THE CENTER FOR STATE AND LOCAL FINANCE

POLICY BRIEF

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The Economic Impact of Head Start in Georgia

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Introduction

Head Start is a federally funded early education program that provides school readiness and child care services for 25,000 children, birth to age 5, from low-income families in Georgia. The grants amount to more than $200 million per year,[1] supporting nearly $415 million in total economic activity. This funding helps bolster local economies in the most impoverished areas of the state, while supporting a significant amount of the local early education access. In rural Georgia, for example, Head Start programs represent a large share — even a majority in some counties — of early education providers for 4-year-olds.

Head Start and the Economics of Early Education

For more than 50 years, the Head Start (HS) program has produced short- and long-term economic impacts in the state of Georgia. The program's mission is to improve educational outcomes for children and to break the intergenerational cycle of poverty, representing the potential for significant long-term economic impacts. In addition to the children and families directly assisted by HS, these federal funds also support local economies through center employees' wages and their purchases of goods and services.

HS launched in 1965 as part of President Lyndon Johnson's "unconditional war on poverty," and it has served more than 30 million children since inception, including approximately 1 million Georgians.[2] Grantees are licensed early education providers who receive funding for classrooms serving children from low-income families. Since 1965,

[1] Office of the Administration for Children and Families Early Childhood Learning and Knowledge (ECKLC). Head Start Fact Sheets. See eclkc.ohs.acf.hhs.gov/hslc/data/factsheets/2015-hs-program-factsheet.html

[2] No specific enrollment history data for Georgia were found for the early years after implementation, but based on the historical shares of HS children in Georgia compared to the United States as a whole, it is almost certain that 1 million children in Georgia have been supported by Head Start since 1965. See eclkc.ohs.acf.hhs.gov

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the program has expanded to support infants and toddlers (Early Head Start), pregnant women, and migrant and seasonal workers. Preschool education remains by far the largest funded activity within HS nationally and in Georgia.

The logic of breaking the cycle of intergenerational poverty through early education begins with the reality that children from low-income families tend to arrive at kindergarten already behind in academic achievement, and this performance gap usually widens over time. Early education advocates suggest that early intervention provides the best opportunity for public investment to keep children from starting behind and falling even further behind over time. If effective, the long-term economic impacts from HS take the form of improved learning outcomes and higher lifetime earnings.[3] While these long-term results could be the most significant economic impact of these dollars, they are extremely difficult to qualify because they are realized years after the funding occurs.

This brief focuses on more easily observed short-term impacts, including the increased access to early education in rural Georgia and the overall economic effect that Head Start funding has in these communities. Perhaps more importantly, this brief identifies the type of communities where the short-term economic impact of HS funding is concentrated. The brief does not attempt to calculate long-term impacts of the program nor does it try to quantify the total economic impact of the entire early education industry.

Access to Early Education for Low-Income and Rural Georgia

The HS program provides early education access and targeted support to children from low-income families. Consequently, HS locations are concentrated in areas with lower median household incomes, particularly in rural parts of Georgia. Many rural, low-income communities rely on HS dollars for both early education access and economic activity.

Map 1 shows 2015 median household incomes in Georgia by U.S. census tract. Darker colors indicate lower incomes, and the red dots represent a HS location. With a few exceptions, communities with lower median incomes have at least one, if not a cluster of HS locations.

In metro Atlanta, the most dramatic cluster of HS locations is in the southern portion of the city, including southern Fulton County, southern DeKalb County, and northern Clayton County. The HS locations in this area correspond to tracts with lower levels of median household income. Southwest Gwinnett and the city of Marietta are some of the other areas in Atlanta with lower household incomes and HS concentrations. The map suggests that in metro Atlanta, HS is achieving its stated goal of providing help to children, birth to age 5, in low-income families.

Other urban areas of the state, such as Columbus, Savannah, Augusta and Valdosta, follow a similar pattern: HS locations are clustered in tracts with lower median household incomes. The rural parts of Georgia — the middle of the state, southwest along the borders of Alabama and Florida, the extreme northern areas along the borders with North Carolina and Tennessee, and some areas to the east close to the border with South Carolina — have large geographic swaths with lower household incomes. Although many of these areas are sparsely populated, communities in these regions usually have at least one HS location.

