

EARLY CARE & EDUCATION

POLICY BRIEF

Fall 2007

Executive Summary

The arguments for making investments in high-quality early childhood education are quite compelling. Many major economic and social problems within our communities such as crime, high school dropout rates, and drug consumption, can be traced to low levels of skill and ability within our population. Ability gaps between advantaged and disadvantaged children open up early in the life of our youngest citizens. If a child is not motivated and stimulated to learn and engage early on in life, the more likely it is that when he or she becomes an adult, it will fail in social and economic life. And, the longer we wait to intervene in the life cycle of the child, the more costly it is to remediate and restore the child to its fullest potential.

Skill begets skill, motivation begets motivation. An ongoing effort to refocus public policy is required to understand and support the lifecycle of skill and health formation, and the importance of investing in the early years.

For many years, the Vermont Business Roundtable has recognized that the thoughtful stewardship of Vermont's future rests upon public policy development that helps ensure the well being of our children. Helping children reach their potential leads to better educated citizens, healthier communities, a lower incidence of crime, and ultimately, high societal dividends.

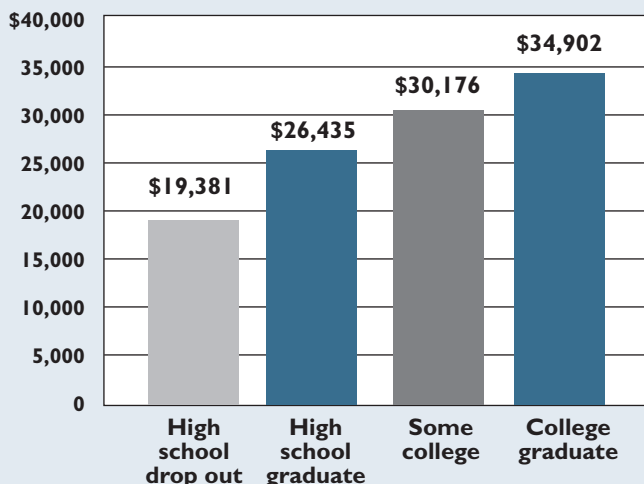
This brief will serve to help illuminate the public investment in pre-k as a public policy strategy. The Vermont Business Roundtable believes that public investment in pre-k is important because of the overwhelming evidence of brain development during age birth to five.

With data from four decades of program evaluation, child development research, and advances in several scientific fronts,

Median earnings in the past 12 months (in 2005 inflation-adjusted dollars) by sex and by educational attainment for Vermonters 25 years and over.

	Estimate	Margin of Error
Total:	30,446	+/-509
Less than high school graduate	19,381	+/-1,501
High school graduate (includes equivalency)	26,435	+/-733
Some college or associate's degree	30,176	+/-1,247
Bachelor's degree	34,902	+/-2,242
Graduate or professional degree	47,548	+/-2,588
Male:	35,920	+/-727
Less than high school graduate	23,709	+/-4,124
High school graduate (includes equivalency)	31,275	+/-878
Some college or associate's degree	36,193	+/-813
Bachelor's degree	44,951	+/-3,019
Graduate or professional degree	55,676	+/-6,289
Female:	24,765	+/-790
Less than high school graduate	13,351	+/-2,615
High school graduate (includes equivalency)	20,752	+/-1,047
Some college or associate's degree	24,648	+/-1,391
Bachelor's degree	27,978	+/-1,673
Graduate or professional degree	40,690	+/-1,961

Annual income per person by education level



Source: U.S. Census Bureau, 2005 American Community Survey.

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it is clear that early brain development is the foundation for “all future learning, behavior, and health.”¹ Not only has pre-k been shown to have positive effects on the brain’s ability to develop cognitive skills, but also the necessary language and social skills that help to prepare children to be successful students and citizens². Soft skills children learn at an early age — such as how to listen, how to cooperate, and how to work as a team — beget more and more skills as the child ages.³

Several ongoing longitudinal studies also show that children who have access to high-quality pre-k are more likely to grow up to be more successful in life and the workforce. The long term effects of three scientifically-rigorous evaluations of early childhood programs serve to illuminate diverse benefits to the participants, from better health to higher pay, as the children grow into adulthood. The findings include higher achievement scores in elementary school and a higher likelihood that children would enroll in college later in life.⁴ Another study yields evidence of greater academic success and higher earnings than peers, and less social problems, including lower levels of participation in crime, truancy, and welfare.⁵

