UNFINISHED BUSINESS:

Continued Investment in Child Care and Early Education is Critical to Business and America’s Future

A Statement by the Policy and Impact Committee of The Committee for Economic Development
Members of the Policy and Impact Committee

Co-Chairmen

PATRICK W. GROSS
Chairman
The Lovell Group

WILLIAM W. LEWIS
Director Emeritus, McKinsey Global Institute
McKinsey & Company, Inc.

Members

ANTHONY A. BARRUETA
Senior Vice President, Government Relations
Kaiser Foundation Health Plan, Inc

JOHN BRADEMAS
President Emeritus
New York University

BETH A. BROOKE
Global Vice Chair - Public Policy
Ernst & Young LLP

GERHARD CASPER
President Emeritus and Professor
Stanford University

MICHAEL CHESSER
Chairman & CEO
Great Plains Energy, Inc.

ROBERT COLSON
Partner - Institutional Acceptance (Retired)
Grant Thornton

W. BOWMAN CUTTER
Senior Fellow and Director, Economic Policy Initiative
The Roosevelt Institute

KENNETH W. DAM
Max Pam Professor Emeritus of American & Foreign Law & Senior Lecturer
The University of Chicago

MICHELLE FINNERAN DENNEDY
Vice President & Chief Privacy Officer
McAfee, Inc.

HOWARD FLUHR
Chairman
The Segal Company

BEN W. HEINEMAN, JR.
Senior Fellow, Schools of Law & Government
Harvard University

EDWARD A. KANGAS
Chairman and Chief Executive Officer (Retired)
Deloitte Touche Tohmatsu

JOSEPH E. KASPUTYS
Chairman
China Monitor, Inc.
Founder
IHS Global Insight

DAVID H. LANGSTAFF
President and Chief Executive Officer
TASC, Inc.

JOHN C. LOOMIS
Vice President, Human Resources
General Electric Company

BRUCE K. MACLAURY
President Emeritus
The Brookings Institution

WILLIAM J. MCDONOUGH
Vice Chairman (Retired)
Bank of America Merrill Lynch

DEBORAH HICKS MIDANEK
Chairman and CEO
Solon Group, Inc.

ALFRED T. MOCKETT
Chief Executive Officer
Dex One

STEPHEN E. PALKO
President and Vice Chairman (Retired)
XTO Energy Inc.

DEBRA PERRY
Non-Executive Director
Korn/Ferry International, Inc.

DONALD K. PETERSON
Former Chairman and Chief Executive Officer
Avaya Inc.

NED REGAN
Professor
The City University of New York

MARTIN F. ROSEN
Chairman
Korn/Ferry International, Inc.

DONALD K. ROSS
Chairman
Avaya Inc.

K. P. ROWLAND
Chairman Emeritus
American Management Association

ROBERT A. SCOTT
President
Adelphi University

PETER P. SMITH
Senior Vice President, Academic Strategies and Development
Kaplan, Inc.

JON STELLMACHER
Senior Vice President (Retired)
Thrivent Financial for Lutherans

PAULA STERN
Chairwoman
The Stern Group, Inc.

FREDERICK W. TELLING
President and Chief Executive Officer
Temen and Company Incorporated

G. RICHARD THOMAN
Chairman
Corporate Acquirers, Inc.

PATRICK TOOLE
General Manager, Maintenance & Technical Support Services, IBM Global Technology Services
IBM Corporation

JOHN P. WHITE
Former Robert & Renee Belfer Lecturer, Kennedy School of Government
Harvard University

JACOB J. WORENKLEIN
Partner and Co-Head, Global Projects
Akin Gump Strauss Hauer & Feld LLP

DANIEL ROSE
Chairman
Rose Associates, Inc.

LANDON H. ROWLAND
Chairman
Ever Glades Financial

KENNETH P. RUSCIO
President
Washington & Lee University
Members of the Early Childhood Education Subcommittee

Co-Chairman

JAMES E. ROHR  
Chairman and CEO  
PNC Financial Services Group, Inc.

JORGEN VIG KNUDSTORP  
Chief Executive Officer  
LEGO Group

Members

IAN ARNOF  
Chairman  
Arnof Family Foundation

PETER A. BENOLIEL  
Chairman Emeritus  
Quaker Chemical Corporation

MICHAEL CHESSER  
Chairman & CEO  
Great Plains Energy, Inc.

RENAITO A. DIPENTIMA  
President and CEO (Retired)  
SRA International, Inc.

ROBERT H. DUGGER  
Managing Partner  
Hanover Investment Group LLC

STUART M. GERSON  
Partner  
Epstein Becker & Green, PC

MARK R. GINSBERG  
Dean, College of Education and Human Development  
George Mason University

BARBARA B. GROGAN  
Chairman Emeritus  
Western Industrial Contractors

RONALD GRZYWINISKI  
Chairman Emeritus  
ShoreBank Corporation

HOLLIS W. HART  
Head of International Franchise Management  
Citi

KIM JASMIN  
Vice President, Northeast Region Community Relations  
J.P. Morgan Chase & Co.

PRES KABACOFF  
Co-Chairman of the Board of Directors & Chief Executive Officer  
HRI Properties

LENNY MENDONCA  
Director  
McKinsey & Company, Inc.

DEBORAH HICKS MIDANEK  
Chairman and CEO  
Solon Group, Inc.

DOUG PRICE  
President and CEO  
Rocky Mountain PBS

ROY ROMER  
Senior Advisor  
The College Board

DANIEL ROSE  
Chairman  
Rose Associates, Inc.

JON STELLMACHER  
Senior Vice President (Retired)  
Thrivent Financial for Lutherans

JERRY D. WEAST  
Founder and President  
Partnership for Deliberate Excellence, LLC

HAROLD M. WILLIAMS  
President Emeritus  
Getty Trust

Project Director

RACHEL SCHUMACHER
The Committee for Economic Development (CED) has a decades-old commitment to quality early-childhood education. CED Trustees have always been in the forefront of the effort to promote early learning and development for all children.

Over recent years, the case for investment in the early years of childhood has become stronger and more urgent. Scholars from several disciplines have learned more in fields that range from the first stages of development of the brain to the demonstrable life-long consequences of past high-quality investments in young children. Accordingly, our Subcommittee on Early Childhood Education reconvened to accumulate this knowledge, and to explain it to the newest generations of business leaders. We continue to believe that these human investments are among the most important that our nation can make, and that the business community should take the lead in making this case to both policymakers and the public at large.

Acknowledgements

We thank the dedicated and knowledgeable business, academic and policy leaders who served on the Subcommittee for their contributions of expertise, judgment and commitment.

We wish to express special thanks to James E. Rohr, Chairman and Chief Executive Officer of the PNC Financial Services Group, for his vision and dedication to the cause of early childhood education, and for his service as the chair of this Subcommittee. Jim’s leadership is unsurpassed as an example of what the business community can accomplish in the public interest.

Rachel Schumacher provided expert guidance to the Subcommittee as its project director. Manuel Trujillo, a CED Research Associate, diligently ensured the accuracy of this report and its presentation.

We also acknowledge the helpful advice from Matthew Melmed, Executive Director, and Cindy Oser, Senior Policy Analyst, of ZERO TO THREE; Louise Stoney, co-founder of the Alliance for Early Childhood Finance; and Kristie Kauerz - Program Director, PreK-3rd Education, College of Education, University of Washington and Harvard Graduate School of Education.

We are grateful for the support of The Birth to Five Policy Alliance, a national partnership of philanthropic organizations dedicated to investments in America’s at-risk children from birth to age five, which made this CED Policy Statement possible. The Birth to Five Policy Alliance is a pooled fund that invests in advocacy, leadership, and research to improve state policies for vulnerable young children. The findings and conclusions contained within are those of the Committee for Economic Development, and do not necessarily reflect positions or policies of The Birth to Five Policy Alliance.