Map 2 shows the share of early education centers that receive HS grants for each Georgia county.[4] This map indicates that in many rural, low-income counties, more than half of centers serving 3- and 4-year-olds receive HS funding. At least 25 percent of centers in Middle and Southwest Georgia counties are supported by HS.

[3] Karoly, L. A. (2016). The Economic Returns to Early Childhood Education. The Future of Children, 26(2), 37-55. The Economics of Early Childhood Investments. President's Council of Economic Advisors. January 2015. Both summarize the extensive literature.

[4] The share is calculated for each county as the number of HS-supported locations divided by the total number of locations that provide access to early education for 3- and 4-year-olds.

Together, Maps 1 and 2 show that HS locations are concentrated in low-income areas and that in rural areas the program supports a large share of, even a majority of, access to early childhood education.

Economic Impact

In addition to subsidizing the early education of children from low-income families, HS dollars support local economies. This funding provides valuable revenues used to operate centers. Centers use these funds to pay the wages of their employees and to purchase inputs and services, such as toys, playground equipment, books, cleaning services, insurance and food for children. When centers spend these funds and when employees spend their wages, they are supporting other businesses in their communities. This is sometimes referred to as the multiplier effect. IMPLAN, a widely used input-output county-level model of the U.S. economy, can be used to measure these effects. According to an IMPLAN analysis, the $208 million of HS funding in Georgia supports $415 million of total economic output.[5] Because HS centers tend to be located in areas with low median incomes, the program's economic impact is concentrated in these areas.

The Georgia Department of Education divides the state into 16 regional educational service agencies (RESAs) to improve the effectiveness of educational resources. Table 1 shows the combined Head Start and Early Head Start funding by RESA. Map 3 shows HS grant funding by RESA for 2015.

Approximately $58 million of the $208 million in HS funding in Georgia goes to HS locations within the Atlanta Metro RESA, representing 27 percent of the total and by far the largest amount for any region. According our analysis, that $58 million of direct economic impact supports $112 million in total output. Map 4 shows HS grant funding per child under 5 years old by RESA for 2015. Despite receiving the most grant funding, the Atlanta Metro RESA is in the lowest quartile of the regions in the state in terms of dollars per child under 5 years old. This seeming discrepancy is due to larger populations rather than higher concentrations of poverty (Table 1).

The highest amounts of per-child funding are in some of the more rural areas of the state. The four regions with more than $540 dollars per child under the age of 5 in 2015 were Oconee, Chattahoochee-Flint, Southwest Georgia and Heart of Georgia, all located in Central or Southwest Georgia. These areas of the state have among the lowest median household incomes and are sparsely populated (Map 1). Together, centers in these four RESAs received $47 million in direct HS funding, which supported $71 million in total economic output.

