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FOR AMERICA'S  
ECONOMIC  
SUCCESS

# *Investing in Kids is Economic Development*

*Missouri Business Leaders Summit on Early Childhood Investment*

*Nov. 16, 2009*

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# Why are we here?



- Intensifying **global competition** and steadily growing fiscal imbalances mean our kids have to do well. Yet...
- **Less than half of the children in every state are proficient in reading and math.**
- **20% of workers are functionally illiterate – they cannot read a map or a manual.**
- 54% of business leaders said they expect to have difficulty finding enough educated and skilled workers in the future.
- Our children must become adults who are **book-smart, team-capable and job-ready.**

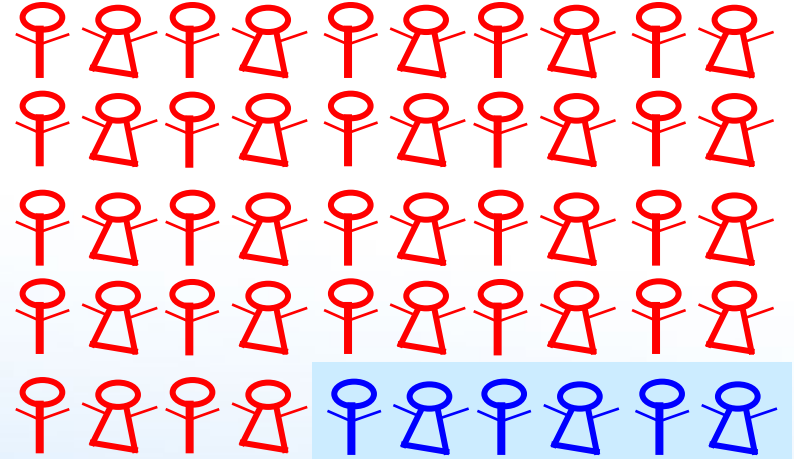




Of 50 first graders having problems reading, 44 of them will still have problems in fourth grade...we have to fix it *before* first grade



First Graders



Fourth Graders

Journal of Educational Psychology



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Youth human capital is a high-return economic development strategy

*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





# Business is responding by supporting policy change



## Chambers of Commerce

- Maine                      Los Angeles                      Kansas City
- Memphis                  San Francisco                  Houston
- Nashville                  Oakland                  Brownsville, TX
- Richmond                  Fairfax, VA                  Calhoun County, AL

## Business Roundtable: National, Massachusetts, Vermont

## National Association of Manufacturers

2008 Public Policy Positions: “Access to high quality early education and learning opportunities is integral to helping today’s children prepare for the highly competitive, fast-paced global economy.”

**Federal Reserve Banks:** Chairman Bernanke, as well as leaders in Minneapolis, Richmond, Atlanta, Cleveland, San Francisco – welcome support from the St. Louis Federal Reserve Bank



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The message is getting through...

