

## Supporting Young Children and Families

### An Investment Strategy That Pays

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#### Summary

In the United States, public investment in children typically does not begin until they are age five or six and enter a public school system. Until that time, we regard the care of young children as the almost exclusive domain of parents, relying on them to provide a good environment—one that will promote healthy physical, intellectual, psychological, and social development. Good care early in life helps children to grow up acquiring the skills to become tomorrow's adult workers, caregivers, taxpayers, and citizens.

Yet many parents of young children today are stretched thin, in both time and money, trying to care for their children while early in their own careers and family life. Whether a single mother working the night-shift at a fast-food restaurant or a busy executive dashing home before the child care center closes, parents across the socioeconomic spectrum struggle to balance both their children's developmental needs and the demands of their employers.

For families with children under age six, time is especially scarce if both parents work or if there is a working single-parent. Yet, two-thirds of young families fit one of these models. Money is scarce for the 40 percent of these families that have incomes below 200 percent of the poverty line—less than \$34,000 a year for a family of three. And, there is a double squeeze on the 22 percent of families where parents work outside the home *and* are low-paid.



Despite the challenges facing young families, the federal government has provided little direct support. At the state government level, however, there has been a significant change. A majority of states have now adopted public pre-kindergarten programs and other forms of early childhood intervention. Attitudes toward public investment in the pivotal early childhood years are shifting, and the time is ripe for a new President to provide federal leadership in developing policies to support young children and their families as a key part of his domestic policy agenda.

The President should work with Congress to expand early childhood programs that have proved cost-effective and to promote tax and workplace policies to reduce burdens on young families. More specifically, he should:

- Provide federal funding for high-quality, center-based preschool programs for three- and four-year-old children, open to any family that wishes to enroll their child, and fully subsidized for the poorest families;
- Send nurse home visitors into the homes of all first-time pregnant women in economically impoverished families, to promote sound prenatal care and the healthy development of infants and toddlers through age two; and
- Support young families at all income levels through a federal-state initiative to provide up to 12 weeks of paid parental leave after birth or adoption.

## Context

Attitudes regarding the early education and care of young children are shifting, because people see the positive results. Public support has enabled states to expand funding rapidly for public pre-kindergarten programs, and 38 states now provide some level of services--primarily to four-year olds. Families with even younger children also have benefited from expanded services. In 1994, the federal Head Start program began serving children and their parents from before birth through age three, and some states also now include services for younger children in their pre-K agendas.

Interest in high-quality services for young children and their parents is supported by biomedical science. Research has shown that the development of neural pathways in

the brains of infants and toddlers is influenced by the quality of their interactions with other people and their surroundings. Growing up in healthy environments and engaging in sensitive interactions with parents and other caregivers in their early years provides children with life-long advantages and makes them more productive citizens.

Rigorous evaluations of a number of early childhood programs reinforce the lessons of brain research. Children who participate in effectively designed preschool programs achieve more in elementary school, are less likely to be held back a grade or to need special education, and are more likely to graduate from high school. Long-term research has shown that the positive effects of high-quality early education programs continue into adulthood; program participants have higher rates of employment, greater earnings, lower levels of criminal activity, and in some studies, less use of welfare. In other words, starting children off on the right foot makes a real difference.

Commitment to the American ideal of equal opportunity is another strong motivation for government to invest in high-quality pre-kindergarten programs. Many of the racial, ethnic, and income gaps found in school achievement begin before children ever set foot in kindergarten. African-American and Hispanic children, as well as children from impoverished or recently immigrated families, enter kindergarten with smaller vocabularies and more limited math skills. Overall, they are less ready for school, on average, than white children and children from economically advantaged families. Addressing gaps in skills at an early age gives more children from disadvantaged families a fighting chance to achieve the American Dream.

Finally, the number of mothers of young children who are working is increasing, whether they are young professionals in two-earner families or low-income single mothers working in the wake of welfare reform. The large number of working parents means that many children spend long hours every day in some form of non-parental care, and the quality of that care affects their development. It must provide a good learning environment, not just custodial services. While attention to quality and school-readiness may be of highest importance for children from the most

disadvantaged families, *all* working parents face challenges in finding reliable, quality child care.

