



Alabama School
Readiness Alliance

BUSINESS CASE *for* PRE-K

A RESEARCH AND POLICY BRIEF *by the* ALABAMA SCHOOL READINESS ALLIANCE

Written by Bailey McKell and Allison Muhlenhof

Revised June 2016



Special thanks to Jay Love and Joe Morton of the Business Education Alliance, Leah Garner of the Business Council of Alabama and Amber Scanlan of PNC Bank for contributing to this report.

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The Future Workforce

More than five million jobs are left unfilled in the U.S., which indicates employers cannot find qualified personnel to fit the positions (U.S. Department of Labor, 2015). This “skills gap” impacts our nation by threatening our global competitive edge and impacts our state’s ability to grow and attract industry.

Alabama business leaders believe students need opportunities to apply their education in the real world. There is particular need for critical decision-making and problem solving skills. Thus, it is imperative that we invest in our next generation of children now to ensure they are job-ready and well-prepared as employees.

Pre-k Fosters 21st Century Skills

Fostering skills early in a child’s life is necessary because 90 percent of a child’s brain is developed by the age of five (National Research Council and Institute of Medicine, 2000). High-quality pre-kindergarten (pre-k) uses this critical time to develop both cognitive and character skills. Character skills, including attentiveness, perseverance, self-control, and sociability, are often the least recognized but most valuable skills acquired. These non-cognitive skills lay the foundation for mastering more complex, cognitive skills with time.

Children that graduate from Alabama’s First Class Pre-K program are prepared to learn in kindergarten with age appropriate communication, problem solving, physical and emotional skills (Alabama Department of Early Childhood Education, 2015). Once a child enters kindergarten prepared to learn, research shows they are more likely to read proficiently in third grade, graduate from high school, attend college and become successful in the workplace (Wat, 2007). High-quality early education can predict a future of achievements.

The Public Affairs Research Council of Alabama (2013) looked at the progress of graduates of First Class Pre-K through sixth grade and found that they consistently outperformed their peers in reading and math. The research showed particularly positive academic effects for pre-k participants who come from lower income households.

Pre-K Helps Close the Achievement Gap

Early childhood is also a critical time to address inequality. Research shows that significant performance gaps exist between rich and poor students before a child enters kindergarten. A Stanford University study found by 18 months, toddlers from low-income families already were several months behind their more advantaged peers in language development (Fernald, Marchman, & Weisleder, 2013). Another study found that by age three, a child living in a disadvantaged family hears roughly 600 words per hour while a child in a professional family hears 2,100 words in that same amount of time (Hart & Risly, 1995). This matters because vocabulary development during the preschool years is related to later reading skills and school success in general.

However, pre-k reduces the early childhood achievement gap and provides the skills needed to compete. High-quality pre-k programs significantly improve children's school readiness, giving them an academic advantage throughout their K-12 learning. PARCA (2013) concluded that First Class Pre-K closes the achievement gap for Alabama's low income students by as much as 29 percent. Ultimately, pre-k can help shape the trajectory of disadvantaged children's lives by driving educational attainment that results in economic success for individuals and society.

Continuous Return on Investment

Effective pre-k programs reduce costly grade retention, special education, criminal justice, health and child welfare services – reducing government expenditures – while increasing high school completion and test scores. Simply focusing on increasing high school graduation has shown that a five percent increase in male high school graduation rates is estimated to save \$82 million in annual incarceration and crime-related costs. If that same five percent went on to attend college, their average earnings produce an additional \$43 million annually (Heckman, n.d.).

A few notable studies have followed low-income pre-k participants and non-participants into adulthood and estimated strong returns on investments in high-quality pre-k. **The Chicago Longitudinal Study, which looked at a pre-k program comparable in design and cost to Alabama's First Class Pre-K program, reported a \$7.14 to \$1 benefit-cost ratio (Reynolds, Temple, Robertson & Mann, 2002).** A longitudinal study of the Perry Preschool Program in Ypsilanti, Michigan found even higher estimated returns of up to \$16 for every \$1 invested (Schweinhart, Montie, Xiang, Barnett, Belfield, & Nores, 2005). Taking into consideration various pre-k studies, the \$7 to \$1 figure is a reasonable estimate for the returns to public investment in one year of high-quality pre-k.

Emphasis on Quality

Investing in early education leads to a continuous return on investment by producing a skilled workforce receiving higher incomes and relying less on social welfare. When more than 100 studies of pre-k programs were looked at together, researchers found a substantial positive impact of pre-k on cognitive development (Camilli et al., 2010). The same meta-analysis also found that pre-k must be of high quality to produce the lasting results seen in the Chicago and Perry Preschool studies.

Alabama's First Class Pre-K program is built upon this solid research base that shows that pre-k must be of high quality in order to foster a child's early brain development, fulfill their social and educational needs and provide a strong foundation for school and life. Alabama's First Class Pre-K program meets all 10 research-based quality benchmarks developed by the National Institute of Early Education Research (NIEER), an achievement reached by only five other states. The NIEER benchmarks include requiring lead pre-k teachers to hold a bachelor's degree and specialized early childhood training, assistant pre-k teachers to hold a Childcare Development Associate (CDA) credential; substantial teacher professional development; and an adult-child ratio of 1:10 or less (Barnett et al., 2015).

