



Investing in America's Children: The Business Case

Investing in young children is a U.S. economic imperative. And we can prove it.

Business leaders need:

- the best, most skilled employees now and in the future—ones who can create new products, solve complex problems and motivate teams to excel
- employees who can focus on their jobs and not be distracted because their children are in poor quality care
- communities that attract skilled employees, produce good customers and spend less tax money on expensive remedial programs
- public policies that support development of the next generation of workers, so that they can continue to innovate and lead

Before age five, children establish the building blocks of their academic and social skills. That's why improving children's lives in their earliest years is not only the right thing to do, but also what businesses need to succeed.

Children who are chronically hungry, move frequently, are not nurtured, and don't get good health care or early education are less likely to be successful in school and in life.

Research shows that children who enter kindergarten ready to succeed grow to be the **book-smart, team-capable, job-ready workers** who help businesses prosper, and the good neighbors who help communities thrive.

Employers are calling for practical, cost-effective changes to public policy, because they recognize that failing to invest in our most critical resources hurts our economy.

The Partnership for America's Economic Success is a national coalition mobilizing business leaders to improve tomorrow's economy through smart policy investments in young children today. It uses hard evidence to make the case for change. PAES partners include committed donors, national business organizations, and an advisory board of employers, economists, funders and advocates. It is managed by the Pew Center on the States in Washington, D.C.

Join us.

Quality early education for at-risk children can produce an annual rate of return as high as 16%—higher than most stock portfolios. It should be at the top of any state's economic development agenda.

—Art Rolnick, Senior Vice President, Federal Reserve Bank of Minneapolis

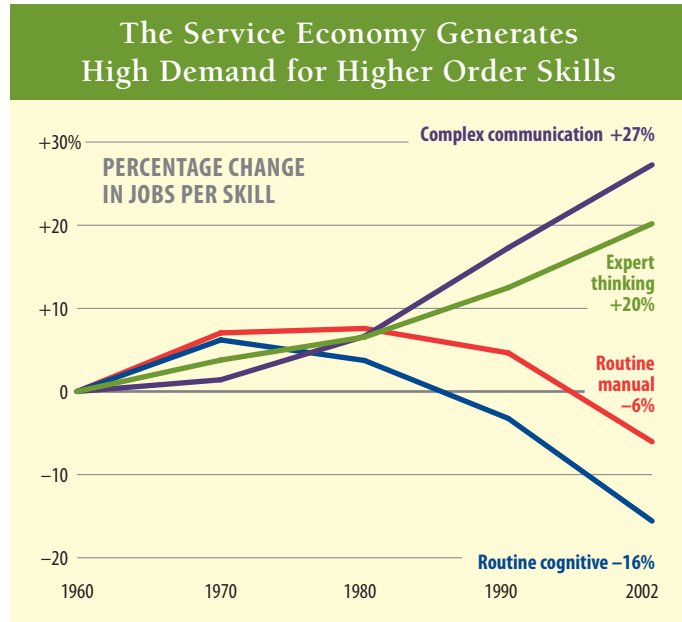
We don't have the workforce we need...

The strength of our labor force is the key to global competitiveness—greater productivity, more growth and higher profits. But we have much work to do.

- 20% of current workers are functionally illiterate.¹
- Less than half of the children in every state are proficient in reading and math.² In 2006, U.S. 15-year-olds ranked 25th out of 30 developed countries in math, and 21st in science.³
- 54% of business leaders said they expect to have difficulty finding enough educated and skilled workers in the future.⁴

These problems start early. By age 5, children can lag far behind their peers not only in understanding numbers and letters, but also in such crucial skills as perseverance and cooperation. Research shows that:

- Children who were born with low birth weight and with fewer parental resources have poorer health, are **less likely to work** and have lower earnings as adults.⁵
- **By age 3**, children of parents on welfare have a vocabulary foundation for the future of about 500 words; of working-class parents, 700 words; of college-educated parents, 1,100 words.⁶
- **By age 5**, a child's brain reaches 85% of its adult weight, developing 700 neural synapses every second—the connections that help him learn.⁷



SOURCE: Council on Competitiveness, *Competitiveness Index*

Today's workforce increasingly demands employees with complex skills, both cognitive and social. Investing in kids now means a smart, competitive workforce tomorrow.

- Of 50 children who have trouble reading in first grade, 44 of them will **still have trouble in fourth grade**.⁸
- Children who move three or more times between the ages of 4 and 7 are almost 20% **less likely to graduate** from high school.⁹
- Children who are chronically hungry are **more likely to be in special education, to repeat a grade, to get into fights and to have lower test scores**. It can cost up to four times as much to educate a child who doesn't have enough to eat compared to one who does.¹⁰

By age 5, it is possible to predict, with depressing accuracy, who will complete high school and college and who won't.

—David Brooks, "The Biggest Issue," *New York Times*, July 28, 2008



but we know how to grow it.



