



By *Amanda S.F. Hartle*

Early childhood investment makes impact beyond K-12

Lloyd Lamm has been in banking since 1972, but it wasn't until four years ago that he realized a vital key to business success while visiting a prekindergarten class in Harrisburg School District.

On a classroom wall, hung two plastic sandwich bags and each held a piece of bread – one pristine white and the other coated with thick, blackish-green mold. He wondered aloud what happened to the bread.

To the First National Bank retail banking executive's surprise, a 3-year-old student scurried to him and excitedly informed him about the science experiment. A few days prior, half the class washed their hands after recess and touched a slice of bread. The remaining classmates did not wash their hands and touched the other slice.

"It was phenomenal. He spoke so clearly and was so proud that he knew the answer."

Lamm's prekindergarten experience where basic education concepts and social skills lessons were on the syllabus is not the norm.

In Pennsylvania, one in three children under age 5 is at-risk for school failure and does not participate in regulated early child care and education programs, according to a 2011 America's Edge report.

This deficiency at an early age affects individual children and causes a domino effect on society and, by extension, the business community for years to come, said Kelly Swanson, communications and public policy director at PA Early Learning Keys to Quality, which is a partner of Pennsylvania's Office of Child Development and Early Learning.

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"We don't have enough kids graduating that can fill 21st-century jobs. Our children need early education to compete in a global workplace. If we want to attract and create new jobs we have to prepare them for 21st-century careers" that combine social skills, critical thinking abilities and math, English and science knowledge.

"We need our kids to start early to solve problems. If you don't start early to address issues it costs a lot more in the future," she said.

Intervention and investment

In a perfect world, AON Hewitt Senior Vice President Phil Peterson believes education would start before birth as mothers would learn to nurture their child and receive instruction on creating an environment suited for early learning of both social skills and educational concepts.

"Once the child is a toddler, they would be in a high-quality learning center. There, a child wouldn't sit in a front of a television or in a corner. It would be encouraged by professional teachers in concepts and behavioral issues. They would be challenged and there would be integration between the center and the child's home," he said.

Instead Peterson, who serves as co-chair of the Early Learning Investment Commission established by former Gov. Ed Rendell, believes many children are not receiving the critical life training to have successful futures in companies like AON Hewitt, that value critical thinking skills.

As the No. 1 human resources consulting firm in the world, Peterson's company educates other companies from small-sector operations to large-scale government enterprises on how to recruit and select qualified employees, operate effective compensation and benefit programs and implement business design strategies that allow organizations to be successful. So having competent employees in his workforce is a must.

"Our business is all about taking legislation that is being passed by the government, tracking trends and creating intellectual capital out of issues of the day that we can use to spur thought

leadership on behalf of our clients," he said. "In a sense, we are selling the product of our brains."

In a service-based economy, face-to-face communications are essential, but their importance often is overlooked, Peterson said. "You can't prepare children for the workforce, if they aren't prepared for school. They have to enter kindergarten ready to learn and the only way they can learn is if they" start with a solid base of social skills, he said.

In Lamm's world of banking, many new workers lack basic math and English knowledge in addition to social interaction abilities. The training program at First National Bank is extensive, but many potential employees do not know how to interact with customers let alone how to make change. "Training was designed to add to what people had already received in college or high school. But we've had to adapt it to make it more comprehensive," he said.

For many making those changes so late in life is challenging, said Lamm, who also serves on the Early Learning Investment Commission. "If they have not used their brains to full capacity, it is difficult to fix that going forward," he said.

Nationwide, other employers echo Lamm's and Peterson's observations, according to the America's Edge study done by the national nonprofit organization for business leaders. Less than one quarter of employers state that new employees armed with four-year college degrees have excellent basic knowledge and applied skills. A total of 27.8% are deficient in written communications, nearly 24% are without leadership abilities and roughly 19% lack professionalism. Percentages for high school graduates are three and four times higher in each area.

