

# The Looming Seniors' Crunch – The Case for Early Childhood Funding

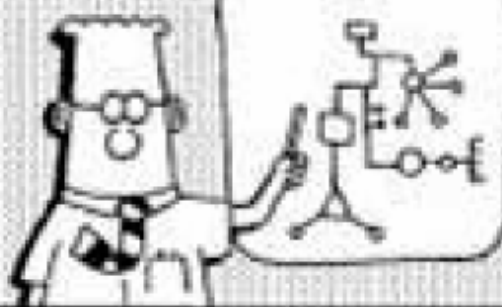
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AS YOU CAN  
CLEARLY SEE  
IN SLIDE  
397...



# Agenda

- Introduction – Why am I here?
- What is ECD?
- Why invest in ECD?
- Demographics
  - Fewer Youth
  - Lots More Seniors
- The Case for Investing in Early Childhood Development as the Best Strategy for Taking Care of Seniors
- Q & A



# Early Childhood Development –

**Different Approaches** - Ensuring health, safety and physical & mental development of children (World Bank, 1996)



- **Educating Parents** - Helping parents care for the very young
- **Delivering Service to Children** - Preventing low birth-weight babies
- **Training Caregivers**
- **Reforming Formal School System to include preschoolers**
- **Educating through the Mass Media**

# ECD Benefits



# Some compelling evidence for ECD

McCain & Mustard, Early Years Study, 1999

- **Brain development** linked to vision, emotional control, language & symbol cognition is complete by age **three**
- Most of the **critical periods for brain development are over** or waning by age **six**
- Brain development depends on good **early attachments** and **stimulation**



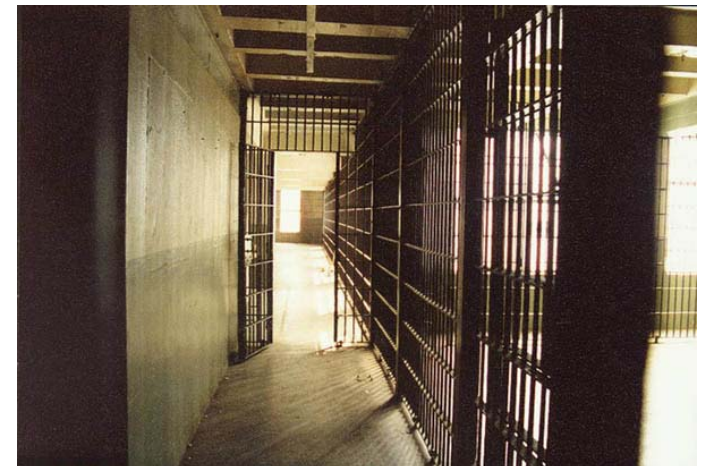
## Good early childhood experiences in stimulating & nurturing environments ...

- Better school grades
- Better self-esteem
- Better social skills
- Better record of employment
- Fewer social problems
- Fewer health problems
- Less likely to be teen parents, use drugs or be involved in crime



McCain & Mustard – Early Years Study, 1999

- Average current government investment in children age **0 - 6** is **\$2,500/yr.**
- Average current government investment in children aged **6 -12** is **\$7,500/yr.**
- **28 %** of boys with anti-social behaviour entering kindergarten were delinquent by age **13**
- **6 %** of all children born in any year account for **50-70%** of **all crime committed** by that year's group in later life. Of these children **most can be identified by age 3.**
- Mental health problems of children are often not diagnosed until they go to school. **71 %** of seriously aggressive 6-year-olds grow up to be seriously aggressive adults
- Cost to keep a person in prison for one year in Canada is **\$51,000**



# Direct Economic Benefits



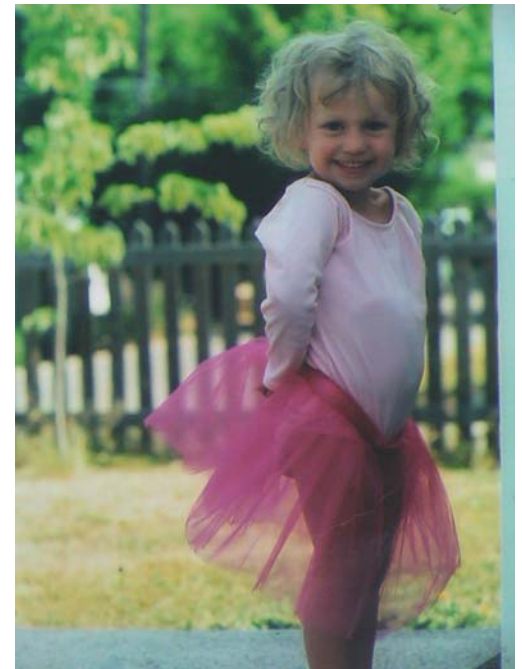
- **2:1** payback in economic benefits:costs if we invest in our children from birth to six (Cleveland & Krashinsky, Benefits & Cost of Good Child Care, 1998)
- **2.5:1** payback Women, Infant & Children (WIC)
  - Low birth weight babies - only measured results on reduction of Medicaid), World Bank 1998
- **7:1** payback in economic benefits:costs for **poor at-risk children**
  - Perry Preschool Project [regular quality child care, parents had home visits from age three until school entrance] – study over 30 years)
  - Savings in education & welfare expenditures
  - Benefits in productivity
  - At age 27, participants 4x more likely to earn \$2k or more per month, 1/5<sup>th</sup> arrest rate, 3x as likely to own home, 2x more likely to be high school graduate

- the economic literature on education estimates that **one extra year of primary education** will increase someone's future productivity (as, for instance, reflected in an hourly wage rate) by **10 to 30 percent**.

The Benefits of ECD Programs: An Economic Analysis -  
World Bank, 1998

- Though it is important to be aware of such benefits, it will not always be possible to place a monetary value on them (for instance, how does one estimate the monetary value of "improved self-esteem of the mother" (or child)?

World Bank 1996



## Vancouver Board of Trade, 1999



- “Although the initial investment cost of \$5.2 billion annually for a universal child care policy is significant, we will begin to see a **payback in five years** as children enter school & have **fewer problems & repeat fewer grades...**”
- “this development would help to nurture the development of **positive, constructive citizens** who are **physically & emotionally healthy**, are **forward-looking, innovative, creative & outgoing contributors to society**. Thus Canada will be richer in ways that are not readily quantified”

# Federal Reserve Bank of Minnesota



- “The conventional view of economic development typically includes company headquarters, office towers, entertainment centers, and professional sports stadiums and arenas. In this paper, we have argued that in the future any proposed economic development list should have **early childhood development at the top.**”
- Knowing that we need a **highly educated workforce**, however, does not tell us where to invest limited public resources. Policymakers must identify the educational investments that yield the **highest public returns**. Here the literature is clear: **Dollars invested in ECD yield extraordinary public returns.**

Economic Development with a High Public Return, 2003

# Brookings Institution - Benefits of a high quality universal preschool program on economic growth



- Education more important than ever in as we “**transition to a post-industrial, knowledge-based economy**”
- Why does more highly educated nation lead to economic growth?
  - More mobility
  - Adaptable
  - Can learn new tasks & skills more easily
  - Use more technologies & equipment (including emerging)
  - More creative
  - Less crime
  - Healthier environment with better functioning civil institutions (benefits flow to business)

The Effects of Investing in Early Childhood Education on Economic Growth, April 2006

# Costs/Benefits to 2080 (of high quality universal preschool program [per annum in 2005 US\$])

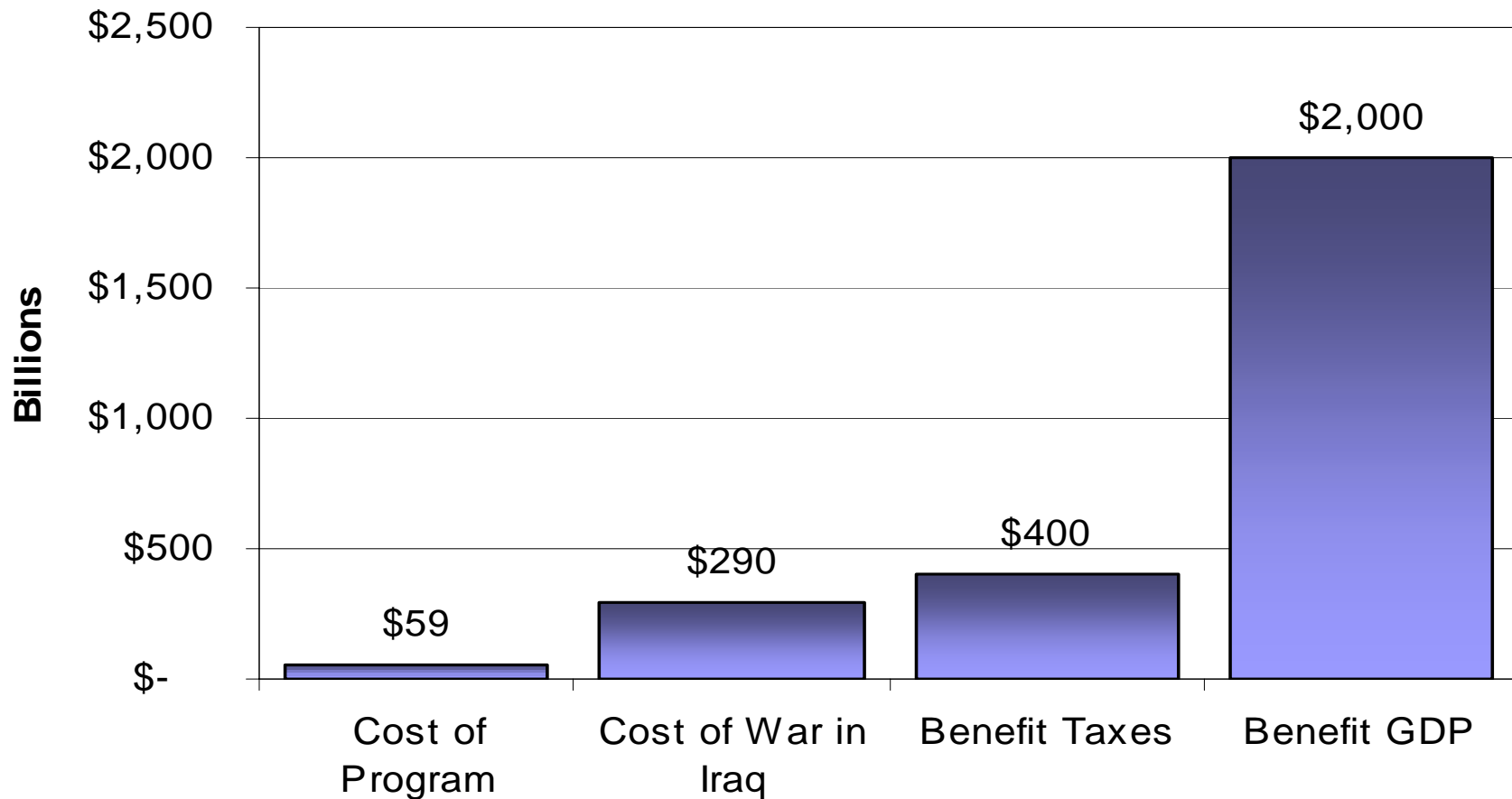
- \$59 billion cost of program
- \$400 billion benefits in return in **taxes** (6.5 times investment)
- \$2,000 billion return on economy in terms of **GDP** (30 times investment)
- Report notes difficulty “to win support for short-term investments given the long-term nature of the benefits to the economy”
- NOTE: War in Iraq has cost US \$290 billion to date (ability to put 38 million kids through Head Start) Source: [www.costofwar.com](http://www.costofwar.com)





