



## Investing in Young Children to Promote Economic Prosperity

Key to building a successful long-term economy in the U.S. is creating the most team-oriented, healthy and educated workforce in the world. Unfortunately, currently about 20 percent of our workforce is functionally illiterate, and other countries are outpacing us in terms of achievement scores and educational attainment. While much attention has been focused on the K-12 years, the achievement gap starts much earlier. Some children are 18 months behind even before they start kindergarten – and many never catch up.

The good news is that we know how to dramatically increase their chances for success. Children need a variety of supports to thrive – those who are hungry, sick, ill-nurtured or have a chaotic home life cannot learn well. Research has shown that improving their experiences before age five -- in early education and care, health care, housing, family income and other aspects of their lives – can have profound impacts on their educational and employment success. And in fact the evidence base for investments in children is far beyond that of many other public expenditures.

This memo, written by Sara Watson, Senior Officer, Pew Center on the States and Director of the Partnership for America's Economic Success, provides a selection of short- and long-term recommendations that would improve the entire system for young children. It does not address the entire range of services or reforms needed. A longer version, with explanations, is available. Contact: [swatson@pewtrusts.org](mailto:swatson@pewtrusts.org), 202-552-2134.

- 1. Propose and put political capital behind a federal incentive grant program to encourage states to offer higher-quality pre-kindergarten programs** (for example, the initiative described in HR 3289, the PRE-K Act). Federal support could
  - ensure that programs address all aspects of children's development, including cognitive, social/emotional and behavioral;
  - improve state programs' ability to provide or link children to health screenings and other services; and
  - support the already-authorized improvements in Head Start, and promote better coordination between state-funded pre-k and Head Start.
- 2. Support other *proven* interventions that can turn around the lives of the youngest children and their families, such as rigorously-evaluated home visiting programs that intervene starting in pregnancy or very early in life.** Encourage very high quality evaluations as well as funding allocations based on results, such as through the Education Begins at Home Act (H.R. 2343).
- 3. Issue an Executive Order establishing a White House Office on Children and Families,** with the following goals:
  - To call attention to the importance of children's successful development for the nation's economic vitality
  - To ensure that the federal government invests in children commensurate with their importance to the nation's long-term success
  - To ensure that federal funding (for children and other purposes) is directed toward investments with proven long-term returns
  - To encourage more efficient and effective delivery of services across agencies



4. **Expand the Elementary and Secondary Education Act** (“No Child Left Behind”) to increase attention and funding for quality pre-kindergarten education, to ensure that no child enters school already left behind.
5. **Generate information and focus attention on the returns from investments in children using the federal budget process.** For example,
  - Request that CBO and OMB issue special reports on
    - the benefits that would have accrued over the past 20 years if the nation had invested sufficiently to improve childhood outcomes; and
    - the expected cost of failing to invest, and the return on investment from programs for which appropriate data are available.
  - Enact dynamic analysis for expenditures on children’s programs, to reflect the expected outcomes from these expenditures
  - Request that Congress hold annual Budget Committee hearings comparing the evidence of economic returns on all taxing and spending programs and especially investments in children
  - Institute a “Special Analysis” section in the Analytical Perspectives volume of the President’s budget that addresses investments in children
  - Encourage the President’s Council of Economic Advisors to devote a chapter of its Economic Report to the President on the returns to investments in children
  - Encourage the Federal Reserve Board to follow-up on Chairman Ben Bernanke’s endorsement of investments in children as an economic issue by highlighting this strategy in his, and the Board’s, public presentations.
6. **Amend federal support for longitudinal data collection efforts** to improve system performance and student achievement. For example,
  - Federal data collection efforts on education should include information on pre-kindergarten, to the extent practicable and possible, and should contribute to common definitions and standards for data collection in early childhood.
  - Allow the IRS to provide lifetime data on earnings, etc., to longitudinal surveys, such as the National Center for Education Statistics’ Early Childhood Longitudinal Surveys, to facilitate rate of return calculations.
  - Require recipients of funds under the IES Statewide Longitudinal Data Systems Grant Program to include data on early childhood education programs.
  - Create a federal/state interagency work group to facilitate efforts to share data across all federal and state education programs, especially for early childhood.
7. **Direct the National Academy of Sciences to develop a report on relevant outcomes, measures of quality, and appropriate use of evaluation data** in examining the impacts of early childhood investments and developing strategies to move programs toward higher quality services. Provide recommendations for federal, state and local policy makers on an evidence-based framework that can be used to assess program quality, provide guidance to program managers in clarifying the relationships between program results and child outcomes, and support the use of evaluation studies to improve program quality. Articulate a strategy by which this framework and guidance can be implemented in multiple settings.