Patrick W. Gross, co-chair
Policy and Impact Committee
Chairman
The Lovell Group

William W. Lewis, co-chair
Policy and Impact Committee
Director Emeritus
McKinsey Global Institute
McKinsey & Company, Inc.
Business leaders have an acute understanding of the importance of a well-educated workforce to support a strong economy, keep America competitive globally, and ensure a vibrant democracy. Right now 20 percent of the American labor force is functionally illiterate or innumerate. High-quality child care and early education builds a strong foundation of cognitive and social skills in young children that can improve their engagement in school and increase per capita earnings and economic development. This is especially important for the growing proportion—almost half—of American young children currently living in deprivation and poverty. Yet, only a fraction of children access such services. Our nation now faces tough choices to renew the economy, but fiscal prudence cannot be served by under-investing in our children, which will result in later educational deficits and remedial expenditures. CED believes it is vital for our country’s future that investments in our youngest children remain a major national and state-level priority.

CED’s model of engaging the business community has mobilized corporate leaders to support early learning programs. With tools provided by CED, our Trustees have travelled the country and spoken to business and civic audiences about the importance of investing in children and families. This new report provides new data, strategies, developments and examples of corporate engagement to promote investment in early childhood.

I. The Business Case for Investing in Young Children

Global competition and a growing achievement gap have brought America to an economic and educational crossroads. Need for unskilled labor is becoming increasingly obsolete. Since 1970, there has been a real decline in on-time high school graduation rates that threatens our economic future. The proportion of the adult population with education beyond high school is declining. Signs of this achievement gap between poor and non-poor children can be detected as early as nine months of age, and widens before children enter kindergarten. Long-term repercussions are felt throughout our society—for example, in terms of lost earnings and tax revenue, increased healthcare costs, and a population unfit for employment and productive work.

Investing in early learning and development is the best foundation for human capital. The human brain is primed from birth to react to and learn from the environment and interactions with caregivers. But this process is cumulative, and so deprivations experienced prenatally and in the first three years of life shape brain architecture and can impede later language, and cognitive, social, and emotional capacity. While parents are the first and most important teachers in a child’s life, skilled providers of child care and early education can also nurture these qualities by building trust and responding appropriately to young children. Research has shown that high-quality early childhood programs—including home visiting and early childhood education—have both immediate and long-term benefits to the larger society, not just the individual child.

Child care and early education play a critical role in our national economy. Expenditures on care and education of young children can strengthen families, communities, and economic development. These programs can be a critical point of contact to reach vulnerable families and support low-income parents to renew their own educational attainment to enhance their job prospects. Communities that invest in quality early childhood education can realize savings and better quality of life because disadvantaged children who participated in certain high-quality childcare and early-education opportunities are more likely to stay in school, avoid teen pregnancy, stay out of jail, attend college, and have higher earnings. Policymakers who seek greater local or even national economic activity should consider that money spent on child care and early education results in immediate spending on facilities and supplies (food, equipment, educational materials) which have multiplying effects.

Other countries are well ahead of the United States in prioritizing investment in early learning and development. Compared to other developed nations in the Organisation for Economic Co-operation and Development
(OECD), the United States spends a smaller percentage of Gross Domestic Product on childcare and early-education services for children from birth to age five, and disproportionately less for young children as compared to school-age children. At the same time, children in the United States face more challenges to their development than those in many of the other countries, including higher rates of infant mortality (4th worst in the OECD) and low birth weight (6th worst), teen births (2nd worst after Mexico), and poverty.

II. UNFINISHED BUSINESS: CED Recommends that Policymakers Provide Access to Early Learning Opportunities for All Children from Birth through 3rd Grade.

CED now builds on and expands previous recommendations in light of new research and the current economic context. We call for a national strategy to ensure that all children have access to high-quality child care and early education from birth to third grade that promotes their learning and development while strengthening and engaging families in their children’s education. We recommend these key steps:

- Protect and significantly build on current effective early-childhood investments of public and private dollars.
- Ensure that all children are able to engage in effective, high-quality early childhood education from birth to age five, beginning with those in the greatest need.
- Hold all early-childhood services to high program and professional standards that have been shown to promote healthy development and learning.
- Engage and support families to improve education and life prospects for their children and themselves.
- Sustain success by guaranteeing high-quality full-day kindergarten and ensuring effective 1st through 3rd grade schooling.

III. CONCLUSION: What CEOs Can Do

Business leadership in the unfinished business of ensuring opportunity for every child has never been needed more. CED is prepared to work with every business leader interested in supporting this agenda. CEOs can, for example:

1) Use your power and influence to keep early childhood at the forefront of all decisions at the community, state and national levels.
2) Ask elected officials to support significant increased investment in early childhood.
3) Voice support of the above agenda with peers, at public events, and through the media.
4) Invest at least 1 percent of corporate profits in public/private partnerships that support early childhood in your community or state.
5) Make your company policies more family-friendly and educate employees about the importance of early childhood.
In the 1980s, CED Trustees Owen (Brad) Butler, Chairman of Proctor & Gamble, and James Renier, CEO of Honeywell, used their positions as corporate leaders to marshal a new era of business involvement in education. In 1995, Butler founded Bright Beginnings, an organization that provides support for early care and education in Colorado. Under Renier’s leadership, Honeywell joined with the United Way of Minneapolis in 1989 to form Success by Six, which later became a major initiative of the United Way network.

- CED policy studies Why Child Care Matters (1993), Preschool for All (2002), and CED-sponsored working papers – including research conducted by 2000 Nobel Laureate in Economics James Heckman – made the economic arguments for early investments in children and identified child care as a central workforce issue. This economic analysis about the return on investments in early-childhood programs has had a major impact on national and state policy and funding.

- CED Trustee Robert Dugger launched the Invest in Kids Working Group, a precursor to Ready Nation, from CED’s offices in Washington, D.C.

- New York State’s renowned Pre-K program faced extinction in the 2003 budget debate in Albany. CED’s leadership participated in “Lobby Day,” which consisted of meetings with state Senators, Members of the Assembly, and key advisers to Governor George E. Pataki. After tireless efforts by advocates, funding was fully restored.

- Through the involvement of CED and other business groups, and the tireless work of advocates across the country, state pre-kindergarten program funding increased from $2.4 billion in 2001-2 to $5.3 billion in 2009-10.

- Through the leadership of CED Trustee and CEO of Lego Group, Jorgen Vig Knudstorp, CED convened a series of international early-childhood conferences between 2008 and 2010 in The Hague, The Netherlands; Washington, D.C.; Cape Town, South Africa; and Sao Paulo, Brazil, to promote the model of engaging business leaders as advocates.
In partnership with the Mississippi Economic Council (MEC) in 2010, CED launched a 10-city tour and identified some 1,000 business leaders to support early education in Mississippi.

In 2011, PNC Chairman and CEO and Chair of CED’s Subcommittee on Early Childhood Education, James Rohr, announced the expansion of PNC’s successful school readiness program, Grow Up Great. After an initial investment of $100 million, PNC has made a $250 million 10-year extension of its initiative to prepare children from birth to age five for school and life.

CED remains committed to supporting investments in early learning programs. After many recent accomplishments, we want to highlight in this business brief new data, strategies, developments and examples of corporate engagement. We also want to restate, given the funding challenges created by the recent economic downturn, how vital it is for our country’s future that investments in our youngest children remain a major national and state-level priority. This new business brief builds on CED’s previous statements and reflects the considerations of the current CED Subcommittee on Early Childhood Education, chaired by Jim Rohr.

I. Introduction

Business leaders know that it is more cost-effective to get products or services right at the beginning than to fix problems later. It is no different when it comes to investments in early-childhood development.

CED’s Early Learning Recommendations and What CEOs Can Do

CEOs can bring a business perspective to the current debate on how to strengthen the American economy for the long term through early-childhood investment. The unfinished agenda is to:

1. Protect and significantly build on current effective early-childhood investments of public and private dollars.

2. Ensure all children are able to engage in effective, high-quality early-childhood programs from birth to age five, beginning with those in the greatest need.

3. Hold all early-childhood services to high program and practitioner standards that have been shown to promote healthy development and learning.

4. Engage and support families in improving education and life prospects for their children and themselves.

5. Sustain success by guaranteeing high-quality full-day kindergarten and ensuring effective 1st through 3rd grade schooling.

CED is prepared to work with every business leader interested in supporting this agenda. CEOs can, for example:

- Use their power and influence to keep early childhood at the forefront of all decisions at the community, state and national levels.

- Ask elected officials to support significant increased investment in early childhood.

- Voice support of the above agenda with peers, at public events, and through the media.

- Invest at least 1 percent of corporate profits in public/private partnerships that support early childhood in their community or state.