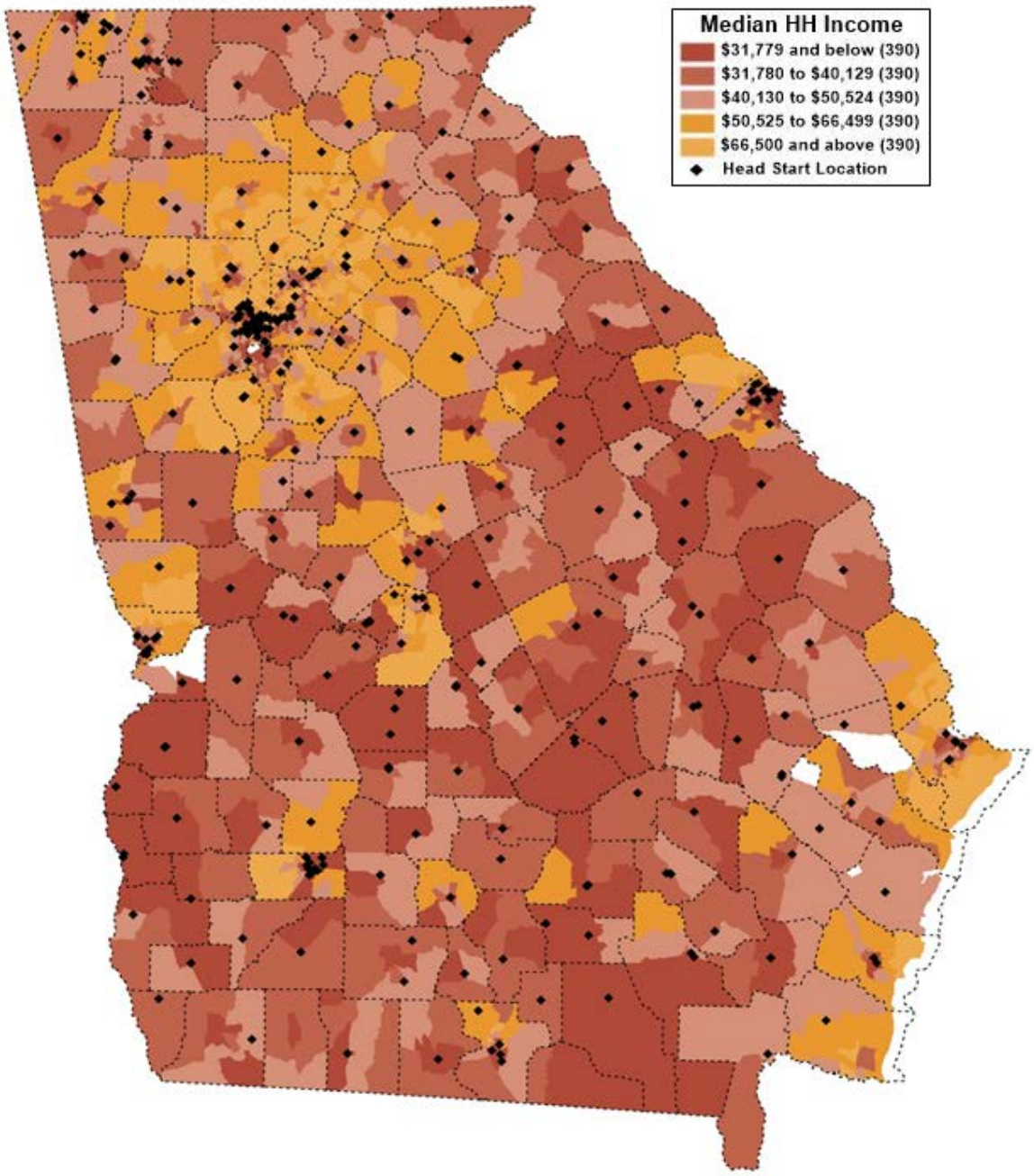
Although the economic output supported by Head Start represents just 1 percent of the total statewide output, the $415 million created is not inconsequential to areas directly supported by the program. Because HS-supported centers are located in low-income, frequently rural, areas, the economic impact of the dollars tends to be concentrated in those types of communities. Consequently, HS appears to play a critical role in the economies of rural Georgia communities while supporting families with incomes below the poverty level.

Conclusion

HS in Georgia provides important access to early education for children from low-income families, many of whom live in the rural areas of the state. In these areas, Head Start programs are highly concentrated, representing the majority of early education programs serving 3- and 4-year-olds. In addition, HS supports $415 million in total economic output in Georgia, primarily concentrated in low-income and rural areas of the state.

