

# Starting Smart & Finishing Strong

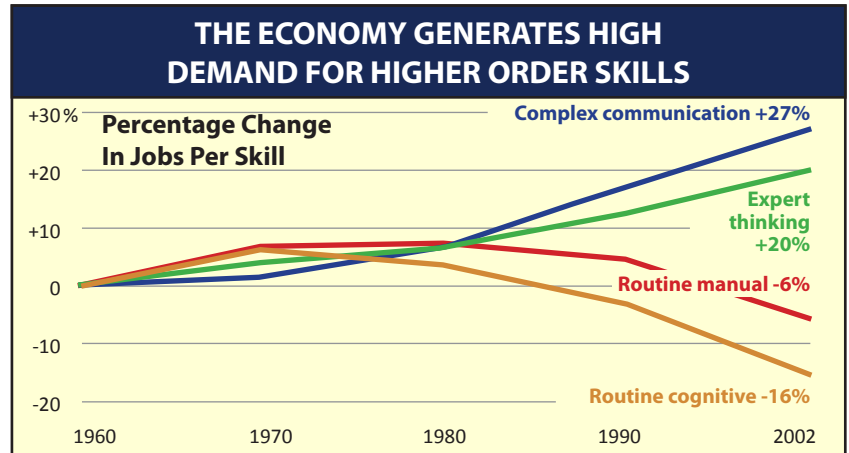


 **IICW**  
INSTITUTE FOR A COMPETITIVE WORKFORCE

**Fixing the Cracks in America's Workforce Pipeline  
Through Investments in Early Childhood Development**

# Business has a clear economic stake in the future of our nation's children and should be an active partner in promoting policies that help young children succeed.

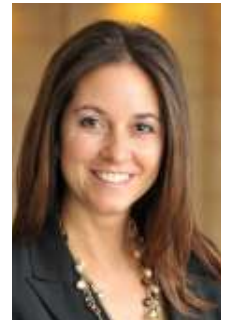
In a survey of U.S. Chamber of Commerce members, nine out of ten agreed that, to ensure the United States remains competitive with other high-achieving countries, we must raise academic expectations and performance.<sup>1</sup> Right now, 80 to 90 million American adults, about half of the workforce, do not have the basic education and communication skills required to acquire and advance in jobs.<sup>2</sup> To compete and win in this economy, we need a well-educated, team-capable and job-ready workforce. Investments in young children set tomorrow's employees on a trajectory to meet these demands.



SOURCE: David Autor, Frank Levy and Richard J. Murnane, "The Skill Content of Recent Technical Change: An Empirical Investigation." *Quarterly Journal of Economics*, 118, 4 (November 2003) pp. 1279-1334. Data updated to 2002 by David Autor.

*"Univision believes business should actively promote the value of investing in early education to prepare the country's 21st century workforce. Our education campaign 'Es El Momento' emphasizes the benefits of early education for young children to help them succeed in school and to help strengthen our economy."*

**Maelia Macin**  
Vice President & General Manager  
Univision Communications, Inc.



## Developing a Skilled, High-Performing Workforce

Test scores indicate that U.S. students are not on pace to become the workers we need.

- The majority of 4<sup>th</sup> or 8<sup>th</sup> graders are not proficient in both math and reading in any state.<sup>3</sup>
- Most children reading well below grade level at the end of 4<sup>th</sup> grade will not graduate from high school.<sup>4</sup>
- A 2006 survey of students in 30 developed countries found that U.S. 15-year-olds ranked 25<sup>th</sup> in math and 21<sup>st</sup> in science.<sup>5</sup>
- Only 25 percent of 17- to 24-year-olds would qualify to serve in the U.S. military. The rest cannot meet the physical, behavioral or educational standards for

service—standards that are similar to those many industries use in hiring.<sup>6</sup>

- 20 percent of U.S. workers are functionally illiterate.<sup>7</sup>

Reversing these trends requires starting early. The foundation of skills required to be successful in school, work and life is built in the youngest years—birth to age five.

Young children's brains develop 700 synapses—neural connections that transmit information and support learning—every second.<sup>8</sup>

Yet, too often we do not give our young children the early educational, health (including dental health) and social support they need.