Too often, policymakers separate the need for “child care” to keep children safe so that parents can go to work, from the need for “preschool education,” so that children can enter kindergarten ready to learn. Yet, in order to develop to their full potential, most children need both—safety, of course, but also developmentally appropriate stimulation and quality interactions with caregivers. A key challenge in early childhood education is to bridge gaps across child care and preschool, as well as gaps between the federal Head Start program and state-funded pre-kindergarten programs.

### Three Principles for Federal Action

The time is ripe for federal leadership to consolidate the existing patchwork of early childhood policies and programs and move them forward. The federal government can play an important role in providing funds for this under-invested area, encouraging collaboration across the different actors and institutions, and testing and demonstrating models. Governmental action should be guided by the following principles:

- **Proved Effectiveness** - The federal government should invest only in programs of proved effectiveness--particularly cost-effectiveness--that result in long-lasting benefits to participants.<sup>1</sup>
- **Targeting** - As a corollary to the principle of cost-effectiveness, federal resources should be targeted on the most vulnerable populations. Most evidence of cost-effectiveness comes from well designed analyses of high-quality programs that served low-income children and others at risk for poor developmental outcomes. At the same time, there are advantages to designing programs and policies with universal appeal, providing some level of service to all children.
- **Respect for Parents** A final principle is respect for the parents who bear primary responsibility for raising their children. Respect for parents, however,

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<sup>1</sup> Since following this principle will exclude some promising programs, where evidence of benefit and cost is not yet available, the author's recommendations include modest investment in testing and refining new models.

does not mean leaving parents to sink or swim on their own. Carefully designed services can support parents in their childrearing work, easing the burden on all parents and providing extra assistance to families who do not have the financial resources or parenting skills to provide their children with the healthy start that maximizes chances for life-long success.

## **Programs that Work**

### **Preschool Education for Three- and Four-Year Olds**

The first recommendation is to invest federal resources in supporting high-quality early education experiences for three- and four-year-old children, providing them with the building blocks for future success in school, the workforce, and society. A large research literature has documented the benefits of enrolling poor children in early childhood programs, not only to improve outcomes in elementary school, but also in later life, through reduced high school dropout rates, less juvenile crime, and better employment outcomes. When these benefits are quantified in dollar terms, estimated benefit-cost ratios range from a conservative 2:1 for a generic “real-world” early childhood education program to 17:1 for the model Perry Preschool curriculum, which has been studied since 1962.

While the strongest evidence of long-term benefits comes from model programs with dozens of years of follow-up data, large new state pre-kindergarten programs have had substantial positive effects on children’s school readiness, according to several evaluations. The Head Start program, also, has had clear positive impact on young children, according to the recent national evaluation of Head Start, although Head Start participants continue to lag behind their age peers in cognitive skills. Researchers have also found evidence of long-term positive effects of Head Start on high school completion, college attendance, and criminal behavior.

### **Policy Proposal for Three- and Four-Year-Olds**

What is needed is a universal, but targeted pre-school program, where the federal government would fund a half-day of high-quality prekindergarten services for children from low-income families and a partial (one-third) federal subsidy for services to

children in higher-income families, as in the National School Lunch Program. Families qualifying for free school lunches or Head Start--that is, those with family incomes below 130 percent of poverty--could enroll their children at no cost. Families at higher income levels also could participate, but a combination of parental fees and state and local funding would be needed to cover program costs not covered by the partial federal subsidy.

To be eligible for federal funding, programs would have to meet national standards for critical design elements, such as: class size (for example, no more than 16 children), child-to-staff ratios (for example, no more than 8:1), staff qualifications (a minimum of a bachelor's degree for the head teacher and an associate's degree for the assistant teacher, as well as specific training in child development), and activities to involve parents. Pre-kindergarten programs would be required to provide, directly or through partnerships with other organizations, additional hours of child care coverage for children of working parents. Curriculum choices would be left to local programs but should meet state guidelines for early learning and school readiness.

The estimated cost to the federal government of such a proposal, if fully funded for all families who choose to participate, would be \$18 billion a year.<sup>2</sup> This funding level includes \$13.3 billion for the "free" portion of the preschool program, \$8.6 billion for the federal share of the partially subsidized portion, \$2.4 billion for "wrap-around" child care for working parents, and \$20 million in research and demonstration projects to study and refine the key dimensions of program quality. Such research could compare costs and outcomes of half-day and full-day preschool interventions, assess program designs for three-year-olds; and study the effects of specialized training in child development on teacher quality and child outcomes. Subtracting out the \$6.5 billion currently provided through Head Start yields the \$18 billion figure in new costs.

