



Research Brief

Neighboring states see economic value in early childhood education

As the push for economic stimulus has states contemplating economic development in new and different ways, Wisconsin may find it helpful to note the unconventional efforts of its neighbors. Minnesota and Illinois have positioned themselves to reap potential long-term economic benefits from high quality early childhood care and education. Interestingly, business leaders in those states joined with advocates for children to raise the visibility of the issue and to make the policy link with economic development. For Wisconsin policy and business leaders looking for new tools to grow our economy and effectively educate the future workforce, the experiences of Illinois and Minnesota may be instructive.

Why early childhood education? A growing body of research literature shows that high quality early childhood care and education can be an outstanding economic development investment for local or state governments. The general consensus among researchers is that high quality early childhood programming results in better school readiness, both academically and socially. This foundation then results in better long-term outcomes, including higher wages, lower crime, and healthier

families. For impoverished and disadvantaged children, the benefits are even greater.

The role for business In Minnesota and Illinois, investments in early childhood care and education did not just result from support from one or two key elected leaders, but were the culmination of detailed economic research and analysis and strong, active and bipartisan support from a wide variety of constituencies, including business and civic leadership. In both states, as corporate and foundation leaders became convinced that expenditures on early care and education were economic development investments, as opposed simply to more government spending on social services, they championed the cause. As one Chicago business leader explained, “The business community...has become one of the most fervent supporters of early care and education. It applies a basic lesson of business: Spend modestly now to save significantly later.”

More detailed findings can be found in the complete Minnesota and Illinois case studies available on the Forum’s website:

www.publicpolicyforum.org

In researching the experiences of Minnesota and Illinois, we focused on the connection that developed between early childhood education and economic development, with special emphasis on the role of the business community in establishing that connection. This *Research Brief* highlights the findings of our two case studies, maintaining that focus on the business community. It must be noted, however, that in addition to the work of business leaders, established networks of children's advocacy groups, educators, child care providers, philanthropists, parents, and others were also working cooperatively toward these policy changes.

The result in each state has been increased public and private investment in early childhood care and education, with a focus on the quality of children's experiences. The common threads weaving through the stories of Minnesota and Illinois include:

Economic research as a catalyst Highly prominent economists in Minnesota and Illinois research economic benefits of early education. In March 2003, the Federal Reserve Bank of Minneapolis issued a report by Art Rolnik and Rob Grunewald making the economic development case that investing in early childhood education yields a high public return. In Illinois, University of Chicago Nobel laureate James Heckman identified high-quality early childhood programs as producing the highest rate of return of any social investment.

In both cases, these economists became prominent spokesmen for their findings, engaging advocates, the business community, and politicians and actively participating in reform efforts.

Business coalitions In Minnesota, two groups of businesspeople played prominent roles in the policy reform process. In 2003, the business community responded to the Federal Reserve Bank's research by forming Minnesota Business for Early Learning. The state-wide group, led by the CEO of the H.B. Fuller corporation, grew to a 200-member organization of executives and agencies with the

"Some of the real leaders in this community said this is what I stand for, I really want to move the community with me on these questions."

—Rip Rapson, former president of the McKnight Foundation, on how the CEOs of two major corporations moved early childhood issues to the forefront of the Itasca Project's agenda.

goal of recruiting business support and leveraging corporate resources for early learning. The group included the Federal Reserve Bank's Art Rolnik, as well as the Minnesota Business Partnership, a group representing 110 chief executives in the state.

The Itasca Project was founded in Minneapolis in January 2004. This employer-led group, convened by the McKnight Foundation, consisted of more than 40 local CEOs of major Twin Cities corporations, as well as the governor and mayors of Minneapolis and St. Paul. The Itasca Project set out to take a regional approach to maintaining the Twin Cities' economy, quality of life, and competitiveness with other regions. Among other emphases such as transportation planning, the group made early childhood education a priority. The University of Minnesota's president chaired the group's early childhood education task force.

In Illinois, the 130-year-old Commercial Club of Chicago published a report in 1999 on regional sustainability, calling for the creation of a new group of business and civic leaders, Chicago Metropolitan 2020. Early childhood education is one of the group's six main program areas.

Collaborations leading to strategic recommendations Minnesota and Illinois policy reform efforts involved multiple groups that joined to issue recommendations with a stronger shared voice. In Minnesota, a group associated with the Minnesota Business for Early Learning coalition issued a 2004 report recommending the creation of a Minnesota Early Learning Fund (MELF), designed to finance early childhood demonstration projects

and lay the groundwork for crafting a broader statewide initiative. A subsequent Itasca Project report on the economics of early childhood education, which reportedly influenced the governor's legislative agenda, supported the idea of MELF.

