

# The business case for public investment in early-childhood programs

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In the United States, evidence of return on investment is often needed to make happen something obvious. That includes public investment in high-quality child care and early-childhood education — programs that help young children develop into functioning, responsible adults.

So here is the business case for investing in early childhood, written by Leslie Fenwick, Roger W. Crandall and JD Chesloff.

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Today, American families face two intertwined crises. The first is what Harvard economist Claudia Goldin calls “America’s first female recession,” with women leaving the workforce in record numbers as the nation continues to battle covid-19. The second is a lack of access to affordable, high-quality child care, which both makes it harder for parents to work, as well as creates an achievement gap that becomes apparent as early as kindergarten.

Decades of research affirm that early-childhood education programs can boost cognitive development, improve academic achievement, and spur long-term educational attainment, thus reducing the academic achievement and attainment gaps. The National Bureau of Economic Research, the Education Commission of the States, and public health studies cited by the Centers for Disease Control and Prevention report the positive and long-term effects of early child care and prekindergarten on high school graduation rates, college attendance, and adulthood self-control and self-esteem.

In the face of historic setbacks to female participation in the workforce, the issues of access to affordable, high-quality child care have never been more urgent — not only for working mothers and their families, but for our economy at large.

Universal child care and prekindergarten would alleviate these pressures while contributing to the nation’s economic resilience and the likelihood of academic success for its students. All stakeholders — including the business community

— have a role to play to make these programs reality.

## **An evolving American workforce and caregiver model**

This is the first year since 1948 that female unemployment reached double digits, with millions of parents citing one major issue — America’s child-care crisis. In 1975, more than half of U.S. children had a full-time, stay-at-home parent — almost always, a mother. Today, fewer than 1 in 3 children have a full-time, stay-at-home parent. Yet, affordable child care is out of reach for millions of families. Research shows that when high-quality affordable child care is available, more women join and remain in the labor force.

As the nation’s labor force evolves, so must our approach to early-childhood education policy. The reality of America’s workforce and families today calls for solutions that will protect women’s workforce participation and ensure economic resilience in the years to come.

## **Promoting economic growth and equity in education**

As reported by the U.S. Treasury Department, the “high cost of child care and lack of availability for many working parents is hampering economic growth.” In many regions, there are three or more children for every available seat in a child-care center — and these “child-care deserts” are disproportionately located in low-income areas. The pandemic has only exacerbated the issue, forcing an estimated 20,000 child-care facilities to permanently close by February 2021.

Our economy stands to benefit from systemic, sustainable policy solutions that address this escalating crisis.

In Washington, for example, the Pre-K Enhancement and Expansion Amendment Act of 2008 (Pre-K Act) resulted in 9 of 10 children being enrolled in preschool programs. In turn, the availability of child care and preschool sparked a 12 percent increase in low- and high-income maternal labor force participation. Ten percent of the increase was attributable to the ubiquitous availability of affordable early-childhood education.

Investing in universal child care and pre-K is a proven cost-effective strategy for promoting economic growth and closing equity gaps, according to James Heckman, Nobel laureate in economics. In fact, Heckman argues that these investments can profoundly improve life chances (specifically, education, health, social and economic outcomes) for all children, especially those from families experiencing poverty- — ultimately reducing future social program expenditures.

As Heckman suggests, this human capital is a critical part of our nation’s infrastructure and vital to its secure future. Early childhood investments today will pave the way for a more equitable, resilient workforce of tomorrow.

## **Advocating for a solution**

Recently, we’ve seen support on both sides of the aisle for the issue of early-childhood education. A 2021 policy poll found that Republican and Democratic voters (73 percent and 95 percent, respectively) support universal pre-K programs. And, more than two-thirds of Americans believe that the government and business should do more for working parents — and we agree. This consensus is unsurprising — the data on the economic value of early-childhood education is clear, investing in children during critical years of brain development is just common sense, and it’s simply the right thing to do to ensure the next generation has the tools to reach their potential.

Over the past year, our work with CEO Action for Racial Equity has mobilized business leaders, academics, local decision-makers and others to look at the indisputable data and support policy change. It is imperative for the well-

being of our children, families, communities and businesses that we create a more equitable system that works for everyone.

The covid-19 pandemic has brought the fragility of our systems into sharp focus, but in so doing it also created an opportunity, by bringing attention to this critical issue and its impacts beyond education.

Over the years, many businesses have seen this connection and invested in solutions for their communities.

If they continue such efforts and use their voice during this historic moment to advocate for scalable solutions, and government prioritizes early-childhood education in its funding decisions, these actions together will go a long way toward helping more families have access to affordable, high-quality early child education to ensure that our children thrive and that our nation's future is secure.