- Make their company policies more family-friendly and educate employees about the importance of early childhood.

For more information on how to become involved, see www.ced.org or www.readynation.org.
Recognized, forward-looking public leaders – in business, science, economics, and the military – agree that the best returns on human capital investment occur during the early years of life. The benefits to our communities far outweigh the immediate costs.

In the new global economy, Americans need to be creative, articulate, and solid team players. They need to achieve education beyond a high school degree and to develop advanced technical skills. Early-childhood development is the foundation of our young people’s future. The roots of human character form in early childhood and can be enhanced by engagement in high-quality child care and early education. The most formative years of brain development come during the prenatal period and the first three years of life, before kindergarten or even preschool. Families are the most important caregivers and teachers of young children, but many face great challenges, especially in today’s economic climate. Early and sustained participation in sound child care and early education has favorable short- and long-term impacts on children and their families, including high school completion, higher earnings rates for parents and for the children once grown, and reduced public spending on remedial education and services. These impacts are more pronounced for children growing up in low-income families.

In reality, just a fraction of American children have access to high-quality child care and early education (from birth to the time they enter elementary school). The current status is:

- **Poor-quality child care for babies and toddlers:** A national study found that 40 percent of infants and toddlers in child care and early education experienced a low-quality environment and care. The need for early-childhood programs of quality for this age range is great; 48 percent of children under age three (5.7 million) live in low-income families.

- **Expanded access to pre-kindergarten, but growing need and substantial variety in quality:** State-funded pre-kindergarten attendance has grown by half a million (from 0.7 to 1.2 million) since 2002, yet the quality of those services varies from state to state. At the same time, the number of low-income children has increased significantly;

46 percent of three- to five-year-old children (5.8 million) now live in low-income households.

- **No guarantee of access to full-day kindergarten.** Depending on where they live, children may or may not be able to attend a full-day public kindergarten program.

- **Inconsistent quality of early elementary school instruction.** Across the country, opportunities to learn and the quality of instruction in the early elementary grades are inconsistent.

High-quality early learning experiences can improve a range of outcomes for children, especially for the growing proportion of American young children currently living in deprivation and poverty. Action is needed now; otherwise the health, education, and skills of our talent pool will continue to wane.

Our nation now faces tough choices to renew the economy, but fiscal prudence cannot be served at the expense of under-investing in the well-being and future of our children – and thereby preventing unnecessary remedial expenditures. Under-investment in children has already begun to erode our economic health. As Nobel laureate and economist James Heckman argued in a letter to the Joint Select Committee on Deficit Reduction in 2011: “Budget deficits are created in large part by deficits in the skills of our workforce... Early childhood development deserves more resources, not less.”

The Committee for Economic Development (CED) calls upon business leaders to make the case for continued investment in children’s early learning and development. Public- and private-sector leadership is critical to address the unfinished

---

**Human capital will determine power in the current century, and the failure to produce that capital will undermine America’s security. Large, undereducated swaths of the population damage the ability of the United States to physically defend itself, protect its secure information, conduct diplomacy, and grow its economy.**

agenda of giving every child the opportunity to thrive and contribute to society.

II. The Business Case for Investing in Young Children

Global competition and a growing achievement gap have brought America to an economic and educational crossroads.

Globalization and new technology have reduced the chances of earning a living wage without advanced skills or education, at the same time that the proportion of Americans who meet that standard is shrinking. By some estimates, 85 percent of jobs today are classified as “skilled.” There is a heightened demand for complex thinking, communication, and technical skills – making unskilled labor increasingly obsolete.7 But since 1970, there has been a real decline in on-time high school graduation rates, especially among males, that has slowed progress in college attendance and graduation rates.8 Furthermore, much of America’s competitive advantage in recent years has been in creating new technology, but America’s share of the world’s scientific researchers is shrinking; more than twice as many young professional engineers live in China as in the United States.9

Why is the United States falling behind? A country is only as successful as its people. In the global economy, America’s lead is dwindling in part due to weaknesses and underinvestment in our childcare and early-education systems. Here is what achievement gaps look like: Infants in poverty lag behind their peers in some foundational cognitive skills by nine months of age; the gaps are broader by ages two and four.10 Children entering kindergarten without prior experience in formal childcare and early-education programs score lower on assessments of reading, mathematics, and fine motor skills than those who have such experience.11

Gaps continue into the elementary school years and beyond. Only twelve states require the provision of full-day kindergarten,12 and one in four kindergartener-age children do not attend full-day kindergarten.13 American expenditures on K-12 public education compare well to other nations, but the scores our children earn on international tests do not.14 Overall on-time high school graduation rates have fallen since the 1980s; nationally the rate stood at 71.7 percent for the class of 2008, but disadvantaged districts in urban areas reported rates between 58 and 63 percent, according to the Education Research Center.15 Just 28 percent of the American adult population has attained a college degree, including 19 percent of the African American and 12 percent of the Latino populations.16 The proportion of American adults with advanced degrees has slipped in the last generation, while China’s has grown from 7 to 18 percent.17

The achievement gap in America has been likened to the “economic equivalent of a permanent recession.”18 In America today, more children are growing up in poverty (in 2012, less than $23,050 for a family of four) than at any time since 1962,19 which puts them at risk for poor development and dropping out of school. The repercussions are felt throughout our society – for example, in terms of lost earnings and tax revenue, increased healthcare costs, and a population unfit for employment and productive work:

- **Reduced graduation rates and forgone tax revenue:** Workers with a high school diploma earn over $8,000 more annually than those without that credential. Adding a four-year college degree translates to an additional $19,000 annual increase in earnings.20

- **Rising health costs:** Researchers have found that repeated exposure to adverse early life conditions and experiences – such as chronic poor nutrition and exposure to toxic stress – put children at risk for later asthma, addictions, cardiovascular disease, depression, diabetes and other chronic health problems.21

- **Lack of fitness for employment:** Research released by the Department of Defense (DOD) graded the fitness of American youth as poor; less than 25 percent of 17 to 24 year-olds in the United States would be eligible for military service, mostly due to health issues, such as obesity, but also because of the lack of a high school diploma, or a criminal record.22

- **Skyrocketing incarceration costs:** The U.S. has the highest incarceration rate in the world; the rate grew 240 percent between 1980 and 2008 even...
As violent crime rates fell, (More of the prison population (60 percent) serves time for non-violent crimes now; for example, 24 percent serve for drug-related offenses.) The average cost of holding a prisoner in jail for a year is approximately $26,000.

Left unchecked, these negative conditions increase public expenditures (see Figure 1) and tear at the social fabric of our nation and cripple our economy. High-quality early-childhood services can mitigate the impact of growing up in a disadvantaged environment, and prevent later costs.

Investing in early learning and development is the best foundation for human capital.

According to Nobel-prize-winning economist James Heckman, “Learning begets learning, skills beget skills.” The human brain is primed from birth to react to and learn from the environment and interactions with caregivers. But this process is cumulative, and so deprivations experienced prenatally and in the first three years of life shape brain architecture and can impede later language, cognitive, social, and emotional capacity. Early experiences in mastering skills provide self-reinforcing motivation that carries forward through later stages of development. Attributes desirable in the marketplace – confidence, exploration, perseverance, and love of learning – have their source in early childhood. While parents are the first and most important teachers in a child’s life, skilled providers of child care and early education can also nurture these qualities by building trust and responding appropriately to young children.

Furthermore, child care and early education available from birth – such as home visitation and high-quality infant and toddler care – provide opportunities to identify and address risks to optimal child development. One in six children will experience a developmental disability or behavioral problem before age 18, but fewer than half of those problems are detected before school entry. Costly adult health problems can be directly linked back to chronic early life deprivations and toxic stress. Children who participate in high-quality preschool interventions have been found to have lower rates of special education use than those who have not had the opportunity to participate.

Savings on future expenditures, better education and earnings outcomes, and increased tax revenue are part of the future returns on investment in early learning and development. For example, analysis by Tim Bartik, a senior economist at the Upjohn Institute for Employment Research, estimated an increase of future earnings of 6-10 percent for very low-income
Childcare and early education play a critical role in our national economy.

In addition to supporting child development, expenditures on care and education of young children can strengthen families, communities, and economic development. Each of these contributes to a thriving economy and society.

