 in year 2.

A ballpark estimate of the employment effect on parents is that 10% of the children served would have a parent who entered the labor force because of the free child care. This would add 50,000 more employed people in year 1 and 100,000 more in year 2 for 132,500 and 265,000 total increased employment in years 1 and 2, respectively.



Projected spending and new enrollment from \$10 billion in preK spending over 4 years:

- Year 1 \$1 billion 500,000
- Year 2 \$2 billion 1 million
- Year 3 \$3 billion 1.5 million
- Year 4 \$4 billion 2 million

3. Provide \$1 billion for start-up of new classrooms over 2 years. This provides \$500 million per year for furniture, equipment, and supplies and materials. At 10 jobs per \$1 million this would generate 5,000 jobs in each of the 2 years.

4. One way to provide high quality child care to 200,000 high need infants and toddlers would be to do so through Early Head Start (EHS). We use an estimate of the annual cost \$15,000 per child of EHS, which is consistent with a high quality model. One could recalculate everything using a \$10,000 per child cost by dividing everything by 1.5. Over a 4 year expansion of EHS, the cost and number of additional children served would be:

- Year 1 \$750 million 50,000
- Year 2 \$1.5 billion 100,000
- Year 3 \$2.25 billion 150,000
- Year 4 \$3 billion 200,000
- Total cost over 4 years 7.5 billion

This generates 12,500 jobs directly in year 1 and 25,000 in year 2. With a multiplier of 1.5 jobs, this yields 18,750 and 37,500 total jobs. If we again assume that 10% of the children enrolled have parents that become employed this adds 5,000 jobs in year 1 and 10,000 jobs in year 2. Adding it all up yields 23,750 jobs in year 1 and 47,500 jobs in year 2.