## Cost/Benefit Universal High Quality Preschool Policy in U.S.

(Source: Brookings Institution, [www.costofwar.com](http://www.costofwar.com))



# Growing Up in North America, Monitoring Child Well-Being in North America, 2006

- “The ante for economic success continues to climb. **Educational attainment** is a **key determinant** of a **child’s future prospects.**”
- Indicators of Child Well-being
  - Health & Safety
  - Economic Security
  - Capacity & Citizenship
- Today’s children depend on their **families**, their **communities**, and their **local** and **national institutions** to support their present well-being and their prospects for the future.



# The Cost of Not Investing -

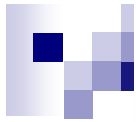
The Price of Inequity, Columbia University –  
Teachers' College



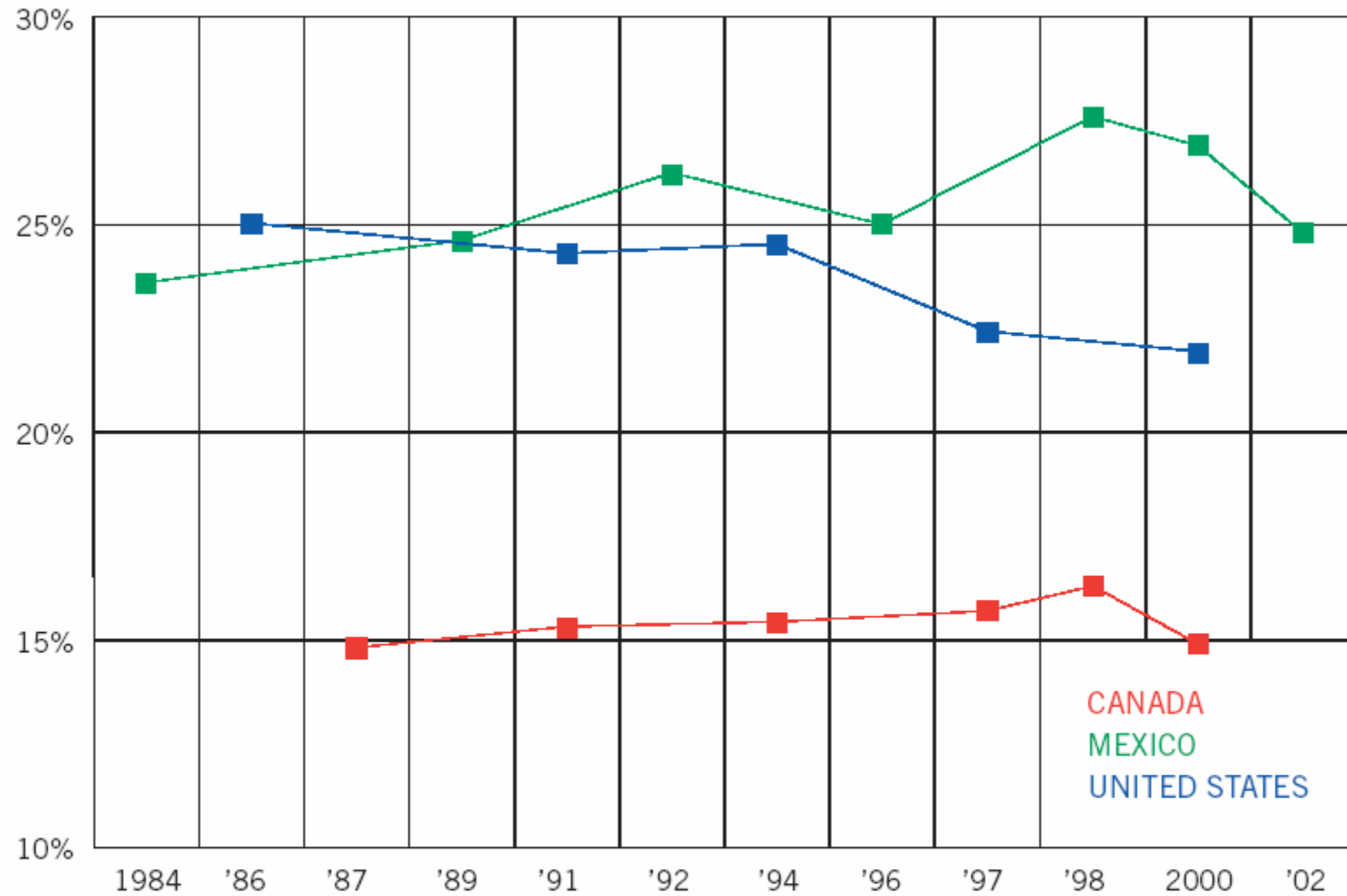
- A high school dropout earns about **\$260,000** less over a lifetime than a high school graduate and **pays about \$60,000 less in taxes.**
- High school dropouts have a **life expectancy** that is **9.2 years shorter** than high school graduates.
- Increasing the high school completion rate by just **1 percent** for all men ages 20-60 would save the U.S. up to **\$1.4 billion** per year in **reduced costs from crime.**
- A **one-year increase** in average years of **schooling** for dropouts would **reduce murder and assault by almost 30 percent**, motor vehicle theft by 20 percent, arson by 13 percent, and burglary and larceny by about 6 percent.
- There will be a **shortfall of 7 million college-educated workers** in America by 2012.

# Demographics





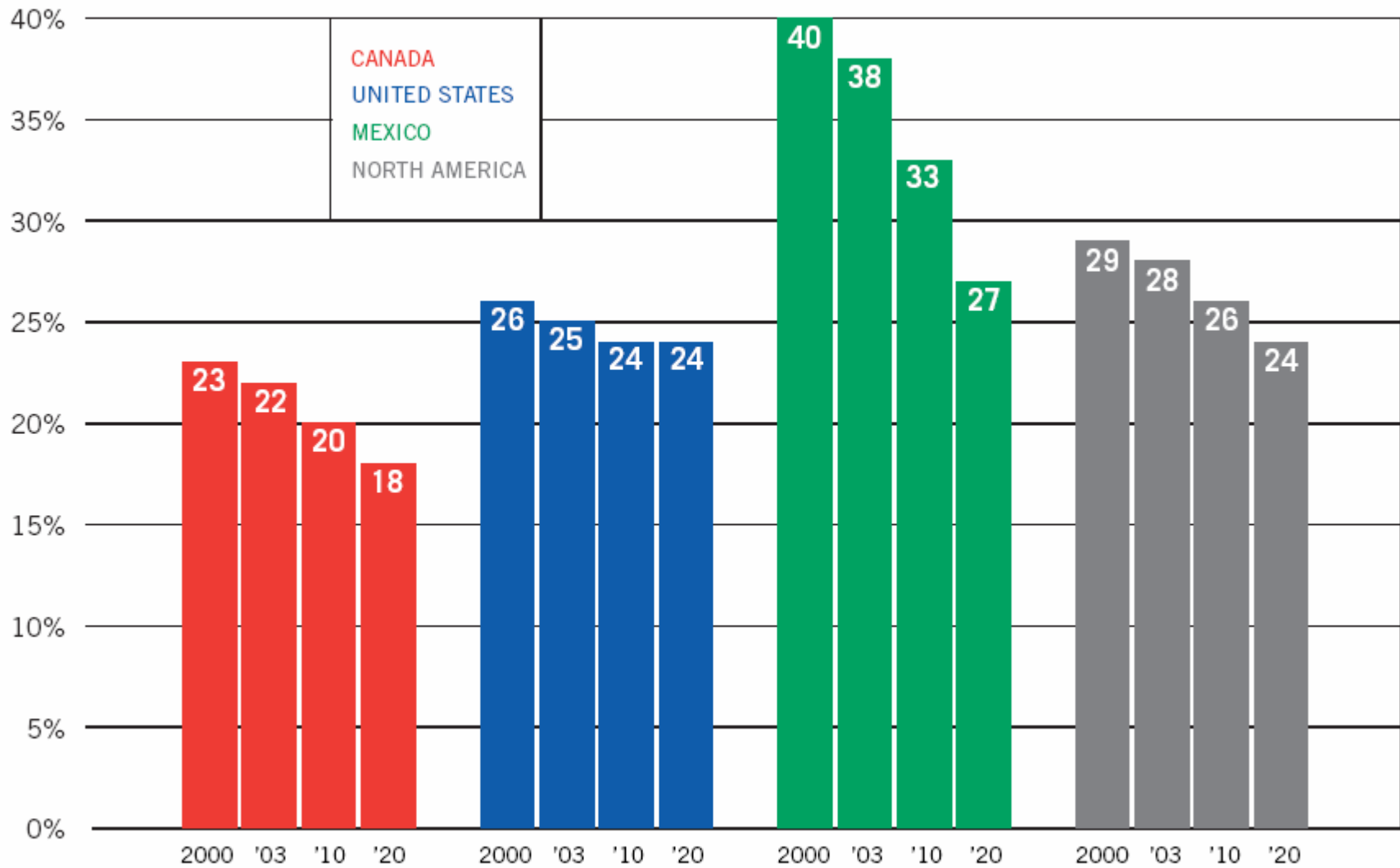
## CHILD POVERTY, THREE NATIONS, VARIOUS YEARS



Source: Luxembourg Income Study (LIS), Key Figures, accessed at [www.lisproject.org/keyfigures](http://www.lisproject.org/keyfigures) on August 20, 2005.