Stronger families. Programs and services that support and engage families as partners in their children’s early learning and development — such as home visiting for at-risk parents or Early Head Start for poor infants, toddlers, and their families — can promote positive parenting and set the stage for later parent involvement in schooling. Childcare and early-education programs can also be a critical point of contact to reach vulnerable families; the proportion of children born to unmarried mothers has grown to 53 percent for women under age 30. A two-generation approach can also encourage and aid mothers to renew their own educational attainment and improve their job prospects.

This could make a real difference for children being raised by teen parents; recent data indicate that half of teen mothers still have not achieved a high school diploma by age 22. Furthermore, parents who know their children are in a reliable and stimulating environment while they work are likely to be more stable employees — more able to concentrate on their work and less likely to be late or absent.

More-livable communities. Disadvantaged children who participated in certain high-quality childcare and early-education opportunities were found to be more likely to stay in school, avoid teen pregnancy, attend college, and have higher earnings. They were also less likely to participate in juvenile crime or endure abuse and neglect. These outcomes can make our communities more livable and attractive to top employees. In addition, high-quality child care and early education can lead to higher property values at a community level.

Economic development. Currently, about $157 billion is expended for child care and early education of young children in America each year — equivalent to 1.1 percent of the gross domestic product (GDP). Only a portion is publicly funded; the figure includes private resources (through parent payments, or forgone wages of family caregivers). Policymakers who seek greater local or even national economic activity should consider that money spent for these opportunities results in spending on facilities and supplies (food, equipment, educational materials), Employees tend to be of low- to middle-income and to spend much of their paychecks immediately. One analysis found that on average, a new dollar spent in the childcare and early-education sector translated to a broader statewide economic impact of two dollars. For each new job created in this sector, the broader statewide impact is 1.5 jobs. This “multiplier effect” is on par with or larger than that of sectors more likely to receive attention from policymakers, e.g., job training, retail, and tourism. Note that long-term return on investment in high-quality preschool has been estimated at 16 percent.
North Carolina’s Smart Start Public/Private Partnership Shows Results

North Carolina established the innovative Smart Start public/private partnership in 1993 to improve school readiness through three main strategies: improving access to high-quality child care and early education; providing parents tools to help them raise healthy, happy, and successful children; and ensuring access to preventative health care. In the years that followed, locally run Smart Start Partnerships for Children made up of public and private organizations grew in all 100 North Carolina counties. An independent evaluation by Duke University found that since Smart Start was created:

- The percentage of children attending high-quality child care and early education more than doubled.
- All but two percent of children residing in Smart Start counties now receive appropriate developmental screenings.
- Children scored higher on 4th grade math and reading tests in those Smart Start counties that received higher levels of funding from the start of the initiative.
- Placement in special education by grade 3 fell ten percent.
- Positive impacts were highest for children at risk of academic failure.


Other countries are well ahead of the United States in prioritizing investment in early learning and development.

Compared to other developed nations in the Organisation for Economic Co-operation and Development (OECD), the United States spends a smaller percentage of GDP on childcare and early-education services for children from birth to age five (see Figure 3), and disproportionately less for young children as compared to school-age children. Per-capita public spending ($4,121, federal and state, not including tax expenditures) on a range of services (health, nutrition, education, etc.) targeted to the first three years of life is even lower than that for preschool age children ($6,702), according to analysis by the Urban Institute using 2004 data. At the same time, children in the United States face more challenges to their development than those in many of the other countries, including higher rates of infant mortality (4th worst in the OECD) and low birth weight (6th worst), teen births (2nd worst after Mexico), and poverty. The children’s share of the federal budget is projected to shrink from 11 to 8 percent by the end of the next decade if changes are not made.

The United States lags behind many highly developed countries in formulating a coherent national strategy to promote early learning and development for all children, and making the connection to the future economy. Although some states have made progress in expanding access to preschool for four-year-old children, other children have a patchwork of early-childhood experiences. Analysis by the United Nations Education, Scientific, and Cultural Organization (UNESCO) found an international trend toward comprehensive strategies to increase equitable access to services that promote early learning and development of the pre-school population. Leading and emerging economies alike are doing more to expand access to better child care and early education through public investment and policy. Initiatives in some countries of interest – which we would expect the United States to far outperform – include:

- **Brazil** – Early childhood education for children birth to age six is a national constitutional right in Brazil. Brazil created a National Plan for Education in 2001, including goals for participation in early childhood education from birth to age six. Funding for these programs was rolled into the national funding system for education in 2006. National laws have set education qualification target levels for all teachers, including those working with children under age six, and minimum salary levels to establish parity with the education system for older students. Enrollment for preschool-age children grew from 49 percent to 81 percent between 1996 and 2009.
China – Chinese leaders have systematically set goals for participation in early childhood education from birth to five. Although many poor and rural areas of the country lack services, national leaders are trying to address the issue. China’s National Plan for Medium- and Long-Term Education Reform and Development 2010-2020 included specific targets for expanding enrollment in kindergarten, which runs from ages three to five in China. The Educational Plan also discusses the importance of the early learning and development of infants and toddlers.

China spent 3.28 percent of GDP on preschool (2003 data) compared to the U.S. expenditure of 0.4 percent on child care and early education (2007 data).

United Kingdom – In 1999, the United Kingdom launched a national network of what are now 3,500 children’s centers that offer integrated family and workforce support with early learning and development opportunities targeted to disadvantaged neighborhoods. This effort was followed by national childcare legislation in 2004 that required participating programs to follow a national birth-to-five curriculum. In 2006, paid family leave was extended to 9 months. Early learning and development public-program spending from birth to age five grew to over 1 percent of GDP. When the recent economic downturn first began, the new Conservative-Liberal Coalition leadership stated that no additional children would be made poor through any budget cuts, protected early education, and instead reduced defense spending and raised some taxes.

III Unfinished Business: CED’s Recommendations

CED Recommends that Policymakers Provide Access to Early Learning Opportunities for All Children from Birth through 3rd Grade.

Only a national strategy can address achievement gaps and provide equal access to quality early-learning opportunities for all children from birth through third grade. We recommend these key steps:

1. Protect and significantly build on current effective early-childhood investments of public and private dollars.
2. Ensure that all children are able to engage in effective, high-quality early childhood education.
from birth to age five, beginning with those in the greatest need.

3. Hold all early-childhood services to high program and professional standards that have been shown to promote healthy development and learning.

4. Engage and support families to improve education and life prospects for their children and themselves.

5. Sustain success by guaranteeing high-quality full-day kindergarten and ensuring effective 1st through 3rd grade schooling.

Protect and significantly build on current effective early-childhood investments of public and private dollars.

Even in today’s fiscal environment, policymakers must protect – and when possible increase – investments in services that promote early learning and development. This includes funding at the federal and state levels for child care and early education (e.g., federal and state expenditures for childcare assistance for low-income families and to improve the quality of care, Head Start/Early Head Start, state pre-kindergarten, early developmental screening and intervention for infants and toddlers, and special-needs programming for preschoolers) and initiatives that promote positive parenting and family stability (e.g., home visiting, parenting education, family literacy, access to post-secondary education, and economic supports). National and state budgets should be assessed against a metric to do no harm to services that promote child and family well-being for the most vulnerable. State leaders should investigate new strategies – including partnerships with the private sector, tax credits, and innovative financing methods (see box: Emerging Innovative Financing Strategies for Early Childhood).

Although investment in children is not a hard-and-fast numerical contest, a reasonable target for future U.S. spending on child care and early education would be at least 1 percent of GDP. Otherwise, it will be impossible to compete on skills with China and other nations.