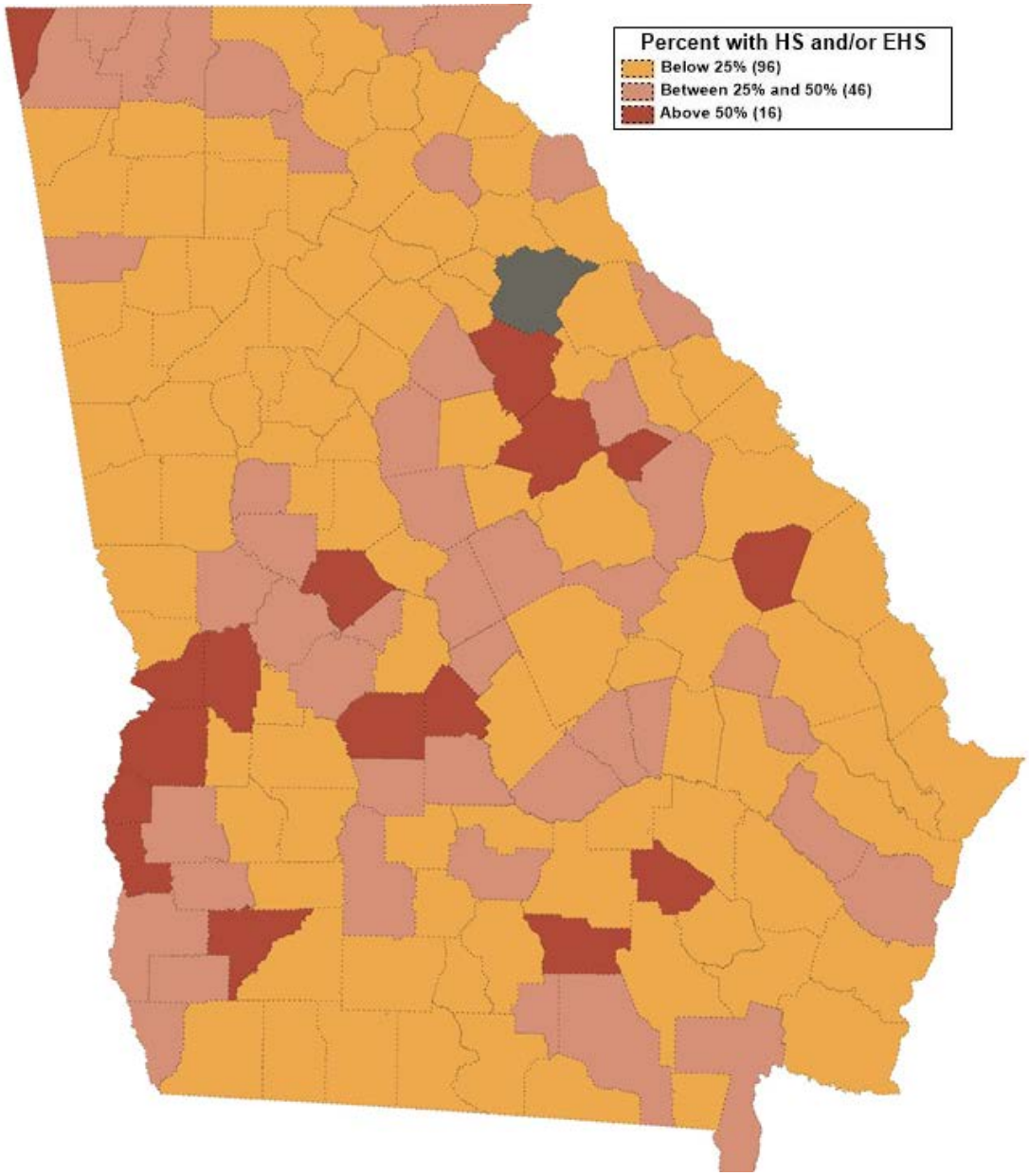
[5] See Appendix for background on the IMPLAN economic modeling software.