Illinois' efforts were characterized by a well-established advocacy community that extensively collaborated with the business community in recommending early childhood programming reforms. In 2003, the governor and assembly created the Illinois Early Learning Council, a group charged with planning an eventual statewide early childhood system. More than 200 stakeholders participated in the council, with significant representation by business executive groups like Chicago Metropolis 2020. The group's efforts culminated in a 2006 report detailing a five-year outline for Preschool for All, the plan to make Illinois the first state to offer high-quality, voluntary preschool to all three- and four-year-olds.

Meanwhile, in 2005, Chicago Metropolis 2020 collaborated with an advocacy group and a community development lending institution in issuing a report on the economic impact of child care as an industry. The report recommended action steps for businesses, the early childhood industry, and government, urging integration of early childhood education into statewide planning for education, housing, and workforce development.

Major policy initiatives Initially, the state allocated \$1 million to create the Minnesota Early Learning Fund (MELF) in 2006, but those funds were refused due to excessive red tape. Instead, MELF was founded on corporate and foundation support. The group is now piloting a quality rating system for child care, scholarships for low-income children to attend high quality early childhood education, and other projects. In 2007, the state did fund \$6 million worth of MELF's early childhood education scholarships (well below the governor's

\$29 million request). When the time comes for the fund's sunset in late 2011, MELF expects to issue recommendations for the statewide implementation of its most successful pilot projects.

In 2007, following the recommendations of the Illinois Early Learning Council, Preschool for All legislation was approved with bipartisan support and a \$45 million appropriation. The program increases access to preschool for three- and four-year-olds, with an emphasis on disadvantaged children, while also funding quality improvement initiatives. Still in the first half of its five-year implementation plan, Preschool for All's funding has dropped somewhat. Governor Blagojevich's possible impeachment and imprisonment, as well as the state's current fiscal challenges, create uncertainties for the full implementation of Preschool for All.

Lessons learned Both states have similar lessons for Wisconsin:

1. Business leaders were engaged by policy discussions that used their language and underscored the economic and workforce development sides of the issue.
2. Reports by respected independent economists, as well as highly-engaged philanthropic foundations, were catalysts for change.
3. Pilot projects and phased implementation tested policy prior to widespread implementation.
4. Progress came after groups with diverse policy agendas, from child welfare to education reform to economic development, worked together.

"The effectiveness of the region's public-education system and its workforce development programs depends heavily on the quality of care and nurture that preschool children receive, either at home or in an institutionalized setting."

— from *"Chicago Metropolis 2020: Preparing Metropolitan Chicago for the 21st Century"*

Improving early childhood care and education: The role of the business community

Business leaders in Minnesota and Illinois, having determined that investments in early childhood education pay off in economic growth, have championed policies aimed at improving the quality of and access to early childhood programs. Here in Wisconsin, there is no policy framework to prioritize high quality early childhood education as an economic development tool, and business leaders have yet to emphasize the issue. Should Wisconsin be investing in quality improvements, and, if so, what potential economic benefits might accrue? The Public Policy Forum will help inform the debate with an upcoming cost-benefit analysis of higher quality early childhood education in the seven-county Milwaukee metro area.

As Wisconsin legislators prepare to grapple with a new state budget, our case studies should be instructive to those contemplating how other jurisdictions positioned early childhood education high on the list of their state's economic development concerns. Our past and on-going research in this area is intended to provide policymakers, the business community, educators, parents, and taxpayers with the information necessary to debate the need for new public policy of early childhood care and education in the Milwaukee region.

The Public Policy Forum in partnership with
Penfield Children's Center James R. Ryan Memorial Lecture Series
present

High Hopes *Quality early childhood education isn't child's play*

As policymakers at all levels of government debate the need for additional investment in the nation's infrastructure, consensus is emerging that early childhood education should be high on the list of infrastructure concerns. Join Penfield Children's Center and the Public Policy Forum as they co-host a Viewpoint luncheon to explore what goes into quality early childhood education and the resulting benefits to society.

Leading the discussion will be Reggie Bicha, Secretary, Wisconsin Department of Children and Families, and a panel of community leaders that includes Milwaukee Police Chief Edward Flynn and Thomas Gazzana, Corporate Vice President, Children's Hospital of Wisconsin

Thursday, February 12, 2009
11:45 – 1:30
Italian Conference Center
631 East Chicago Street
Free Parking
Forum members, \$40; Non-members, \$50

To sign up, please visit www.publicpolicyforum.org/events.php