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<sup>2</sup> The estimate assumes annual per child costs of \$9,200 per year and participation rates of 75 percent for poor four-year olds, 60 percent for poor three-year olds as well as partially subsidized four-year olds, and 35 percent for partially subsidized three-year olds. For more details, see: Isaacs, Julia B. *Cost-effective Investments in Children*. Washington, D.C.: Brookings Institution, 2007. Available at: [http://www.brookings.edu/papers/2007/01childrenfamilies\\_isaacs.aspx](http://www.brookings.edu/papers/2007/01childrenfamilies_isaacs.aspx).

The long-term goal would be to bring the national Head Start program and the burgeoning state pre-kindergarten programs together into an expanded national pre-kindergarten initiative that provides comprehensive, high-quality services to three- and four-year-olds. Integration of Head Start with local early childhood education programs is possible; almost one in five Head Start grantees is currently a local school district, and most states allow pre-kindergarten programs to operate in community-based settings (e.g., Head Start centers, private preschools, and local child care agencies), as well as in traditional schools. An integrated program could improve services to children and reduce duplication by blending the comprehensive view of child and family development embedded in Head Start with the educational strengths of state pre-kindergarten programs.

Many institutional, philosophical, and political barriers to integrating pre-kindergarten services remain. Initially, the federal government might have to continue separate funding streams for Head Start and the new pre-kindergarten initiative. Eventually, however, the two programs should be integrated and have a single funding stream at the federal level. The wrap-around child care also could be funded initially through expansion of the existing federal child care assistance programs (collectively known as the Child Care Development Fund), or be established as a supplement to the pre-kindergarten initiative.

### **Policy Proposal on Nurse Home Visiting for Infants and Toddlers**

Children under age three are the next priority for targeted investments. It would be a grave mistake to ignore infants and toddlers during the expansion of pre-kindergarten programs for four-year olds. Differences in home environments and parent-child interactions associated with family income make significant differences in children's skill levels by the time they reach age three. Federal programs that focused exclusively on three- and four-year-olds could pull funding, trained caregivers, and other resources away from infants and toddlers, to these children's detriment.

While the potential benefits of serving very young children are clear, there is less evidence on the best intervention strategy for this age group. Child development

centers have had good effects on the development of children's cognitive skills, but are very costly. Providing services through home-visiting programs has had mixed evidence of success, but some models have been shown to be effective.

Most notably, rigorously designed research has produced ample evidence of positive effects—and cost-effectiveness—of the Nurse-Family Partnership model developed by David Olds and his colleagues. Under this program, public health nurses visit the homes of low-income families expecting the birth of a first child, offering support at a time when young mothers are highly motivated to make healthy choices for themselves and their new infants. Visiting the home from pregnancy through the baby's second birthday, nurses provide carefully chosen information and guidance on ways that families can assure their new baby's optimal health and development. Local programs are carefully monitored to determine whether they are continuing to successfully engage and retained parents' active participation.

This program should be available to *all* low-income pregnant women expecting their first birth. Low-income women could be defined as those with incomes below 185 percent of poverty, as defined for the WIC program (which serves a similar population of low-income pregnant women, infants and children). Cost for serving all eligible women nationwide who chose to participate would be \$2 billion under an 80/20 federal/state match.<sup>3</sup>

In return, society could expect many positive results like these: longer time before a second birth, reduced risks of child abuse and injury, higher levels of maternal employment, improvements in the child's cognitive, social, and emotional outcomes through elementary school, and reduced juvenile crime. Benefit-cost studies estimate \$2.88 in benefits for every \$1.00 spent on this program, which come about because of reduced criminal activity, greater employment, higher tax revenues, and reduced welfare costs. The program has been thoroughly tested in three diverse settings

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<sup>3</sup> The \$2 billion estimate follows the methodology outlined in Isaacs, 2007, except that it assumes that 50 percent of eligible women would participate, as in typical sites operating today, rather than 75 percent, as in the initial three experiments. This change, based on information provided by the Nurse-Family Partnership National Service Office, reduces the cost estimate from \$3 to \$2 billion.

(Elmira, New York; Memphis, Tennessee; and Denver, Colorado), and has been replicated in 150 sites across 21 states, making it a proven candidate for investment.

