



AMERICA'S
EDGE



Early Education Works: Illinois Business Leaders Say Rough Times Warrant Continued Investment in Human Capital

Summary

Illinois is facing the greatest economic shock since the Great Depression. During this time of crisis, virtually every business leader is confronting challenges on a scale they have never seen before. Even during these harrowing times, the business members of *America's Edge* recognize that our future economic well-being is only as secure as the quality of the workforce supporting it. To provide the quality workforce that our state needs now and when its economy recovers, state and local policy makers must continue their commitment to invest wisely in educational programs that will fuel economic growth.

An excellent investment remains an excellent investment. The business leaders of *America's Edge* call on local, state and federal policymakers to increase investments in high-quality early education because it works.

Pre-k delivers:

- More than 9,000 jobs through the state's Preschool for All program.
- Reliable, quality programs that enable parents to work.
- A solid foundation on which to build Illinois' future workforce.

During a time when many tough calls need to be made, continuing to invest in early education is an easy call – one that business leaders strongly support.

THE CHALLENGE

Like the rest of the American economy, the Illinois economy has taken a nosedive. In 2008, 100,000 Illinois properties were foreclosed on and last month the state's unemployment rate topped 9 percent and is likely to continue to increase. Many business leaders who thought their companies were secure and prosperous are now struggling to keep them afloat.

Continuing to invest wisely in early education will not only help build a solid workforce for the future, it will help communities, businesses, and struggling young families right now.

EARLY CARE AND EDUCATION IS AN IMPORTANT ECONOMIC SECTOR

The early care and education sector in Illinois is a large and vital sector of the economy. It could quickly absorb more investment and turn that into jobs that will impact the economy. The sector employs more than 50,000 full-time equivalent employees in Illinois – an amount greater than the number of employees working in the hotel industry. And it generates more than \$2 billion in gross receipts – nearly as much as soybean farmers in the state.

The state's *Preschool for All* early education program alone serves more than 90,000 three- and four-year-olds and their families, and employs more than 9,000 teachers.

New jobs in the early care and education sector would mean

more spending by those teachers on goods and services in the rest of the economy. Economists have found that for every two workers employed in the early care and education sector, their immediate spending on goods and services can support an additional new job elsewhere in the economy.

The early care and education sector is one of the most important sectors to target for recovery spending because it can quickly generate jobs in the short-term. But investments in quality early care and education will also help transform the economy over the longer-term.

CUTTING PRE-K WOULD FORCE STARK CHOICES ON PARENTS AND EMPLOYERS

Illinois is a national leader in universal prekindergarten but it is only halfway there. Although the state serves more than 90,000 three and four-year old children, there remain more than 115,000 children who come from families who cannot afford quality preschool.

Pre-k is essential for parents: over 600,000 Illinois children have their parents in the workforce. Over 90,000 families depend on state-funded preschool to provide their children with

In fact, no other school reform is as proven to improve graduation rates as early education. Participants in the Chicago Child-Parent Centers were 29 percent more likely to have completed high school, and the children in the Perry Preschool program were 44 percent more likely to graduate from high school.

high-quality early education. The turmoil in the housing sector shows how problems in one sector can eventually ripple through the whole economy, impacting first construction workers, then small business owners, and eventually nearly everyone in some way. If early education spending is cut, not only are those early education workers out of work, a crisis will immediately confront young families as they struggle to remain on the job and pay the high costs of quality early care and education for their children.

The cost of quality early education approaches the cost of sending a child to college. The average cost of tuition and fees for Illinois state colleges is \$10,000 a year – not that much more than the \$8,000 it costs for a year of full-time center care for a four year old.

Young families, almost by definition, are

the most economically vulnerable families. If slots in state-funded quality early education are eliminated, many families could not support both the full cost of private preschool and their mortgages. Many parents need to work to pay their mortgage, need a good environment for their child while they work, but can't afford both a mortgage and the full cost of preschool.

Parents may respond to this economic challenge by putting their children in lower-quality, less-reliable care, though even poor-quality care is still expensive. That will hurt their children by putting them at risk of starting school already behind. But it may also hurt employees and their employers immediately because unreliable childcare causes parents to miss work. That disrupts company productivity and puts their jobs at risk.

If wise investments in early education are a win-win-win situation for the children, their parents, and local companies, cutting slots is a losing proposition for all concerned.

ILLINOIS' ECONOMY RESTS ON A CRUMBLING FOUNDATION

Illinois is at the geographic crossroads of America, and historically has had one of the most resilient and diverse economies in the Midwest. But, even before this most recent wake-up call on the economy, it was clear that Illinois was

At-risk Kids: Not Just an Inner City Problem

The number of children who are under age five and living in poverty has been essentially stable in Chicago itself from 2000 to 2007, but the number of poor children under five has increased over 50 percent in the five Suburban Chicago Counties during that period, and increased almost 40 percent in the Downstate Counties. For example, the number of poor children under five has risen from 2,739 in DuPage County to 5,037, and the percentage of poor children in the Metropolitan Chicago area who now live in Aurora has almost doubled.

Theresa Hawley, Ph.D., Early Childhood Policy Consultant, based on data from the United States Census

not adequately preparing its students to compete in the global marketplace:

- Only 77 percent of Illinois students are graduating on time from high school; and in Chicago, graduation rates are down to 51 percent – half of Chicago’s youth are not making it through high school.
- The “Nation’s Report Card,” the National Assessment of Educational Progress (NAEP), reports that in 2007, only 32 percent of fourth graders in Illinois scored at least proficient in reading (the level demonstrating solid academic performance); only 37 percent were proficient in Mathematics.

