

Early Childhood Investment: Good Economic Development for Maine

Presentation of the
Maine Development Foundation

V I S I O N

A high quality of life for all Maine citizens.

Achieving this vision requires a vibrant and sustainable economy supported by vital communities and a healthy environment.



2009 Performance Measures of the Maine Economic Growth Council

ECONOMY

Prosperity

- ⊖ 1. Per Capita Personal Income
- ⊖ 2. Gross Domestic Product
- ⊖ 3. Employment
- ⊖ 4. Multiple Job Holding

Business Innovation

- ⊕★ 5. Research and Development Expenditures
- ⊖ 6. International Exports
- ⊖ 7. High Speed Internet Subscribers
- ⊕ 8. New Business Starts
- ⊖ 9. Manufacturing Productivity

Skilled and Educated Workers

- ⊖ 10. Higher Degree Attainment

Business Climate

- ⊕ 11. Cost of Doing Business
- ⊖ 12. Cost of Health Care
- ⊖ 13. Cost of Energy
- ⊖ 14. State and Local Tax Burden
- ⊕ 15. Transportation Infrastructure
- ⊕★ 16. On-the-job Injuries and Illnesses (Reported)

COMMUNITY

Civic Assets

- ⊖ 17. Affordable Housing

Disparities

- ⊕ 18. Poverty
- ⊖ 19. Gender Income Disparity

Health and Safety

- ⊕★ 20. Chronic Disease
- ⊖★ 21. Health Insurance Coverage

ENVIRONMENT

Preservation

- ⊕ 22. Conservation Lands

Stewardship

- ⊕ 23. Sustainable Forest Lands

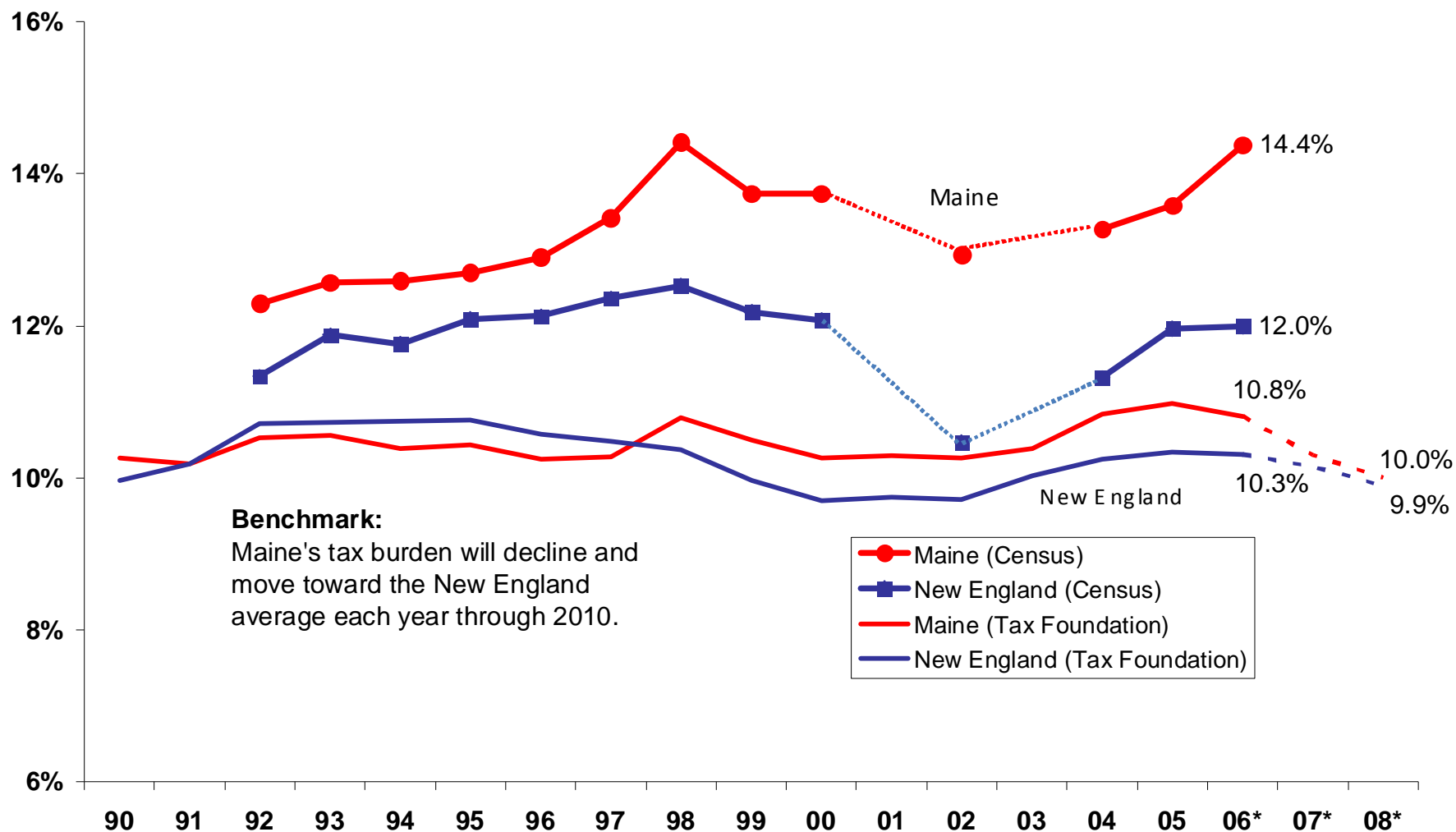
Access

- ⊖ 24. Population of Service Center Communities

Four Key Indicators

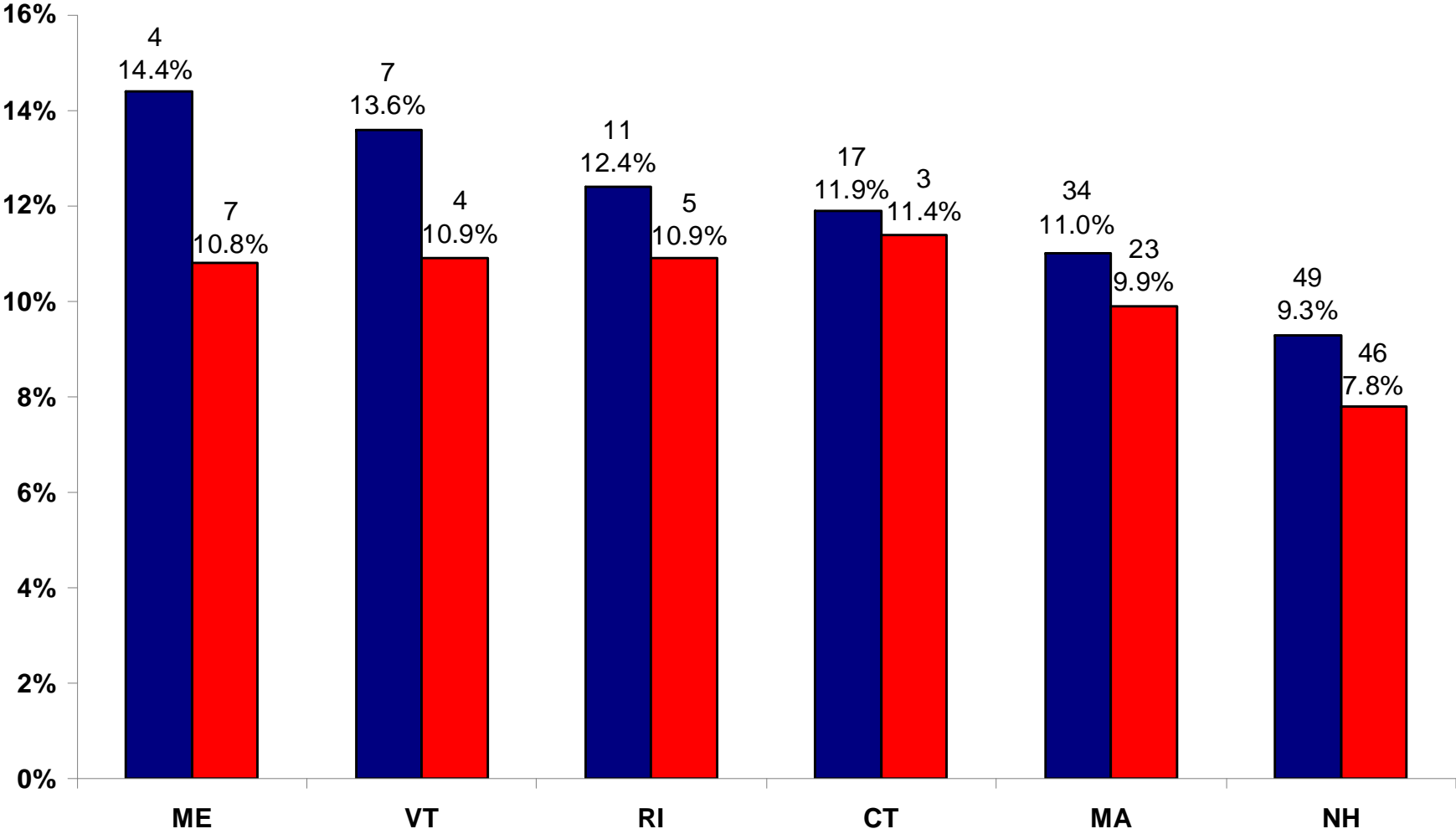
- State and Local Tax Burden
- Educational Attainment
- Poverty
- Personal Income

