

MAKE THE ECONOMIC AND BUSINESS CASE FOR CARING

At every level, caring economics actually expands economic wealth at the same time that it enriches human development and raises the quality of life for all.

Focus of Action:

When the concept of “Caring Economics” is raised, some people will say, “wait a minute, ‘caring,’ ‘caregiving,’ all this soft, fuzzy stuff - that’s not economically effective.” So the first action step is to show that caring pays very well in purely financial terms.

Discover the Facts:

ROI on Caring for Children



“Economic research — by Nobel Prize-winners and Federal Reserve economists, in economic studies in dozens of states and counties, and in longitudinal studies spanning 40 years — demonstrates

that the return on public investment in high quality childhood education is substantial.”

Calman, L. J., & Tarr-Whelan, L. (2005). Early childhood education for all: A wise investment. Recommendations from The Economic Impacts of Child Care and Early Education: Financing Solutions for the Future, a conference sponsored by Legal Momentum’s Family Initiative and the MIT Workplace Center.

- ❖ Research has shown that providing high quality early childhood programs to children would **save** states and the federal government **billions** of dollars over **decades**. National Education Association: Billions are at stake in the push for pre-K. Retrieved from www.nea.org.
- ❖ The returns to society for each dollar invested in early childhood programs range from **\$1.80 - \$17.07**.
- ❖ Estimates of benefits per child served (net of program costs) range from **\$1,400 - \$240,000 per child**. Karoly, L. A., Kilburn, M. R., & Cannon, J. S. (2005). Early childhood interventions: Proven results, future promise. RAND Labor and Population, RAND Corporation.

- ❖ “While **85% of a child’s core brain structure is formed by age five**, less than 4% of public investments on education and development have occurred by that time.” Edie, D and Schmid, D. (2007) Brain Development: The Early Years, a policy brief in Quality Matters: A Policy Brief Series on Early Care and Education. Wisconsin Council on Children and Families.
- ❖ Almost **50% of America’s childcare workers do not have a high school diploma**, and there are no consistent requirements for training. 2009 US Bureau of Labor Statistics <http://www.bls.gov/oco/cg/cgs032.htm>

What are the economic benefits of high quality early childhood education?

Short-term benefits:

- Provides jobs: employs nearly 3 million people nationwide
- Employees spend wages and pay taxes
- Centers purchase goods and services
- Enables employers to attract and retain employees and increase productivity

Long-term benefits:

- Lower cost for remedial and special education, and grade repetition
- More school completion and skills
- Better job preparedness and ability to meet future labor force demands
- Higher incomes and tax payments from those who complete school
- Lower criminal justice and prison costs
- Fewer welfare payments

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ROI on Caring Business Policies



In *Leveraging the New Human Capital* (2004) Sandra Burud and Marie Tumolo showcase a large number of studies showing that caring business policies have a very high return on investment (ROI).

- ❖ Chase Manhattan's investment in backup **childcare services** for employees yielded a 115 percent ROI, saving the company 6,900 workdays in just one year.
- ❖ Intermedics, Inc. decreased their turnover rate by 37% with **on-site childcare**, saving 15,000 work hours and \$2 million dollars.
- ❖ American Express experienced \$40 million in increased sales productivity when it introduced **telecommuting**; Aetna had a 30% percent increase in claims processed after employees began working from home.
- ❖ Companies on *Working Mothers'* list of 100 Best Companies for Working Mothers (which have **child care benefits, flexible scheduling, telecommuting, and other caring policies**), had high customer satisfaction ratings — and this translated into a 3-11 percent market value increase, or \$22,000 per employee.
- ❖ **Job turnover can cost** employers as much as **40 percent of annual profits**.
- ❖ Virginia Mason Medical Center in Seattle reported **0% turnover** among employees using its on-site child care center, compared to about 23% turnover among other workers.
- ❖ Johnson & Johnson found that absenteeism among employees who used **flexible work options and family leave policies** was an average of 50% less than for the workforce as a whole.

ROI on Caring for All Citizens

At the beginning of the 20th century, the Nordic nations (Sweden, Norway, and Finland) were so poor that people fled famines in droves. (American states like Minnesota and Wisconsin were settled by many of these economic refugees.)



- ❖ Today, these same nations are regularly in the highest ranks of both the World Economic Forum's **Global Competitiveness** Reports, and the UN Human Development Reports.
- ❖ How did these countries create such dramatic economic success? They **invested in caring for their people**, through policies like government-supported childcare, universal healthcare, stipends to help families care for children, elder care with dignity, and generous paid parental leave for mothers and fathers.

Conversation Starters:

1. When you take in the data presented here, what stands out to you? What surprises you?
2. The MIT report *Early Childhood Education for All: A Wise Investment* suggests that the American public has experienced a "blind spot" that has "blocked us from seeing the field of early childhood education in economic terms, or thinking about creative ways to finance, strengthen and enhance its growth." How has this blind spot affected your own thinking about the value of early childhood education? How does Dr. Eisler's concept of domination and partnership systems help to explain this blind spot?
3. What caring business policies are already in place in your workplace? What caring policies would you like to see added? How might you best make the case for the policy shifts you'd like to see?