As baby-boomers currently forgo retirement, Illinois has a second chance at better preparing its future workforce for the demanding jobs of the future. Those jobs will require higher academic, technical and team-working skills than the jobs of the past. Business leaders have long been aware of the looming crisis with the state’s leaky pipeline of skilled labor: too many of Illinois’ students are ill-prepared to take their place in the 21st Century workforce.

BUILDING A SOLID FOUNDATION FOR LEARNING

Business leaders know that if Illinois is going to succeed in the future, it must invest in education now. Brains are built over time, yet a substantial proportion of the foundation upon which subsequent knowledge is built is constructed during the earliest years of life. That foundation includes learning to play, focus, and self manage; developing socially and emotionally; and developing language through exposure to words. Stimulation is important. Children learn by experiencing and interacting, and these opportunities help their brains to develop

“In my mind, preschool is workforce development, and school readiness equates to workforce readiness. The skills that children develop in preschool, the social, the emotional and the academic skills, are the same skills that are in demand by employers today, and despite the recession, they will remain in demand tomorrow. We need workers who have the critical thinking skills to make sound judgments, and the math and analytical skills to ensure that a gear is manufactured with such precision that it cannot be off by the width of a single human hair. There is no room for error. But if the error is made, the worker must have the character to address the mistake with a supervisor, before passing something off as less than perfect.”

Mary Ann Cervinka, Human Resource Manager for Arrow Gear, testifying before the Illinois House Elementary and Secondary Education Appropriation Committee.

learning strategies. Together, these skills make up the developmental foundation that educators refer to as school-readiness skills.

The research presented by James Heckman, the University of Chicago’s Nobel-prize-winning economist, shows that early education is a wise investment. The lessons a child learns in early education, particularly the lessons on how to get along with others, to trust others, and to follow directions, will last a lifetime. Professor Heckman argues that Pre-k is such an essential investment because these basic social skills are pre-requisites for acquiring further knowledge and skills in school and in the workforce.

THE SCIENCE OF WHAT WORKS

Carefully researched studies that have followed children for years have shown that children in high-quality early learning programs have higher rates of high school graduation and college attendance, lower dropout rates, and higher incomes than the study participants who did not receive the preschool programs.

In fact, no other school reform is as proven to improve graduation rates as early education.

For example, the Chicago Child-Parent Center (CPC) preschool program showed that gains were possible for a preschool program serving over 100,000 inner-city children. By age 20, participants in that program were 29 percent more likely to have completed high school. In another analysis, for every 100 children in the program there were 11 additional students who finished high school. At age 24, those served by CPC were 11 percent more likely to have either attended college or to have been working steadily than those left out of the preschool program.

Persuasive support for Pre-k came from an earlier study of children from Pre-k through age 40 at the High/Scope Perry Preschool Project in Ypsilanti, Michigan. From 1962-67, preschool teachers worked intensively with low-income African American children aged three to four. The children attended preschool during the week and teachers came to their homes once a week to coach their parents. When the children were age 40, researchers compared their life stories with those who did not participate in the early education program; the payoff was impressive. Almost half of the preschool

| The High Cost of Dropping Out | Unemployment (March 2009) ^a | Average Annual Salary ^b |
|-----------------------------------|--|------------------------------------|
| high school dropouts ^c | 13% | \$19,000 |
| high school graduates | 9% | \$26,000 |
| college graduates | 4% | \$42,000 |

a Bureau of Labor Statistics, b Commerce Department, c 25 or older

“A high school dropout earns about \$260,000 less on average during a lifetime than a high school graduate.”

Bob Wise, President of the Alliance for Excellent Education

children were performing at grade level by the age of 14, compared with just 15 percent of the children in the control group; 44 percent more of the children in the Perry program graduated from high school; and 60 percent of participants were earning upward of \$20,000 a year in their 40’s, versus 40 percent of those in the control group.

AN EXCELLENT INVESTMENT

Analysts have totaled up the various savings from early education. Children who repeatedly fail in school and beyond do not just disappear; their troubles can be very costly for society in terms of crime, welfare, and other social problems. Businesses either confront these expenses directly through increased crime or poor employee performance, or indirectly through increased taxes.

The researchers concluded that the benefits to society of helping at-risk kids get off to the right start in life far outweigh the costs:

Net benefits per child for investments in early childhood education:

- High/Scope Perry Preschool Program: **\$243,722¹³**
- Chicago Child-Parent Centers **\$70,977¹⁴**

In a recent report, economist Robert G. Lynch estimates that if voluntary universal early education were brought to scale in Illinois, by the time the children in those programs are at their peak earning years in 2050, they could earn as much as

an additional \$18 billion through their own productivity gains. Illinois businesses and society in general will have gained as much as \$9 billion in increased profits and other benefits from increased productivity. In addition, Illinois taxpayers could pay \$7 billion less in government expenses, and potential victims of crime will avoid an addition \$6 billion from reduced crime costs. Businesses will capture an important share of those savings because of reduced crime costs, lower taxes, and increased profits.

THE BOTTOM LINE

Today’s businesses are developing more complex and innovative products or services to compete in the global marketplace. Those products and services require a better-trained and educated workforce. Yet the Illinois education system, like those in other states, was created for an agricultural society that no longer exists; even the students who do graduate are too often ill prepared for today’s workplace.

It is clear that investments in quality early care and education can build the foundation for our workforce of tomorrow. Pre-k is not the only answer to the question “How can we reform our schools?” But it is an essential and proven answer for how to give our kids the foundation they’ll need to succeed in school and in life. Business leaders support continued investments in early education because those investments will help generate jobs, incomes and spending today, while building a solid foundation for growth tomorrow.

Pre-K works. The business leaders of *America’s Edge* are convinced that, even in these tough times, it is a wise investment for Illinois and the nation.

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