

Montana's Economic Recovery Depends on Child Care

March 17, 2021



Montana's economic recovery depends on the availability of child care for working parents.

Business leaders understand the importance of child care to ensure a reliable and productive workforce. Business leaders also understand that investments in child care help support the school readiness of children, which increases the likelihood that children will perform or exceed grade level expectations leading to higher high school graduation rates that in the long-term translates to a well-educated workforce that supports a strong economy.¹

Investing in high-quality child care has a two generation impact:

- it is a key work support for parents, and
- a setting that promotes the safety and healthy development of young children.

Business leaders know that high-quality child care is the best foundation for human capital – an investment that has both immediate and long-term benefits to children, parents, employers and communities.

Pre-COVID Montana Children in Working Families

- 44,164 children under age 6 had working parents.
- 59,430 school-age children (ages 6-12) had working parents

Source: U.S. Census Bureau, 2019 American Community Survey, 1 Year Estimates.

Early Brain Development in Young Children

The research on brain development all points to the importance of a child's earliest years.

In the first few years of life, more than 1 million new neural connections form every second.²

This is the period during which the brain is developing the fastest – setting the foundation for all future social, emotional, cognitive, and physical development.³

Both genes and early experiences impact the developing brain, which is why access to high-quality child care can make a life-long difference for a child.⁴



Child Care as an Economic Driver

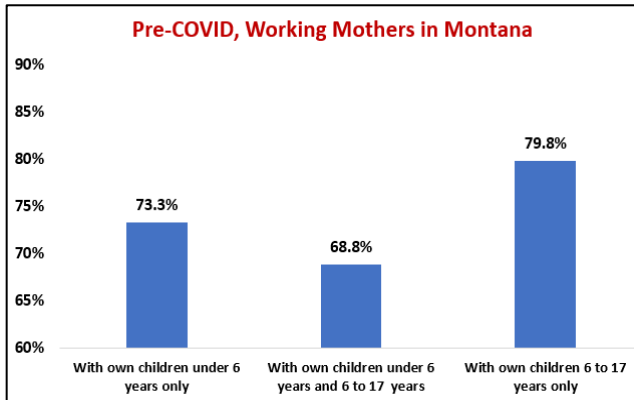
Child care as an industry can be an economic driver. For example, in Montana, industry revenue combined with spillover effects (additional spending in the community) has a \$215 million annual impact on the economy.⁵

The child care industry employs nearly 4,800 individuals supporting an additional 1,180 jobs in other industry sectors across Montana.⁶

High-Quality Child Care: Return on Investment

Recent research from Nobel Laureate economist James Heckman found that high quality early childhood education programs for low-income children can yield a 13% annual return on investment (ROI) through better outcomes in education, health, social behaviors, and employment, reducing taxpayer costs down the road and better preparing America's future workforce for the global economy.⁷

Employers Know Child Care is a Necessity



Source: U.S. Census Bureau, 2019 American Community Survey, 1 Year Estimates

For parents with children, both under age 6 and school-age children (e.g., ages six to twelve), access to child care is the pathway back to work as Montana seeks to gain pre-COVID employment levels.

COVID-19 has not only taken a toll on the health of Montana residents but also on the income of households.

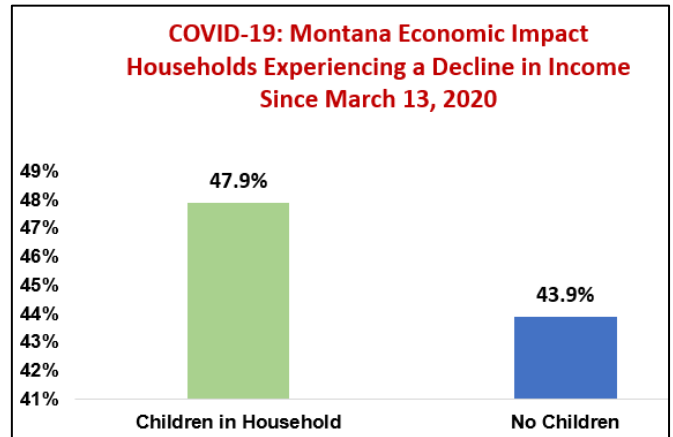
While the unemployment rate is lower in Montana at 4% in January compared to the national average, it's still much higher than it was a year ago when unemployment was 3.7%.⁸

Beyond the number of individuals who are unemployed in Montana, many are employed but have experienced a decline in income.

The U.S. Census Bureau Household Pulse Survey, which is designed to measure income, access to food and housing, as well as other key variables of well-being, has released weekly survey data by state since April.

The percentage of households in Montana that have experienced a decline in income since mid-March 2020 is staggering. And, the percentage of families with children who have experienced a decline in income is much greater than the percentage of households without children who have experienced a decline in income.

Real-time Census Data Shows Decline in Income



Source: U.S. Census Bureau, Week 25, Household Pulse Survey, February 17 - March 1, 2021

Employers know that parents need child care to get back to work and to earn income to support their families.

Child Care is a Workforce Investment

Families and employers depend on quality child care:

- to support parents returning to work, and
- to lay the foundation for tomorrow's workforce.

¹ Committee for Economic Development. ["Unfinished Business: Continued Investment in Child Care and Early Education is Critical to Business and America's Future."](#) (2012)

² Harvard University, Center on the Developing Child, <https://developingchild.harvard.edu/science/key-concepts/brain-architecture/>

³ Ibid.

⁴ Ibid.

⁵ Committee for Economic Development, Child Care in State Economies: 2019 Update. <https://www.ced.org/childcareimpact>

⁶ Ibid.

⁷ Dr. James Heckman, University of Chicago, the Lifecycle Benefits of an Influential Early Childhood Program, 2016.

⁸ Montana Department of Labor and Industry, January 2021 unemployment rate. <https://lmi.mt.gov/>