



Early Childhood Education:

The Critical Connection between Work and Care

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Executive Summary

A 2013 report from the United States Census Bureau described that child care, provided outside of the home, “is an important part of American life.” The report went on to state that “increases in the number of working mothers and the desire to provide young children with educational opportunities have driven up the demand for various types of child care.”¹

Additional research of senior human resource leaders found that while the vast majority of organizations saw multiple workforce-related benefits to offering family-friendly programs, less than one in two employers provided access to comprehensive child care for their employees. Additionally, the majority of the organizations surveyed were classified as ‘separators’: organizations that have low work-life offerings and employees perceive them as being unsupportive, or in conflict with their personal demands.²

Today, there is a great opportunity for employers to be the equalizing factor that ensures all families have access to high-quality early childhood education. According to Elanna Yallow, Chief Executive Officer Knowledge Universe Early Learning Programs, “There are two primary reasons employers should care about early childhood education; in the short run, the early childhood education delivery model provides support for working families with access to safe and high-quality care. Their children are safe, gaining skills and experience, catered towards future developments. In the long-term, early childhood education has been shown to advance school readiness, be better prepared for school and thereafter, and improves traditional school skills.”



Introduction

In most U.S. families, most parents work. Fewer than one-in-three children today have a full-time, stay-at-home parent. Approximately 24 percent of children under the age of five receive a form of organized child care, including day care centers, nurseries and preschools. More than two-thirds of Americans agree that government or business should be doing more to help fund child care for working parents.³ At every workplace in America, a large percentage of employees struggle with the issue of child care and education and must set aside a significant portion of their incomes to pay caregivers. Parents desire to maximize this investment in their child's future with excellent education and great care.

Ample evidence exists to prove the value of early learning. For families with young children, providing nurturing development opportunities are just as important as physical care. Child care, especially for the very young, is a constant worry for today's parents: do we have the right care giver? Is my child thriving? How can I afford to pay for care? What more can I do?

Most parents are in the workplace and all children require care, but only a small percentage of employers have stepped in to help fill this gap. This white paper explores this issue and asks:

- What impact on the workforce of tomorrow does early childhood education have?
- What role should employers play in investing in early childhood education?
- What steps can an organizational leader take to become a more child-friendly workplace?



EARLY CHILDHOOD EDUCATION BOOSTS CHILDREN'S POTENTIAL

LEARNING BEGINS AT BIRTH



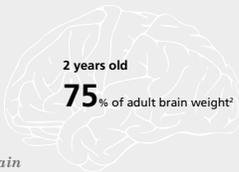
Early bird catches the worm

70% of brain development occurs within the first three years of life¹



The brain grows rapidly

Newborn
25% of adult brain weight



2 years old
75% of adult brain weight²



Experience shapes the brain

From Age 0-5 years, **700** synapses transmit information every second to form cognitive, social, emotional and language skills.³

A brief window to develop a foundation for learning⁴



INVESTING EARLY YIELDS LONG TERM PROGRESS

Returns of investing in early childhood education⁵

The rate of return to a dollar investment made while a person is young is higher than the rate of return on the same dollar made at a later age.



“By 5, it is possible to predict with depressing accuracy, who will complete high school and who won’t.”

James Heckman, Nobel Prize winner and University of Chicago Professor of Economics

What is the long term impact of early childhood education?⁶



MORE

High-school graduation



Post-secondary school attendance



Home owners

LESS

Child accidents and injuries

Grade repetition

Criminal activity

... AND AT AGE 15

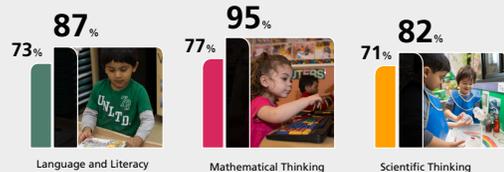
children who attended early childhood education programs perform better academically and cognitively

Early investment in a child's education and care yields high returns - not only for an individual child, but for your organization's economic and societal success.