State and Local Taxes as a Percent of Income New England and Maine 1990-2008

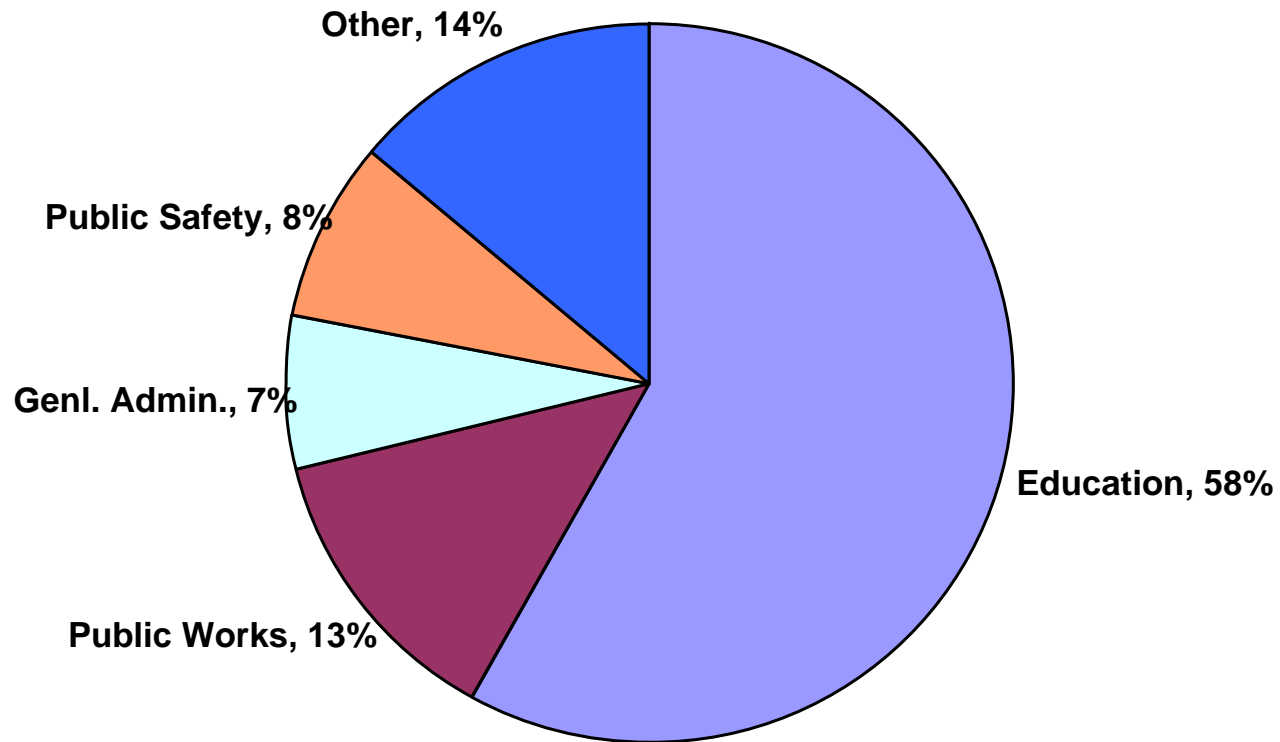


State & Local Tax Burden and National Ranking 2006

■ US Census ■ Tax Foundation

