

Business Case for Early Childhood Investments



“In business, we rarely have the luxury of making an investment decision with as much evidence as we have to support the economic value of investing in early childhood development and education... Put bluntly, in my terms, they are a financial no-brainer. The only question is ‘how strong is the ROI?’ The answer: Two or three or more to one.”



John Pepper,
former CEO,
Procter & Gamble

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

David Brooks
Columnist, *The New York Times*

American businesses need employees who are job-ready, team-capable, and well-prepared – but we’re not getting them:

- The majority of fourth and eighth graders are not proficient in both math and reading in all 50 states and D.C.¹
- In 2012, U.S. 15-year-olds ranked 27th among 34 developed countries in math, 17th in reading, and 20th in science.²
- Only 25% of young people ages 17 to 24 would qualify to serve in the U.S. military. The rest could not meet the physical, behavioral, or educational standards for service – standards similar to those employers use.³

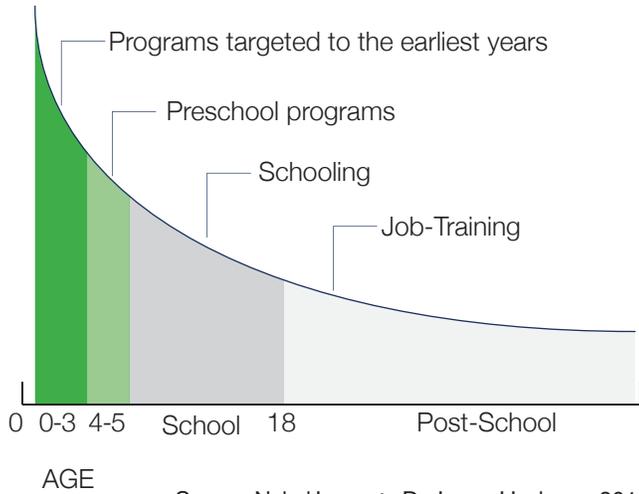
This failing workforce pipeline can be repaired, but we have to start early.

- The foundation of many skills needed for 21st-century jobs is established in the earliest years.
- Young children’s brains develop 700 synapses – neural connections that support learning and skills – every second.⁴
- By age 3, a child’s brain has reached about 85% of its adult weight.⁵
- The learning gap between advantaged and disadvantaged children shows up as early as 9 months of age. Disadvantaged children can start kindergarten as much as 18 months behind their peers. Many of these children never catch up, and are at an increased risk of dropping out of high school.⁶

WHO WE ARE

ReadyNation is the nation’s preeminent business leader organization working to strengthen business and the economy through effective investments in children and youth. Find us at www.ReadyNation.org

Rate of Return to Human Capital Investment at Different Ages



- Children not served by NFP had more than twice as many convictions by age 19. Those not served by CPC were 70% more likely to be arrested by age 18, while those not served by the Perry Preschool Project were five times more likely to be chronic offenders with five or more arrests by age 27.¹⁰
- Children who need dental care, but cannot afford it, are twice as likely to miss school days for dental problems than those who have access to care – absences that can contribute to the achievement gap.¹¹
- A study from UCLA and Johnson & Johnson found that providing basic health care education and tools for at-risk families reduced emergency room visits by 42%, saving individual families around \$500 per year. These efforts also reduced the number of missed school days by 29%.¹²

Evidence-based early childhood programs protect children's health and help them succeed:

- The Chicago Child-Parent Centers (CPC) preschool and the Nurse Family Partnership (NFP) home visiting program both cut abuse and neglect in half.⁷
- Children in the CPC were 29% more likely to graduate from high school, and the Perry Preschool Project children graduated 44% more often.⁸
- By age 30, individuals served by the Abecedarian preschool program were four times more likely to graduate college (and 42% more likely to be consistently employed).⁹

Investments in early childhood programs yield short- and long-term returns:

- An independent analysis of NFP concluded that it produced a benefit-cost ratio of almost three to one and average net savings of almost \$17,000 per family served. The same analysts reviewed 49 preschool studies and found that the average benefit-cost ratio was over four to one, and average net savings were \$25,000 per child served.¹³
- Child care and pre-K professionals generally spend most of their earnings locally. States realize roughly \$2 in local spending for each federal child care dollar spent.¹⁴

BUSINESS LEADERS MAKING A DIFFERENCE

Ken McNeely, president of AT&T California, helped lead a successful effort to expand pre-K in that state in 2010: "If we invest now, we can put children on the right path. If we wait 10-12 years, saving these kids becomes more expensive and may be impossible.

In 2011, support from the Vermont Business Roundtable helped the General Assembly pass legislation opening the state pre-K program to all children.

The Ohio Business Roundtable was a key supporter of the state's successful 2011 Race to the Top – Early Learning Challenge Fund application.

In 2011, a business group in Erie, Pennsylvania created a scholarship fund for early education, to enable children from low-income families to attend high-quality learning centers.

Virginia executives from companies such as Capital One and Dominion include early childhood in their list of issues to raise in meetings with state policymakers. In 2013, state funding for a comprehensive kindergarten readiness assessment pilot was part of the governor's education agenda.

Boeing has a history of investing in programs designed to improve early childhood programs, including the Illinois Early Childhood Fellowship

and the PBS show *Sid the Science Kid*, which engages young children in science.

In 2012, the Grand Rapids (Michigan) Chamber of Commerce and Iowa Association of Business and Industry each supported successful legislation to improve home visiting in their states.