As the economy continues to recover from the most recent recession, innovative financing and private-sector leadership are particularly important. Efforts spearheaded by corporate leaders and business

---

**Business Leaders in Mississippi Take Action to Improve Quality**

Started by Netscape founder Jim Barksdale, Mississippi Building Blocks (MBB) is a research initiative designed to serve as a model for how Mississippi can work within existing child care centers to improve children’s early learning and school readiness. Corporate supporters helped raise $7 million over the last several years to enable MBB to help child care and early education programs serving low-income children improve their quality ratings, and to evaluate their results. Additionally, Mississippi Economic Council (MEC) has provided tremendous help in informing business leaders of the importance of early childhood education. MBB’s quality supports include:

- On-site mentors
- Classroom materials
- Scholarships and financial bonuses for teachers to pursue professional development
- Business consulting to improve financial management
- Parent education home visits

Each year, MBB is implemented in 100 randomly selected classrooms in licensed child care centers throughout the state. MBB provides instructional mentoring, $3,000.00 per classroom in materials, scholarships for CDA-certified teachers, parent education, and business advice to assist Directors in financial / operational management. The findings indicate that MBB made notable strides addressing children’s school readiness and early childhood program quality.
foundations should continue and expand if possible. Business in every state should play a leading role, through a coalition or foundation, and provide time and resources to promote early-childhood development. For example, a Mississippi coalition of private corporations and leaders has raised over $7 million to finance the Mississippi Building Blocks program, which is dedicated to improving the quality of child care and early education in a state that has only limited public resources dedicated to early childhood (see box: Business Leaders in Mississippi Take Action to Improve Quality). The PNC Financial Services Group, Inc. recently announced that it will continue to support its Grow Up Great program with $250 million over the next ten years (see box: PNC’s Commitment to Help More Kids Grow Up Great).

Emerging Innovative Financing Strategies for Early Childhood

In grappling with the economic downturn and still fragile economy, several states have explored new financing strategies. Examples of these strategies include:

Tapping revenue from renewable resources, such as state public land trusts. Twenty states have had “land trusts” since they established statehood. The revenue generated from these trusts is used to fund public institutions such as public schools. In 2006 Nebraska voters passed a constitutional amendment that redefined the use of their land trust to include child care and early education. The state funded an endowment with $40 million from the land trust and $20 million in private dollars. Annual earnings from the endowment are now used by school districts and local community organization partners to provide high-quality services to infants and toddlers – the future students in the public schools.

Targeting refundable tax credits to encourage high-quality programs. Refundable tax credits can provide non-stigmatizing financial support for lower-income families using childcare and early-education programs. Tax credits integrated with a state’s early learning and development strategy can be linked to quality, if usable only at state prekindergarten or programs in the top tiers of a state system to rate program quality. They can also be targeted to individual professionals in the early learning field whose salaries are not commensurate with similarly educated professionals in other sectors. Louisiana implemented a four-prong tax credit policy in 2007, which has generated $5 million for the state’s early learning system. Oregon and Colorado are testing tax credits for individuals and businesses who donate to childcare and early-education programs. Pennsylvania uses tax credits to encourage donations to local scholarship funds to help children in low-income families attend high-quality preschool.

Strengthening early-childhood program leadership and management. Most childcare and early-education services are delivered by small businesses or non-profit agencies. They serve on average fewer than 75 children, have small budgets, and find it difficult to attract and retain expert managers and highly qualified teachers. An emerging approach called “shared services” enables both center- and home-based providers to pool resources in key overhead and management functions such as accounting, data systems, administration, mentoring and professional development. The outcomes are improved program stability and business practices. Resulting savings can be re-invested in quality improvement. Shared Service Alliances in Colorado, Georgia, Louisiana, New Hampshire, Pennsylvania, Tennessee, Virginia, Washington, and other states are exploring this idea.

In addition, Ready Nation has supported exploration of financing strategies from other sectors that could support early-childhood services. These recommended strategies include state or local government issued bonds, dedicated property developer impact fees, and state-sponsored family leave insurance, among others. To date, there have been relatively few examples of these strategies being used to fund early-childhood services. This is clearly an area where business leaders could encourage such innovations.
Ensure that all children are able to engage in effective, high-quality early childhood education from birth to age five, beginning with those having the greatest need.

CED has called for federal and state funding sufficient to ensure access to high-quality preschool for all. We now amend that recommendation to include the range of high-quality early-childhood programs and services that have demonstrated effectiveness for children from birth to age five. Research has shown that the foundations of school readiness are built well before the preschool years. Gaps in foundational cognitive skills (e.g., exploring the environment, pre-language “jabbering”) are apparent as early as nine months, and widen later in early childhood. Children living in poverty were rated less proficient in three out of five early cognitive skills at nine months as compared to children in families above the poverty level. Results from the renowned Abecedarian study in which high-quality child care and early education were provided from infancy to age five support our recommendation; for example, 35 percent of participants went on to attend or complete four-year college as compared to 14 percent of a comparison group of children. We recommend meeting the comprehensive early learning and development needs of children as early as possible in their lives, especially for those whose healthy development is most at risk. Reaching expectant mothers and parents of infants and toddlers will require a more expansive definition of early education including strategies such as: home visiting; screenings for all infants and toddlers for health and development delays as recommended by the American Association of Pediatricians; and high-quality infant and toddler child care, and expanded access to the Early Head Start model of comprehensive child and family development services for low-income families. Business leaders should tell policymakers those strategies are just as important to them as preschool.

Defining those most at risk is not limited to children living in poverty. The federal Early Learning Challenge – the early-childhood companion to the federal Race to the Top competition for K-12 education grants – defined “high-need” children as children from low-income families or otherwise in need of special assistance and support, including children who have disabilities or developmental delays; who are English learners; who reside on “Indian lands;” who are migrant, homeless, or in foster care; and other children as identified by a state. Reaching these groups with early-childhood services should be a key metric for measuring success.

---

**PNC Bank’s Commitment to Help More Kids Grow Up Great**

The PNC Financial Services Group, Inc. founded PNC Grow Up Great and PNC Crezca con Éxito to help prepare children – particularly underserved children – from birth to age 5 for success in school and life. Started in 2004 with a pledge of $100 million, PNC recently announced plans to provide $250 million over 10 years to continue the program. Grow Up Great supports families, educators and community partners to provide innovative opportunities that enhance learning and development in a child’s early years. Grow Up Great has:

- **Awarded grants** totaling at least $43 million to early education programs to enhance math, science, art, and financial education.
- **Encouraged volunteerism** by providing employees with 40 hours a year of paid leave to volunteer in early education programs serving lower-income children. When a volunteer reaches 40 hours, PNC donates $1,000 to the early education program in the employee’s name.
- **Raised public awareness** by partnering with Sesame Street and other entities to produce media in English and Spanish to communicate the importance of school readiness.
- **Leveraged corporate influence** with business and policy leaders to bring attention to early learning and development and the need to increase access to high quality programs.

PNC Grow Up Great, From Seven Years of Achievement to a $250 Million Multi-Year Extension Into the Future. For more information, see: [www.pncgrowupgreat.com](http://www.pncgrowupgreat.com).
Hold all early-childhood services to high program and professional standards that have been shown to promote healthy development and learning.

Early childhood education and services cannot fully reduce the achievement gap if the quality of some children’s experiences falls behind. What children need to thrive and learn does not vary based on where they are served, but the standards that apply to particular childcare and early-education sites currently vary based on the funding streams that support them. All services should meet comprehensive standards on the quality of the learning environment, positive interactions between teachers and children, linkages to needed health and social services, and promoting children’s cognitive (literacy, math, science) and social skills. Three critical strategies are needed:

- **Set clear expectations for quality, aligned across childcare and early-education settings.** Policymakers at the federal, state, and local levels are updating and aligning standards and systems to reduce discrepancies and to build quality-improvement and professional-development systems that achieve higher standards for all children. State standards must lay out developmentally appropriate expectations for what children should know and be able to do, establish competencies of teachers/providers, and require safety and quality in program sites; and those standards must be aligned with each other. State and local quality rating and improvement systems (QRIS) – which in some states rate quality across childcare and early-education program sites for potential consumers – are promising and merit further exploration and research. Standards must reinforce aspects of early education that have been proven to improve child learning and well-being, especially that of children in high need. To help level the quality playing field across the country, CED has called for national leadership to certify successful state standards for early childhood education – perhaps through creation of an independent body of experts.

- **Make higher quality standards financially feasible and attractive for programs and professionals.** CED supports delivery of high-quality childcare and early-education services through a mixed range of public and private providers. All programs and professionals should be able to meet and exceed the highest standards of any existing state QRIS or other state quality improvement system with support of effective technical assistance and adequate financial resources. Two- and four-year colleges must be able to provide high-quality and appropriate professional development and degrees for childcare and early-education professionals working with children from birth through age eight. High-need children must have access to top-quality care. Therefore, public support for their child care must cover the cost of high-quality professionals and learning environments.

