

# UNFINISHED BUSINESS:

## Continued Investment in Child Care and Early Education is Critical to Business and America's Future



Committee for Economic Development



### Executive Summary

Business leaders have an acute understanding of the importance of a well-educated workforce to support a strong economy, keep America competitive globally, and ensure a vibrant democracy. Right now 20 percent of the American labor force is functionally illiterate or innumerate. High-quality child care and early education builds a strong foundation of cognitive and social skills in young children that can improve their engagement in school and increase per capita earnings and economic development. This is especially important for the growing proportion – almost half - of American young children currently living in deprivation and poverty. Yet, only a fraction of children access such services. Our nation now faces tough choices to renew the economy, but fiscal prudence cannot be served at the expense of under-investing in the well-being and future of our children – and thereby preventing unnecessary remedial expenditures. CED believes it is vital for our country's future that investments in our youngest children remain a major national and state-level priority.

**Human capital will determine power in the current century, and the failure to produce that capital will undermine America's security. Large, undereducated swaths of the population damage the ability of the United States to physically defend itself, protect its secure information, conduct diplomacy, and grow its economy.**

*-Council on Foreign Relations, U.S. Education Reform and National Security, Independent Task Force Report, March 2012.  
Task Force co-chaired by Joel I. Klein, News Corporation and Condoleezza Rice, Stanford University.*

CED's model of engaging the business community has mobilized corporate leaders to support early learning programs. With tools provided by CED, our Trustees have travelled the country and spoken to business and civic audiences about the importance of investing in children and families. This new report - Unfinished Business: Continued Investment in Child Care and Early Education - provides new data, strategies, developments and examples of corporate engagement to promote investment in early childhood.

### I. The Business Case for Investing in Young Children

**Global competition and a growing achievement gap have brought America to an economic and educational crossroads.** Need for unskilled labor is becoming increasingly obsolete. Since 1970, there has been a real decline in on-time high school graduation rates that threatens our economic future. The proportion of the adult population with education beyond high school is declining. Signs of this achievement gap between poor and non-poor children can be detected as early as nine months of age, and widens before children enter kindergarten. Long-term repercussions are felt throughout our society – for example, in terms of lost earnings and tax

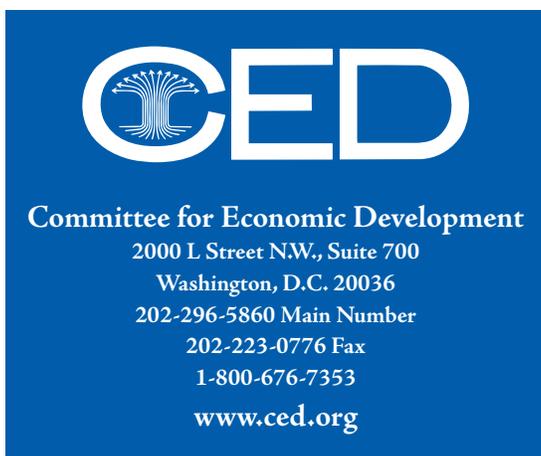
revenue, increased healthcare costs, and a population unfit for employment and productive work.

**Investing in early learning and development is the best foundation for human capital.** The human brain is primed from birth to react to and learn from the environment and interactions with caregivers. But this process is cumulative, and so deprivations experienced prenatally and in the first three years of life shape brain architecture and can impede later language, and cognitive, social, and emotional capacity. While parents are the first and most important teachers in a child's life, skilled providers of child care and early education can also nurture these qualities by building trust and responding

appropriately to young children. Research has shown that high-quality early childhood programs – including home visiting and early childhood education – have both immediate and long-term benefits to the larger society, not just the individual child.

**Child care and early education play a critical role in our national economy.** Expenditures on care and education of young children can strengthen families, communities, and economic development. These programs can be a critical point of contact to reach vulnerable families and support low-income parents to renew their own educational attainment to enhance their job prospects. Communities that invest in quality early childhood education can realize savings and better quality of life because disadvantaged children who participated in certain high-quality childcare and early-education opportunities are more likely to stay in school, avoid teen pregnancy, stay out of jail, attend college, and have higher earnings. Policymakers who seek greater local or even national economic activity should consider that money spent on child care and early education results in immediate spending on facilities and supplies (food, equipment, educational materials) which have multiplying effects.

**Other countries are well ahead of the United States in prioritizing investment in early learning and development.** Compared to other developed nations in the Organisation for Economic Co-operation and Development (OECD), the United States spends a smaller percentage of Gross Domestic Product on childcare and early-education services for children from birth to age five, and disproportionately less for young children as compared to school-age children. At the same time, children in the United States face more challenges to their development than those in many of the other countries, including higher rates of infant mortality (4<sup>th</sup> worst in the OECD) and low birth weight (6<sup>th</sup> worst), teen births (2<sup>nd</sup> worst after Mexico), and poverty.



## **II. UNFINISHED BUSINESS: CED Recommends that Policymakers Provide Access to Early Learning Opportunities for All Children from Birth through 3rd Grade.**

CED now builds on and expands previous recommendations in light of new research and the current economic context. We call for a national strategy to ensure that all children have access to high-quality child care and early education from birth to third grade that promotes their learning and development while strengthening and engaging families in their children's education. We recommend these key steps:

- Protect and significantly build on current effective early-childhood investments of public and private dollars.
- Ensure that all children are able to engage in effective, high-quality early childhood education from birth to age five, beginning with those in the greatest need.
- Hold all early-childhood services to high program and professional standards that have been shown to promote healthy development and learning.
- Engage and support families to improve education and life prospects for their children and themselves.
- Sustain success by guaranteeing high-quality full-day kindergarten and ensuring effective 1st through 3rd grade schooling.

## **III. CONCLUSION: What CEOs Can Do**

Business leadership in the unfinished business of ensuring opportunity for every child has never been needed more. CED is prepared to work with every business leader interested in supporting this agenda. CEOs can, for example:

- 1) Use your power and influence to keep early childhood at the forefront of all decisions at the community, state and national levels.
- 2) Ask elected officials to support significant increased investment in early childhood.
- 3) Voice support of the above agenda with peers, at public events, and through the media.
- 4) Invest at least 1 percent of corporate earnings in public/private partnerships that support early childhood in your community or state.
- 5) Make your company policies more family-friendly and educate employees about the importance of early childhood.

**For more information on how to become involved,  
see [www.ced.org](http://www.ced.org) or [www.readynation.org](http://www.readynation.org).**