\*Percent of children living below 50 percent of national median adjusted disposable income.

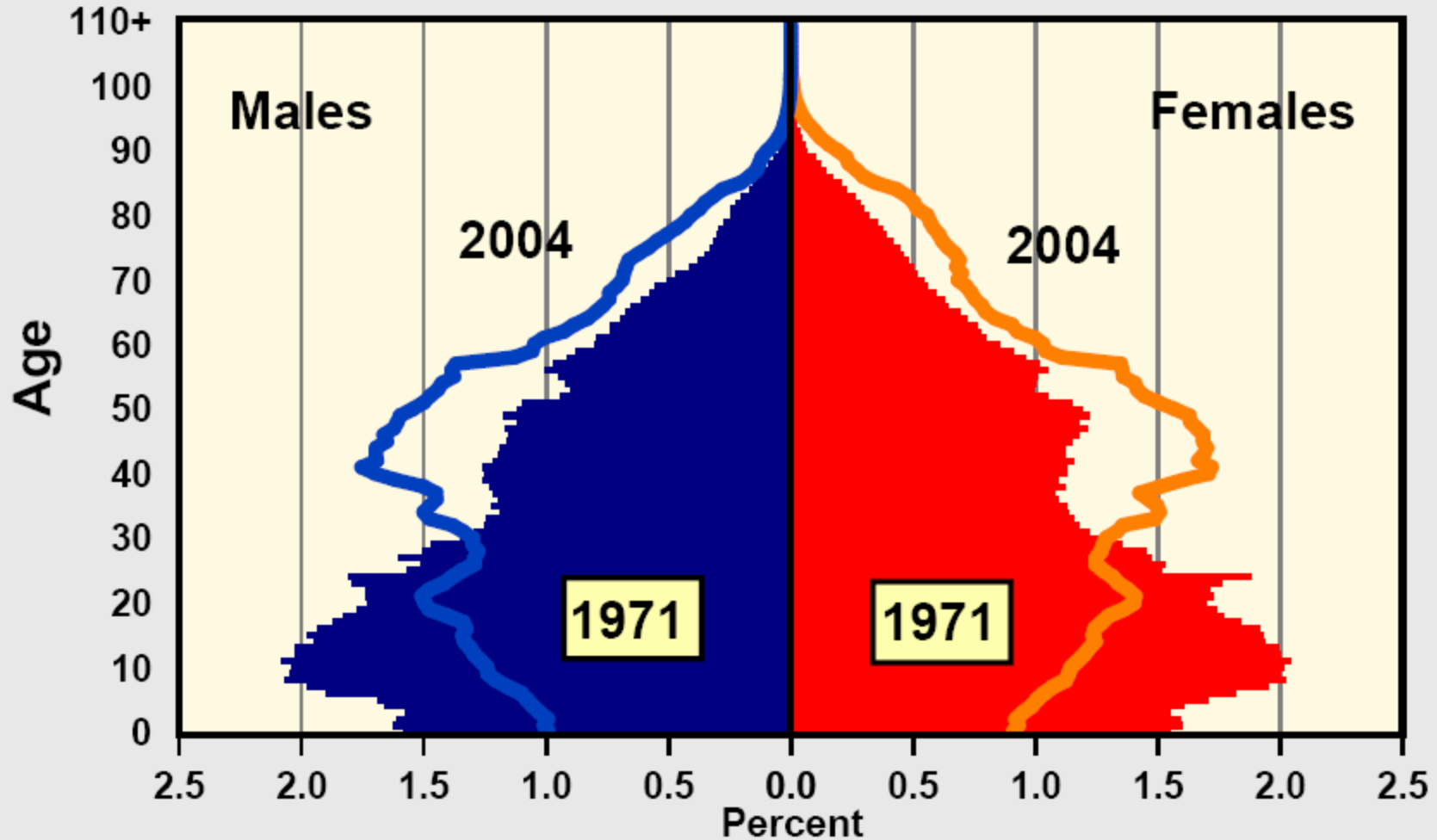
# CHILD POPULATION (0–17 YEARS) AS PROPORTION OF TOTAL POPULATION, THREE NATIONS, VARIOUS YEARS



Source: National census data for Canada, United States, and Mexico.

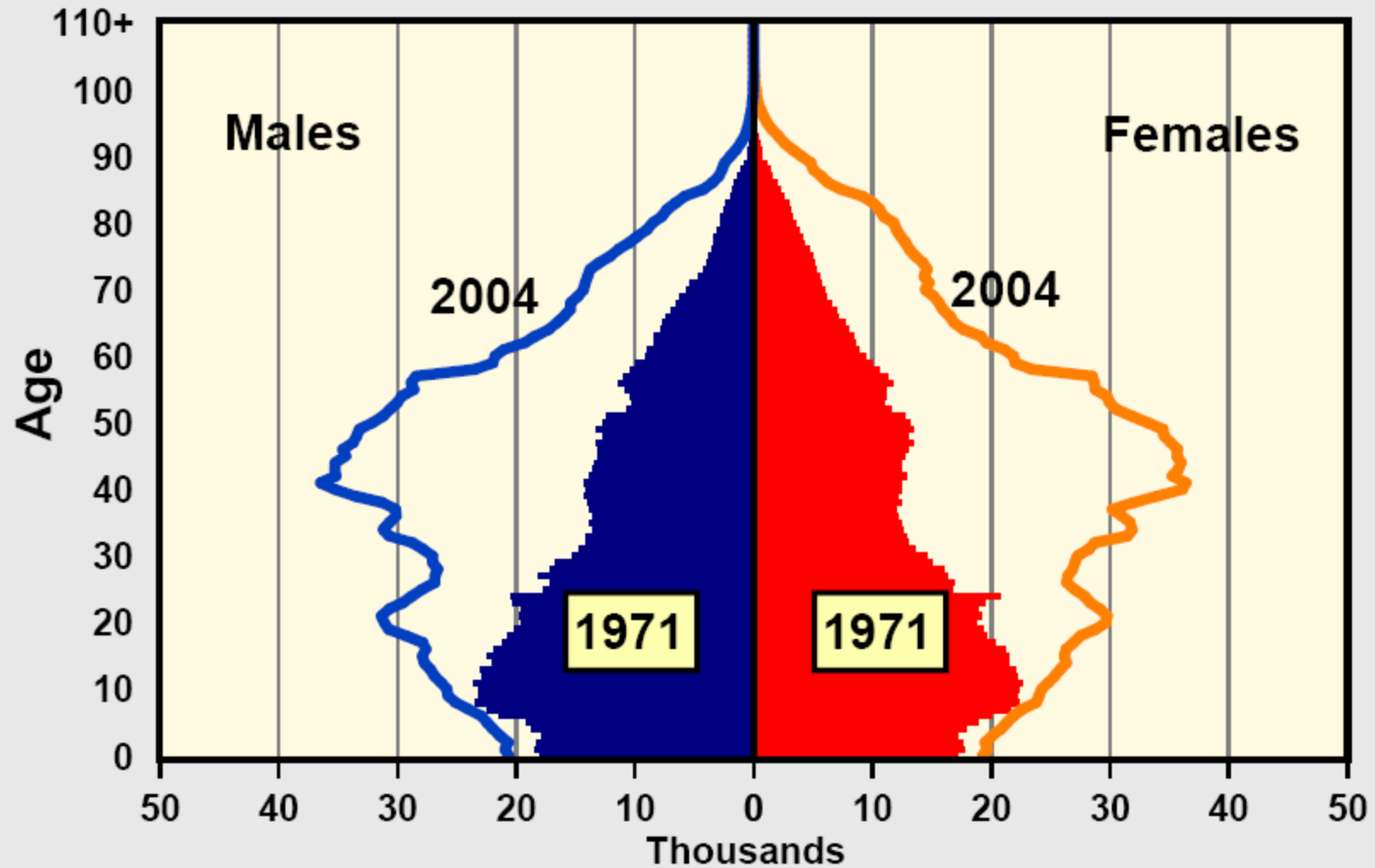
# Forecast 05/04

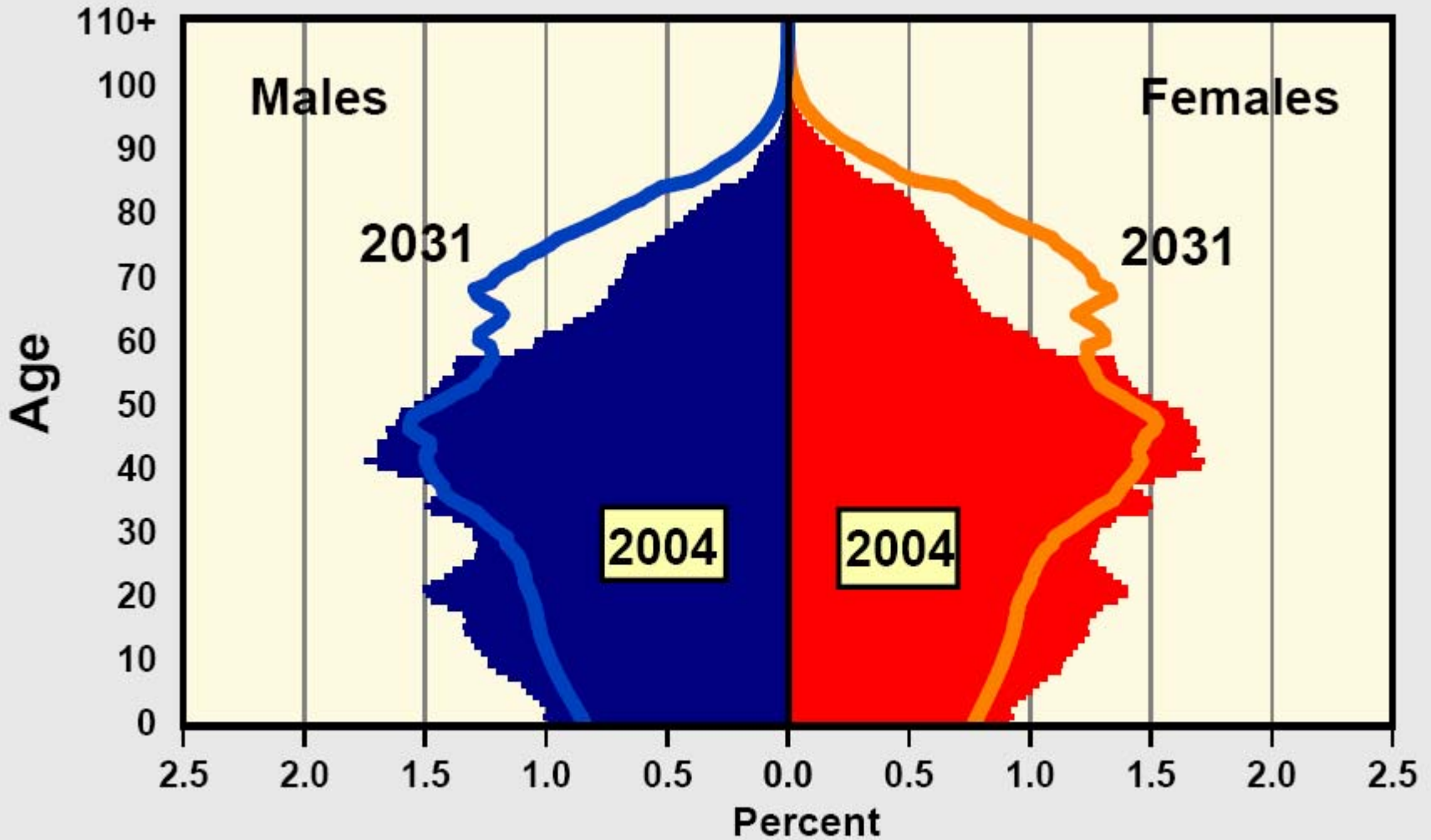
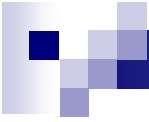
## British Columbia Population Pyramids Percent Distribution