- **Measure success in improving program and professional quality and reaching high-need children.** Access of high-need children to top-quality services, as measured by a QRIS or other nationally recognized set of standards (e.g. Head Start Program Performance Standards, National Association for the Education of Young Children accreditation, or National Alliance for Family Child Care accreditation), must be a key metric of success.

Engage and support families to improve education and life prospects for their children and themselves.

Parents are their children’s first teachers, and key allies in promoting their young children’s positive attitudes toward education, and stable and supportive home learning environments. Strengthening families to excel in those roles must be part of our national strategy. Teen parents, as well as those with low incomes, low literacy levels, or weak support networks, face challenges from a range of economic, educational, health, and other hurdles. Therefore, successful two-generation strategies must link services for high-need children to other services that improve their parents’ capacities to parent, find good jobs, gain access to health and mental-health care, and put nutritious food on the table. For example, well-designed home visiting for expectant and new parents and the federal Early Head Start/Head Start program have shown positive impacts on both low-income children and their parents. Business leaders should help make the case that reaching back to the beginning of the “supply chain” – when parents are expecting or have
a new baby – is likely to have a lasting impact on each successive step in a child’s development.

Parents also need high-quality, stable child care and early education to seek and maintain employment or improve their skills; finding and affording such care has become more difficult since federal recovery and reinvestment stimulus funds ran out and states have chosen to cut their childcare assistance budgets.

Careful connection between high-quality early-childhood services and efforts to help low-income parents improve their skills or complete postsecondary education could help combat the skills deficit for both generations.

Business leaders should understand and promote the fact that helping low-income students in regional public colleges, community and technical colleges, and for-profit colleges to access child care and other services they need will likely improve their success rates. Policy and resources should require and fund connections between early childhood and health, human service, and training/postsecondary education sectors.

Sustain success by guaranteeing high-quality full-day kindergarten and ensuring effective 1st through 3rd grade schooling.

The earliest years provide the foundation upon which the rest of human capital development must be built, but any impact must be sustained through smooth

---

**How Montgomery County, Maryland Public Schools Reduced the Achievement Gap**

Over the course of a decade, the gap in 3rd grade reading scores among children from different racial backgrounds in Montgomery County Maryland shrank by 29 percentage points. Under the leadership of Superintendent Jerry Weast, the Early Success Performance Plan began in the 2000-2001 school year. The plan was based on four key ideas: more time is critical, time must be well spent, consistency matters, and involve parents and family. Specific strategies included:

- Reallocating resources to target the earlier grades and schools in high poverty areas.
- Conducting outreach and recruitment to engage families with children birth to age five in the district.
- Offering full-day pre-kindergarten in partnership with existing Head Start agencies.
- Requiring full-day kindergarten.
- Reducing teacher-child ratios to 1 : 15 in K-2nd grade.
- Ensuring that early-learning teachers were fully qualified, trained, supported, and compensated similarly to teachers of older children.
- Providing after-school and summer programs focused on reading, writing, mathematics and language.
- Aligning a standards-based curriculum from early education to grade 12, including measurable benchmarks.
- Implementing accountability and continuous improvement systems.

The county effort was reinforced in 2002 when Maryland established a statewide network of centers to improve school readiness for children from birth to age five called the Judith B. Hoyer Early Child Care and Family Education Centers. The two centers in Montgomery County were based in needy elementary schools and partnered with community organizations and institutions to better integrate child and family services. The “Judy Centers” provide services for children and parents, and helped local child care providers achieve national accreditation.

transitions and effective education in elementary school. Data from the 2009 National Assessment of Education Progress (NAEP) found that a staggering 83 percent of fourth-grade children from low-income families read below the proficiency level. There has been little progress on that measure in the past decade. Although past school reform efforts have tended to focus on later years, there is an emerging recognition that full-day kindergarten and improving the quality of elementary schooling is essential to sustain the impacts of investment in early childhood and successful school reform.

Elementary schools must be ready to “take the baton” to support young children and engage their families. Just as children must be ready for school, schools must be ready to promote the full range of early learning, including social, emotional, and physical development. They also must be prepared for the growing diversity of our child population. However, a leading study of classroom quality showed low or inconsistent scores for emotional and instructional climate across classrooms at the first, third and fifth grade levels. Therefore, CED calls for more focus on improving the skills and capacities of teachers and their interactions with children in kindergarten through 3rd grade. Several states are aligning with the new National Common Core K-12 Standards – but those standards must be improved by adding a social and emotional dimension, especially for children in the K-3 grades. In addition, state and school leaders should promote collaboration between childcare and early-education providers and the schools to promote alignment and smooth transitions to school. Communities that have employed these strategies have had marked success; for example, the public schools in Montgomery County, Maryland have reduced the third grade reading gap by 29 percentage points over the course of a decade.

It is crucial that children with high levels of need have sustained access to high-quality early education from their earliest years through third grade. Research has shown that children who participate in full-day kindergarten show greater increases in math and reading scores compared to those in half-day programs; children who come from disadvantaged backgrounds benefit most from being enrolled in full-day kindergarten. Children in some of the highest-poverty areas in Chicago who participated in high-quality public preschool at ages three and four followed by school-age interventions and supports continuing through third grade were less likely to fall behind a grade or need special education as compared to their peers who had only the preschool experience. A federal study that followed very-low-income children and parents who participated in Early Head Start (EHS) through their preschool and elementary-school years found that those who had followed EHS with formal preschool (defined as Head Start, prekindergarten or licensed child care) and then attended an elementary school serving relatively fewer poor children were more successful when they reached fifth grade. Children measured better at reading, vocabulary, and problem-solving ability if they had all three educational experiences as compared to those who had experienced two or fewer.

The student performance gap between the United States and other developed nations will not close without strengthening the continuum of services from birth through third grade. State “P-20” councils must address the earliest years with the same vigor as they have focused on the transition from high school to college. Business leadership has been strong on the transition to work or post-secondary education at the end of children’s public-school years. It is time for business leaders to call on P-20 councils, school superintendents, and elementary school principals to provide full-day kindergarten and strengthen coordination and quality from birth through 3rd grade at the state and community levels.
IV. Conclusion

Promoting the development of young children in this country is an economic and moral imperative. CED has long been at the forefront of efforts to increase public and private support for investment in child care and early education to prevent later remedial expenditures and improve our workforce and our society. Since CED and other business leaders called for preschool for all in 2002, the number of children in state pre-kindergarten programs has almost doubled. Researchers have demonstrated the fundamental importance of early learning experiences from birth through third grade. Current economic conditions and budget cuts threaten that progress while pushing more children and families into desperate circumstances.

Fiscal prudence at the expense of vulnerable children and families would ultimately be self-defeating. Our leadership in the global economy is faltering in part because we have failed to maximize the human potential of our youngest children and secure our legacy as a society.

CED now builds on and expands previous recommendations in light of new research and the current economic context. We call for a national strategy to ensure that all children have access to high-quality child care and early education, and families are supported and engaged in their children’s education from birth through third grade. Business leadership in the unfinished business of ensuring opportunity for every child has never been needed more.


Endnotes


Endnotes


58. For more information on shared services, go to www.opportunities-exchange.org. This effort receives funding from private and public organizations, including: the David and Laura Merage Foundation, the William Penn Foundation, the Annie E. Casey Foundation, the Heinz Endowments, the Hilton Foundation, the W.K. Kellogg Foundation, several local United Way agencies, and the Tennessee Department of Human Services, among others.


74. Personal communication with Kristie Kauerz. (October 31, 2011).
Co-Chairs

ROGER W. FERGUSON, JR.
President and Chief Executive Officer
TIAA-CREF

DONALD K. PETERSON
Former Chairman and
Chief Executive Officer
Avaya Inc.

Executive Committee

BETH A. BROOKE
Global Vice Chair - Public Policy
Ernst & Young LLP

CARL T. CAMDEN
President and Chief Executive Officer
Kelly Services, Inc.

MICHAEL CHESSER
Chairman & CEO
Great Plains Energy, Inc.