HIGH-QUALITY CARE AND EDUCATION MATTERS

Our curriculum sets kids ahead of others where it matters, when it matters⁷

Maryland State assessment data shows that children enrolled in our programs are better prepared for kindergarten than those who are not. A higher percentage of children in our programs ranked as top performers in Language and Literacy, Mathematical Thinking and Scientific Thinking.



A Lack of National Policy or Provision for Early Childhood Education in the U.S. Leaves a Gap

In 2013, a new bill, *Strong Start for America's Children* (H.R. 3461), was introduced in both chambers of the United States Congress. “Millions of young children from low-income families lack access to high-quality, affordable preschool programs. Decades of studies have found that quality preschool leads to a wide range of short- and long-term benefits, including better educational outcomes, stronger job earnings and lower levels of crime and delinquency. The Strong Start for America's Children Act is a bold, 10-year innovative federal-state partnership to expand and improve early learning opportunities for children across the birth-to-age-five continuum.”

James J. Heckman is the Henry Schultz Distinguished Service Professor of Economics at The University of Chicago, a Nobel Laureate in Economics, and an

“A strong foundation for learning is critical for the future of the workforce. Employers can be an equalizing factor to ensure all families have access to high-quality early childhood education.”

—Elanna Yallow,
Chief Executive Officer,
Knowledge Universe Early
Learning Programs

expert in the economics of human development. In response to the introduction of *Strong Start for America’s Children*, he said, “Human capital is a critical part of our nation’s infrastructure... A solid body of research shows the cost-effectiveness of early childhood development in helping to prevent achievement gaps, boost school achievement, promote better health outcomes, improve our workforce, increase productivity and reduce the need for costly social spending.”⁴

Legislators clearly see the need to place early childhood care and education on the national agenda. Research has shown that society benefits when early childhood education is offered freely. In the absence of more comprehensive provisions for the cost and availability of child care, how are working parents to address the needs of their families?

Employers to Address Workforce Care Needs

With so many parents and custodians in the workforce, a lack of national policy providing holistic early childhood care and education, workers turn to their employers. Dr. Lotte Bailyn, the T Wilson (1953) Professor of Management, Emerita at the MIT Sloan School of Management: “Short of a national emphasis, it is the

employers who are the only ones who can help; this is very important.”

While national unemployment has decreased over the past several years, there remains a disconnect between organizational leaders and job candidates. Hiring managers routinely report difficulty finding and hiring the right talent, often citing a lack of skills as the primary barrier. One approach to solving this particular problem is an investment in the education of our future workforce.

Dr. Bailyn studies the relationship between managerial practice and employees’ lives, with a special emphasis on the dynamics of gender and diversity in business organizations and academia. In an interview with HCI, Bailyn

stated that “industries will fail in an intensively competitive world unless they take into account the changing nature of the professional workforce—including the influx of women and the consequent lifestyle changes for both men and women.”

“We know from research that early childhood education is not only extremely important for the development of an individual child, but also for a country’s long-term ability to develop an able and educated workforce. We will lose a tremendous amount from the future workforce without it,” Dr. Bailyn added.



“Companies need to focus on the needs of their employees and support them in being great parents. When they do this, top talent will not only select these employers who understand life priorities, but will stay longer and be more engaged.”

—Wei-Li Chong,
Executive Vice President,
People and Family
Experience, Knowledge
Universe U.S.

What long-term benefits does society realize from early learning? A landmark study, the Perry Preschool Study, “found evidence that program participation had positive effects on adult crime, earnings, wealth, welfare dependence and commitment to marriage.”⁵ This study, following for 40 years a group of children enrolled in the Perry Preschool, showed lifetime effects, including significantly fewer criminal arrests, monthly earnings of more than \$2,000 or more, higher employment rates, higher home and car ownership, lower welfare assistance, higher marriage rates and fewer out-of-wedlock births.