*"Quality pre-k is an important early childhood education and development issue, but it is also a critical workforce issue. That is why our Chamber supports these investments. We know that the return on today's investments in pre-k will be a stronger workforce in the future."*

**Dave Adkisson**  
President & CEO  
Kentucky Chamber of Commerce



## Early Action Pays Off Today and Tomorrow

As in business, investing early in our workforce pipeline ensures the best outcomes.

We can reverse current workforce and education trends. The research is clear: High-quality early childhood programs can have a significant short- and long-term impact on children's lifelong success and on our economy.

**The savings start immediately.** Giving young children a good start reduces health problems and grade retention and special education costs in the first few years of school.

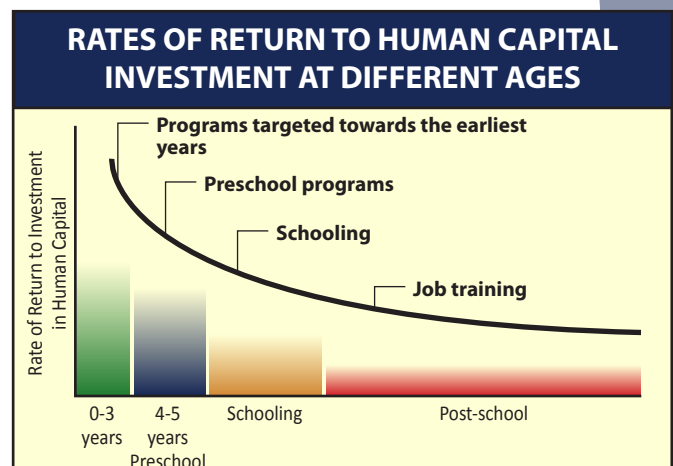
In addition, because early childhood spending tends to be local, and child care and pre-kindergarten professionals generally spend rather than save most of their earnings, states generate roughly \$2 in new local spending for each federal child care dollar spent.<sup>9</sup>

**And benefits accrue over the long term.** One study found that investing just \$6,692 in quality pre-k for at-risk children substantially improved outcomes such as **education levels, home ownership and salary** while reducing negative behaviors, including substance abuse and crime. The net result was a lifetime societal benefit of up to \$69,937—an ROI of greater than 10:1.<sup>10</sup>

For these reasons the Institute for a Competitive Workforce (ICW), a 501(c)3 nonprofit affiliate of the U.S. Chamber of Commerce, recommends:

- Supporting and directing the expansion of **high-quality programs** to serve young children's development and learning, including state-funded pre-k delivered in a variety of settings such as schools, child care centers and homes and Head Start agencies, with public funding targeted to low-income children first.
- Ensuring that early childhood educators have the **skills and knowledge** necessary to do the job right.
- Supporting parental choice** by developing a mix of public, private and nonprofit programs that can meet a variety of needs.

- Integrating the delivery of **health and education services** to children from before birth to age five.
- Making the **best use of existing resources** by coordinating local, state and federal efforts.



SOURCE: J.J. Heckman, "Skill formation and the economics of investing in disadvantaged children." *Science*, 312(5782):1900-2, (June 2006).

- Integrating and aligning** early learning programs with elementary and secondary schools to create a seamless and efficient education system.
- Increasing the availability of **quality child care programs** that cover parents' full work day.
- Building an **evidence-based case** for change by collecting data and conducting the research needed to identify best practices, assess systems performance and report results to the public.



*"Investing in the earliest years of life is the first step in preparing a workforce that can meet the demands of the 21st century."*

**Ann Cramer**  
Director, Americas  
IBM Corporate Citizenship and Corporate Affairs

*"Alabama has one of the nation's highest quality pre-k programs. The Business Council has made keeping it that way a top priority. If we want to ensure a bright future for our companies, one of the most important investments the business community can make is in advocating for policies that fix the cracks in our workforce pipeline. That means starting at the very beginning with high-quality early childhood development programs. When children start life off on the right foot, our entire society reaps the rewards."*

**William J. Canary**  
President & CEO  
Business Council of Alabama



## Take Action

Join ICW, the Partnership for America's Economic Success at the Pew Center on the States and national business organizations, such as the Manufacturing Institute and the Society for Human Resource Management, in advocating for policies that maximize returns on investments in early childhood education.