Map 1. Median Household Income by U.S. Census Tract with Head Start Locations, 2015



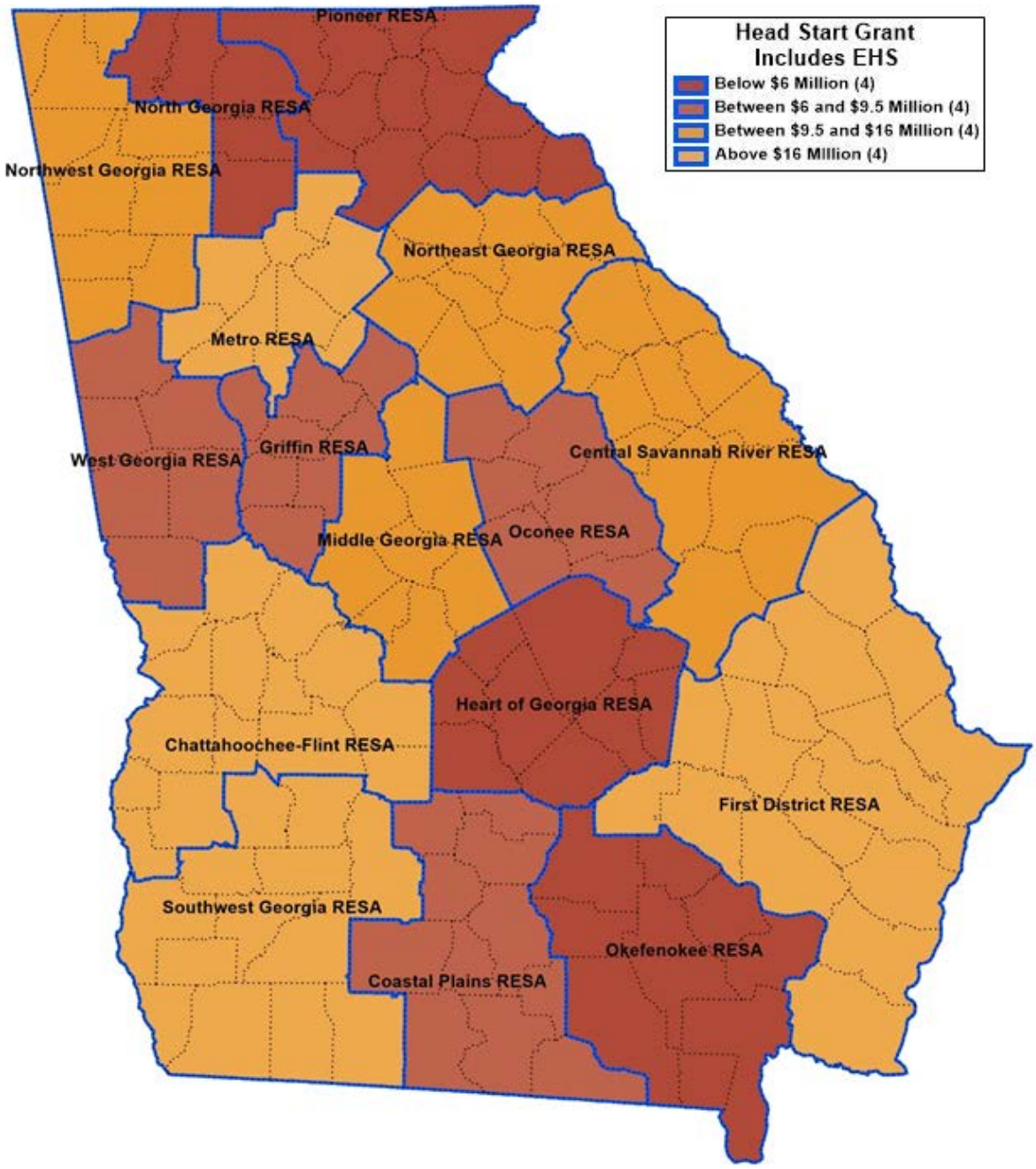
Source: Office of the Administration for Children and Families Early Childhood Learning and Knowledge and the American Community Survey 2015

Map 2. Percentage of 4-Year-Old Early Education Access Supported by Head Start by Georgia County, 2015



Source: Office of the Administration for Children and Families Early Childhood Learning and Knowledge and Georgia Department of Early Childcare and Learning