Data from this study, and others like it, show a total cost/benefit ratio in the range of \$17.00 for each dollar invested at a society-level benefit.⁶ While the dollar for dollar benefit to employers directly is unknown, what is known is that individuals who have received early childhood education are more likely to attend higher education, thus better preparing them with skills for the future.

“In 2010, Rutgers researchers undertook the Herculean task of reading and analyzing the previous 50 years of early childhood education research. The review, which ended up summarizing 120 separate studies, found that children enrolled in pre-K programs do better in school than their peers. They have better social skills than their peers. They do better on tests and graduate at a higher rate. Basically, in every quantifiable way, early childhood education makes a kid better.”⁷

Employer-assisted Solutions

One solution to this problem is an employer-sponsored care benefit, similar to offering health benefits. Care programs include on-site or near-site child care, back-up care, sick child care, non-standard hours care, resources and referrals, and tuition discounts and reimbursements.

“Employees of businesses with on-site child care particularly enjoy having their children nearby. Parents appreciate the ability to commute with their children and are reassured to know they can drop by the centers at any time. Many employees, both parents and non-parents, use lunch and break time to spend with the children. Employers often report that on-site care improves morale for all workers.” (U.S. Department of Labor [DOL] 1998).

Recent research conducted by the Human Capital Institute and Knowledge Universe found compelling evidence of the positive outcomes of on-site child care and other family-friendly benefits.⁸ Senior human resource leaders report that offering these benefits led to the decrease in negative outcomes



“It can be hard for parents to get into the work routine after a parental leave, but knowing their child is close makes the transition easier. It really makes a difference in how quickly employees can get back and fully up to speed. Our benefits do make us an attractive employer, and we get a lot of inquiries because of our on-site childcare.”

—Claudia Perkins,
Vice President of Human
Resources, Clif Bar &
Company

such as absenteeism and turnover. In addition, it led to increased job satisfaction, employee referrals, diversity and the attraction of the right talent to the organization.

On-site child care centers aren't a new idea; Stride Rite Corporation, a famous marketer of children's footwear in the United States, and the United States Department of Labor both opened early programs like these in the late 1960s and early 1970s. They found that fringe benefits of daycare included improved recruitment and retention, less absenteeism, improved worker morale, job performance and company brand. Today, notable employers like Publix Super Markets, SAS Institute, Aflac, USAA and Men's Warehouse offer onsite child care. Not surprisingly, these organizations are frequently included on “best places to work” lists.



Back-up child care options are a necessity for all families, when regular child care arrangements aren't available. Holiday closures, sick caregivers and other unexpected circumstances mean that employees have no choice but to stay home.

“The feedback from our employees since we added back-up care has been overwhelmingly appreciative. I have been amazed by the amount of positive feedback we've gotten on just this benefit,” says Erica Hayton, director of benefits and wellness at George Washington University.

Early childhood care and education consume a large portion of most families' monthly income; on average 10 percent for those with children under five and as high as 50 percent for low-income families.⁹ While credits and subsidies exist on the state and federal levels, and flexible spending accounts are offered by some employers, these solutions can be confusing and don't always apply to every parent. This has led some organizational leaders to offer discounts and

reimbursements in order to help contribute to the employees' child care investment for their children.

When employers choose to offer family-friendly benefits to their employees they are communicating a statement of who they are as an organization. The majority of organizations that offer benefits ranging from flexible hours to on-site child care do so because it is part of their mission and values.¹⁰ With these offerings a culture is created that understands the demands on working parents, places a priority on addressing their needs while understanding the positive organization outcomes that can result, such as increased attraction and retention of talent.

Summary

Research shows that providing a high quality education for children before they turn five yields significant long-term benefits. How this care is provided is a rising issue, nationally and globally. In fact, in 2010, the United Nations Educational, Scientific and Cultural Organization (UNESCO) held the first ever world conference on early childhood care and education (ECCE). The overarching goals of the conference included the reaffirmation of this as a right of all children. Demographic trends hold that most American families will continue to require child care. Moreover, early learning has shown to be instrumental in the development of a society. Despite this understanding, the United States ranks 25th in public spending on early learning.