A 2004 Cornell University study found that apart from new employees, veteran workers with children also cost employers \$3 billion a year as they



miss one to two weeks of work due to child care issues. Reduced absenteeism and higher productivity occurred when quality early education and child care was available in a community resulting in a larger bottom line and savings for businesses.

Education success breeds community success

Apart from budgets and business spreadsheets, communities with strong early childhood education programs may see additional positive returns including lower crimes rates, higher high school graduation rates and lower property taxes as fewer dollars are spent on needed intervention later in school years.

Investing early is the easiest way to cut costs and reap returns later in life, said James Heckman, University of Chicago economics professor and Nobel laureate in economic sciences. “Early learning begets later learning and early success breeds later success, just as early failure breeds later fail-

ure...The real question is how to use the available funds wisely. The best evidence supports the policy prescription: invest in the very young and improve basic learning and socialization skills,” he said.

In Michigan from 1962 to 1967, preschool teachers worked with low-income children ages 3 and 4 in the Perry Preschool Program, which is highly regarded as a landmark study in early childhood education. The program attendees went to preschool during the week and teachers visited homes once a month to educate parents. Followed until age 40, 44% more of the program attendees graduated high school than average and 60% earned roughly \$20,000 more a year.

In numerous other studies, early childhood education resulted in better preparation for elementary school success, higher rates of graduation and less likelihood of being held back a grade. These early successes led to other tangible effects in communities such as less crime and higher employment rates.

The Perry program spent an average of \$8,000 per student, which is equivalent to per student special education costs in secondary school in addition to the average student costs.

Every \$1 invested in quality early education saves \$7 in special education, public assistance, corrections and lost taxes. The rate of return for quality early childhood education is 10% per year. An \$8,000 investment at birth adds up to nearly \$800,000 return over a child’s lifetime, according to Heckman.

Saving money on later costs isn’t the only positive economic result. For every \$1 spent in Pennsylvania on early learning, an additional \$1.06 is generated for a total of \$2.06 per dollar invested. This return on investment is higher than investments in transportation, construction, trade and manufacturing.

The America’s Edge study found that creating the early childhood education structure would require a \$2.2 billion investment but would yield \$2.4 billion in additional sales outside education plus 75,000 new jobs including 17,000 in areas beyond educational sectors.



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Financial hurdles challenge efforts

In lean economic times, holding the stimulus-bolstered \$1.3 billion in current funding for early childhood education and child care programs represents a significant challenge. No fewer than eight early childhood programs need continued state support including the popular Child Care Works, a subsidy program for qualifying families. The program's waiting list ballooned in recent years as the recession grew.

State funds also make possible the Nurse Family Partnership that funds at-home education for expectant mothers to prepare for their child's future and Keystone Babies and Keystone STARS, which rates early childhood education programs on standards such as staff qualifications and professional development, early learning initiatives, family and community partnerships and other factors. Ratings allow parents to make a more informed decision as to where to place their children.

More well-known programs are Pennsylvania Pre-K Counts that serves 11,500 children and Head Start, which receives substantial federal dollars supplemented by state funds and aids roughly 40,000 children.

Acquiring and assuring funds to continue and grow each program demands a different

mindset with a global perspective, Swanson said. "We don't invest as much in our kids as early as our competitor nations do, so how are we supposed to keep high-tech jobs in this country? Look at India and China where they are investing early and creating more engineers and scientists," she said.

Of 30 developed nations, the United States' 15-year-olds ranked 25th in math and 17th in science in 2009, according to the Organisation for Economic Cooperation and Development's Programme for International Student Assessment statistics.

The same organization also found that almost all students who had early childhood education in nearly all surveyed nations outperformed those who did not. The disparity was found to be equivalent to more than one year of formal schooling.

The United States as a strictly manufacturing nation is an outdated concept, Swanson said. "High paying jobs that don't require some post high school education are a thing of the past. They are gone and they aren't coming back. If we don't want unemployment to climb any higher, we need to address these issues." **b**

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