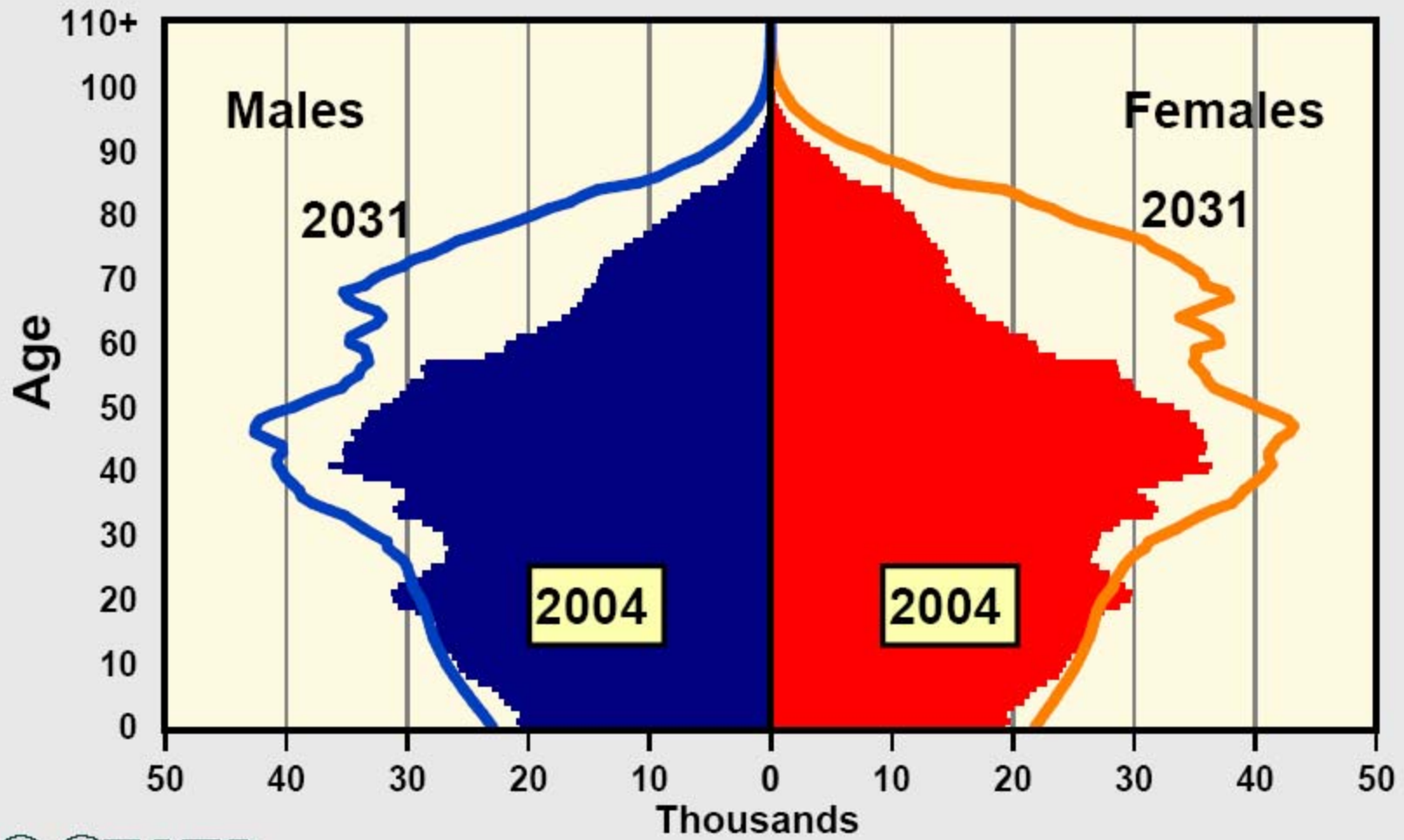
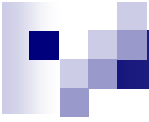