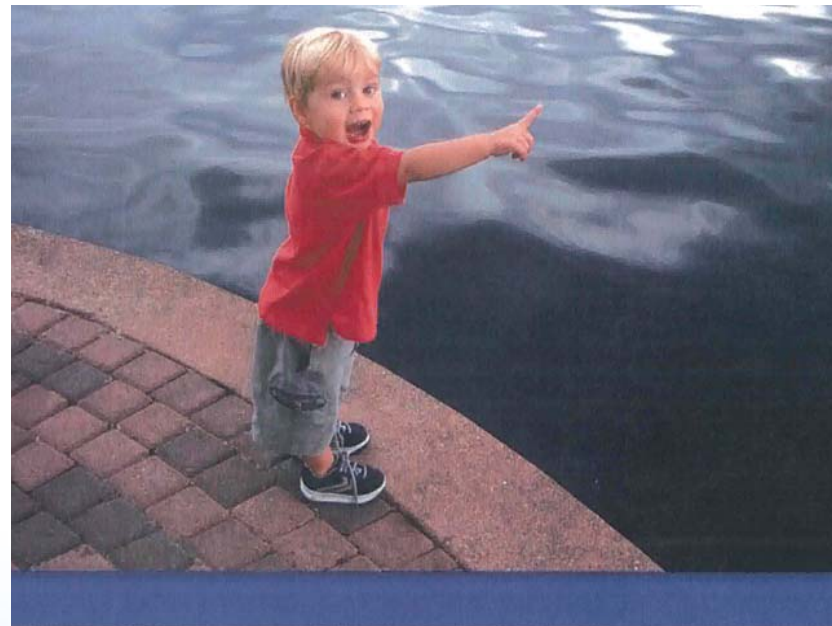


At two, they learn their ABCs.

At twenty-two, they execute your IPO

## Good for Kids, Good for the Economy

Health Coverage for  
All Kids in Illinois



ISN'T HE JUST THE CUTEST  
ECONOMIC DEVELOPMENT  
PROGRAM EVER?



# Pennsylvania Early Learning Investment Commission



- Purpose: *Secure public investment in early learning by focusing on practices that are educationally, economically and scientifically sound by increasing business, civic and public awareness of the importance of early childhood education.*
- 26 business leaders from across Commonwealth
- Year-long agenda: Planning Meeting in Fall; Business Summit in Spring
- Strategies:
  - ✓ Activism with legislators
  - ✓ Speaking to community groups
  - ✓ Writing Op-eds
  - ✓ Supporting child care centers
  - ✓ Providing companies with education, materials/resources



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# Partnership for America's Economic Success



- Collaboration of individual business leaders, business organizations, economists, funders and policy activists. Six funders, including Pew.
- Goal: Make the life success of every child in America the top economic priority of the United States
- Strategies:
  - ✓ Document economic benefits of proven investments in children prenatal to five
  - ✓ Develop Partnership principles for effective policy and spending decisions based on evidence
  - ✓ Support business leaders as champions for effective early childhood policies and use of evidence/ROI in decisionmaking
- Managed by the Pew Center on the States







1. **Human capital**. Human capital development is the key to economic strength and should be the highest priority of government.
2. **Young Children**. Successful human capital development begins in early childhood and continues into young adulthood.
3. **Evidence-based decisions**. Policies should allocate resources to activities that can be expected to achieve substantial returns based on empirical evidence.
4. **Policy Transparency**. Local, state and federal resource allocation decisions and results should be transparent to the public and easily accessible to all citizens.
5. **Sustainability**. Resource allocation policies and financing plans should be economically and politically sustainable over many decades.





- Connect with advocates to get e-alerts to know when to communicate with policymakers – **important to be connected** so you know message, timing, recipient (MO School Readiness Coalition)
- Make your voice heard – Op-eds, letters to editors, blogs, talk radio, policymaker town halls, press events
- Tell your colleagues – presentations at business events on investments in children as an economic strategy
- Encourage business groups to make a public statement
- Invite child care center operators to join business organizations
- Talk to policymakers and candidates (on a nonpartisan basis)
- Attend or apply to join early childhood advisory bodies to share business perspective



# THE WALL STREET JOURNAL.

THURSDAY, AUGUST 9, 2007

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## GROWING UP

### As States Tackle Poverty, Preschool Gets High Marks;

### New Lobbying Strategy Fuels National Move For Universal Classes

By DEBORAH SOLOMON

In Washington and statehouses across the country, preschool is moving to the head of the class.

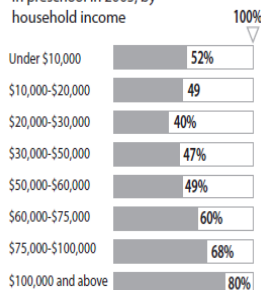
Florida and Oklahoma are among the states that have started providing free preschool for any 4-year-old whose parents want it. Illinois and New York plan to do the same. Hillary Rodham Clinton wants to spend \$15 billion over five years on universal preschool funding. Federal Reserve Chairman Ben Bernanke calls preschool one cure for inequality.