In the absence of more commitment from government, working parents are turning to their employers to help them address their child care needs. As more and more employers evaluate their commitment to individuals in exchange for their investment of human capital, it seems a natural progression that all aspects of a worker's life are considered.

Business and human resource leaders every day are faced with two core talent related issues. The first is how to find more great people for their job vacancies, and the second is how to improve performance and production out of their current workers. Offering resources for early childhood care and education helps with both of these goals. Properly shared during the recruitment process, benefits like this attract talent. Performance is increased when workers aren't absent, physically or mentally, because of stressors related to their children.

Organizational decision-makers need to assess how the ever-increasing work and family responsibilities are affecting their talent. Are employees struggling to balance demands between work and family? Is a family-friendly culture part of the organization's mission and goals? What benefits would increase employee satisfaction and productivity? By offering benefits such as on-site child care, companies can make a substantial difference in the lives of their employees, employees' children and society as a whole, while at the same time positively impacting the organization and its culture.

Ten Steps to Become a More Family-Friendly Workplace



Conduct a Needs Analysis and Research Offerings

- 1 Conduct a needs assessment to understand what your employees face in balancing work and family life. By understanding these challenges (e.g., commute time, child care costs and family-related stress levels), you have the ability to make informed decisions about benefit offerings.
- 2 Analyze currently offered family care benefits to determine employee reception and perceived effectiveness.
- 3 Research other family care benefits that your company could potentially adopt and offer to your employees.
- 4 Conduct a competitive marketplace analysis to find out what types of family-friendly benefits and offerings other companies provide to their employees.



Plan for Implementation

- 5 Gain stakeholder and executive buy-in with your strategy and plan for phases of implementation.
- 6 Offer the benefit or policy to employees at one work location as a starting point for organization-wide implementation. A pilot project serves as a great way to test the offering and estimate costs.



Communicate the Offerings

- 7 Build awareness around your new offerings and programs on the intranet, internet and through information sessions for your employees. Encourage recruiters and hiring managers to communicate these benefits and policies to applicants and new hires.
- 8 Be transparent with all stakeholders about the costs and expectations of the offering(s).



Assess and Evaluate

- 9 Continue to determine your employees' needs through interviews and/or an annual survey.
- 10 Evaluate the outcomes and impact of the program and make ongoing improvements to the offerings based on the collected data.

Endnotes

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8. See Note 2.
9. See Note 3.
10. See Note 2.



About the Partners

Human Capital Institute (HCI)

HCI is the global association for strategic talent management and new economy leadership, and a clearinghouse for best practices and new ideas. Our network of expert practitioners, Fortune 1000 and Global 2000 corporations, government agencies, global consultants and business schools contribute a stream of constantly evolving information, the best of which is organized, analyzed and shared with members through HCI communities, research, education and events. For more information, please visit www.hci.org.



Knowledge Universe, U.S.

Knowledge Universe® believes that the power of education changes lives. Every day more than 300,000 children across the globe take their first steps, learn to read and prepare for school through our early childhood and school-age programs in a nurturing and safe environment. The Knowledge Universe—United States family of companies includes KinderCare® Learning Centers, CCLC®, Champions®, Cambridge Schools™, Knowledge Beginnings® and The Grove School® where more than 31,000 people help children discover books, music, science, sports, cooking and language in a nurturing and safe environment. To learn more, visit us online at <http://www.kueducation.com/us/> and on Twitter. Outside the U.S., Knowledge Universe, U.S. affiliates include Busy Bees, Pat's School House, Learning Vision, Brighton Montessori, Odyssey and The Children's House. Knowledge Universe, U.S. serves both community families as well as corporations across all sectors to provide child care and family care solutions, offering services through well-recognized institutions in early childhood, primary, secondary and higher education.



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