Alabama holds a vehicle to economic advantage. We must invest in high-quality, voluntary pre-k for all four-year-olds. We can invest now to close disparities and prevent achievement gaps, or we can pay later for remediation and public services when it is more expensive.

Businesses taking action to expand high-quality, voluntary pre-k in Alabama

A few notable examples of business-led efforts to improve school readiness in our state



ALABAMA POWER

In 2014-15, Alabama Power invested \$140,000 to provide 14 First Class Pre-K classrooms in high-need areas with matching funds to enhance program quality and learning materials. This generous and strategic partnership is part of Alabama Power Foundation's Brighter Minds Education Initiative, and was developed in close collaboration with the Alabama Department of Early Childhood Education. Alabama Power increased the number of classroom grants to 21 in 2015-16.



BUSINESS COUNCIL OF ALABAMA

With the goal of improving the workforce, the Business Council of Alabama has been leading efforts to advocate for the expansion of First Class Pre-K statewide. In addition to providing information to its members on the return-on-investment of quality pre-k, BCA has actively participated in the Alabama School Readiness Alliance for nearly a decade.

In 2011, BCA provided funding for a study estimating the costs of pre-k expansion in Alabama. This study helped inform the ASRA Pre-K Task Force recommendations that were released in 2012. Since 2012, the recommendations have helped spur unprecedented pre-k investments in Alabama. The State Legislature has nearly tripled funding for First Class Pre-K from \$19.1 million to \$64.5 million, which has grown access to the program from six to 25 percent of four-year-olds statewide.



BUSINESS EDUCATION ALLIANCE OF ALABAMA

The BEA was created to assist in providing the best education opportunities and skills training available for Alabama's public school students. BEA helps provide the tools that prepare students for the competitive 21st Century workforce.

In 2014, the BEA and the Public Affairs Research Council of Alabama released *Obstacles Into Opportunities: A 90% High School Graduation Rate in Alabama by 2020 Provides the Educated Workforce That is Key to Expanding Our Economy*. The report included early learning as the first of five major areas of emphasis and recommended that Alabama "establish a strong foundation in those earliest years of learning by providing quality Pre-Kindergarten."



MONTGOMERY AREA CHAMBER OF COMMERCE

Through a partnership with the Montgomery Education Foundation, the Montgomery Chamber's Business Resource Center is helping mentor private child care providers in the development of business plans and the identification of funding streams to support quality in the classroom (such as Alabama First Class Pre-K grants).



PNC BANK

PNC Grow Up Great® is \$350 million, multi-year initiative to help prepare children — particularly underserved children — from birth to age five for success in school and life. Through this program, PNC has been a consistent voice for the importance of quality early childhood education by awarding grants, championing the cause, supporting the creation of educational resources, and employee volunteerism. PNC partners with many leaders of the education, non-profit and business communities to continue a shared mission of providing access to high quality early learning opportunities to young children and families in Alabama.

How can your business support the expansion of high-quality pre-k in Alabama?

WITHIN YOUR BUSINESS:

- Inform employees about the importance of high-quality pre-k through employee newsletters, paycheck inserts, and other in-house communications.
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WITHIN YOUR COMMUNITY:

- Serve on early care and education committee of local Children's Policy Council.
 - Start or join a local pre-k initiative, such as Starting Strong in Morgan County or the Tuscaloosa Pre-K Initiative.
 - Encourage your local chamber to become involved in pre-k through funding, public awareness or participation in a local Children's Policy Council or pre-k initiative.
 - Ask your local policy makers (superintendent, school board, elected officials) and prospective pre-k providers (elementary principals, child cares, etc.) to become part of pre-k expansion by investing local funding, becoming part of local initiatives, advocating for pre-k at the state level and/or applying for state-funded First Class Pre-K grants.
 - Provide grants or volunteers to enhance and support local First Class Pre-K classrooms.
 - Provide business counseling or mentoring to private child care centers or other providers interested in offering First Class Pre-K.
 - Submit a letter-to-the-editor or op-ed in your local newspaper about the importance of pre-k.
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WITH CIVIC GROUPS AND OTHER BUSINESSES:

- Provide resources and information to other businesses about the importance of high-quality pre-k.
 - Speak to civic groups about the importance of high-quality pre-k.
 - Invite staff or Pre-K Task Force members from the Alabama School Readiness Alliance to speak to civic groups or arrange for an invitation.
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WITHIN THE STATEWIDE COMMUNITY:

- Sign up to join the Alabama School Readiness Alliance (ASRA) at alabamaschoolreadiness.org to receive pre-k updates and advocacy alerts.
 - Contact your State Representative and Senator to voice your support for increased state investments in Alabama's First Class Pre-K program.
 - Ask ASRA about the opportunity to join its statewide Pre-K Task Force.
 - Support ASRA with a corporate contribution.
 - Serve on a statewide work group through the Business Council of Alabama.
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AT THE NATIONAL LEVEL:

- Become a member of ReadyNation or attend ReadyNation's Global Business Summit on Early Childhood Investments. Learn more at readynation.org.

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