In 2014, former Proctor & Gamble CEO John Pepper testified before a U.S. Senate committee in support of expanding federal pre-K funds.

National and state business organizations are partnering with ReadyNation to call for investments in early childhood:



ReadyNation has worked in many states to engage business. Partners include:

- ▶ Business Council for Alabama
- ▶ Los Angeles Area Chamber of Commerce
- ▶ Executives Partnering to Invest in Children (Colorado)
- ▶ Iowa Business Council
- ▶ Kentucky Chamber of Commerce
- ▶ Grand Rapids Chamber of Commerce (Michigan)
- ▶ Ohio Business Roundtable
- ▶ Early Learning Investment Commission (Pennsylvania)
- ▶ Maine State Chamber of Commerce
- ▶ Massachusetts Business Roundtable
- ▶ New Mexico Business Roundtable
- ▶ Oklahoma Champions for Early Opportunities (OKCEO)
- ▶ New Carolina: South Carolina's Council on Competitiveness
- ▶ Vermont Business Roundtable

“Kentucky must invest in early childhood education and make greater investments in enhanced childcare programs.”

2012 Kentucky Chamber Legislative Agenda¹⁵

WHAT YOU CAN DO – AND HOW READYNATION CAN HELP

WHAT YOU CAN DO:

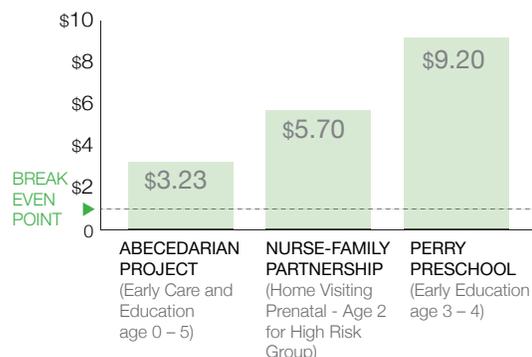
- ✓ Tell your elected officials and the media about the value of early childhood investments.
- ✓ Adopt family-friendly practices at your business.
- ✓ Provide time, volunteers, expertise, and funding to local early childhood programs.
- ✓ Host an event to share information with business and civic groups.
- ✓ Encourage your local business organizations to develop formal positions on the benefits of effective early childhood programs.
- ✓ Give your employees information about the importance of childhood and what they can do.

HOW WE CAN HELP:

Business people who become members of ReadyNation (at no cost) can receive a variety of supports to speak out. You can:

- ✓ Distribute our free materials.
- ✓ Receive our monthly e-newsletter to learn about new evidence, business networking events, and champions.
- ✓ Contact us to find speakers as well as sample speeches, op-eds, talking points, and other communications materials.
- ✓ Get support for policymaker communications.
- ✓ Attend our conferences or connect with the national network of business leader advocates and learn more about championing early childhood programs.

Quality Early Care and Education Pays Off: Cost/Benefit Analyses Show Positive Returns



Source: Nobel Laureate Dr. James Heckman

“In Pennsylvania, we were able to grow our commission from 24 to 68 active members in no small part due to ReadyNation’s financial and technical support. Without that help, we would not have been able to support our members or reach as many legislators... this year that meant making 75 presentations to more than 5,000 people.”

Philip A. Peterson
Partner, Aon Hewitt and Co-Chair of the ReadyNation Advisory Board

Who We Are

ReadyNation is the nation’s preeminent business leader organization working to strengthen business through better policies for children and youth. Our more than 1,100 members educate policymakers and the public about effective investments that will help business compete in today’s global marketplace, build a foundation for lasting economic security, and help children get on the right track to succeed in school and in life.

“Information from ReadyNation not only has credibility with our business leaders, but also with elected officials in Ohio.”

Richard A. Stoff
President, Ohio Business Roundtable

How We Make a Difference

Our members educate local, state, and federal policymakers and the public by:

- Engaging elected/appointed officials through letters, calls, and meetings.
- Speaking to the media through submitting opinion pieces or using radio/TV/social media outlets.
- Participating in public presentations or press events.

In addition, we offer webinars, business leader summits, new economic evidence, and profiles of business champions to help

build the business network for early childhood. We are working in three countries outside the U.S. (the Netherlands, Brazil and Uganda) to help them build business networks for early childhood. Our website is the nexus of business engagement across the country.

We are also leading a new project to explore *Pay for Success* (social impact bond) financing for early childhood (www.ReadyNation.org/PFS).

In 2013, we supported our members to have 230 media appearances and 240 policymaker meetings or sign-on letters. We have contributed to policy victories in states as diverse as Washington, Oregon, Utah, Ohio, Michigan, Indiana, Pennsylvania, and Maine.

How to Join

Go to www.ReadyNation.org/join-us. There are no membership fees, financial obligations, or formal meetings. Members are fully supported by our staff, minimizing your time commitment. Participation is always based on members’ expressed consent, availability, and desire to speak out on a specific issue. Members’ names will not be used without their consent, except to be listed as members of ReadyNation.

“If a business wants to create good outcomes, a key principle is to have a great process, starting in the earliest stages – commonly referred to as Six Sigma. In the same way, business leaders know we need to invest early in children’s lives if we want them to achieve their full potential.”

Katherine Busser
Executive Vice President, Capital One



Ohio Business Roundtable - The Talent Challenge

For funders or full references, see our website.

ReadyNation is a membership organization of business leaders that operates under the umbrella of the non-profit Council For A Strong America.

Add your voice.

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ENDNOTES

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