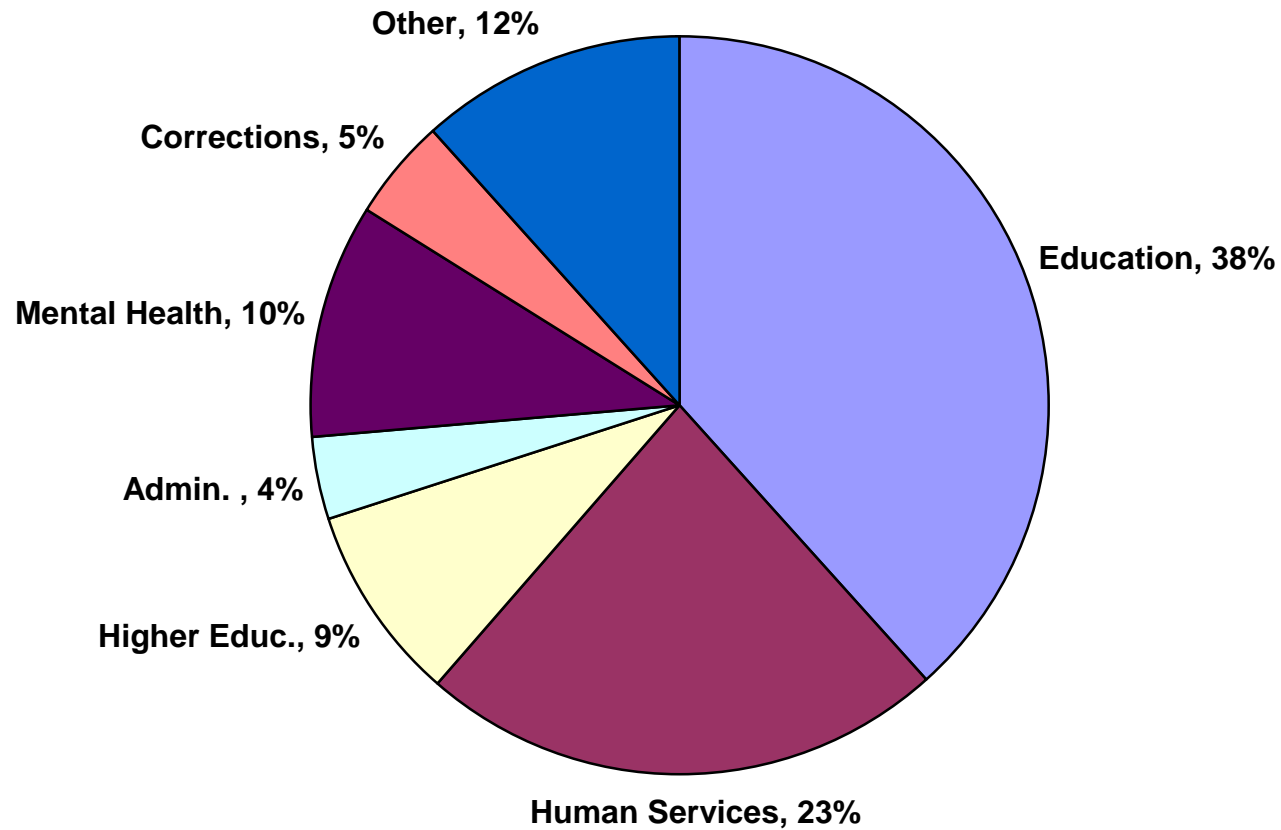


Maine Municipal Expenditures (2007 Survey Estimates)



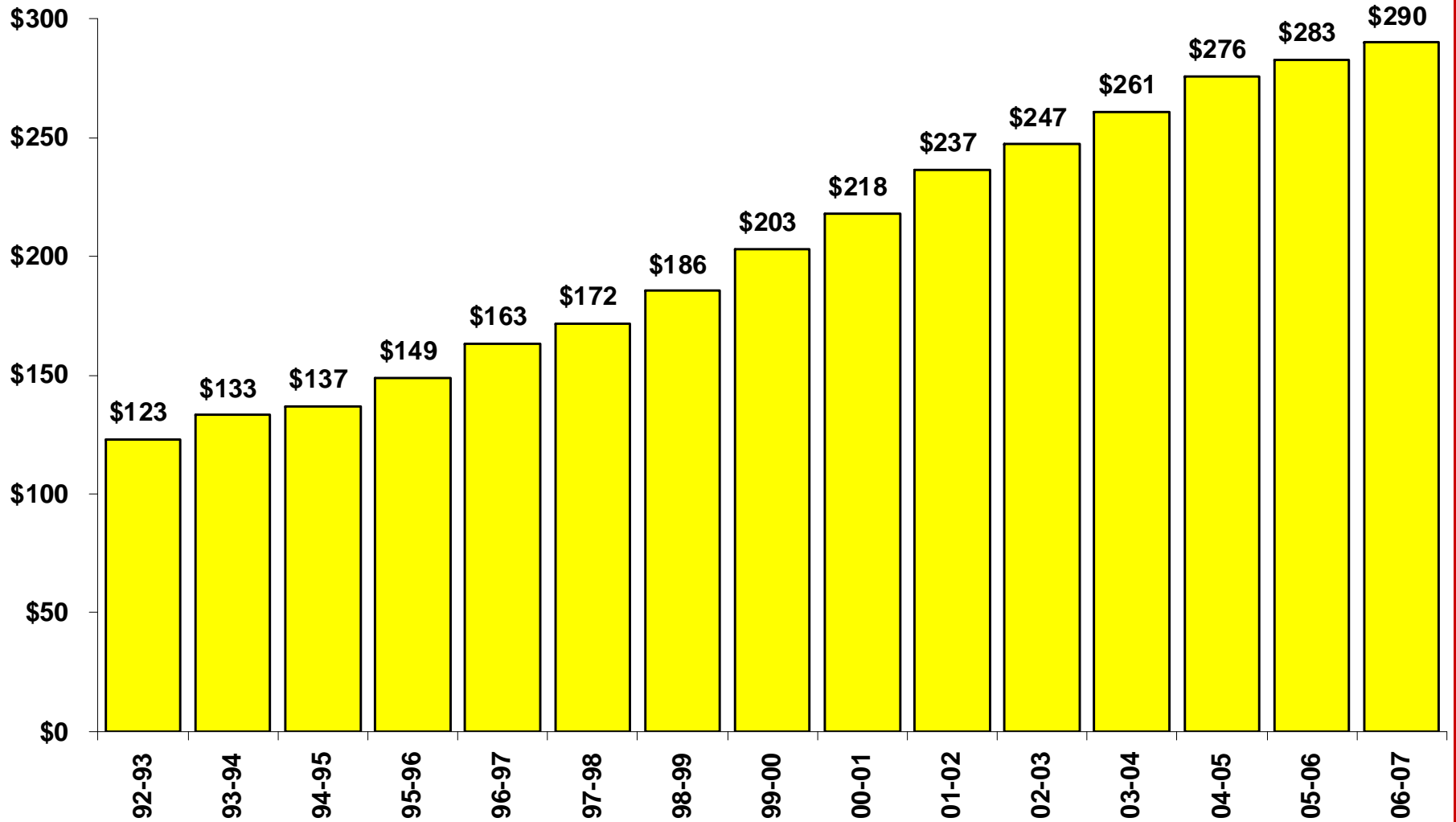
Source data: Me. Municipal Association

Maine State Expenditures (2007 General Fund)