## Forecast 05/04

# British Columbia Population Pyramids

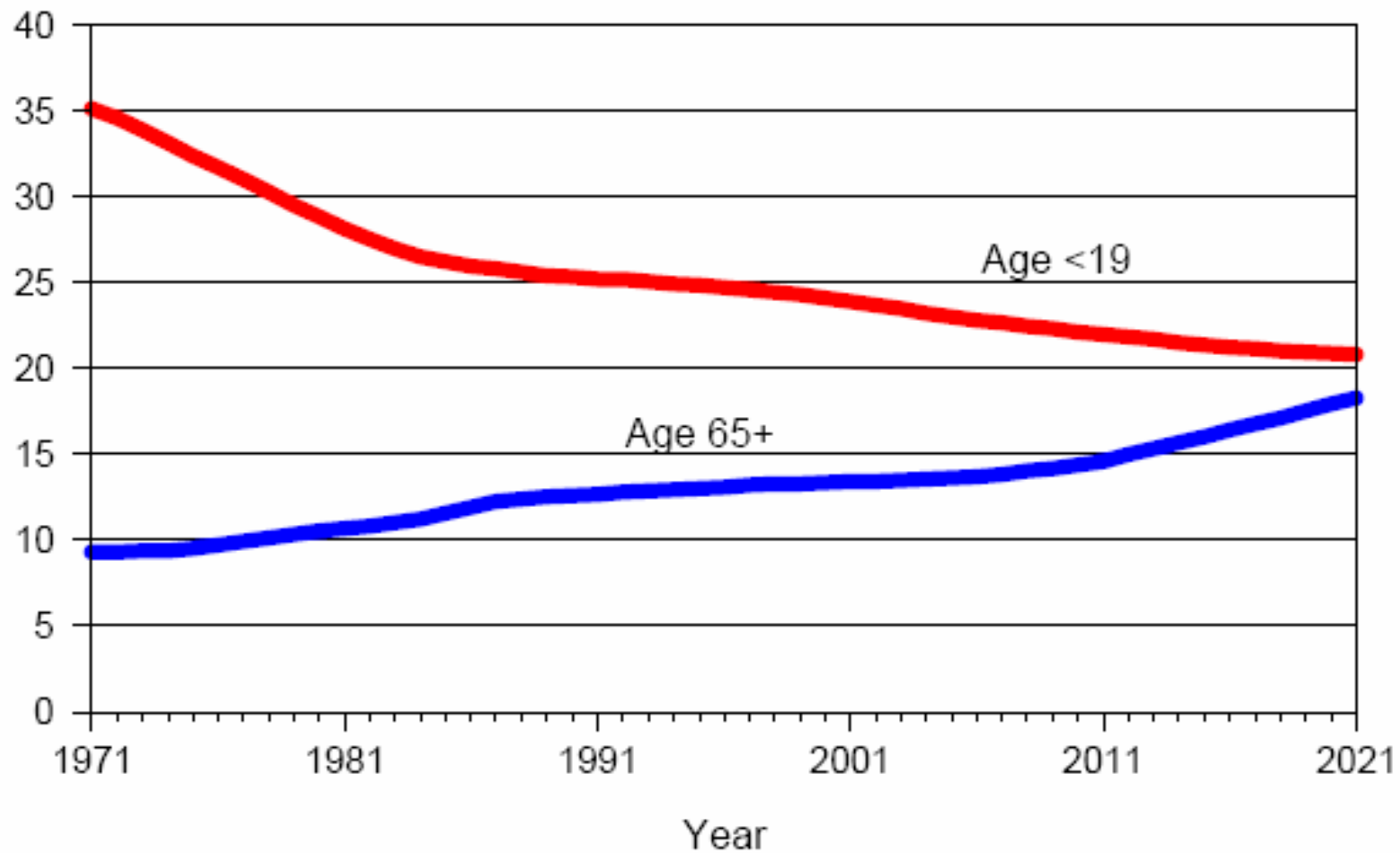




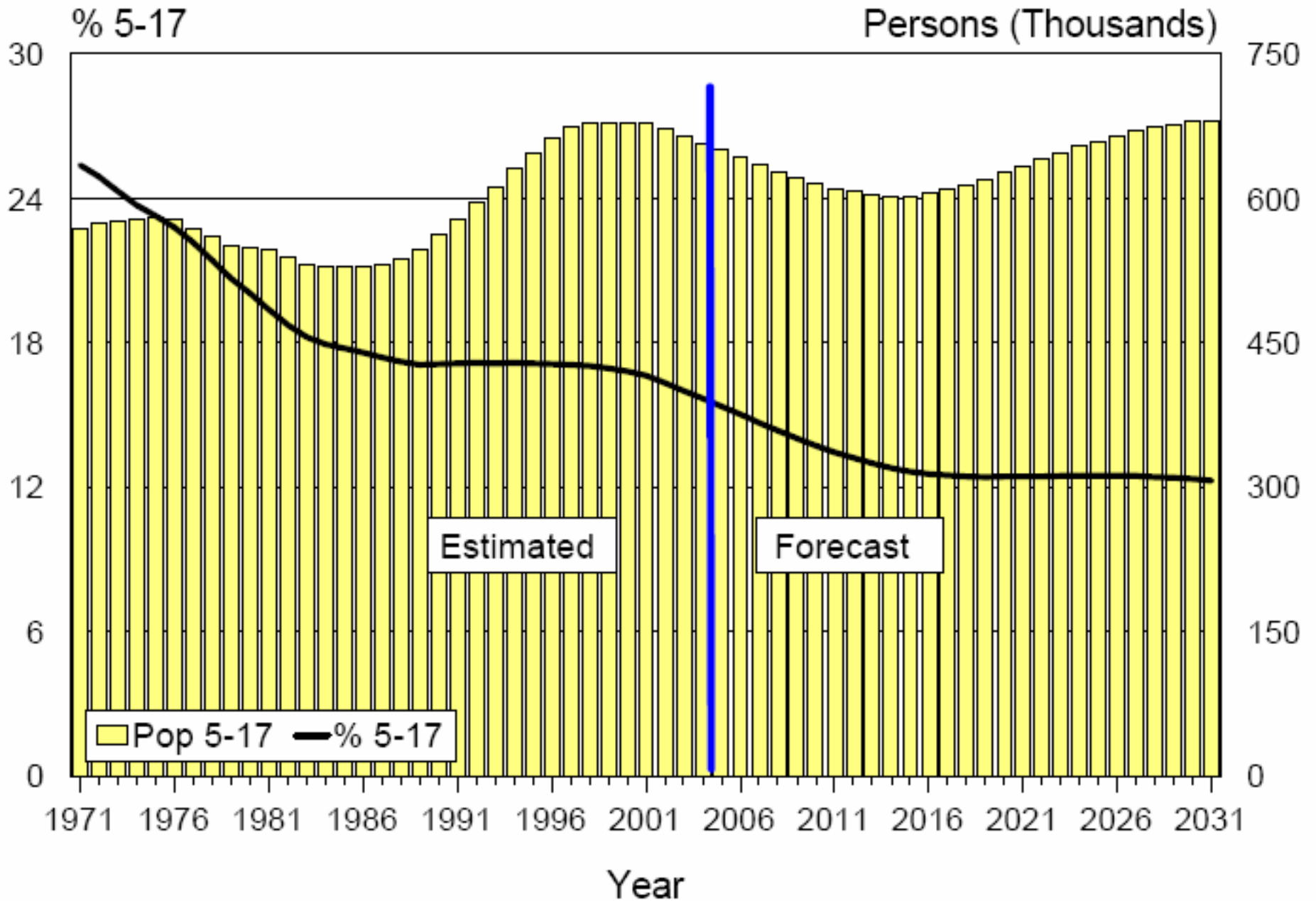


**BC STATS**

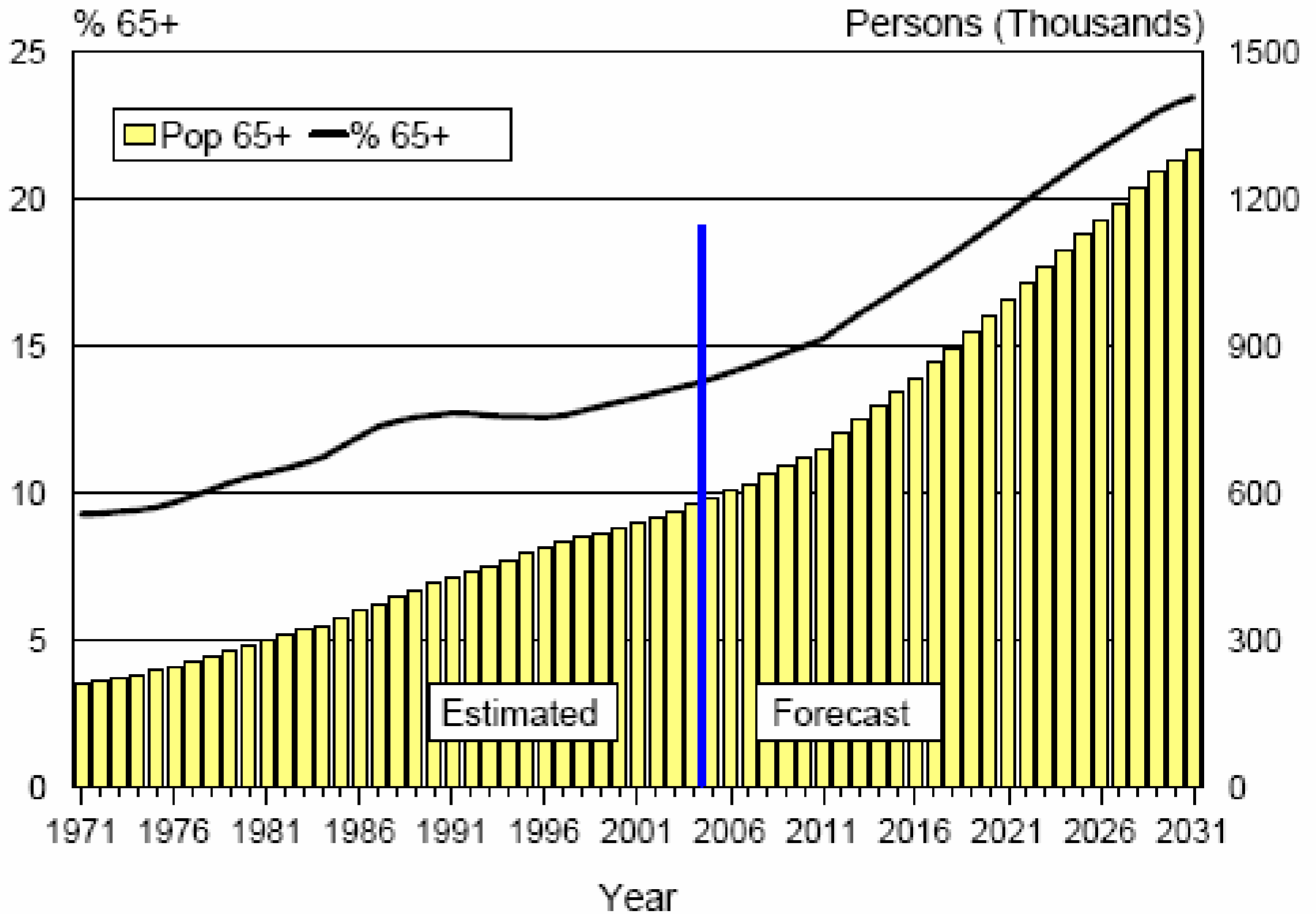
## Seniors and Children as a Per Cent of Total Population