Map 3. Head Start Grant Funding by Regional Education Service Area, 2015

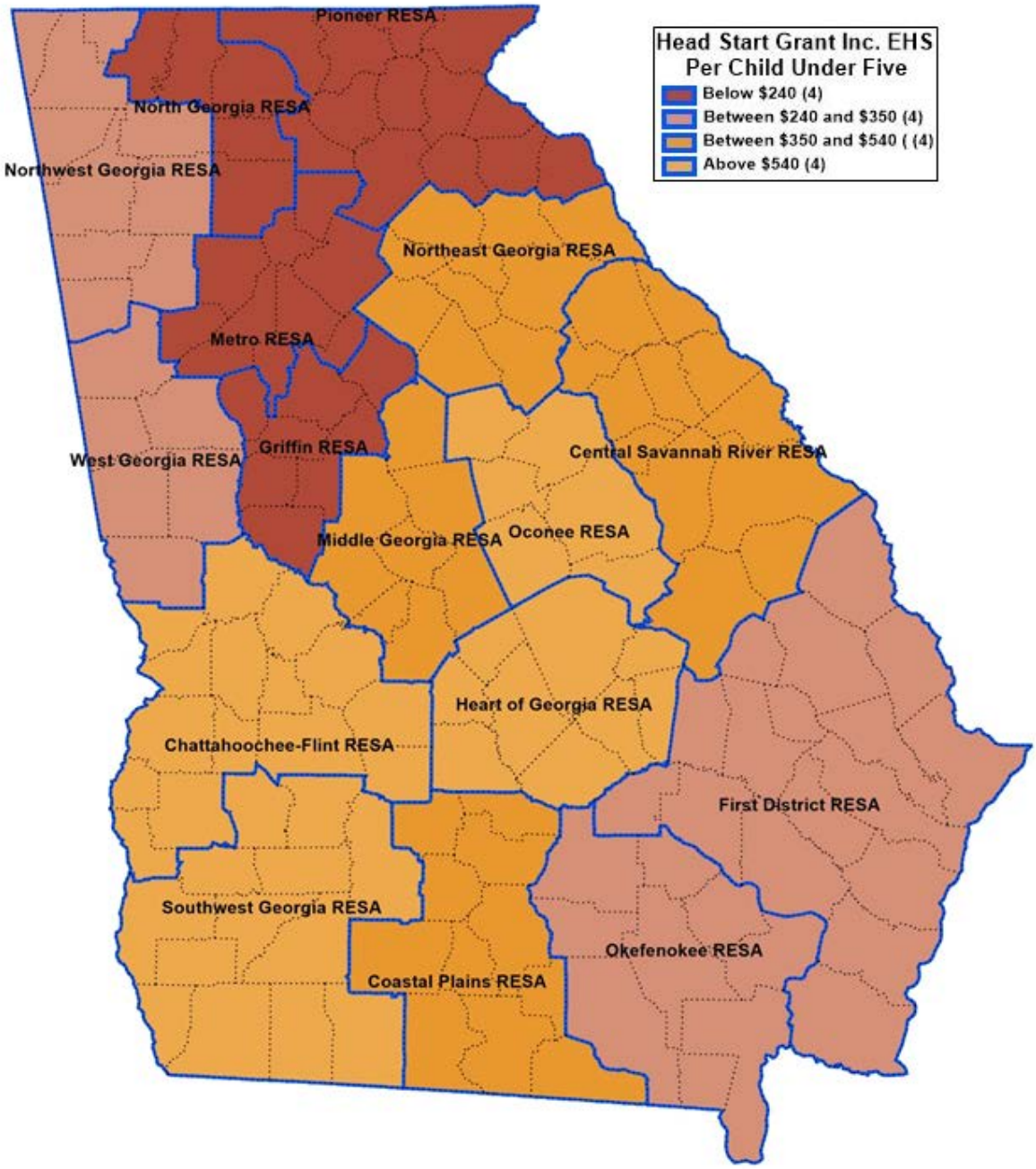


Source: Office of the Administration for Children and Families Early Childhood Learning and Knowledge