### Four Steps Business Leaders Can Take toward a More Productive Workforce and a Stronger Economy

1. **Spread the Word:** Host events, talk to your employees, start a blog, write an article and share information with other business leaders.
2. **Make the Economic Case:** Encourage business organizations to support early learning as part of their policy agendas.
3. **Take a Stand:** Tell policy makers that the future of your business and our communities requires investments in quality early childhood development to fix our failing workforce pipeline now.
4. **Lead by Example:** Adopt policies in your business that support working families.

Institute for a Competitive Workforce  
Tel: 202-463-5525  
e-mail: [ICW@uschamber.com](mailto:ICW@uschamber.com)  
web: [icw.uschamber.com](http://icw.uschamber.com)

Partnership for America's Economic Success  
Tel: 202-552-2000  
e-mail: [info@partnershipforsuccess.org](mailto:info@partnershipforsuccess.org)  
web: [www.PartnershipforSuccess.org](http://www.PartnershipforSuccess.org)

<sup>1</sup> Education Reform: Insight into the Business Community's Views About the U.S. Education System. (2006). Retrieved from [http://www.uschamber.com/NR/rdonlyres/enau5qwsrn2qsp44krtoyjy4dofbndfxv4gkubcuivontrh5wn4tk33qlbldkftqxajsaitnuyojbg6b4dgjih56h/061213nclb\\_exec\\_report.pdf](http://www.uschamber.com/NR/rdonlyres/enau5qwsrn2qsp44krtoyjy4dofbndfxv4gkubcuivontrh5wn4tk33qlbldkftqxajsaitnuyojbg6b4dgjih56h/061213nclb_exec_report.pdf)

<sup>2</sup> Reach Higher, America: Overcoming Crisis in the U.S. Workforce. (2008). Report of the National Commission Adult Literacy. Council for Advancement of Adult Literacy.

<sup>3</sup> The National Assessment of Educational Progress. (2009). The nation's report card. Retrieved from <http://nces.ed.gov/programs/coe/2010/section2/table-mat-3.asp> and <http://nces.ed.gov/programs/coe/2010/section2/table-rd2-3.asp>.

<sup>4</sup> Madden, N. A., Slavin, R. E., Karweit, N. L., Dolan, L. J., & Wasik, B. A. (1993). Success for all: Longitudinal effects of a restructuring program for inner-city elementary schools. *American Educational Research Journal*, 30, 123-148.

<sup>5</sup> Baldi, S., Jin, Y., Skemer, M., Green, P. J., & Herget, D. (2007). Highlights from PISA 2006: Performance of U.S. 15-year-old students in science and mathematics literacy in an international context [NCES 2008-016]. Washington, DC: National Center for Education

Statistics, Institute of Education Sciences, U.S. Department of Education.

<sup>6</sup> Mission Readiness: Military Leaders for Kids. (2009). Ready, willing and unable to serve. Retrieved from <http://cdn.missionreadiness.org/NATEE1109.pdf>

<sup>7</sup> Heckman, J. J., & Masterov, D. V. (2004, October). The productivity argument for investing in young children [Partnership for America's Economic Success/Invest in Kids Working Group Paper]. Retrieved from [http://jenni.uchicago.edu/Invest/FILES/dugger\\_2004-12-02\\_dvm.pdf](http://jenni.uchicago.edu/Invest/FILES/dugger_2004-12-02_dvm.pdf).

<sup>8</sup> Shonkoff, J. (2009, April 27). The science of early childhood development and the foundations of prosperity. PowerPoint presented at the Pennsylvania Business Leader Summit on Early Childhood Investment, Harrisburg, PA.

<sup>9</sup> Warner, M. (2009). Child care multipliers: Stimulus for the states. Ithaca, NY: Cornell Cooperative Extension.

<sup>10</sup> Reynolds, A., Temple, J., Robertson, D., & Mann, E. (2002). Age 21 cost-benefit analysis of the Title 1 Chicago child-parent centers. *Educational Evaluation and Policy Analysis*, 24, 267-303.