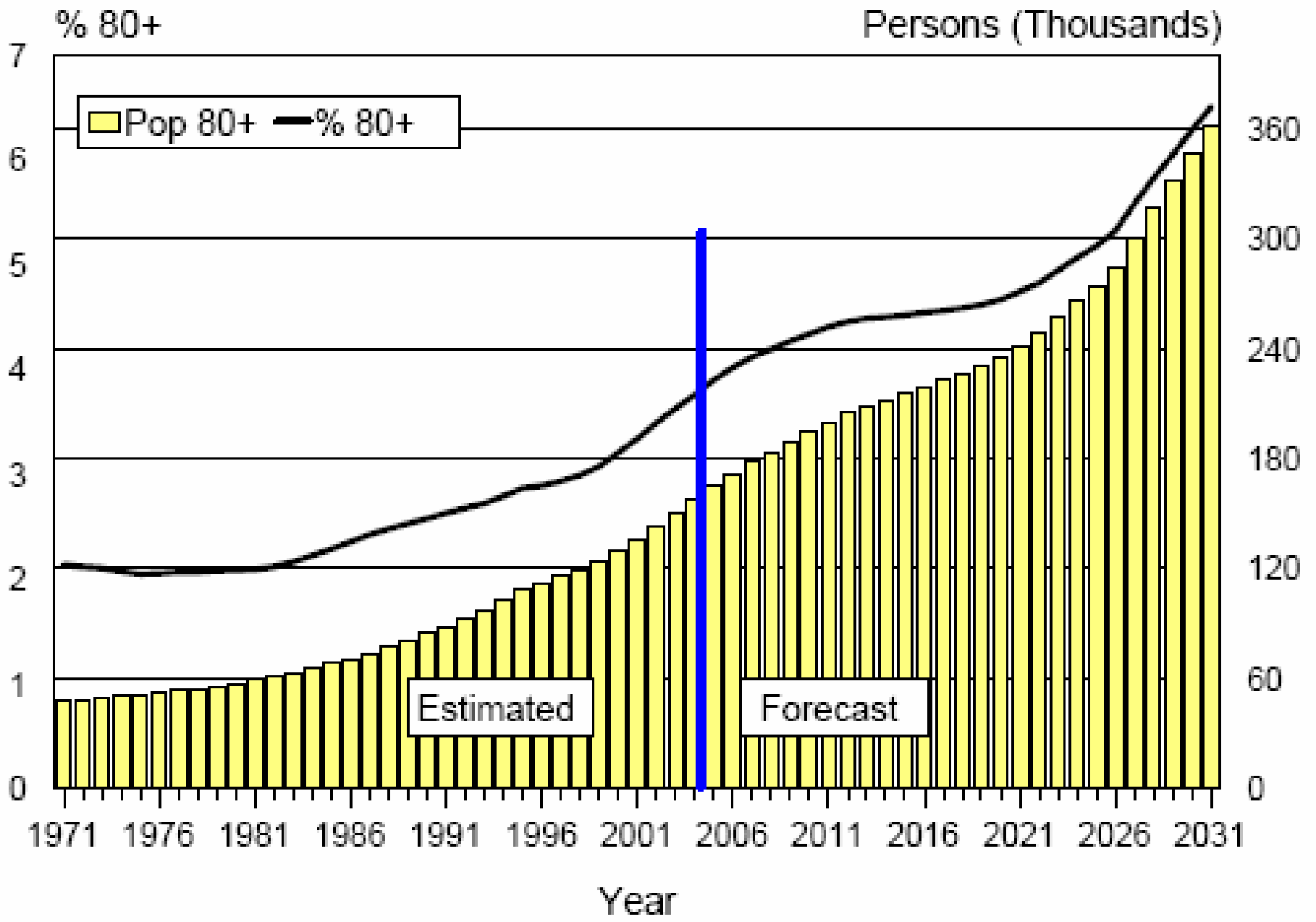
# B.C. Population 5-17



# B.C. Population 65+

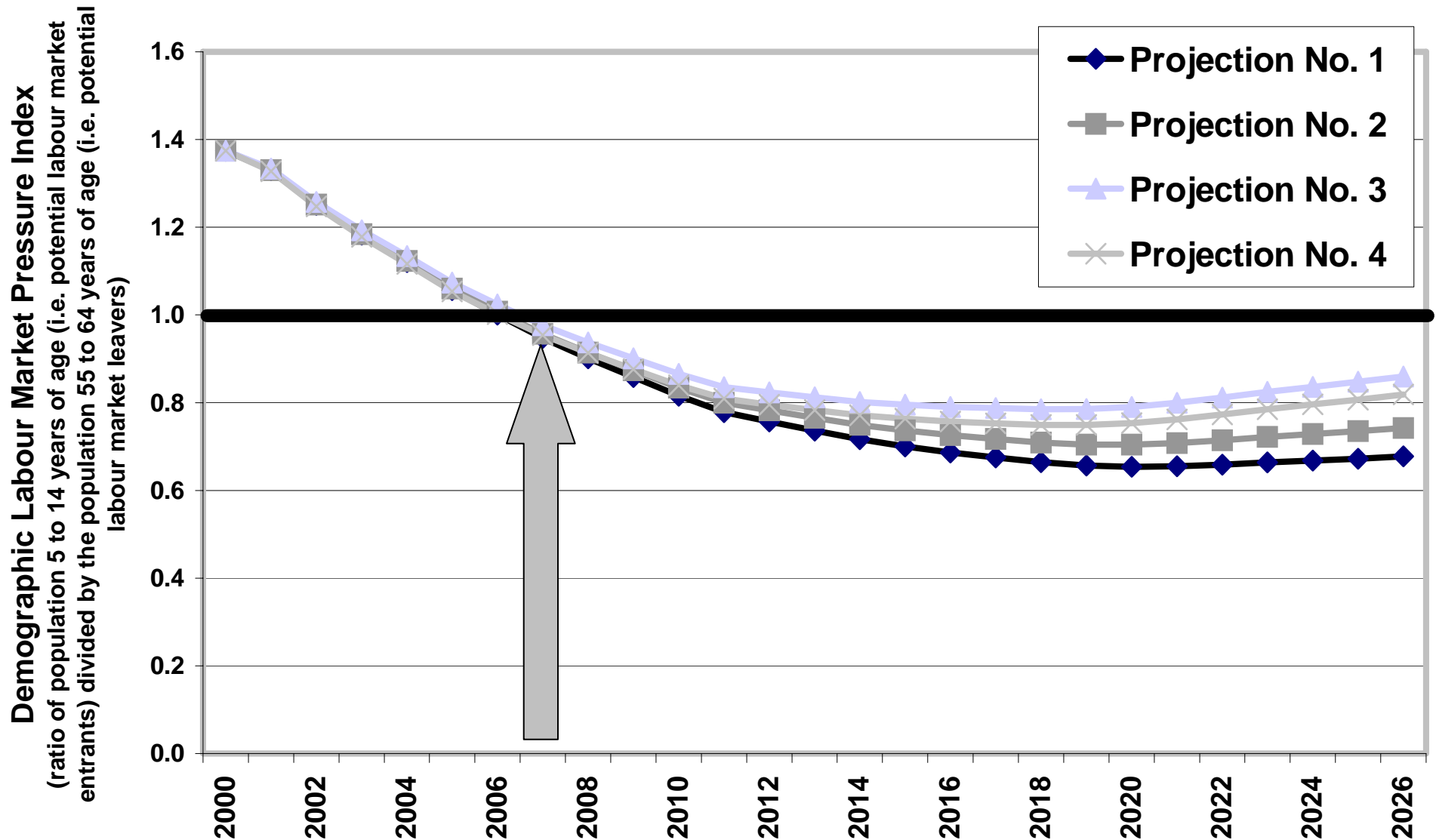


# B.C. Population 80+

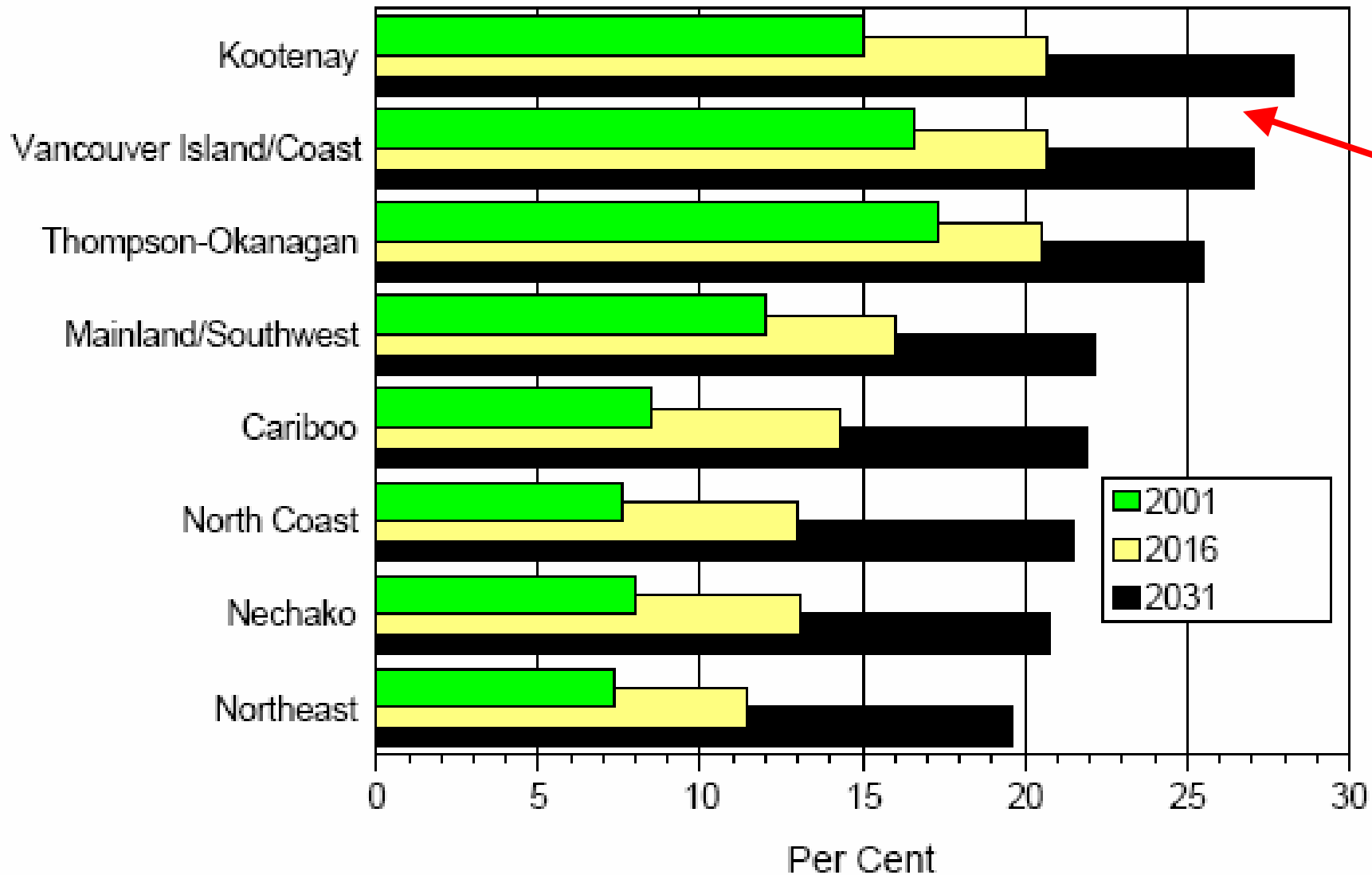




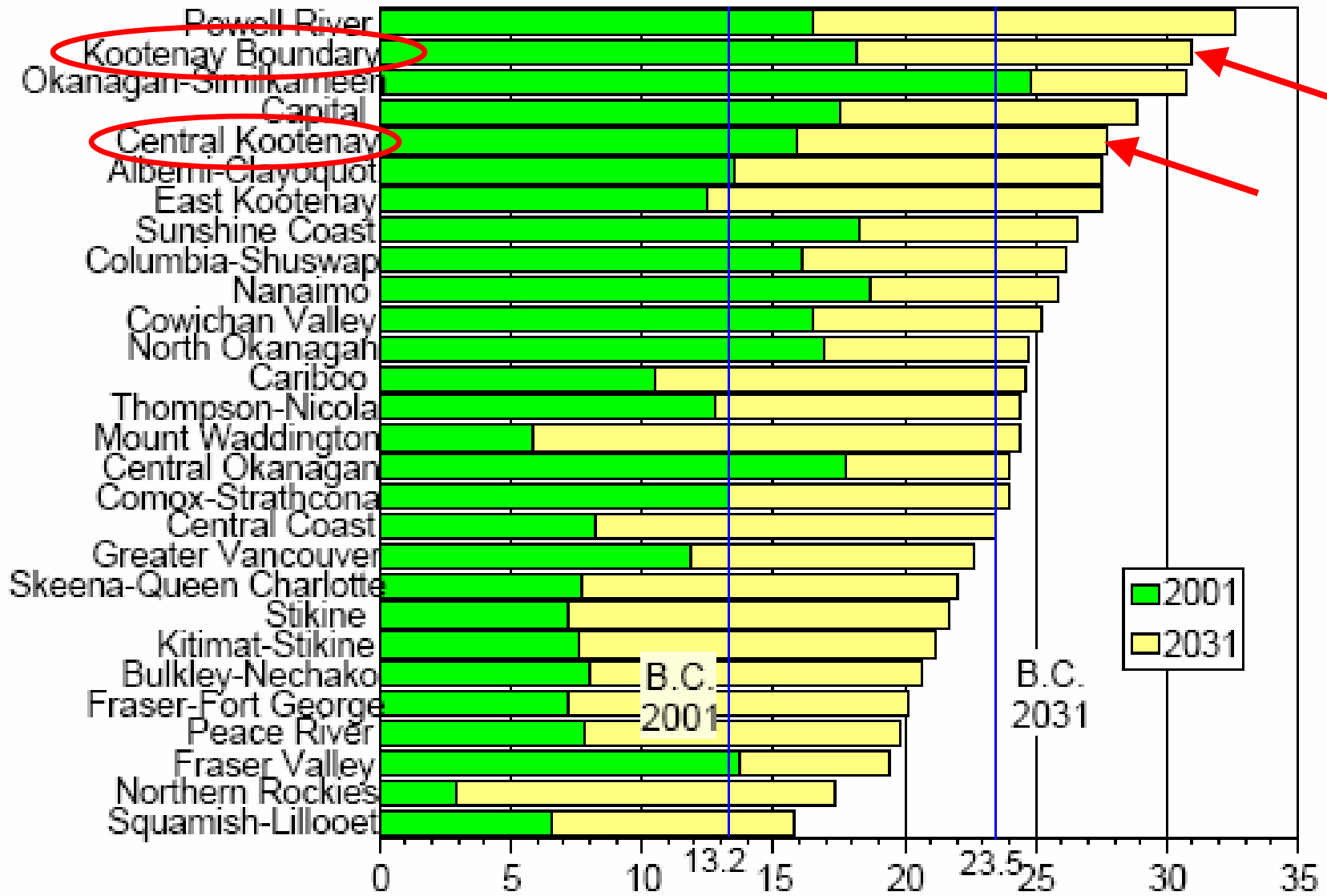
## In about 2007, more B.C. residents will be leaving the labour force than will be entering the labour force