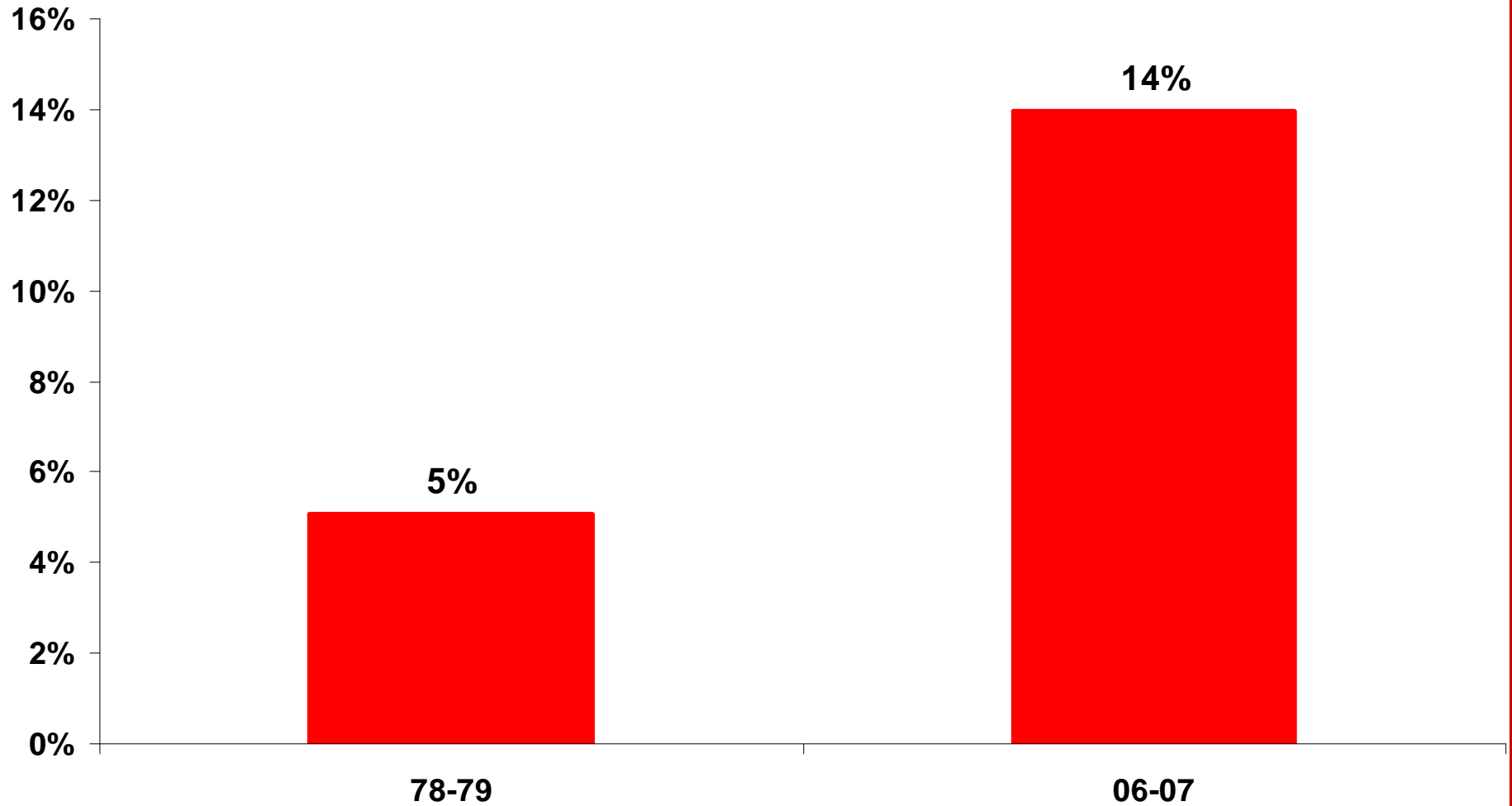


Source data: STATE of MAINE Compendium of State Fiscal Information, 2007

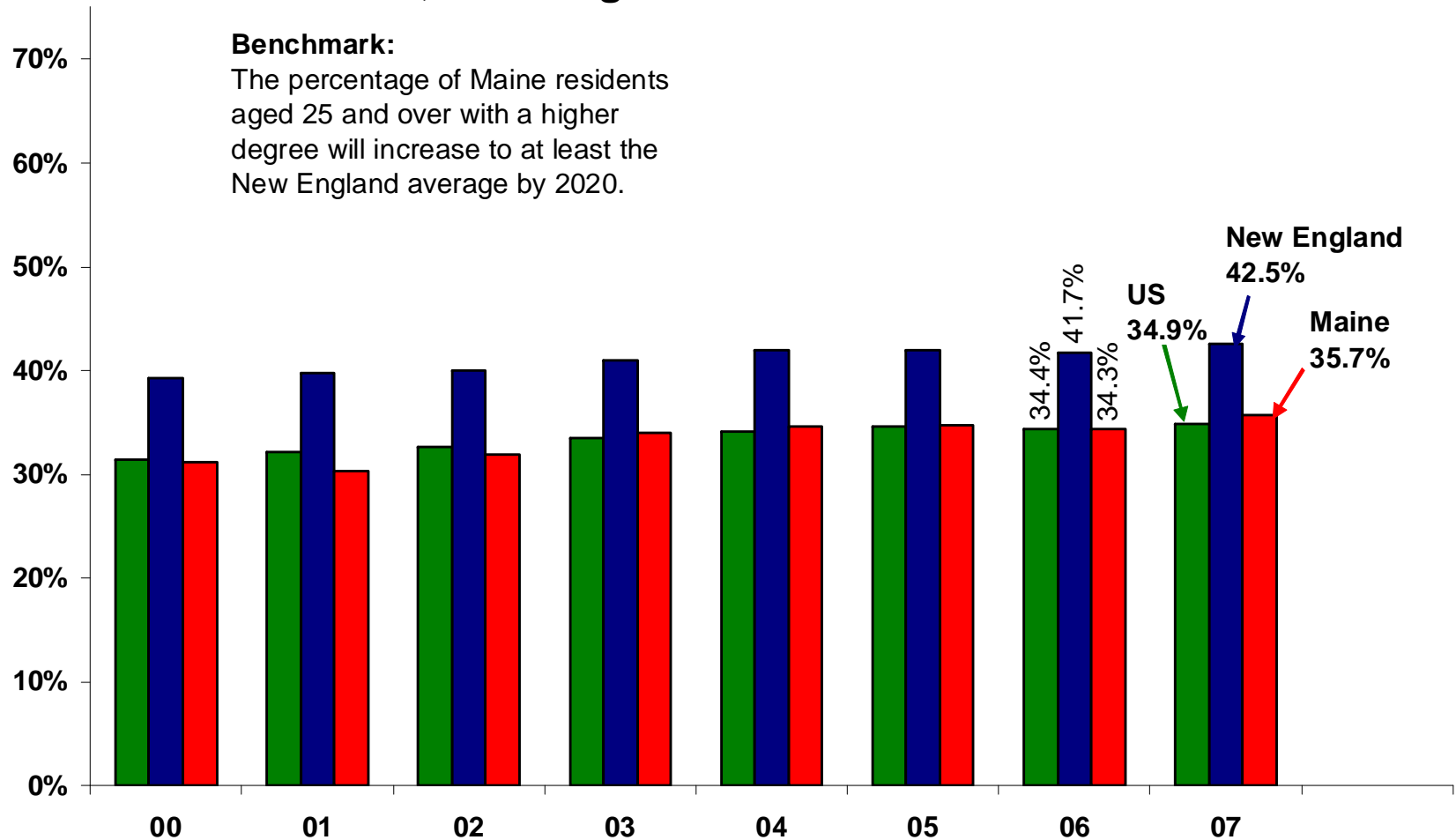
Statewide Special Education Expenditures (in millions of \$)