ROBERT COLSON
Partner - Institutional Acceptance (Retired)
Grant Thornton

W. BOWMAN CUTTER
Senior Fellow and Director, Economic Policy
Initiative
The Roosevelt Institute

JOSEPH GANTZ
Managing Director & COO
Pine Brook Road Partners, LLC

PATRICK W. GROSS
Chairman
The Lovell Group

EDWARD A. KANGAS
Chairman and Chief Executive Officer
(Retired)
Deloitte Touche Tohmatsu

JOSEPH E. KASPUTYS
Chairman, China Monitor, Inc., Founder,
IHS Global Insight
IHS Global Insight

WILLIAM W. LEWIS
Director Emeritus, McKinsey Global
Institute
McKinsey & Company, Inc.

BRUCE K. MACLAURY
President Emeritus
The Brookings Institution

LENNY MENDONCA
Director
McKinsey & Company, Inc.

FREDERICK W. TELLING, PH.D
Vice President, Corporate Policy & Strategic
Management (Retired)
Pfizer Inc

JACOB J. WORENKLEIN, ESQ.
Partner and Co-Head, Global Projects
Akin Gump Strauss Hauer & Feld LLP

Members

ELLEN ALEMANY
Chief Executive Officer and Chairman
Citizens Financial Group, Inc.

PAUL A. ALLAIRE
Chairman (Retired)
Xerox Corporation

MARIA BEATRICE ARCO
Chair
American Asset Corporation

IAN ARNOF
Chairman
Arnof Family Foundation

MORTEN ARNTZEN
President and Chief Executive Officer
Overseas Shipholding Group, Inc.

ANTHONY A. BARRUETA
Senior Vice President, Government Relations
Kaiser Foundation Health Plan, Inc

DOMINIC BARTON
Managing Director
McKinsey & Company, Inc.

ALAN BELZER
President & Chief Operating Officer (Re-
tired)
Allied Signal

PETER A. BENOLIEL
Chairman Emeritus
Quaker Chemical Corporation

DEREK C. BOK
Professor of Law & President Emeritus
Harvard University

LEE C. BOLLINGER
President
Columbia University

STEPHEN W. BOSWORTH
Dean, Fletcher School of Law and Diplo-
macy
Tufts University

JOHN BRADEMAS
President Emeritus
New York University

WILLIAM E. BROCK
Founder and Senior Partner
The Brock Group

ROBERT H. BRUININKS
President
University of Minnesota

DONALD R. CALDWELL
Chairman & Chief Executive Officer
Cross Atlantic Capital Partners

GERHARD CASPER
President Emeritus and Professor
Stanford University

ROBERT B. CHESS
Chairman
Nektar Therapeutics

MARTIN COHEN
Managing Director and Corporate Secretary
Morgan Stanley

FERDINAND COLLOREDO-
MANSFELD
Partner
Cabot Properties, LLC
GEORGE H. CONRADES  
Executive Chairman  
Akamai Technologies Inc.

EDWARD F. COX  
Of Counsel  
Patterson Belknap Webb & Tyler

STEPHEN A. CRANE  
Chairman  
Insurance and Reinsurance Strategies

KENNETH W. DAM  
Max Pam Professor Emeritus of American & Foreign Law & Senior Lecturer  
The University of Chicago

PAUL DANOS  
Dean, The Amos Tuck School of Business  
Dartmouth College

JOHN J. DEGIOIA  
President  
Georgetown University

MICHELLE FINNERAN DENNEDY  
Vice President & Chief Privacy Officer  
McAfee, Inc.

RENAO A. DIPIENTIMA  
President and CEO (Retired)  
SRA International, Inc.

LINDA M. DISTLERATH  
Senior Vice President  
APCO Worldwide

WILLIAM H. DONALDSON  
Chairman  
Donaldson Enterprises

IRWIN DORROS  
President  
Dorros Associates

FRANK P. DOYLE  
Executive Vice President (Retired)  
General Electric Company

ROBERT H. DUGGER  
Managing Partner  
Hanover Investment Group LLC

T. J. DERMOT DUNPHY  
Chairman  
Kildare Enterprises, LLC

WILLIAM F. EZZELL, JR.  
National Managing Partner - Legislative & Regulatory Relations  
Deloitte LLP

TREVOR FETTER  
President and CEO  
Tenet Healthcare Corporation

EDMUND B. FITZGERALD  
Managing Director  
Woodmont Associates

HOWARD FLUHR  
Chairman  
The Segal Company

MARGARET FORAN  
Vice President, Chief Governance Officer and Secretary  
Prudential Financial

BARBARA HACKMAN FRANKLIN  
President & CEO and Former US Secretary of Commerce  
Barbara Franklin Enterprises

PAMELA B. GANN  
President  
Claremont McKenna College

E. GORDON GEE  
President  
The Ohio State University

THOMAS P. GERRITY, JR.  
Joseph J. Aresty Professor of Management  
The Wharton School of the University of Pennsylvania

STUART M. GERSON  
Partner  
Epstein Becker & Green, PC

ALFRED G. GOLDSTEIN  
President and CEO - AG Associates  
Alfred G & Hope P. Goldstein Fund

EARL G. GRAVES, SR.  
Chairman and Publisher  
Earl G. Graves Publishing Co., Inc.

MARK N. GREENE  
Chief Executive Officer (Retired); Chair, Advisory Council  
FICO

GERALD GREENWALD  
Chairman  
Greenbriar Equity Group

BARBARA B. GROGAN  
Chairman Emeritus  
Western Industrial Contractors

RONALD GRZYWINISKI  
Chairman Emeritus  
ShoreBank Corporation

JUDITH H. HAMILTON  
President and Chief Executive Officer (Retired)  
Classroom Connect

HOLLIS W. HART  
Head of International Franchise Management  
Citi

BEN W. HEINEMAN, JR.  
Senior Fellow, Schools of Law & Government  
Harvard University

HEATHER R. HIGGINS  
President  
Randolph Foundation

JOHN HILLEN  
President & Chief Executive Officer  
Sotera Defense Solutions, Inc.

RODERICK M. HILLS  
Chairman  
Hills Stern & Morley LLP

PAUL M. HORN  
Senior Vice Provost of Research  
New York University

PHILIP K. HOWARD  
Partner  
Covington & Burling LLP

R. GLENN HUBBARD  
Dean and Russell L. Carson Professor of Finance and Economics  
Columbia University

JEFFREY A. JOERRES  
Chairman and CEO  
ManpowerGroup
ROBERT L. JOSS  
Dean, Graduate School of Business (Retired)  
Stanford University

PRES KABACOFF  
Co-Chairman of the Board of Directors &  
Chief Executive Officer  
HRI Properties

WILLIAM E. “BRIT” KIRWAN  
Chancellor  
University System of Maryland

THOMAS F. LAMB, JR.  
Senior Vice President, Government Affairs  
PNC Financial Services Group, Inc.

KURT M. LANDGRAF  
President & CEO  
Educational Testing Service

DAVID H. LANGSTAFF  
President and Chief Executive Officer  
TASC, Inc.

W. MARK LANIER  
Partner  
The Lanier Law Firm P.C.

DIONY LEBOT  
Chief Executive Officer - Western Europe  
Societe Generale

IRA A. LIPMAN  
Founder and Chairman  
Guardsmark, LLC

JOHN C. LOOMIS  
Vice President, Human Resources  
General Electric Company

LI LU  
President  
Himalaya Management LLC

EUGENE A. LUDWIG  
Founder & CEO  
Promontory Financial Group

ELLEN R. MARRAM  
President  
Barnegat Group LLC

T. ALLAN MCARTOR  
Chairman  
Airbus of North America, Inc.

ALONZO L. MCDONALD  
Chairman and Chief Executive Officer  
Avenir Investment Corp.

WILLIAM J. MCDONOUGH  
Vice Chairman (Retired)  
Bank of America Merrill Lynch

MICHAEL MCGUIRE  
National Managing Partner - Industry and  
Market Development  
Grant Thornton

DAVID E. MCKINNEY  
Vice Chair  
Thomas J. Watson Foundation

ROBERT W. MENDENHALL  
President  
Western Governors University

ALAN G. MERTEN  
President  
George Mason University

DEBORAH HICKS MIDANEK  
Chairman and CEO  
Solon Group, Inc.

HARVEY R. MILLER  
Partner  
Weil, Gotshal & Manges LLP

ALFRED T. MOCKETT  
Chief Executive Officer  
Dex One

AVID MODJTABAI  
Executive Vice President, Technology and  
Operations  
Wells Fargo & Co.

