

GLOBAL SUCCESS BEGINS IN PRESCHOOL:
THE BUSINESS COMMUNITY MAKES THE CASE
Traverse Bay Poverty Reduction Initiative / February 8, 2007
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Cited below are some of the key national business organizations and other sources that have made forceful cases for the critical economic importance of quality preschool, and that are discussed in this afternoon's presentation. Scope View believes that early education efforts should be viewed in much the same way as other economic development initiatives across to ensure the long-term vitality of these five counties and all of its citizens.

This region's ability to significantly reduce poverty and attract desirable business developments will be directly dependent on the education and quality of its workforce. Those young children in the area today will be, for better or worse, a substantial part of that workforce twenty years out and beyond. Getting a strong educational start in life will help guarantee their futures... and the region's.

The Business Roundtable: www.businessroundtable.org/taskforces

The Business Roundtable is the bluest of blue chip business associations. It is comprised of the Chief Executive Officers of 160 leading U.S. companies with \$4.5 trillion in annual revenues and more than 10 million employees. Member companies comprise nearly a third of the total value of the U.S. stock markets and represent over 40 percent of all corporate income taxes paid. Roundtable companies give more than \$7 billion a year in combined charitable contributions, representing nearly 60 percent of total corporate giving.

The Roundtable is committed to advocating public policies that ensure vigorous economic growth, a dynamic global economy, and the well-trained and productive U.S. workforce essential for future competitiveness. The Roundtable believes that its potential for effectiveness is based on the fact that it draws on CEOs directly and personally, and presents government with reasoned alternatives and positive suggestions.

In 2003, it issued a major position paper, "Early Childhood Education: A Call to Action from the Business Community," emphatically endorsing state and federal programs that provide quality early education. In so doing, it embraced both the general principles and key operational elements of Smart Start. Importantly, the Business Roundtable positioned the issue as one of major importance to the long-term vitality and security of local and state economies and that of the nation as a whole.

"Over the past two decades, business leaders have invested time, expertise, and resources in efforts to improve K-12 education in the United States. What we have learned leads us to conclude that America's continuing efforts to improve education and develop a world-class workforce will be hampered without a federal and state commitment to early childhood education for 3-4 year-old children. In today's world, where education and skill levels determine future earnings, the economic and social costs to individuals, communities, and the nation of not taking action on early childhood education are far too great to ignore, especially when the benefits far outweigh the costs.

However the research is clear: the return on investment is linked to quality; simply increasing participation without ensuring program quality will not produce positive results. Successful programs will include the following:

(1) Align the objectives of the early childhood education system with the state's standards in the early grades of school; (2) Ensure that teaching staff possess the skills, knowledge, and attitudes to help young children enter school prepared to succeed; (3) Support parents as their children's first teachers and provide high-quality program options to parents who choose to enroll their children; (4) Embrace accountability for measurable results; (5) Build partnerships to finance, sustain, and improve the system."

The Committee for Economic Development: ced.org/projects/educ.shtml

Throughout its 60+ year history, the Committee for Economic Development has addressed national priorities that promote sustained economic growth and development to benefit all Americans. These activities have helped shape issues ranging from the Marshall Plan in the late 1940s, to education reform in the past two decades, and campaign finance reform since 2000. Trustees include key representatives from both the corporate and university sectors.

“Since 2002, the Committee has been engaged in an aggressive national campaign to build the momentum surrounding investment in early education. Its initial early education report, Preschool for All: Investing in a Productive and Just Society, CED has The report calls for free, high quality preschool education for all children age 3 and over who have not yet entered kindergarten. Its 2004 analysis, The Value of High Quality Preschool Investments as Economic Tools was authored by James Heckman, Nobel Laureate in Economics. Its most recent work, Economic Promise of Investing in High-Quality Preschool: Using Early Education to Improve Economic Growth and the Fiscal Sustainability of States and the Nation, was released in June 2006.”

