

**TESTIMONY OF CHARLES E.M. KOLB  
PRESIDENT, COMMITTEE FOR ECONOMIC DEVELOPMENT**

**January 23, 2008**

Mr. Chairman and members of the Committee, thank you for this opportunity to present the views of the Committee for Economic Development on the importance of early education to ensure our country's economic competitiveness and growth.

CED was founded in 1942 by a group of business leaders and university presidents who were deeply concerned about the postwar economy. Our founding Trustees were worried about the ability of the U.S. economy to evolve from a wartime to a peacetime footing without experiencing another major recession or depression. They were also concerned about the strength of various postwar international institutions and began galvanizing business community support for what became the Bretton Woods System, the International Monetary Fund, the World Bank, and the Marshall Plan. One of our founders, Paul Hoffman, then the CEO of Studebaker, was asked by President Truman to serve as the first Marshall Plan administrator.

For more than 65 years, CED has been an important voice in the American business community in supporting sound economic and fiscal policy. We now have some 200 Trustees – Democrats, Republicans, and Independents – on our board. Most of them are senior corporate executives and presidents of some of this country's greatest colleges and universities. Our policy work, which ranges from campaign finance reform, health care reform, and education reform to global trade and macroeconomic policy, is strictly nonpartisan. We begin each of our projects with no ideological axe to grind and no political leanings. Each year our Trustees decide the issues we study, and it is the CED Trustees who actually determine our findings and recommendations.

Our mission has been to propose policies that ensure steady economic growth at high employment and reasonably stable prices, increased productivity and living standards, greater and more equal opportunity for every citizen and an improved quality of life for all. In short, I think of CED as representing the best of business thinking in the nation's interest.

It was with that background that CED trustees have addressed the issue of early childhood care and education. Since the 2002 release of our groundbreaking early education report, *Preschool for All: Investing in a Productive and Just Society*, CED has been engaged in a national campaign to build momentum surrounding investments in early education. The Committee for Economic Development followed that report with several issue briefs and the 2006 policy statement, *The Economic Promise of Investing in High-Quality Preschool*.

Early learning programs have long prepared children for early educational success, but investing in high-quality early education also offers promising ways to strengthen the

future economic and fiscal position of states and the nation. High-quality early education programs have long-lasting effects, improving students' outcomes well into their adolescent and adult years. Economically, the long-term impacts of high-quality early learning programs translate into significant public and private benefits, with returns far exceeding the costs.

Today's business leaders appreciate that early childhood education is important to future U.S. economic competitiveness and a worthwhile investment. A December 2005 poll of business leaders shows that more than 80 percent agree that public funding of voluntary prekindergarten programs for all children would improve America's workforce. Business leaders see these programs as investments in human capital formation, and CED has been working with economists and others to quantify the solid economic returns associated with early care and education.

Access to early education, however remains limited and uneven. Because the United States still views financing the care and education of young children as primarily a family responsibility, many children do not have early learning opportunities available to them. Children of higher-income and better-educated parents are the most likely to have the advantage of formal early education.

Investing in children early is crucial. Learning is cumulative, and children develop skills during their early years that facilitate later learning. Currently, America is spending billions of its education dollars on remedial efforts. Gaps in student ability are already apparent by kindergarten, and those gaps are often difficult and costly to correct later. When a business has a problem, it tries to fix it at the front end, not at the back. Moreover, to guarantee positive outcomes – such as the success of the No Child Left Behind Act – America must work harder to educate our youngest citizens.

Children who participate in high-quality early education programs demonstrate higher academic achievement, are less likely to repeat a grade or require special education classes, and are more likely to graduate from high school and enroll in college. Students are also less likely to participate in criminal activity during their juvenile or adult years, or be victims of child maltreatment or neglect. Adults who have had the benefit of an early learning opportunity are also less likely to be unemployed and more likely to have higher earnings than similar students who do not participate in these programs. These adults are also less likely to depend on public assistance, become teenage parents, or endanger their health by smoking.

The positive impact of early education programs on students' lives increases the likelihood that these students will become net economic and social contributors to society. Implementing preschool programs for all students whose parents want them to attend is expected to generate significant public and private benefits, producing \$2 to \$4 in net present-value benefits for every dollar invested. Federal, state, and local budgets will improve significantly when governments can dedicate more resources to productive endeavors, rather than to remediation, incarceration, and welfare. For every preschool

dollar spent, states are projected to recoup 50 to 85 cents in reduced crime costs and 36 to 77 cents in school savings.

Sustained investments in early education are also a cost-effective way to improve long-term economic growth and living standards. By 2080, preschool programs could boost America's gross domestic product by 3.5 percent, as well as raise long-run state employment levels by 1.3 percent.

The United States also lags other countries in early education and care investments. While the United States continues to debate about increasing its investments in young children, other industrialized countries have already done so. Many nations far surpass us in making early learning opportunities available to all. The United States has the highest child poverty rate of the 20 developed countries belonging to the Organisation for Economic Co-operation and Development. Forty-three percent of infants and toddlers in America live in low-income families with incomes below 200 percent of poverty, and a fifth live below the poverty line. High-quality early education and care can help lift these families out of poverty.

CED believes that broadening access to early care and education programs for all children is a cost-effective investment that will pay future dividends. And while early education must be an economic and educational priority, it is also part of a continuum of necessary childhood investments, beginning in the prenatal months and spanning the infant, toddler, and later school years that together will have the greatest impact on children's development, and ultimately, America's economic well-being.

CED recommends that communities, states, and the nation make access to publicly funded, high-quality early education programs an economic and educational priority. The economic benefits of early learning will be greatest when all states implement high-quality, publicly funded early education programs and make them available to all three- and four-year-old children whose parents want them to attend. Early learning programs should provide adequate classroom hours to ensure improvements in student learning that will translate into economic benefits. States should embrace diverse providers that meet quality standards and the needs of the communities they serve. Maximizing program access and efficiency will require federal and state governments to coordinate publicly funded prekindergarten, Head Start, and child-care programs. Business should support early education programs and other complementary childhood programs and services, emphasizing the strong returns on investment and the leveraging of current expenditures.

Furthermore, CED recommends that publicly funded early education programs meet the quality standards necessary to deliver their potential economic benefits. To provide the greatest economic benefits possible, state prekindergarten programs and the federal Head Start program should assess their existing program standards and realign them with the factors known to contribute to improved early childhood learning and development. Early learning programs should adopt an age-appropriate, research-based curriculum that embraces whole-child development and is aligned with content standards in kindergarten and elementary education. All publicly funded early learning programs should employ

high-caliber teachers with bachelor's degrees and specialized early-education training. A national board should be created to review and report on state early education and care standards.

Finally, CED recommends that federal, state, and local governments consider the broad economic benefits of early care and education when deciding how to allocate resources in the face of competing uses and demands. Funding provided for early learning programs should be commensurate with the cost of providing a high-quality education to fully capture the economic benefits of these programs.

CED believes that the implementation of these recommendations in all our states and the nation will strengthen our democracy and ensure U.S. economic competitiveness and growth through a highly-educated and skilled workforce.

The Committee for Economic Development's early care and education policy statements are available online at [www.ced.org](http://www.ced.org).

*Preschool for All: Investing in a Productive and Just Society* (2002)  
[http://www.ced.org/docs/report/report\\_preschool.pdf](http://www.ced.org/docs/report/report_preschool.pdf)

*The Economic Promise of Investing in High-Quality Preschool* (2006)  
[http://www.ced.org/docs/report/report\\_prek\\_econpromise.pdf](http://www.ced.org/docs/report/report_prek_econpromise.pdf)