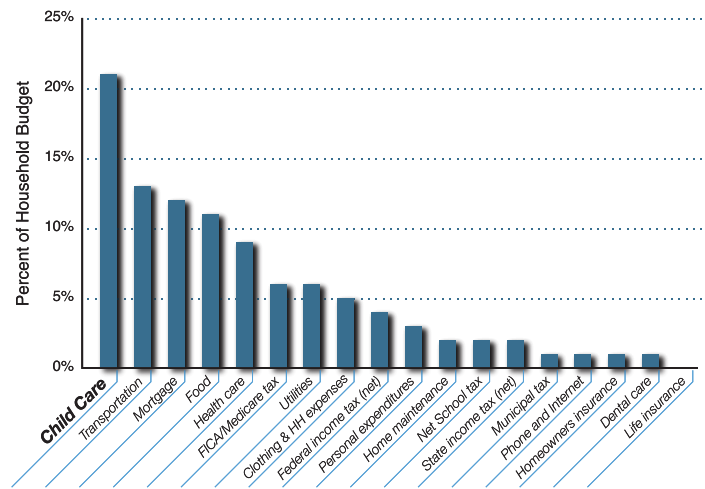
The benefits of universal pre-k for children at risk are indisputable. Major studies show a direct link between participation in high-quality pre-k for children at risk, and a lower likelihood to utilize social services and a higher probability of having later economic prosperity. While some may argue that programs in Vermont should be limited to children considered at-risk, there are many benefits that are derived by children of middle income families.

Given that most of the nation’s dropouts and special education students are from middle income families, the costs of failing to serve children who could benefit are far higher than the costs saved by targeting.⁶ Although they are at a lower risk than lower income children, middle income children exist in schools in higher raw numbers, so their problems add up to higher costs for early and later interventions. Indeed, most school failure is suffered by middle income children.⁷ Problems like dropout and grade repetition simply cannot be tackled by targeting poor children alone.

In Vermont, middle income children suffer with low school readiness. According to the state’s school readiness data of 2005-2006, less than half (44 percent) of all children were rated at the “practicing” or “performing independently” levels for all items in each of the five domains of readiness.⁸ We should be

Relative Impact of Household Budget Categories

Based on \$62,331 median gross income for 4-person household, \$176,000 home



Sources: Vermont Basic Needs Budgets 2005; Vermont Household Budget Affordability Analysis.

concerned that with 39,000 children under six in Vermont, the cost of remediating learning among those students is a huge burden to our educational system. Making sure that all children, whether middle or lower income, come to school ready to learn is good for children and good for taxpayers.

While school readiness is important, high-quality pre-k is essential to the many families, which are led by either a single working parent, or in which both parents work. Two-thirds of women with children under six are in the labor force across the country. In Vermont those workers are much needed. But the cost of early care and education strains the budgets of most families in Vermont, making it difficult to work and pay for care. Indeed, the state estimates that the cost of high-quality child care averages 21% of a family’s annual income.⁹ While high-quality early care and education is necessary to prepare our children for success in school and in life for economic stability, few families can afford it. It isn’t surprising that Vermont is considered one of the 10 least affordable states for child care.¹⁰

Because benefits of early childhood education are clear, many business leaders nationally and in Vermont have become pre-k advocates. Business leaders understand the economic benefits of investing in a workforce at an early age. According to Jim Rohr, Chairman and Chief Executive Officer, the PNC Financial Services Group,

“To sustain America’s economic strength, community leaders, business leaders, policymakers, and parents must make providing



access to high-quality early childhood education a top priority across the country. We can't expect our children to make strides when we're taking baby steps."¹¹

that early childhood education assures good citizenship and excellent scholastic achievement. We cannot afford to waste these precious early years."

The Committee for Economic Development predicts that in the long run, high-quality pre-k education for all will boost national employment and gross domestic product by almost 2 percent, which represents over 3 million more jobs and almost \$1 trillion in increased annual GDP. Their recent study reasons:

Recognizing that the investment in pre-k for all is important, the question is not why, but how. Implementation regulations that incorporate high-quality elements and best practices in pre-k help create successful programs. After decades of research, it is clear that high-quality components such as teachers with BA degrees and specialized pre-k training are shown to make a significant difference in better outcomes for children. States such as New York and Iowa are now requiring that eventually all classroom teachers have a BA degree, phasing this requirement in to allow for teacher training and recruitment. Regular monitoring is also shown to improve programs through higher levels of accountability and training opportunities.