“Many of the current local development policies surfaced during the 1970’s when an energy crunch, global competition and high unemployment forced state and local governments to take action to attract jobs. Since then, added employment pressures and increased mobility of labor and capital have further expanded “territorially competitive” development policies, and by 1994 there were an average of twenty-four inducement programs per state.

Each year, billions of dollars of state and local tax dollars are committed to local development projects, often in the form of inducements to high-profile companies. Though these investments are increasingly common, their return are risky, if at all positive, and their benefits are frequently aimed at a small segment of the population

Early childhood education, in contrast, appears to offer greater potential returns and substantially less risk. CED encourages local development policy-makers to view early education as a development tool and appreciate its lasting benefits. It is time that early education is implemented with the same energy, urgency and funding that is currently being applied to other less-promising development projects.”

Federal Reserve Bank of Minneapolis: www.minneapolisfed.org/pubs/fedgaz

The Federal Reserve System serves as the central banker of the United States. It influences monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates. It supervises and regulates banking institutions to ensure their safety and soundness, and maintains the stability of the economy while containing systemic risk that may arise in financial markets. Minneapolis is one of twelve independent Federal Reserve Banks located in major cities throughout the nation.

“Early childhood development programs are rarely portrayed as economic development initiatives, and we think that is a mistake. Such programs, if they appear at all, are at the bottom of the economic development lists for state and local governments. They should be at the top...

Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns... State and local subsidies to private businesses are not new. In the name of economic development and creating new jobs, Minnesota, and virtually every other state in the union, has a long history of subsidizing private businesses. We have argued in previous studies that the case for these subsidies is short-sighted and fundamentally flawed...

The conventional view of economic development typically includes company headquarters, office towers, entertainment centers, and professional sports stadiums and arenas. In this paper, we have argued that in the future any proposed economic development list should have early childhood development at the top. The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime.”

Zogby International: http://ced.org/docs/poll_earlyed2006zogby.pdf

Zogby International has been tracking public opinion since 1984 in North America, Latin America, the Middle East, Asia, and Europe. It has major clients in the business, nonprofit, governmental and political arenas. In 2005, it was commissioned by the Pew Charitable Trusts, PNC National Bank and the Committee for Economic Development to survey 1,000 business leaders across the country on their views of the importance of publicly funded pre-kindergarten programs and their importance to the economy. The results are shown below.

“Facing a decline in the number of skilled workers, American business leaders overwhelmingly back public funding for pre-kindergarten for all children to keep the U.S. economy globally competitive, according to a survey by Zogby International.

The poll was conducted last fall among 205 managers of Fortune 1000 companies and businesses with more than 1,000 employees, and was released January 10, 2006 in conjunction with a forum of more than 200 business leaders, economists, and educators. The event, “Building the Economic Case for Investments in Preschool,” is sponsored by the Committee for Economic Development (CED), The Pew Charitable Trusts and PNC Financial Services Group, Inc.

It said that 49% felt the level of their workers' skills had decreased over the last decade, while 42% felt skills had improved. 54% said they expected difficulty finding enough educated and skilled workers in the future, while 81 percent said public funding of voluntary pre-kindergarten for all children would improve the nation's work force.

Concerns about the quality of the American workforce and our economic future were implicit in the responses of business leaders. What was truly surprising was not just the recognition that pre-kindergarten is essential to a better educated workforce, but that 63% of the business leaders favor active support for such universal programs by business.

American business leaders overwhelmingly favor publicly-supported pre-kindergarten programs, with more than four-in-five agreeing with all of the following statements:

- Investments in effective preschool programs for children are important if the U.S. is to remain competitive in the global economy.
- Investments in effective preschool programs for children are important for the long-term success of the U.S. economy.
- Voluntary pre-kindergarten for all children would improve the workforce.
- Public funding of voluntary pre-K for all children would improve America's workforce.