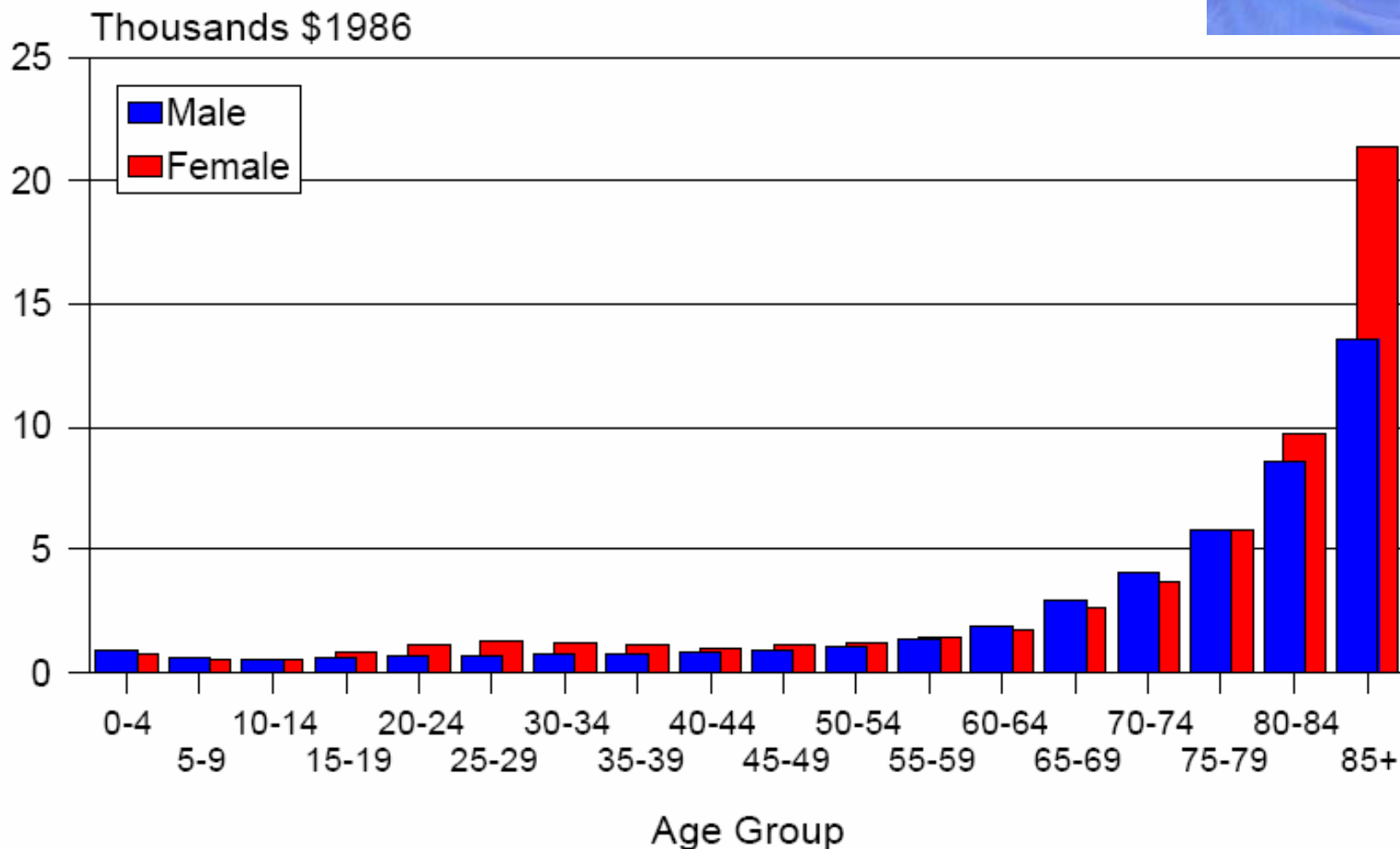
# PEOPLE 30 Development Region Population 65 and Over as a Per Cent of Total Population



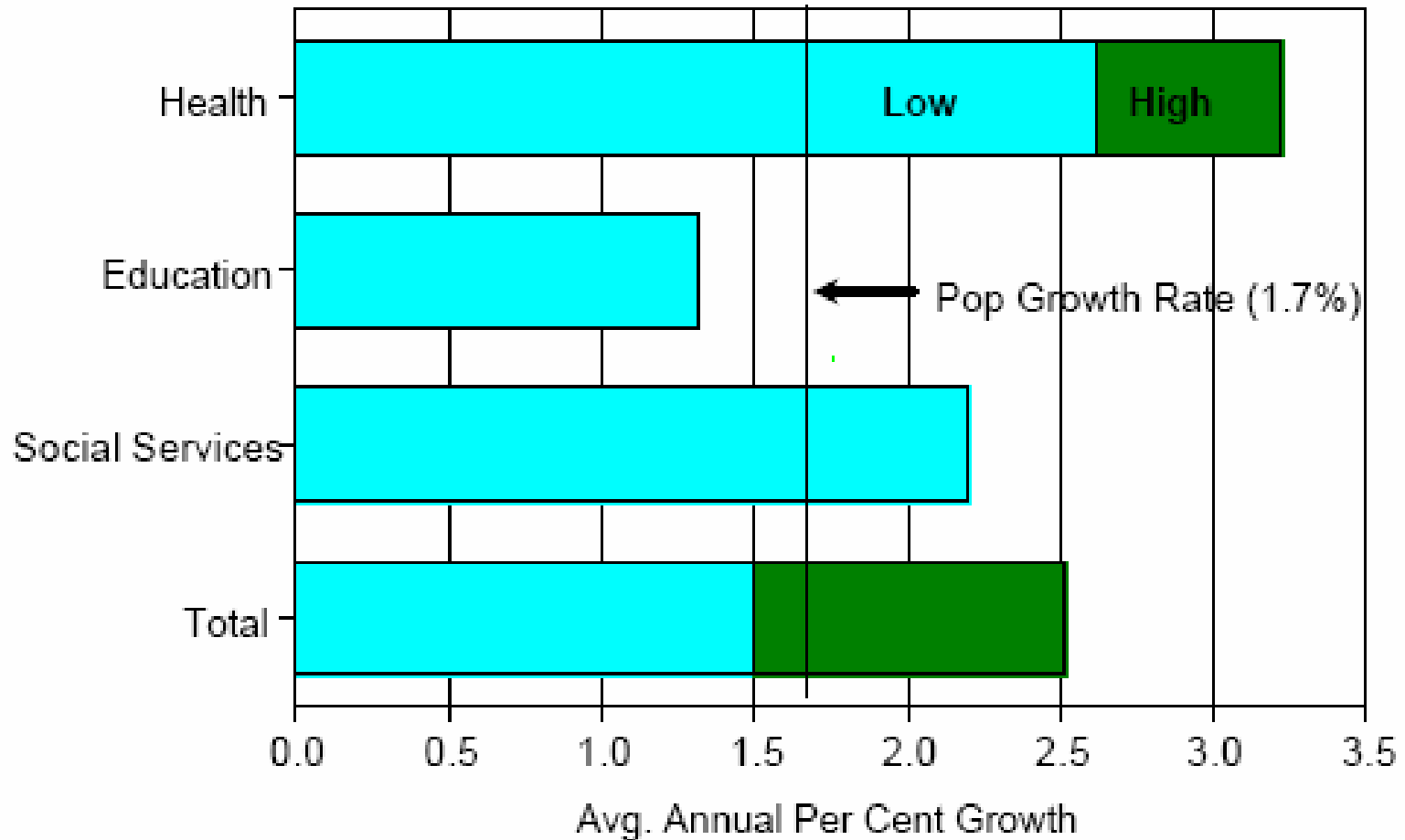
# PEOPLE 30 Regional District Population 65 and Over as a Per Cent of Total Population



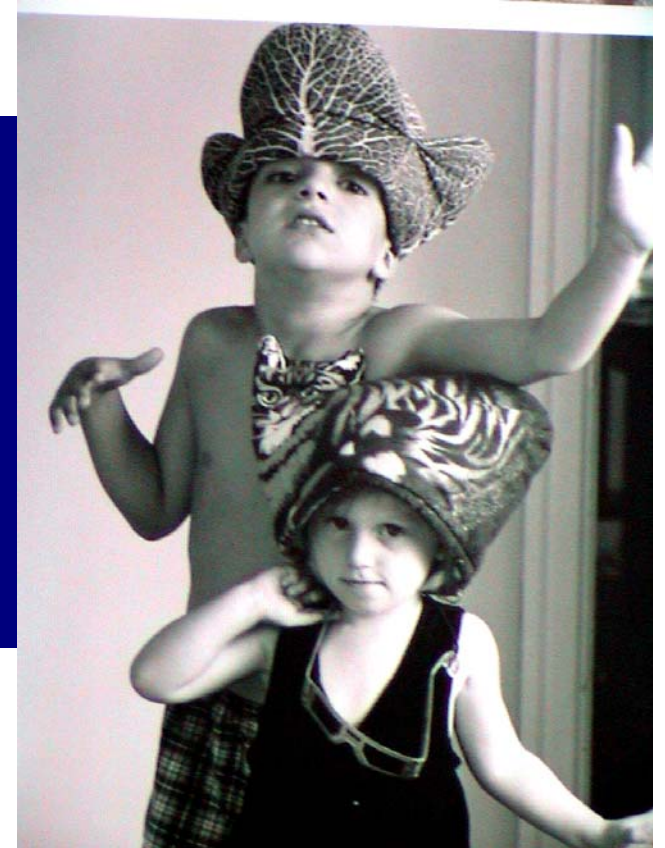
# British Columbia Per Capita Health Care Costs - 1990/91