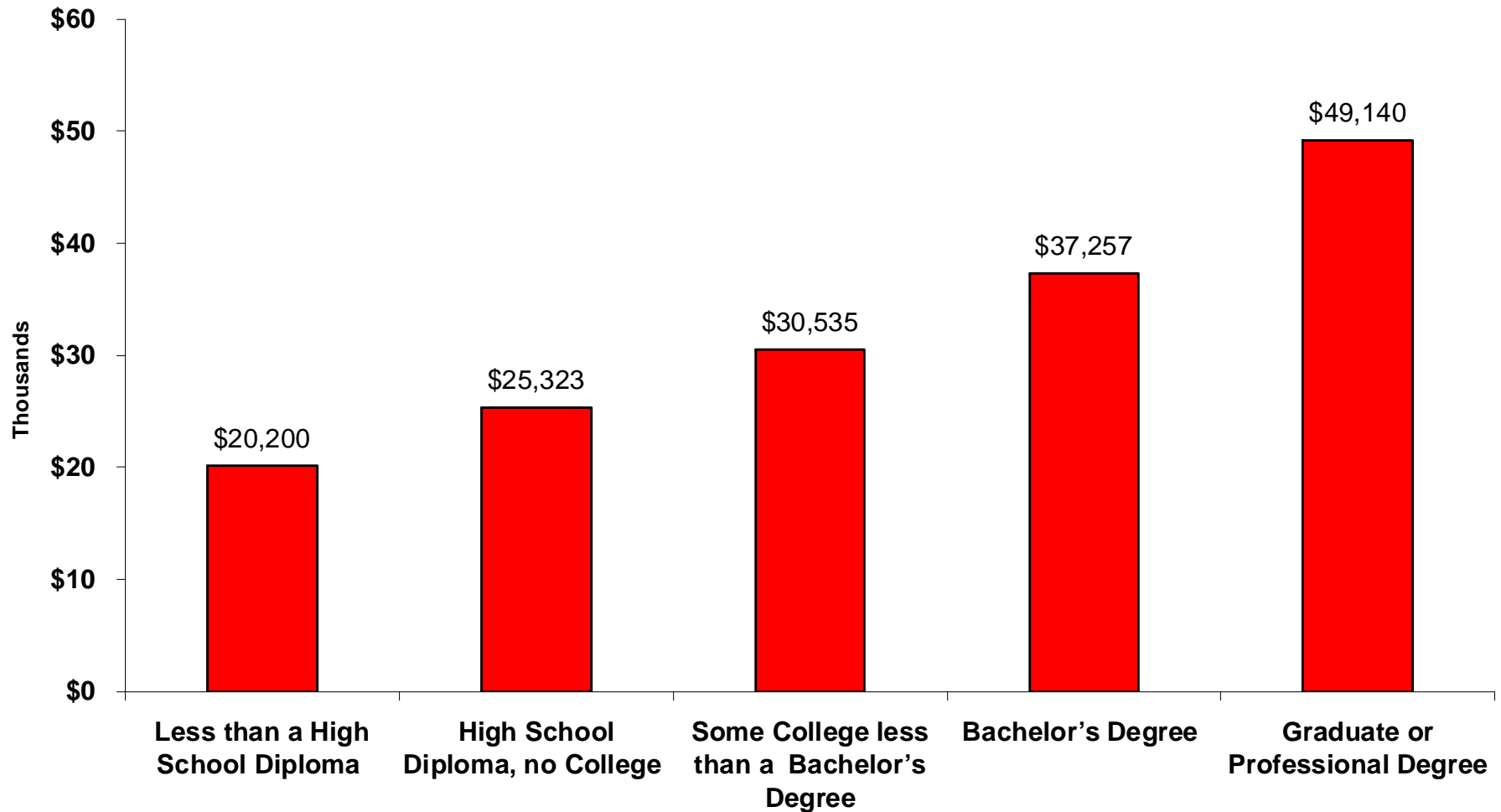
K-12 Special Ed Expenditures as % of Total K-12 Expenditures



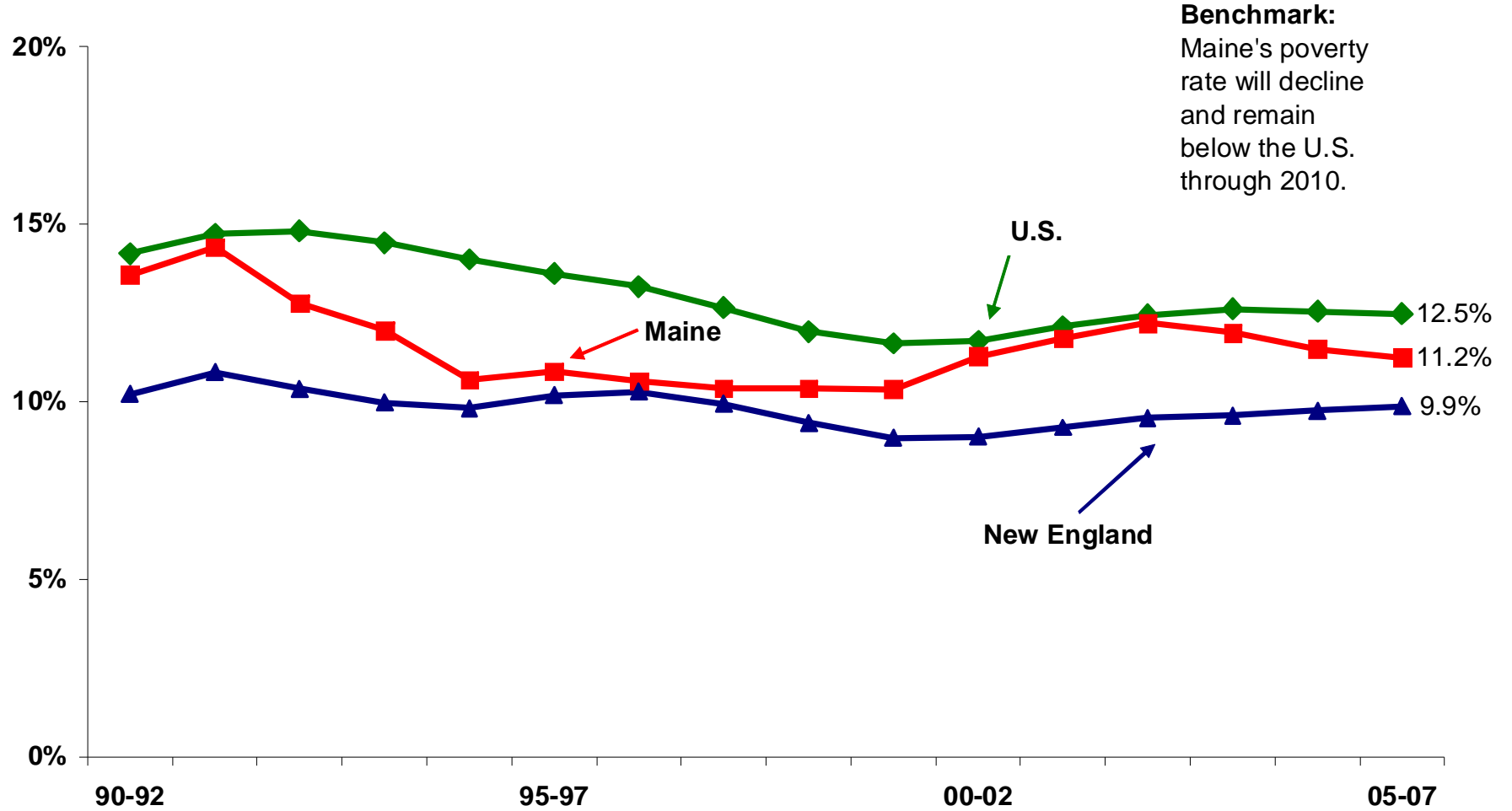
Higher Degree Attainment Among Residents Aged 25 and Over U.S., New England and Maine 2000-2007