Significantly, 83% favor an approach that would provide publicly-funded pre-kindergarten with choice—that is, where parents were empowered to choose the pre-K program that is right for them and their child. In fact, not only do these business leaders favor this approach, but more than three-in-five business leaders (63%) favor active support for such universal programs from the business sector.

Business leaders clearly tie their support to studies that showed significant economic advantages to providing pre-school to all children. More than four-in-five say they are more likely to support universal pre-school because of studies that showed disadvantaged children provided with pre-K educations earned higher incomes and were better able to support themselves and their families as adults, as well as a gender-specific study that found that female pre-K participants were more likely to graduate from high school and avoid costly lifestyle choices like out-of-wedlock birth and receiving public assistance.

Ultimately, unease about the American workforce and the U.S.'s ability to compete in the global economy without a solid investment in education beginning in early childhood seems a potent rationale for business leaders to support investing in universal pre-school for all who want it.”

BusinessWeek (10/23/06): www.businessweek.com/magazine/content/06_43/b4006099.htm

Owned by McGraw-Hill, BusinessWeek was first published in 1929. With a circulation of more than a million, it is consistently one of the most widely read and respected such magazines in the world. The company also publishes a new SmallBiz magazine, local-language editions (in Arabic and several others), and has expanded its weekly TV program (BusinessWeek TV) to Europe and Asia. In its October 23, 2006, U.S. edition, it featured an article on quality preschooling.

“Programs that put real money into intensive preschooling pay off -- in productive workers. To stay competitive, companies need an educated workforce. That’s one reason executives wince at the sorry scores U.S. students earn in international reading, science, and math rankings.

It doesn't have to be that way. Analyzing data from a series of long-term studies, a band of scientists, educators, and economists say that aggressive preschool training for children from troubled homes yields extraordinary dividends for the families and society. Some of the most persuasive data come from a 40-year, 123-child study at the High/Scope Perry Preschool Project in Ypsilanti, Mich. In 1962-67, preschool teachers worked intensively with 64 low-income African American children aged 3 to 4, both at preschool and once a week in their homes. Such efforts don't come cheap: The High/Scope program cost \$10,600 per pupil, in 2005 dollars.

But 40 years later, when administrators compared the children's life stories with those of 59 people who did not receive special attention, the payoff was impressive. Almost half of the preschoolled children performed at grade level by the age of 14, compared with just 15% in the control group, and 60% were earning upward of \$20,000 a year in their 40s, vs. 40% in the control group. Throw in the higher number of school grades completed, lower rates of criminal activity, reduced time spent in prison, and other factors, and the benefit-to-cost ratio comes to \$17 for every \$1 invested.

The New America Foundation: www.newamerica.net

Launched in 1999, this non-partisan think tank examines such powerful forces as rapid technological change, massive demographic shifts, economic globalization and the rise of new global powers that are remaking America. Its Board includes the chief executive officers of some of the country most forward looking companies.

“Never before has the connection between our economic growth and our education system been so critical. As the Council on Competitiveness predicts, where once we optimized our organizations for efficiency and quality, now we must optimize our entire society for innovation.

The drive for innovation demands that we look at improving our education system from the ground up. However, to date, we have heard little in the education debate about children’s early years. This is radically different than our competitors, who begin investing much earlier in their citizens’ education, knowing that these investments have long-term benefits. For America to succeed, we must do the same.

In this new global economy, our education system must develop students who have the creative capacity to dream and design as well as build. They must be able to interact with people who have different values and beliefs. While they will need the ability to question and think critically, they must also be able to communicate effectively and work in cooperation with co-workers across the globe. For America to prosper, we need citizens and leaders to engage in a complex and changing economy

Many of these skills are fundamental and develop surprisingly early in a child's life. Yet, our current education system concentrates most of its attention on students' later academic years. As test scores confirm, this strategy is not helping students keep pace with their international peers. Other countries build their primary education systems upon an integrated and coordinated system of early care and education, often beginning at age three. A first step in our efforts to strengthen our education system is to develop a national system for children's earliest education experiences that aligns standards, expectations and programs.”