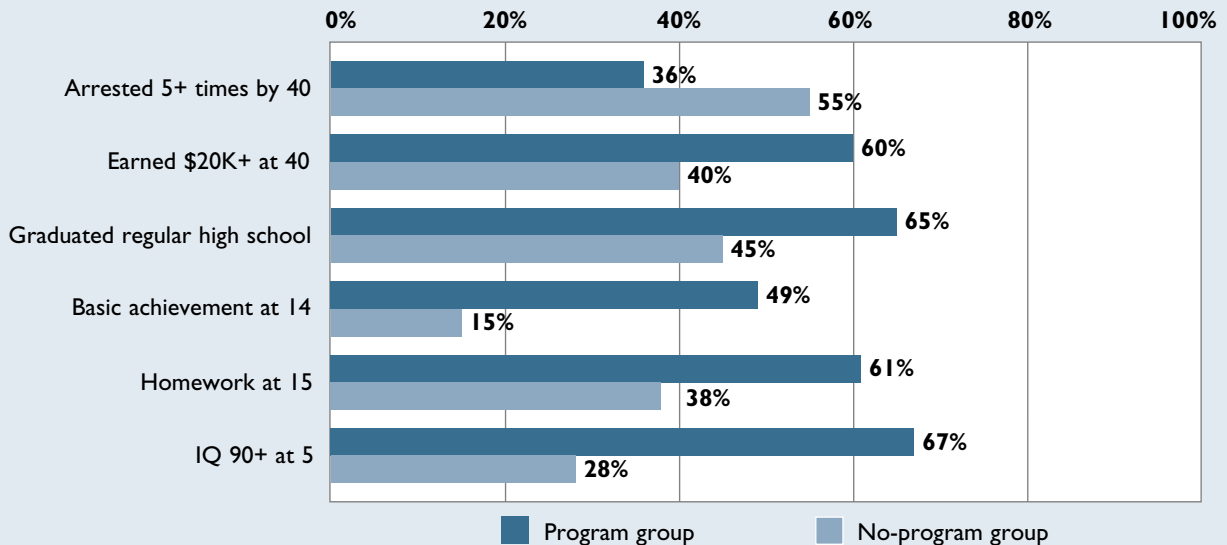
*"Economic development benefits occur because high-quality preschool increases both the soft and hard skills of preschool participants, and also their ability to benefit from later education, which increases participants' future employability and productivity in the labor market. This increase in the quantity and quality of U.S. labor supply stimulates business to create new jobs and expand output."*¹²

Leaders in Vermont's higher education community also recognize the value of high-quality pre-k for all. Jeff Shields, President and Dean of Vermont Law School said recently,

For business and policy makers, the message is clear. If we are to be the successful stewards of Vermont's future, we must continue to create strategies that clear a path to the success of each child. This starts with high-quality pre-k for all three- and four-year old children in Vermont. We celebrate that the Vermont Legislature has recognized this, and continue to work towards building equity and quality in pre-k, to truly serve every child.

"Through public-private alliances other states are turning to universal early childhood education. We must join them. Why? Because all the many studies on the subject come to the conclusion

Major Findings: High/Scope Perry Preschool Study at Age 40



Source: *Lifetime Effects: The High/Scope Perry Preschool Study through age 40*, Schweinhart, L. J., et al. Monographs of the High/Scope Educational Research Foundation, Number 14.



Endnotes:

- 1 *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in Learning, Behavior, and Health for Vulnerable Children*. Center on the Developing Child at Harvard University (2007). <http://www.developingchild.harvard.edu>
- 2 *From Neurons to Neighborhoods: The Science of Early Child Development*, Committee on Integrating the Science of Early Childhood Development, J. P. Shonkoff & D. A. Phillips, Eds. Board on Children, Youth, and Families, Commission on Behavioral and Social Sciences and Education. Washington, DC: National Academy Press. National Research Council and Institute of Medicine (2000). http://books.nap.edu/catalog/9824.html?onpi_newsdoc100300
- 3 *The Economics, Technology and Neuroscience of Human capability Formation*, James J. Heckman, NBER Working Paper 13105, Issued June, 2007. <http://www.nber.org/papers/w13195> and *Skill Formation and the Economics of Investing in Disadvantaged Children*, James J. Heckman, Science, Vol. 312, p1900-1902, June, 2006. <http://www.sciencemag.org/cgi/content/abstract/312/5782/1900>
- 4 *A benefit-cost analysis of the Abecedarian early childhood intervention*, Masse, L. N., & Barnett, W. S., In H. Levin & P. McEwan (Eds.) *Cost-effectiveness and educational policy: 2002 Yearbook of the American Educational Finance Association* (pp. 157-176). Larchmont, NY: Eye on Education. (2002)
- 5 *Lifetime Effects: The High/Scope Perry Preschool Study through age 40*, Schweinhart, L. J., Montie, J., Xiang, Z., Barnett, W. S., Belfield, C. R., & Nores, M., Monographs of the High/Scope Educational Research Foundation, Number 14. Ypsilanti, MI: High/Scope Educational Research Foundation. (2005)
- 6 *The Universal vs. Targeted Debate: Should the United States Have Preschool for All?*, by W. Steven Barnett, Kirsty Brown and Rima Shore, National Institute Early Education Research, Issue 6, April 2004
- 7 *Benefits and Costs of High-Quality Early Childhood Education*, W. Steven Barnett, Loyola University, at press, (2007)
- 8 *School Readiness Data – State of Vermont (2006)*. <http://humanservices.vermont.gov/publications/school-readiness-report/state%20report%2006.pdf>
- 9 Vermont Child Care Advisory Board 2007 Legislative Report. http://www.vermontccab.org/pdf/ccab_leg_rept_07.pdf
- 10 *Breaking the Piggy Bank: Parents and the High Cost of Child Care*, NACCRAA, February, 2006.
- 11 <http://www.preknow.org/community/testimonials.cfm>
- 12 *The Economic Development Benefits of Universal Preschool Education Compared to Traditional Economic Development Program*, by Timothy J. Bartik, The Committee for Economic Development

To find out more about the Vermont Business Roundtable visit our website:
www.vtroundtable.org or call our office: (802) 865-0410