2007 Maine Median Earnings for Population Age 25 and Over by Educational Attainment

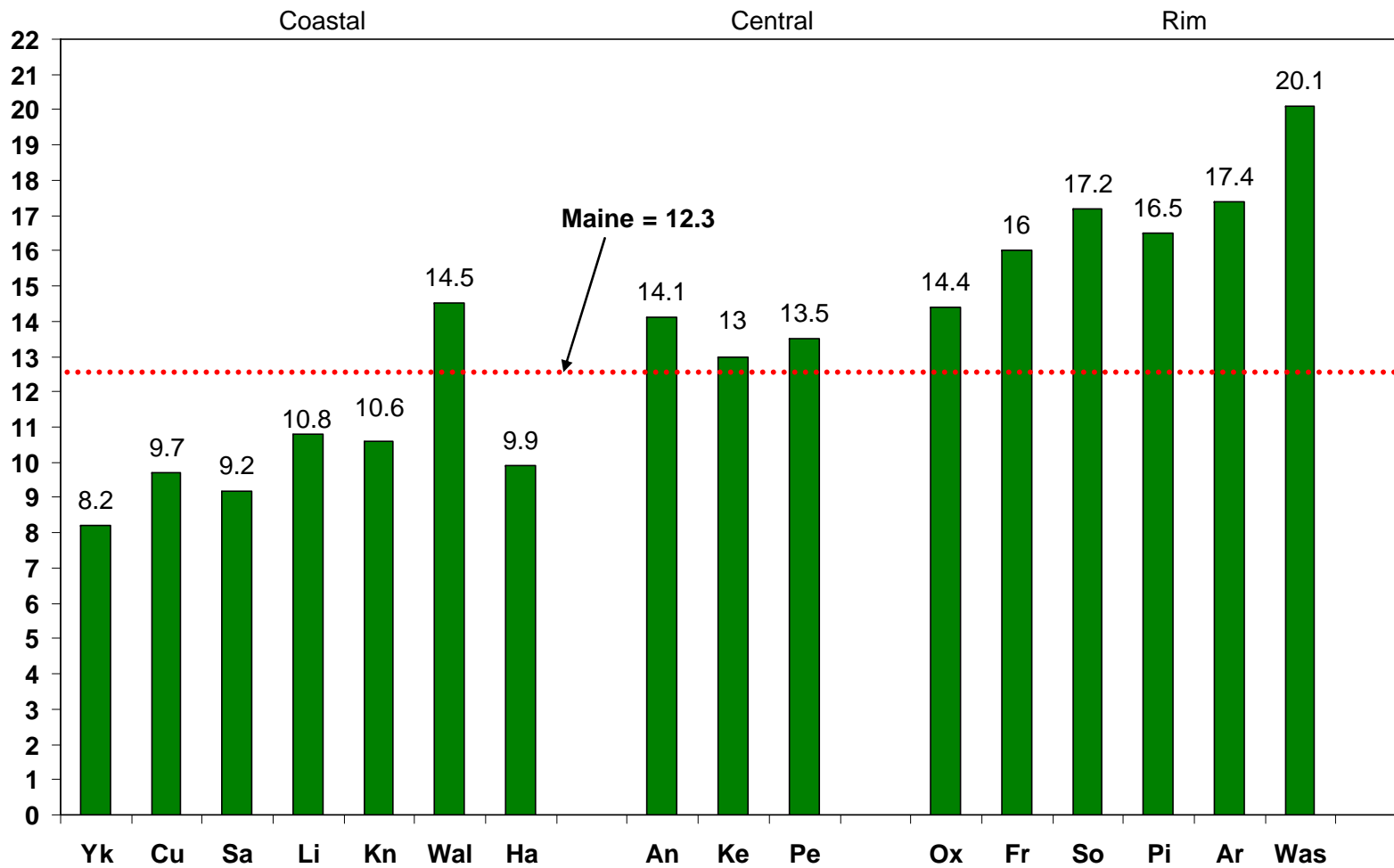


Annual Poverty Rates 1990-2007 3-Year Moving Average



Benchmark:
Maine's poverty rate will decline and remain below the U.S. through 2010.

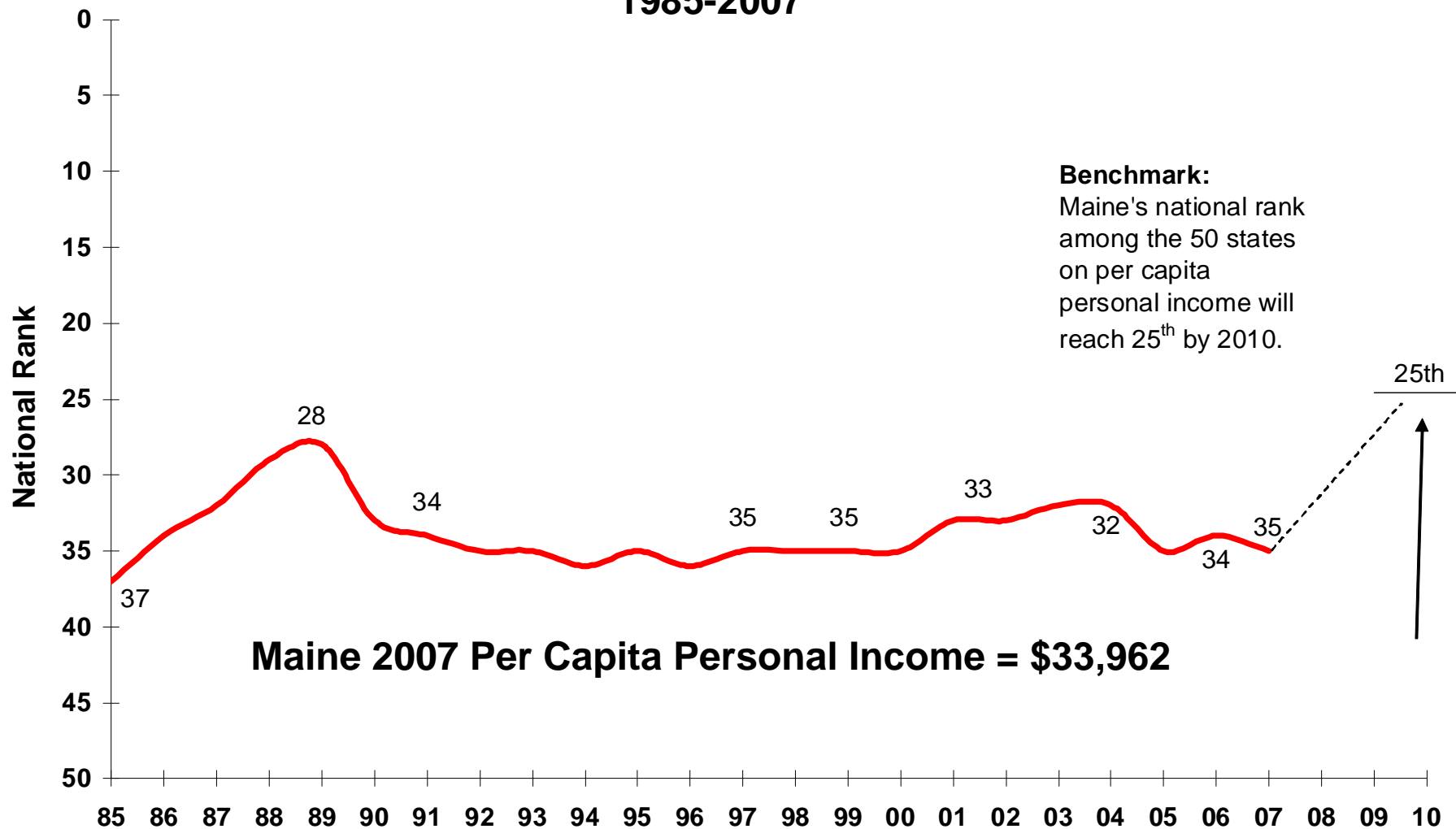
2007 Annual Poverty Rate in Maine by County