“PAES has shown me that investments in children are even more important during tough economic times.”

—Tyler Nottberg, Chairman and CEO, U.S. Engineering; Board Member, Hope Street Group

We know how to dramatically improve the odds of children growing up to be successful adults. Not everything works. But the sooner children start on the right path, the greater the returns to them and to society. The benefits build, one on top of another as “skill begets skill.” For example:

- **Good nutrition.** Every dollar spent on the federal nutrition program for pregnant women and infants (WIC) returns between \$1.77 and \$3.13 in savings in health care costs within the first 60 days after birth.¹¹
- **Health care.** Every low birthweight birth costs \$28,000-\$40,000 more just in medical services. Prenatal care and other supports can cut those costs.¹²
- **Strong parenting.** High-quality home visiting programs, such as the Nurse Family Partnership, reduce low birthweight births, child injury and abuse, and improve school performance for children and mothers.¹³
- **Quality early education.** Pre-kindergarten, especially for disadvantaged children, reduces placement in special education, grade retention and juvenile crime, and improves high school graduation and earnings.¹⁴
- **Proven early childhood programs.** Research shows they could produce stronger economic development results over the long-run—on GDP, job growth and earnings—than traditional business tax subsidies.¹⁵
- **Reliable care.** For every \$1 invested in back-up child care, employers can expect a return of \$3 to \$4 in increased productivity and reduced turnover.¹⁶
- **Affording the basics.** Increasing family income to at least the federal poverty level during a child’s first 6 years dramatically increases the child’s earnings as an adult.¹⁷

Benefit-Cost Ratios ¹⁸

Women, Infants, Children(WIC) Program	1.8:1-3.1:1
Nurse Family Partnership (birth-2)	2.9:1
Abecedarian (birth-5)	3.6:1
Chicago Child-Parent Center (3-4)	10.1:1
Perry Preschool (3-4)	17.1:1

Business leaders are championing policy change for young children

Dennis Lockhart, President and CEO of the Federal Reserve Bank of Atlanta, co-chairs the city’s Early Education Commission

James Rohr, Chairman and CEO of PNC Financial Services Group and honorary chair, Pennsylvania Early Investment Commission, created PNC Grow Up Great and has directed and advocated for millions of new dollars for early learning

Katherine Busser, EVP of Capital One, is on the board of the Virginia Early Childhood Foundation

Ron Moquist, CEO of Raven Industries, organized a pilot pre-k program in South Dakota financed with economic development funds

Mara Aspinall, CEO of Vivir Biosciences, and **Paul O’Brien**, former CEO of New England Telephone, co-chair the Early Education for All Campaign in Massachusetts

David Rattray, SVP of the Los Angeles Chamber of Commerce, is a member of the California Preschool Business Advisory Council

Lisa Ventriss, President of the Vermont Business Roundtable, organized business advocates who helped win new pre-k legislation

The Value of Partnership

PAES engages, supports and leverages the powerful voices of business leaders to advance smart policy change. Public investments in children from pre-natal to age 5 must be a top priority—not just because it is the right thing to do, but because it is an economic necessity.

Convening power

- **Telluride Economic Summit** on Early Childhood Investment, an invitation-only meeting of business leaders, co-sponsored with the Telluride Foundation in Colorado
- **National Economic Forum** on Early Childhood Investment, a large annual event to share data and strategies to build the economic case for investments
- **State-based meetings:** PAES supports 24 state business leader summits to create a permanent base of champions

Resources and expertise

- **Intensive technical and financial assistance for states** to build a sustainable network of business champions: grants, trainings, technical assistance
- **Powerful advocacy tools**, including a Web site with cutting-edge research; communication tools such as ready-to-use speeches, Powerpoint presentations, and draft op-eds; media coverage; and photos, charts and graphics for public use
- Development and dissemination **of new research**

Advisory Board

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 Barbara Miller, Ohio Children's Foundation*
 Roy Miller, Children's Campaign
 Laurence G. O'Neil, Society for Human Resource Management*
 George Overholser, Nonprofit Finance Fund

Networking and outreach

- **National speakers' bureau** of business leaders, economists, researchers and other new voices
- **Meetings** of the Invest in Kids network to share new research and push for policy making based on evidence
- **Partnerships with national business organizations**, such as the Manufacturing Institute/National Association of Manufacturers, Institute for a Competitive Workforce/ U.S. Chamber of Commerce, Society for Human Resource Management, Center for Energy Workforce Development, Kiwanis International, Corporate Voices for Working Families and the Hope Street Group



Join the growing number of voices in the business community who are advocating for policies that maximize returns on investment. Join our listserv, participate in our events, and ask for our help in conveying this message.

Visit www.PartnershipforSuccess.org to learn more.

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 Art Rolnick, Federal Reserve Bank of Minneapolis
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 Michael Stegman, John D. and Catherine T. MacArthur Foundation*
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