The movement represents one of the most significant expansions in public education in the 90 years since World War I, when kindergarten first became standard in American schools. It has taken off as politicians look for relatively inexpensive ways to tackle the growing rich-poor gap in the U.S. They have found spending on children is usually an easy sell.

It took a well-orchestrated campaign to put pre-K on the top of political agendas -- and

## Early Education

Portion of 3- and 4-year-olds in preschool in 2005, by household income



Source: National Institute for Early Education Research

offer virtually no economic return, or they can invest in early education programs with a 16% rate of return," says Art Rolnick, the Minneapolis Fed official, who came up with that number after reviewing a three-decade study of youngsters growing up in Ypsilanti, Mich.

So far, few organizations are pushing the case against preschool, but the argument does exist. Some skeptics predict the hefty return claimed by Mr. Rolnick would quickly shrink if states rush to make preschool universal. They cite some studies suggesting that Head Start, the federal program for disadvantaged preschoolers, gives children little edge when entering elementary school.

"The current full-scale Head Start program is having a disappointing impact on kids," says Douglas Besharov of the conservative American Enterprise Institute. "Pre-K is an important part of the tool chest for reducing the achievement gap...but will the return on investment be as great as people say? I don't think so."

Until recently, preschool was for a minority. Most American children began school

enrolled, according to the Pew Charitable Trust's National Institute for Early Education Research.

## Fallen Short

The new pre-K advocates want more children -- in some cases all children, in others all low-income children -- to be in school before age 5. To the extent Head Start has fallen short of its goals, they argue, it is because federal and state funding is inadequate and the staff is sometimes poorly trained.

Thirty-eight states now help localities finance pre-K. They plan to spend \$4.2 billion in the year ending Sept. 30, 2007, up 45% from two years ago, according to Pre-K Now, a group that advocates universal pre-K. This year, 30 governors have called for increasing pre-K spending, including Massachusetts Gov. Deval Patrick, who endorsed the idea in June after a five-year push by advocates.

There have been setbacks. Virginia's Republican legislature this year rejected a universal preschool plan by the state's Democratic governor, calling the cost too high. In California, filmmaker Rob Reiner led a high-profile campaign to fund universal preschool last year with higher cigarette taxes. It failed amid concerns that it was a boon for the teacher's union and accusations that a state commission headed by Mr. Reiner improperly used public funds to lobby for the measure. (The state auditor later rejected that allegation, and at the time Mr. Reiner denied any impropriety.)

Preschool isn't mandatory, and states sometimes have trouble predicting how many parents will sign up for programs. One result is a shortage of funding in some states where demand has been greater than expected.

Staci Hamlin, a mother of two in Knoxville, Tenn., couldn't get her 4-year-old son



Art Rolnick

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## Investing in early-childhood programs would yield dividends for Ohio

by Robert H. Dugger

Sunday June 14, 2009, 5:00 AM

*Dugger is a partner in a global hedge fund and the advisory board chairman for the Partnership for America's Economic Success, which is managed by tThe Pew Charitable Trusts.*

If you owned a business and had the opportunity to invest in a product with a proven ability to increase your sales immediately, establish a foundation for future growth and bear dividends for decades, would you take it?

Most people I pose that question to don't hesitate to answer yes. Yet most don't realize we have such an opportunity -- right now, and right here in Ohio.

The investment is in early-childhood development, ensuring that all kids start life healthy, well-nourished and equipped by the time they reach kindergarten with the emotional and cognitive skills required to perform well and achieve.

A growing body of evidence clearly demonstrates that our society can make few investments that provide the same high returns, in the short term and over the long run. For example:

Every \$1 spent on high-quality early-childhood programs for disadvantaged children creates \$7 to \$9 in future savings to the communities and states that do the investing.

Families participating in a voluntary mentoring program for expectant mothers and fathers saw a 56 percent reduction in babies' hospital visits.

November 23, 2009



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- Visit our website for sample op-eds, speech materials, etc
- Join our conference calls for help on common challenges
- Use workshops to train staff
- Use conferences to win over skeptics
- Sign up for listserv:

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

