Investing in Maryland's Young Children
Addressing the Achievement Gap

High quality early childhood programs are great economic and social equalizer – they supplement the family lives of disadvantaged children . . . Children in these programs develop foundational skills on par with those of more affluent children.

– James J. Heckman "Life Lines for Poor Children," The New York Times

A National Imperative

America's future economy depends on a highly skilled workforce. Investing in children's school readiness generates the workforce America depends upon.

Economist Arthur Rolnick has shown that an investment in early care and education earns a 16% financial rate of return for a community. That's good for children, for families, and for the economy.

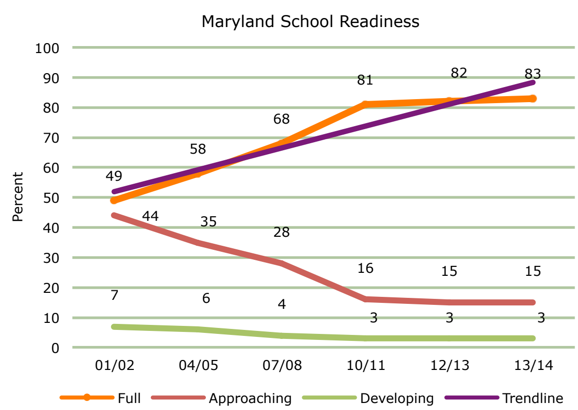
Studies show we aren't doing enough to invest in our future workforce. The U.S. ranks[1]:

- 26th out of 29 Organization for Economic Co-operation and Development (OECD) countries – in front of only Lithuania, Latvia, and Romania – in overall child well-being – material well being, health & safety, education, behavior and risks, housing & environment;
- 24th in early childhood education across the world; and
- 25th in public early learning spending.

Moreover, a recent public opinion poll commissioned by the First Five Years Fund found that 68% of voters think that only half or even fewer children begin kindergarten with the knowledge and skills they need to do their best in school.

A Strong Foundation

More Maryland kindergarteners are ready for school than ever before: 83% of children entering kindergarten in school year 2013-2014 are fully school-ready, up from 49% in 2001-2002. This represents a 69% improvement in overall school readiness. Maryland's exceptional gains affirm that we are clearly doing things right.



More Work To Do

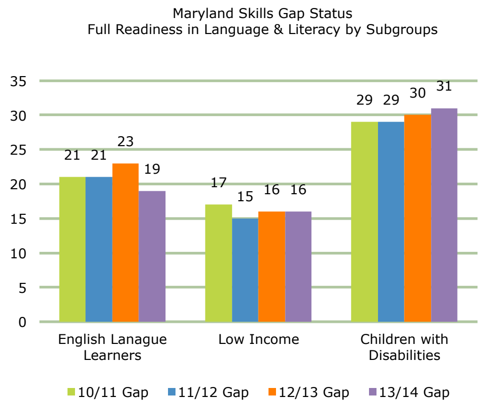
Despite our advancements, far too many Maryland kindergartners are not ready to successfully start school. More than 11,000 children needed targeted or considerable support to do kindergarten work. Of these children, almost half were from mid- to high-income families.

A disproportionate number of the kindergarteners who are not school-ready are children from low- income families, English Language Learners (children with a first language other than English), and children with disabilities. And fewer than half (40% or 26,740 children) attended public PreK programs in 2012-2013.

[1] Organization for Economic Co-operation and Development (OECD)

The Skills Gap

In Language & Literacy – the area with the strongest correlation to higher school readiness and most closely linked to later reading proficiency – the readiness gap for children who are academically at-risk (children from low-income households, ELL, and children with disabilities) remains virtually unchanged in recent years.



We Know What Works

High-quality formal early care and education and preK programs are known to prepare young children for school more successfully than home or informal programs. Consider:

- Four of the eight Millennium Development Goals emphasize early childhood. Goal 2 aims to "Achieve Universal Primary Education."
- 83% of kindergartners who had been enrolled in pre-K programs were fully ready for school in 2012-13, compared with 71% of those who were at home or in informal care the year prior to kindergarten.[2]

An investment in school readiness is an:

✓ **Investment in Long-term Success.** School readiness is a crucial launching pad for doing well in school and throughout life. Consider:

- Children who are fully "school-ready" in kindergarten are eight times more likely to get an "advanced" ranking on the third-grade reading and math Maryland School Assessment than those who enter with significant skill deficiencies.[3]
- By age 21, children who have received high quality child care had significantly better math and reading skills and were more than twice as likely to attend a four-year college.[4]

✓ **Investment in Current Employees.** When it comes to early care and education, the issues of quality, affordability and accessibility confront all working parents. Unreliable, low-quality childcare has negative implications for both parents and employers, affecting absenteeism, job performance, motivation and turnover. Consider:

- An average employee misses 8 days of work each year due to breakdowns in child care arrangements.[5]
- Child care-related unscheduled absences cost employers an average of $610 per employee per year.[6]
- For every $1 invested in back-up child care, employers can expect a return between $3 and $4 in increased productivity and reduced turnover.[7]
- 70% of employees at companies with progressive work-family policies are committed to their employers, compared to 23% of employees at companies with fewer work-family supports.[8]

✓ **Investment in Workforce Development & Economic Development.** Early investment in high-quality early learning generates a high return. Like any time-valued investment, the earlier you make it, the greater the return. Giving young children a good start can substantially decrease the long-term costs of educating an individual for career readiness.[9] Consider:

- Investments in the "youth human capital sector" will yield major social returns for America, with estimates that 10% of our Gross National Product is directly related to a child's growth from 0-18 years old.[10]
- Preschool and other early interventions for disadvantaged children "raise the quality of the workforce, enhance the productivity of schools and reduce crime. They raise earnings and promote social attachment. Focusing solely on earnings gains, returns (on such programs) to dollars invested are as high as 15-17 percent."[11]

About Issue Insights

Ready At Five's *Issue Insights* series educates and informs the business community and provides a context and framework for business leadership, act, and investment.

Developed by:

5520 Research Park Drive, Suite 150
Baltimore, Maryland 21228-4791
Phone: 410.788.5725
Email: ra5@readyatfive.org
www.readyatfive.org

[2] The Maryland State Department of Education's Maryland Model for School Readiness 2013/2014 Report.
[3] Maryland State Department of Education's Maryland Model for School Readiness 2013/14 Report.
[4] Fairfax Futures.
[5] *Survey of Portland-area companies and their employees.*
[6] CCH Unscheduled Absences Survey, 2004
[7] WFD Consulting cost-benefit analysis of back-up child care programs, 2003.
[8] Families and Work Institute National Study of the Changing Workforce, 2002.
[9] Adapted from The Manufacturing Institute, institute@nam.org
[10] Robert H. Duggar, Managing Director of Tudor Investment Corporation and Advisory Board Chair, Partnership for America's Economic Success.
[11] James K. Heckman, University of Chicago, "Investing in Disadvantaged Young Children Is an Economically Efficient Policy".