JAMES P. MOODY  
Senior Financial Advisor & Assistant Vice  
President, Global Wealth Management  
Bank of America Merrill Lynch

NICHOLAS G. MOORE  
Director  
Bechtel Group, Inc.

MICHAEL G. MORRIS  
Chairman  
American Electric Power Company

DIANA S. NATALICIO  
President  
The University of Texas at El Paso

FRANK NICOLAI  
Former Director and Chief Financial Officer  
American Management Systems

DEAN R. O’HARE  
Chairman and CEO (Retired)  
The Chubb Corporation

NELS OLSON  
Vice Chairman and Co-Leader, Board and  
CEO Practices  
Korn/Ferry International, Inc.

RONALD L. OLSON  
Senior Partner  
Munger, Tolles & Olson LLP

STEFFEN E. PALKO  
President and Vice Chairman (Retired)  
XTO Energy Inc.

CAROL J. PARRY  
President  
Corporate Social Responsibility  
Associates

DEBRA PERRY  
Non-Executive Director  
Korn/Ferry International, Inc.

GREGG PETERSMEYER  
Chairman and CEO  
Personal Pathways, LLC

TODD E. PETZEL  
Managing Director and Chief Investment  
Officer  
Offit Capital Advisors LLC

DOUG PRICE  
President and CEO  
Rocky Mountain PBS

NED REGAN  
Professor  
The City University of New York
JAMES E. ROHR  
Chairman and CEO  
PNC Financial Services Group, Inc.

ROY ROMER  
Senior Advisor  
The College Board

DANIEL ROSE  
Chairman  
Rose Associates, Inc.

LANDON H. ROWLAND  
Chairman  
Ever Glades Financial

NEIL L. RUDENSTINE  
Chair, ArtStor Advisory Board  
Andrew W. Mellon Foundation

KENNETH P. RUSCIO  
President  
Washington & Lee University

PATRICIA F. RUSSO  
Former Chairman and CEO  
Alcatel-Lucent Technologies, Inc.

EDWARD B. RUST  
Chairman and CEO  
State Farm Insurance Companies

ROBERT A. SCOTT  
President  
Adelphi University

JOHN E. SEXTON  
President  
New York University

DONNA E. SHALALA  
President  
University of Miami

GEORGE P. SHULTZ  
Thomas W. and Susan B. Ford Distinguished Fellow  
Hoover Institution

FREDERICK W. SMITH  
Chairman, President and CEO  
FedEx Corporation

PETER P. SMITH  
Senior Vice President, Academic Strategies and Development  
Kaplan, Inc.

ALAN G. SPOON  
Managing General Partner  
Polaris Venture Partners

JON STELLMACHER  
Senior Vice President (Retired)  
Thrivent Financial for Lutherans

PAULA STERN  
Chairwoman  
The Stern Group, Inc.

ROGER W. STONE  
Chairman and CEO  
KapStone Paper and Packaging Corp.

DAVIA B. TEMIN  
President and Chief Executive Officer  
Temin and Company Incorporated

EDOUARD TETREAU  
Partner  
Mediafin

G. RICHARD THOMAN  
Chairman  
Corporate Acquirers, Inc.

LARRY D. THOMPSON  
Senior Vice President, Government Affairs, General Counsel and Secretary, (Retired)  
PepsiCo, Inc.

JAMES A. THOMSON  
President and Chief Executive Officer, Retired  
RAND

PATRICK TOOLE  
General Manager, Maintenance & Technical Support Services, IBM Global Technology Services  
IBM Corporation

STEPHEN JOEL TRACHTENBERG  
President Emeritus & University Professor of Public Service  
George Washington University

TALLMAN TRASK III  
Executive Vice President  
Duke University

JØRGEN VIG KNUDSTORP  
Chief Executive Officer  
LEGO Group

JAMES L. VINCENT  
Chairman (Retired)  
Biogen Idec Inc.

JERRY D. WEAST  
Founder and President  
Partnership for Deliberate Excellence, LLC  
Former Superintendent  
Montgomery County Public Schools

JOSH S. WESTON  
Honorary Chairman  
Automatic Data Processing, Inc.

JOHN P. WHITE  
Former Robert & Renee Belfer Lecturer, Kennedy School of Government  
Harvard University

JOHN C. WILCOX  
Chairman  
Sodali Ltd.

HAROLD M. WILLIAMS  
President Emeritus  
Getty Trust

MARGARET S. WILSON  
Chairman and CEO  
Scarboroughs

H. LAKE WISE  
Deputy President, Chief Legal Officer  
Daiwa Capital Markets America Inc.

NANCY WYNNE  
General Counsel  
HAVAS Worldwide

KURT E. YEAGER  
President Emeritus  
Electric Power Research Institute
Selected Recent Publications:


Boosting Postsecondary Education Performance (2012)

After Citizens United; Improving Accountability in Political Finance (2011)

Hidden Money: The Need for Transparency in Political Finance (2011)


Are Institutional Investors Part of the Problem or Part of the Solution? (2011)

To Reform Medicare, Reform Incentives and Organization (2011)

This Way Down – To A Debt Crisis (2011)


Harnessing Openness to Improve Research, Teaching and Learning in Higher Education (2009)

Teacher Compensation and Teacher Quality (2009)

Rebuilding Corporate Leadership: How Directors Can Link Long-Term Performance with Public Goals (2009)

Leadership and Shared Purpose for America’s Future (2008)

Built to Last: Focusing Corporations on Long-Term Performance (2007)

The Employer-based Health-Insurance System (EBI) Is At Risk: What We Must Do About It (2007)


The Emerging Budget Crisis: Urgent Fiscal Choices (2005)


How Economies Grow: The CED Perspective on Raising the Long-Term Standard of Living (2003)

Learning for the Future: Changing the Culture of Math and Science Education to Ensure a Competitive Workforce (2003)


A New Vision for Health Care: A Leadership Role for Business (2002)

Preschool for All: Investing In a Productive and Just Society (2002)

From Protest to Progress: Addressing Labor and Environmental Conditions Through Freer Trade (2001)

The Digital Economy: Promoting Competition, Innovation, and Opportunity (2001)

Reforming Immigration: Helping Meet America’s Need for a Skilled Workforce (2001)

Measuring What Matters: Using Assessment and Accountability to Improve Student Learning (2001)


The Case for Permanent Normal Trade Relations with China (2000)

**CED Counterpart Organizations**

Close relations exist between the Committee for Economic Development and independent, nonpolitical research organizations in other countries. This International Network of Private Business Organizations includes groups of business executives and scholars with objectives similar to those of CED, which they pursue by similarly objective methods. CED cooperates with these organizations on research and study projects of common interest to the various countries concerned. This program has resulted in a number of joint policy statements involving such international matters as energy, assistance to developing countries, and the reduction of nontariff barriers to trade.

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td>Circulo de Empresarios</td>
<td>Madrid, Spain</td>
</tr>
<tr>
<td>CEAL</td>
<td>Consejo Empresario da America Latina</td>
<td>São Paulo, Brazil</td>
</tr>
<tr>
<td>CEDA</td>
<td>Committee for Economic Development of Australia</td>
<td>Melbourne, Australia</td>
</tr>
<tr>
<td>CIRD</td>
<td>China Institute for Reform and Development</td>
<td>Hainan, People's Republic of China</td>
</tr>
<tr>
<td>EVA</td>
<td>The Finnish Business and Policy Forum</td>
<td>Helsinki, Finland</td>
</tr>
<tr>
<td>FAE</td>
<td>Forum de Administradores de Empresas</td>
<td>Lisbon, Portugal</td>
</tr>
<tr>
<td>IDEP</td>
<td>Institut de l’Entreprise</td>
<td>Paris, France</td>
</tr>
<tr>
<td>経済同友会</td>
<td>Keizai Doyukai</td>
<td>Tokyo, Japan</td>
</tr>
<tr>
<td>NBI</td>
<td>National Business Initiative</td>
<td>Johannesburg, South Africa</td>
</tr>
<tr>
<td>SMO</td>
<td>Stichting Maatschappij en Onderneming</td>
<td>The Netherlands</td>
</tr>
</tbody>
</table>