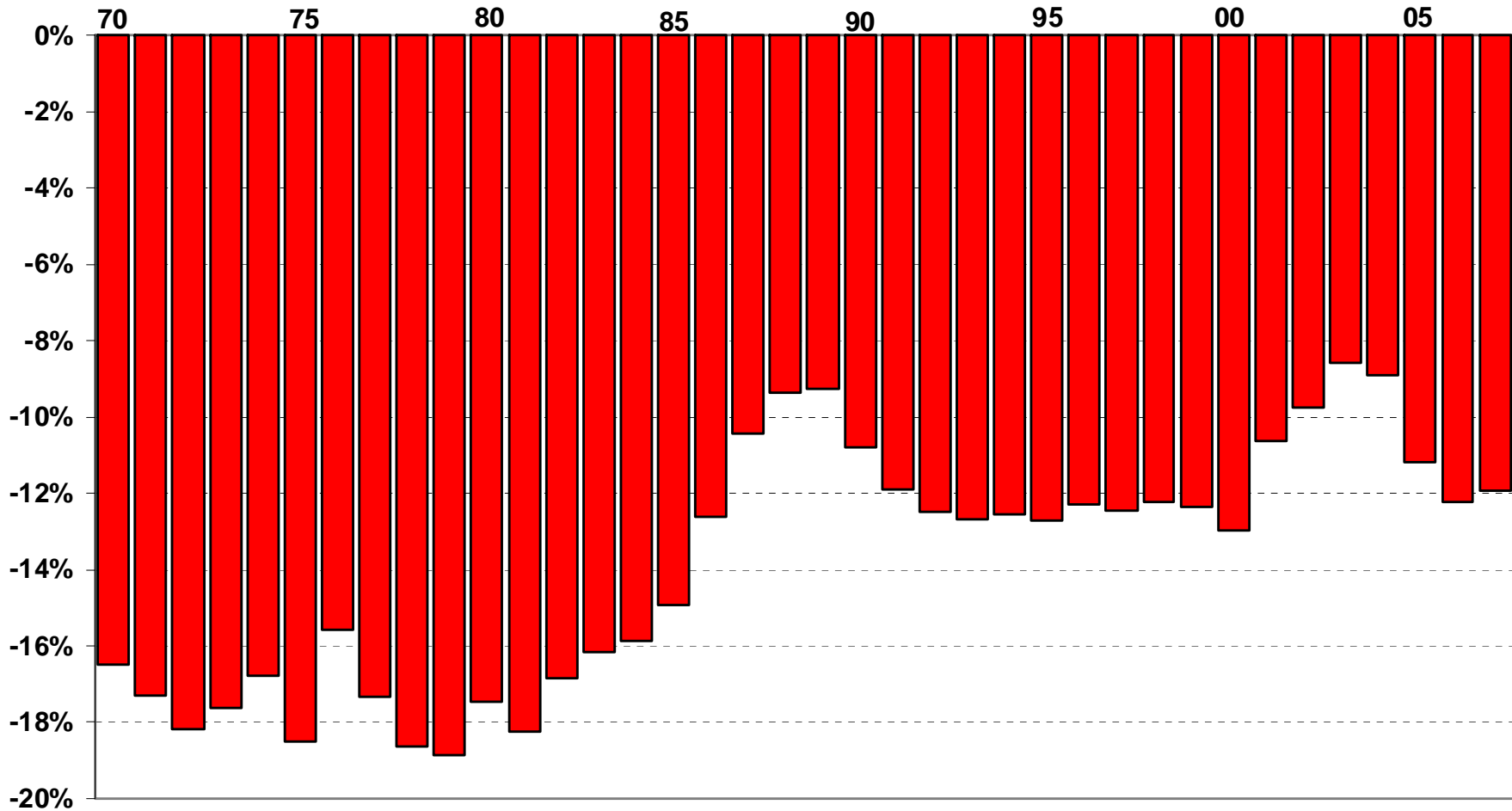
Poverty Rate Children Under Age 5		
	Maine	U.S.
2000	17.5%	18.7%
2001	16.2%	18.6%
2002	18.2%	19.0%
2003	18.8%	20.3%
2004	18.4%	20.5%
2005	20.0%	21.3%
2006	21.4%	21.0%
2007	19.4%	20.8%

Poverty Rate Children Under Age 18		
	Maine	U.S.
2000	12.9%	16.2%
2001	12.8%	16.3%
2002	14.2%	16.7%
2003	14.3%	17.6%
2004	14.3%	17.8%
2005	16.7%	18.5%
2006	16.9%	18.3%
2007	15.7%	18.0%

National Rank on Per Capita Personal Income 1985-2007



Per Capita Personal Income Gap 1970- 2007 (% Points Maine Income Lags U.S.)



Childhood Investment Strategy

Studies show investments made in the development of children ages 0 to 5 have positive returns for the individual and society throughout life.

- Case Study 1 – Michigan
- Case Study 2 – North Carolina

Perry Preschool Project

Ypsilanti, Michigan 1962

This study looked at 123 at-risk children. Half were entered into preschool program 2 ½ hours a day and the other half were not. Multiple assessments were made on group up until the age of 40. Generally, the group in preschool experienced better outcomes than the control group:

- **Better academic performance and educational attainment over time**
- **Higher earnings, greater home ownership, more likely employed and self sufficient**
- **For every \$1 invested \$8 returned (majority to society)**

Carolina Abecedarian Project

North Carolina 1972 – 1976

This study looked at 111 at-risk children. Half the children were entered into high-quality preschool and the other half were not. Multiple assessments were made on the group up until the age of 21. Again, those in preschool generally performed better with higher wages, higher educational attainment and greater self sufficiency:

- **For every \$1 invested \$3 was returned (majority to society)**

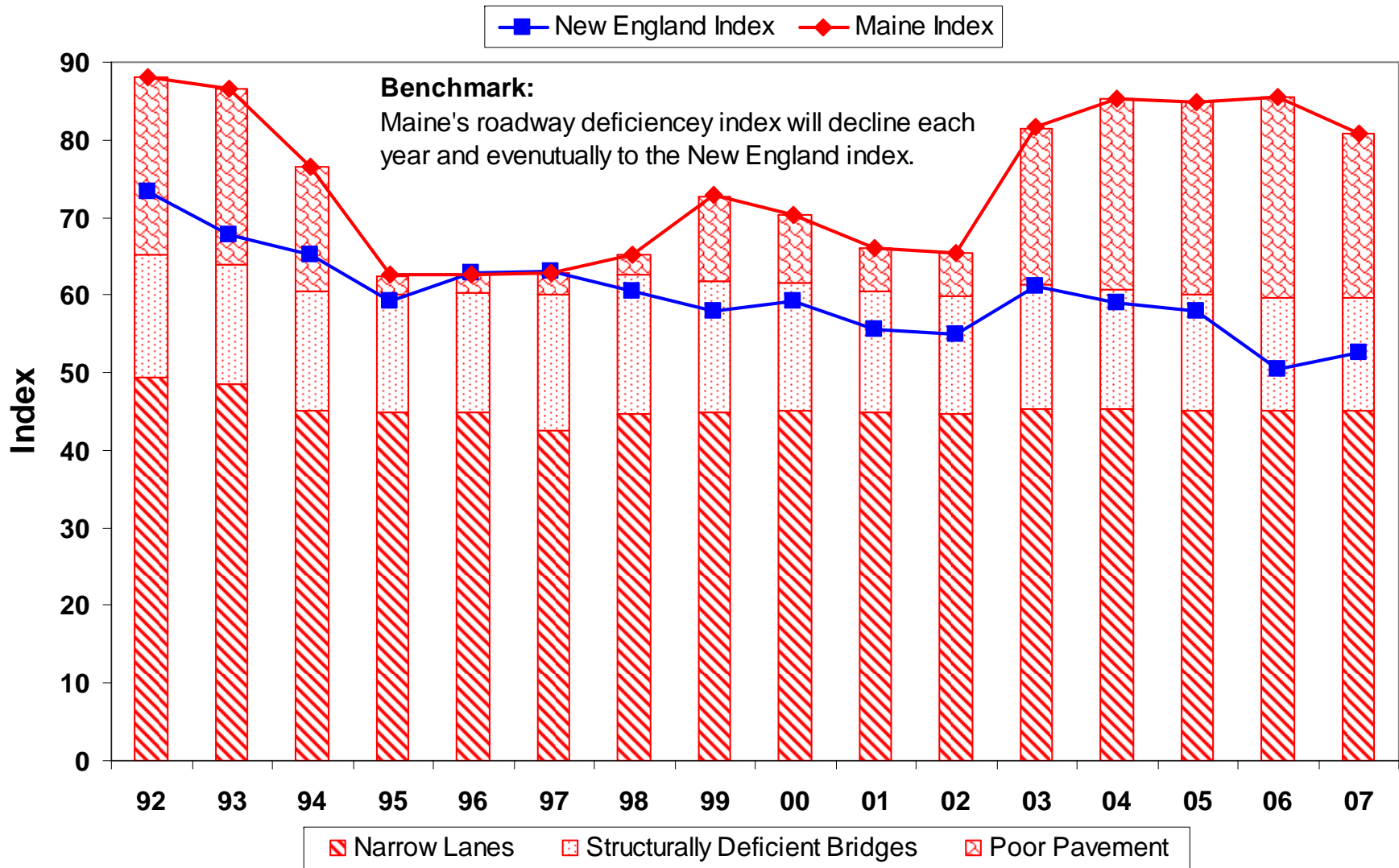
Moving The Four Indicators

- Investment up front is less expensive and avoids expensive midcourse changes during K-12
 - **State and local tax burden** ↓
- Investment up front leads to higher degree attainment
 - **Higher degree attainment** ↑
- Higher degree attainment brings higher incomes
 - **Per Capita Personal Income** ↑
- Increasing incomes reduces poverty rates
 - **Poverty Rate** ↓

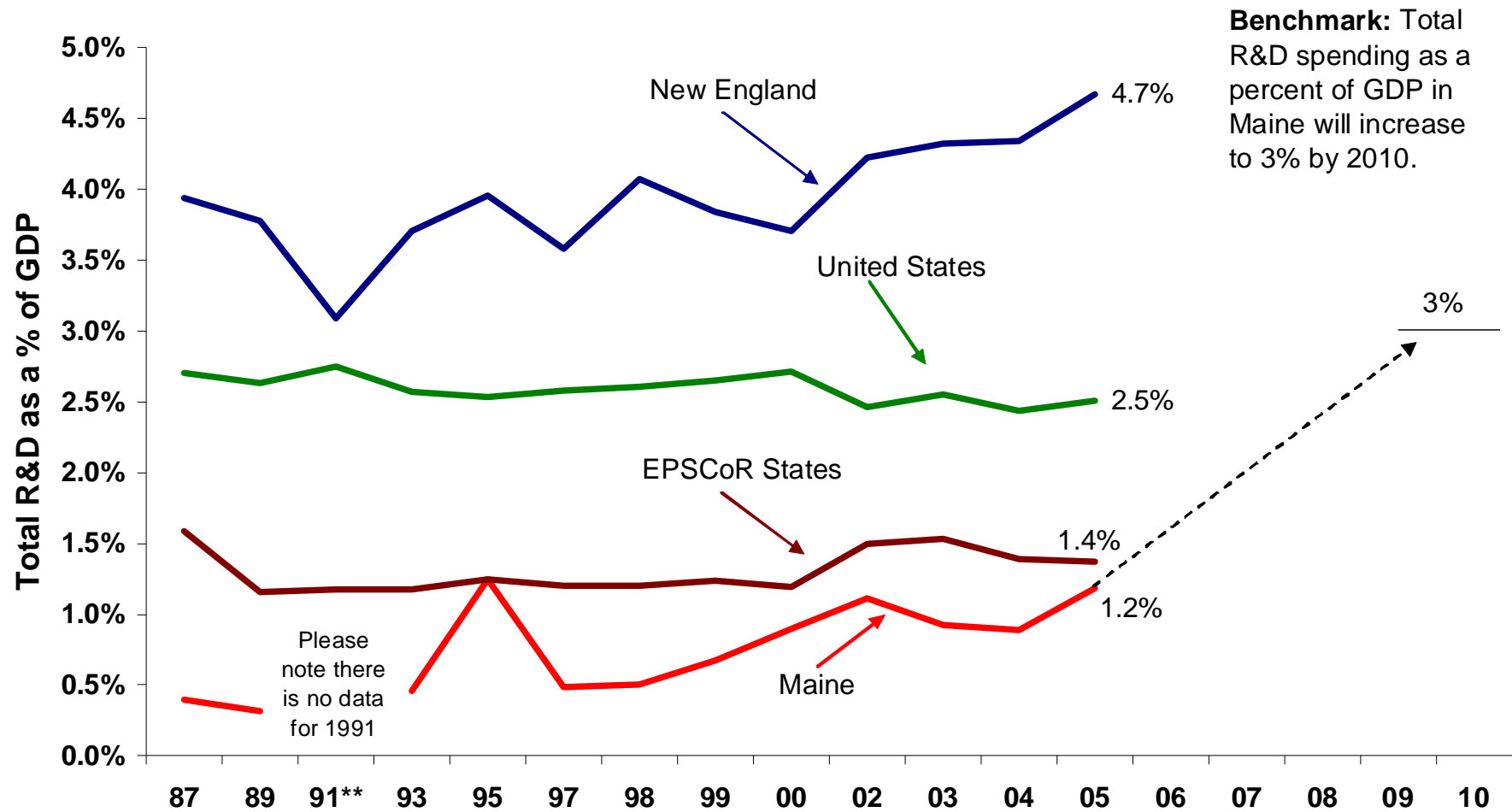
Ripple Effects

- Reducing tax expenditures, increasing higher education attainment, raising income and lowering poverty can positively affect other areas of the economy as well:
 - **Infrastructure Investment**
 - **Research and Development**

Roadway Deficiency Index 1992-2007



Total R&D Spending as a Percent of Gross Domestic Product 1987-2005*



Benchmark: Total R&D spending as a percent of GDP in Maine will increase to 3% by 2010.

Government Cannot Do This Alone

Business and Philanthropy have a stake:

- Why Business?
 - **Future of the workforce and infrastructure**
- Why Philanthropy?
 - **More efficient and effective investment point to fulfill their social and economic mission**

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