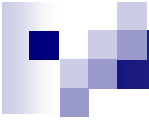


## Provincial-Local Real Program Spending\* 1990/91 to 2015/16



# Conclusion



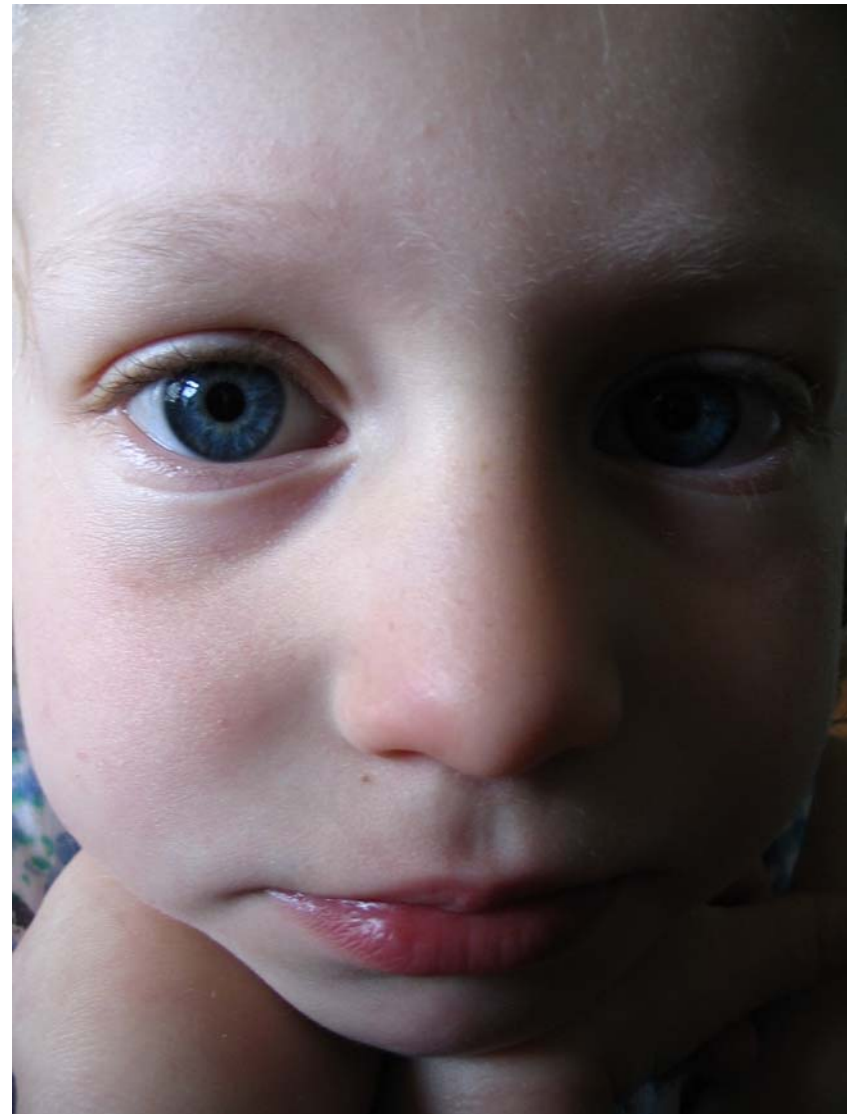


**Conclusion** - In 25 years, today's babies will need to take care of today's 40 and 60-year-olds



- We need productive innovative citizens to keep country afloat
- We need adaptable workforce that is continuously learning
- We need maximum productivity out of the next generation if we don't want to see a significant drop in our standard of living

- 
- Best & safest economic development investment, skills shortage solution & demographic challenge (seniors) answer is to invest now to ensure today's baby has opportunity to reach full potential
  - (ROI on Perry Project 11% vs stock market return of 6.8% over 1963-93 period)
  - Not only is this the best economic return on investment, it's the right thing to do!



# Children - The Right to Opportunities....



- “Canadians want their country to be one where **all children thrive** in an **atmosphere of love, care and understanding, valued as individuals** in childhood and **given opportunities to reach their full potential** as adults...”
- Given the opportunity to develop their **physical, intellectual, emotional, social & spiritual capacities** to their fullest, children will become tomorrow’s successful and enthusiastic parents, caregivers, workers and citizens.”

Vision from “A National Children’s Agenda”





# Indicators of Child Well-Being

- Health & Safety
- Economic Security
- Capacity & Citizenship




# Health & Safety

- Physical
- Mental
- Reproductive Health
- Environment
- Access to Health Services
- Perceptions of Drinking & drugs
- Violence & safety in the home and school




# Economic Security

- Inequality
- Poverty & its consequences
- Income & employment status
- Macroeconomic climate
- Labour market development
- Migration



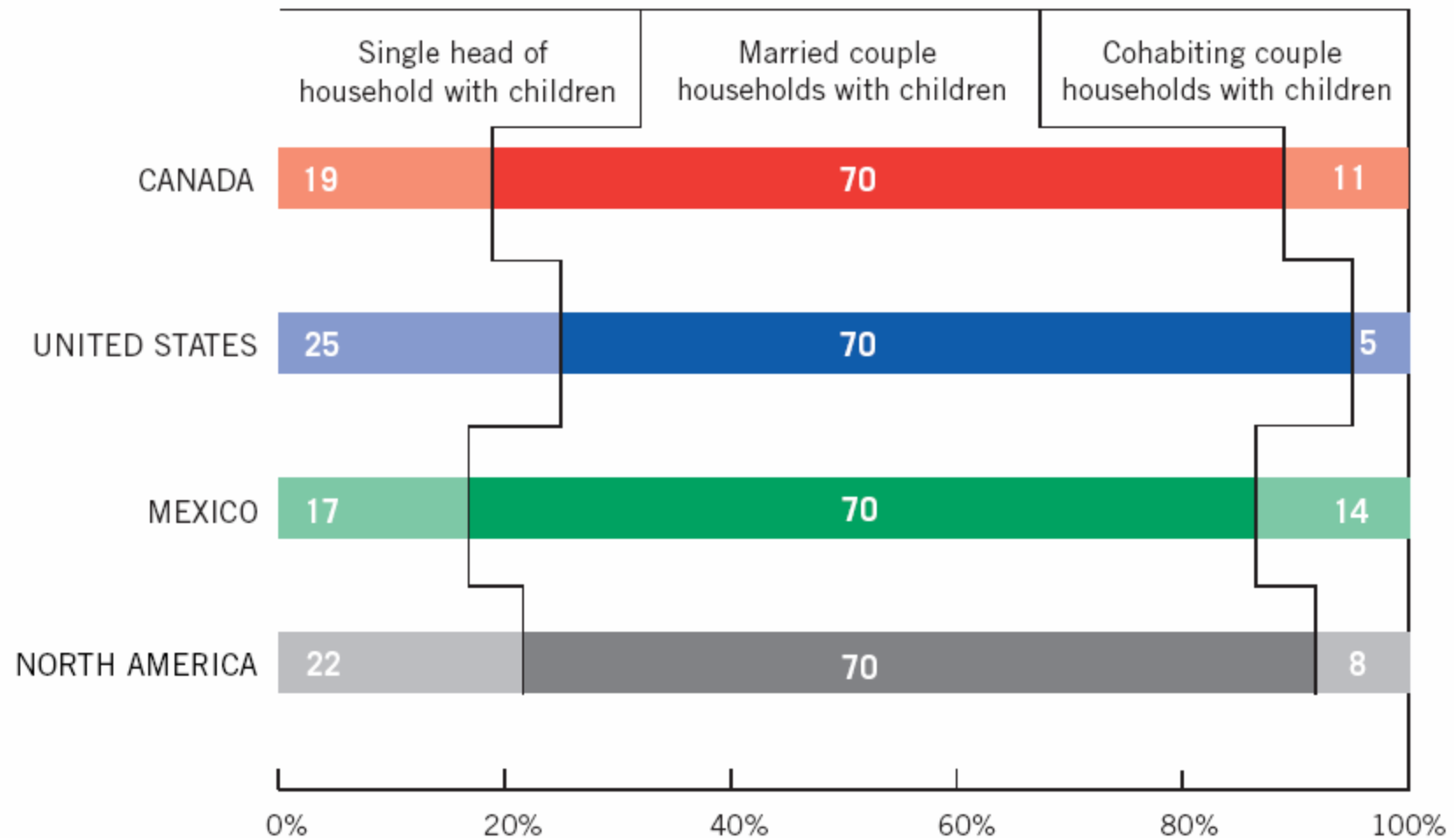
# Capacity & Citizenship

- How well we are preparing children in terms of:
  - Educational attainment
  - Skill sets
  - Level of civic awareness & engagement
- Other issues
  - Computer & Internet access
  - Participation in extracurricular activities
  - Engagement in paid labour
  - Opinions on integrity in political systems, knowledge of children's rights & quality of their educational experiences

- 
- Children living in poverty experience deprivation of the **material, spiritual** and **emotional** resources needed to **survive, develop** and **thrive**, leaving them unable to enjoy their rights, to achieve their full potential or to participate as full and equal members of society.

UNICEF 2005

## HOUSEHOLDS WITH CHILDREN (0–17) BY HOUSEHOLD TYPE, 2000



Source: Luxembourg Income Study (LIS) Micro database, (2000); harmonization of original surveys conducted by the Luxembourg Income Study, Asbl. Luxembourg, periodic updating.

Estimates of individual lifetime tax and premium contributions made between the ages of 25 and 65 years of age, 1990 dollars.

<b>Taxes and Premiums</b>	<b>0 – 8 years Education</b>	<b>12 years Education</b>	<b>Degree</b>
Federal Income Tax	\$159,000	\$292,000	\$642,000
Federal Consumption Taxes	76,000	94,000	141,000
Provincial Income Tax	110,000	179,000	415,000
Provincial Consumption Taxes	75,000	92,000	139,000
E.I. Contributions	18,000	29,000	39,000
<b>TOTALS</b>	<b>\$438,000</b>	<b>\$686,000</b>	<b>\$1,376,000</b>

Source: Ross & Shillington (1990). Child poverty and poor educational achievement: The economic costs of implications for society, page 70.