



## Business Case for Early Childhood Investments

**“Business is a big stakeholder in the skill level and productivity of the workforce, so it stands to reason that business should be involved in shaping the early education agenda. The war for talent will be easier if there is more talent.”**

— Dennis Lockhart, president,  
Federal Reserve Bank of Atlanta

**American business needs employees who are well prepared—but we’re not getting them:**

- The majority of fourth or eighth graders are not proficient in both math and reading in any state.<sup>1</sup>
- In 2009, U.S. 15-year-olds ranked 25th among 34 developed countries in math and 17th in science.<sup>2</sup>
- Only 25 percent of young people ages 17 to 24 would qualify to serve in the U.S. military.<sup>3</sup> The rest could not meet the physical, behavioral or educational standards for service—standards similar to those many industries use.

**This failing workforce pipeline can be repaired, but we have to start early.**

The foundation of many skills needed for 21<sup>st</sup>-century jobs is established in the earliest years.<sup>4</sup>

- Young children’s brains develop 700 synapses—neural connections that transmit information—every second.<sup>5</sup>
- By age three, a child’s brain has reached more than 85 percent of its adult weight.<sup>6</sup>
- Disadvantaged children can start kindergarten as much as 18 months behind their peers.<sup>7</sup>

### Funders of the Partnership

The George Gund Foundation, Ohio Children’s Foundation, Robert Dugger, Society for Human Resource Management, Paul Tudor Jones and The Pew Charitable Trusts

**“Investment in preschool programs for disadvantaged children has been shown to increase high school graduation rates ... [S]uch investments can pay off even from the narrow perspective of state budgets; of course, the returns to the overall economy and to the individuals themselves are much greater.”**

— Ben Bernanke, chairman, Federal Reserve Board

Evidence-based early childhood programs—such as quality early education, including pre-kindergarten; preventive health and dental care; and voluntary home visiting—support children’s healthy development and help them become productive adults.

- High-quality pre-k, especially for disadvantaged children, has been shown to significantly improve early literacy, language and math skills<sup>8</sup> and to decrease special education placements by nearly 50 percent through second grade<sup>9</sup> and grade repetition by up to 33 percent through eighth grade.<sup>10</sup>
- At-risk children who participated in one high-quality, voluntary nurse home visiting program had better cognitive and vocabulary scores by age six and higher third-grade test scores in math and reading than the control group.<sup>11</sup>
- Children who need dental care but cannot afford it are far more likely to miss two or more school days due to dental problems than those who have access to care<sup>12</sup>

—absences that can contribute to the widening achievement gap. Nationally, an estimated 17 million children ages one to 18—roughly one in five—go without dental care each year.<sup>13</sup>

- Research on disadvantaged children showed that early education increases rates of high school graduation by up to 16 percent and college attendance by more than 50 percent.<sup>14</sup>

### **Investments in early childhood programs yield strong short- and long-term returns.**

- A per-child investment of just \$6,692 in quality pre-k for disadvantaged children yielded a lifetime societal return of up to \$67,937—an ROI of greater than 10:1.<sup>15</sup>
- The highest-quality nurse home visiting programs, over time, yield returns of up to \$5.70 per taxpayer dollar spent in lower mental health and criminal justice costs, decreased dependence on welfare and increased employment.<sup>16</sup>
- Child care and pre-k professionals spend most of their earnings locally. States realize roughly \$2 in local spending for each federal child care dollar.<sup>17</sup>
- Early childhood programs produce better economic returns than many traditional economic development expenditures.<sup>18</sup>
- Every \$1 invested in water fluoridation yields savings of about \$38 in dental treatment costs.<sup>19</sup> Studies also show that fluoridated water reduces tooth decay 20 percent to 40 percent, benefiting young and old alike.<sup>20</sup>

## Business Leaders Making a Difference

Entergy Arkansas CEO **Hugh McDonald** championed pre-k and the state has increased funding 17-fold.<sup>21</sup> Entergy Corp.'s 2002 report said, "Providing a high-quality preschool education for low-income children is an economic imperative. The benefits to doing so are enormous; the costs of not doing so are equally great."<sup>22</sup>

Viking Industries founder **Richard Alexander** and other executives helped persuade the Oregon legislature to nearly double the state's investment in pre-k in 2007 and make a first-time investment of \$1 million in an infant and toddler program in 2010.

**Executives in Denver** were key to winning passage of the city's 2006 pre-k ballot initiative.

**George Kaiser**, chairman of BOK Financial Corporation, advocated for the expansion of early childhood services in Oklahoma.

**"Business leaders need to be the unlikely allies for children and be willing to proactively help find sustainable revenue for early education."**

— Mara Aspinall, CEO, On-Q-ity, Boston

## Join Us! Four Steps to a Stronger Economy and Workforce

### 1. Get Involved:

- Visit and support high-quality early learning programs in your community.
- Join state and local organizations working to advance smart early childhood policies.
- Sign up for the Partnership's e-mail list to learn about new evidence, networking events and new champions.

### 2. Make the Economic Case:

- Encourage local business and economic development organizations to include early learning policies as part of their agendas.
- Sponsor research on access to services in your community or state.
- Visit the Partnership's website to learn about the latest research.

### 3. Take a Stand:

- Encourage local business organizations to develop position papers and policy statements on the benefits of high-quality early childhood programs.
- Talk with your elected officials about the value of early childhood investments.
- Attend a Partnership-sponsored conference or event to connect with other business leader-advocates and to learn more about championing early childhood policies.

### 4. Spread the Word:

- Host a breakfast or lunch to discuss the importance of early childhood investments.
- Talk to your employees, and share information with other business leaders.
- Contact the Partnership to find speakers in your state and for sample speeches, op-eds and other communications materials.

## National Partners

National business organizations calling for investments in early childhood to create the workforce of the future include:

Center for Energy Workforce Development; Corporate Voices for Working Families; Kiwanis International; the Institute for a Competitive Workforce, an affiliate of the U.S. Chamber of Commerce; the Manufacturing Institute, an affiliate of the National Association of Manufacturers; and the Society for Human Resource Management.

Add your voice to this important national discussion about our economy, our workforce and our country's future.

**"It was blindingly obvious that the most efficient, fiscally responsible way to spend money is on young children. It's also the most rewarding."**

— J. B. Pritzker, managing partner,  
The Pritzker Group, Chicago

Contact us at:

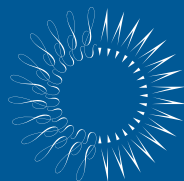
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The Partnership for America's Economic Success, a project of the Pew Center on the States, amplifies the voice of business leaders in support of early childhood policies that strengthen our economy and workforce. The Partnership is managed by The Pew Charitable Trusts.

The Pew Center on the States is a division of The Pew Charitable Trusts that identifies and advances effective solutions to critical issues facing states. Pew is a nonprofit organization that applies a rigorous, analytical approach to improve public policy, inform the public and stimulate civic life.

[www.PartnershipForSuccess.org](http://www.PartnershipForSuccess.org).



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