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Business Leaders See Major Economic Boost in Illinois By Expanding Child Care and Pre-K

New study also says cuts in early care and education will hurt Main Street

Quincy, IL (May 6, 2010) -- Proposed state cuts in early learning would reduce sales of local good and services by \$156 million -- resulting in an immediate negative impact on Main Street businesses across Illinois, according to a new report issued by a group of prominent business leaders.

Produced by America's Edge, a national nonprofit business group, the report shows that investing in early care and education in Illinois dramatically increases local sales, creates jobs and produces long-term economic growth. The report also indicates that every \$1 cut from early learning programs results in an additional loss of nearly \$1 in sales at local businesses.

Daron Duke, a vice president of First Bankers Trust, and Dr. Thomas Klincar, president of the John Wood Community College, attended a press conference releasing the report and voiced strong support for early learning programs.

"Over the past eight years, Illinois has made great strides in expanding preschool opportunities for families," said Duke, who is president of the Cheerful Home Board in Quincy. "With the expansion of the Preschool for All program, Illinois has added over 43,300 slots for 3- and 4-year olds, increasing the number of children enrolled in state-funded preschool to over 95,000. These investments have also resulted in a significant but little recognized boost in business sales," he said. "Big cuts in early learning will mean big losses for local businesses."

Dr. Thomas Klincar, president of John Wood Community College, noted the long-term benefits of investments in early learning. "Nurturing our youngest to become educated and responsible adults benefits our entire community," he said. "Educational achievement at every age, beginning in the early years, promotes lifelong learning and that's what America's Edge is all about."

In a statement prepared for the press conference, Bill Cox, President of Brown Drug, said: "We urge members of the General Assembly to recognize that an investment in early learning not only benefits families and communities over the long term, but also helps ensure a well educated and motivated workforce for the future. An investment in early education doesn't cost, it pays."

With the General Assembly in the midst of budget negotiations, state policymakers are considering a proposed \$54 million cut to the Early Childhood Block Grant in the Illinois State Board of Education budget. Combined with cuts made in 2009, this proposal would mean a 24% loss of funding for Preschool for All programs across the state, a total of \$92 million. These cuts would result in a loss of more than \$86 million in sales across the state, the business leaders said.

In addition, the proposed state budget includes a \$74 million cut in the funding for child care assistance for working families. Taken together, these cuts in early learning total \$166 million and would result in a loss of an additional \$156 million in sales across the state, the business leaders said.

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Under the budget proposal being considered for FY 2011, nearly 23,000 children in Illinois could lose preschool slots and, here in the Quincy region, 650 kids stand to lose preschool under the proposed cuts.

The preschool cuts alone will result in a loss of \$2.6 million in state funding for the Quincy region and almost \$2.5 million in lost business sales, for a total economic impact of \$5.1 million.

Rather than cutting programs, the AMERICA'S EDGE report urges the state to invest in child care and pre-k because that investment will provide a surprisingly big boost to local businesses. The report shows that for every \$1 invested in early care and education in Illinois, \$1.94 is generated in spending within the state – the initial \$1 investment plus 94 cents. This strong economic boost for local businesses is highly competitive with the results of investments in other major sectors such as construction (\$1.99), retail trade (\$1.93), manufacturing (\$1.79), transportation (\$1.91) and utilities (\$1.44).

The report also says cuts in early learning investments would have the reverse effect, reducing sales to Main Street business by an additional 94 cents for every dollar cut in early learning.

The report notes that if all Illinois children were given access to quality early care and education, at a cost of an additional \$1.2 billion, the state would generate \$2.3 billion in total new spending in Illinois businesses. Nearly all of the dollars generated in Illinois would stay in Illinois – maximizing the benefits for local businesses and communities, while also creating up to 34,000 new jobs, including 7,000 jobs outside the early learning sector.

Fully investing in child care and pre-k would boost sales for hundreds of different types of businesses ranging from restaurants and local electric companies to supermarkets and clothing stores. The report notes several examples of increased sales in specific business including:

- \$40 million in sales at local restaurants, the cost for over 13,000 households of four to eat out for one year;
- \$20 million in sales from local electric companies, the cost of monthly electric bills for nearly 16,000 families; and
- \$10 million in sales from local supermarkets, the cost of a year of groceries for over 2,000 families.

Investing in early learning would also save Illinois businesses money every day through reduced absenteeism and turnover and would help increase the ability of Illinois businesses to attract skilled employees and new businesses. Quality early care and education programs allow working parents to be attentive to their jobs rather than worry about day care arrangements.

The report is based on 2008 data for Illinois from IMPLAN, an economic modeling system widely used by economists conducting economic impact and related analyses. "The methodology used in the report is sound, and the findings are important," said Dr. Eric Thompson, PhD, Professor of Economics and Director of the Bureau of Business Research at the University of Nebraska, an expert on the economic analysis used in the report. "Many legislators in Illinois may be surprised to learn that investments in quality early care and education have immediate, very positive economic benefits."

"High-quality early education more than pays for itself over the long term," said Joey R. Weedon, Deputy Director of AMERICA'S EDGE. "Rigorous research of high-quality early education programs for at-risk children has found that these programs deliver as much as \$16 for every \$1 invested due to decreased crime, special education and other costs."

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About America's Edge:

The business leaders of America's Edge take a critical look at the knowledge, skills and abilities businesses need their employees to have in the 21st century, including the ability to be communicators, collaborators and critical thinkers. Using that analysis, we educate policy-makers and the public about high-quality, proven investments that strengthen businesses, establish a foundation for sustained economic growth, and protect America's competitive edge in a global market place, while helping our nation's children get on the right track.

To learn more and to read the report, please visit www.americasedge.org.