Table 1. Economic Impact by RESA in $ Millions, 2015

NAME	HS/EHS GRANT AMOUNT	TOTAL OUTPUT SUPPORTED
Georgia Total	$208.61	$414.90
Metro Atlanta RESA	$57.94	$112.38
First District RESA	$18.26	$29.81
Chattahoochee-Flint RESA	$19.23	$29.10
Central Savannah River RESA	$15.95	$25.93
Southwest Georgia RESA	$16.06	$24.92
Northwest Georgia RESA	$13.66	$20.34
Northeast Georgia RESA	$11.16	$17.69
Middle Georgia RESA	$9.96	$16.97
Coastal Plains RESA	$9.21	$14.20
Griffin RESA	$7.99	$12.62
West Georgia RESA	$7.15	$11.11
Oconee RESA	$6.95	$9.87
North Georgia RESA	$5.25	$8.03
Heart of Georgia RESA	$4.58	$6.65
Pioneer RESA	$2.70	$4.34
Okefenokee RESA	$2.55	$3.68

Map 4. Head Start Grant Funding Per Child Under 5 Years Old by RESA, 2015



Source: Office of the Administration for Children and Families Early Childhood Learning and Knowledge and the American Community Survey 2015

Appendix

DATA SOURCES AND METHODS

Head Start (HS) location data for fiscal year (FY) 2015 are from the Office of the Administration for Children and Families Early Childhood Learning and Knowledge (ECKLC). The data set includes the federal grantee numbers. Due to the nature of these data, the physical locations are known for individual HS centers, but the funding amounts are known at the grantee level and frequently represent multiple locations. The locations were geocoded and identified by regional education service area (RESA), large geographic regions of the state. For most grantees, their associated HS locations were all located within one RESA, so all of their grantee funding is associated with that RESA. For the grantees whose associated HS grantees are located in multiple RESAs, their grant funding is split proportionally based on the number of locations in each RESA. Grant amounts for FY 2015 are from USASpending.gov based on the HS grant amounts paid out for the identified grantees. Tract-level median household income data are from the 2015 American Community Survey from the U.S. Census Bureau.

For the share of local early education access for 4-year-olds, the locations of non-HS-related providers are from the Georgia Department of Early Childcare and Learning (DECAL). Each HS center, public school Georgia's Pre-K program, non-HS center, and non-Georgia's Pre-K program was geocoded to a county. Care was taken to remove any potential double counting of centers that appeared in both the ECKLC list of HS locations and the DECAL licensed provider list. Centers listed in both were treated as one if they were geocoded close to one another and had the same or very similar names. If the licensing information from DECAL indicated that the center was associated with HS, then it and the location from the ECKLC list were also treated as one individual HS location.

IMPLAN ECONOMIC MODELING SOFTWARE

IMPLAN is a 536-industry sector input-output model that can cover a state, county or group of counties representing a region. For the purposes of this analysis, all of the HS grant funding was matched to one of the 16 RESAs, as defined by the Georgia Department of Education (See Table 1 and Map 3). The total economic output supported by HS was estimated for each of these 16 regions as well as for the state.

To quantify the total amount of economic output supported by the HS dollars spent in the early child care and education industry, IMPLAN calculated three types of economic impacts: direct, indirect and induced. Direct is the impact of the revenues received and spent by the centers; indirect refers to the impact of the revenues received and spent by the companies that sold inputs to the centers; and the induced is the impact that employees had when they spent their wages. The sum of these three impacts represents the totality of economic impact supported by the HS funding. The ratio of the total impact to the direct impact (HS dollars) is the multiplier effect of the dollars in the industry in these regions.

About the Author

Nicholas Warner, a research associate at the Center for State and Local Finance at Georgia State University, specializes in education finance. His recent research has focused on school district expenditure and revenue portfolio analysis, tax expenditure estimation, examination of Georgia's special option sales tax for school facility funding, and school districts' responses to the Great Recession. His work has been published in the Journal of Education Finance as well as by the Georgia Department of Early Care and Learning. Warner received his master's degree in economics from the Andrew Young School of Policy Studies.

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