In addition, the federal government should test alternative approaches to serving children ages zero to three. A robust competitive grants program could be mounted for \$300 million annually. Most of these funds would go to states, with some reserved for national multi-site demonstrations. Funding would be contingent upon rigorous evaluation plans for the programs being tried, which might include ways to: 1) adapt the high-quality center-based care planned for three- and four-year-olds to serve two-year-old or even younger children; 2) integrate the Nurse-Family Partnership model of home visiting with center-based programs; 3) expand the Early Head Start program and develop models to integrate its services with the Nurse-Family Partnership model; 4) test approaches to professional development and training, in order to improve quality across the spectrum of center-based and family-based care; and 5) test other home-visiting models, such as the Parents as Teachers or Healthy Families America programs.

### **Policy Proposal on Paid Parental Leave**

Unlike the nurse-home visiting initiative, which would be targeted to at-risk mothers, the third priority for policy change--paid parental leave--would assist *all* new parents, regardless of income, as they struggle to balance family and financial pressures. Our nation's family leave policy (the Family Medical and Leave Act, or FMLA) provides up to 12 weeks of unpaid leave for parents working for public or private employers with 50 or more workers. Many parents cannot afford to lose income for three months, so are unable to fully benefit. And, there is no job-protected leave for the half of the private sector workforce employed by smaller establishments. As a result, a great many new parents must return to work before they have time to bond adequately with their infants or gain other health and financial benefits:

- Infants whose mothers return to work quickly (within zero to 12 weeks of birth) are less likely to be breast-fed, fully immunized, or receive proper physical checkups.

- Longer paid leave helps families avoid financial distress, inasmuch as a fourth of poverty spells begin within months of the birth of a new baby.
- A growing body of social science research finds that children's cognitive development is higher, on average, when mothers stay at home or work only part-time in the child's first year of life.

A year of combined maternity and paternity leave, largely paid leave, is common in other member-countries of the Organisation for Economic Co-operation and Development (OECD). The United States and Australia stand out as the only two OECD countries with *no* paid maternity leave.

Moving to 12, or even six, months of paid family leave, would be a radical step for the United States. A more modest expansion to 12 weeks of paid leave is probably more possible in our political and economic climate, and still would help infants toward a healthier start in life and reduce the risk of job loss and economic adversity for parents of young children.

While the benefits of paid parental leave policies have not been evaluated as thoroughly as those of nurse home visiting and early childhood education programs, paid parental leave provides an important complement to two earlier proposals by providing a benefit valuable to families of all income levels. Moreover, adoption of a national-state initiative of paid parental leave would put us on record as a country that values parents and families.

The federal government should work with the states on setting up pooled funds to provide employee-financed paid parental leave to eligible working parents. California's Paid Family Leave program could serve as a model for other states (as it already has for programs in Washington state and New Jersey). California's program provides six weeks of coverage over 12 months after the birth or adoption of a child, with benefits equal to about 55 percent of wages. The California system, which paid out \$368

million in benefits in 2006, is completely financed by an increase in the employee – not employer – share of payroll taxes for the State Disability Insurance system.<sup>4</sup>

As an incentive for state participation and to provide for a longer leave period, the federal government could match each week of coverage provided by the state, up to a maximum of six weeks. Thus, if states provided six weeks of paid leave, the combined federal and state funds would allow 12. Federal costs might be in the neighborhood of \$1 billion to \$3 billion annually, depending on how many states participate and how closely their benefits resemble those provided by California.

In conjunction with establishing a federal-state paid leave initiative, the President should work with Congress to amend FMLA so that employees in smaller firms also have access to 12 weeks of job-protected leave – which would be paid leave in states opting into the new paid leave initiative.

## Concluding Observations

Growing evidence regarding the critical importance of children's early years is changing public attitudes toward early childhood programs. If we want all children to enter school ready to learn, public investment in children cannot wait until kindergarten. Tight government budgets require that any new spending stand up to sharp scrutiny.

Fortunately, there is ample evidence of successful programs that make a difference in the lives of children. The three policies outlined here emphasize programs of proven effectiveness, balancing investments targeted on at-risk families with support for all families and underscoring the country's strong family values.

The first policy would be to expand preschool enrichment for three- and four-year-olds, with full funding for low-income children and partial federal subsidies to open access to children from all families. This initiative would receive the most funding (\$18 billion of the total \$21 to \$23 billion) because it has the strongest evidence of large economic

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<sup>4</sup> See Boots, Macomber and Danziger, 2008, for further information on California's Paid Family Leave program and for a similar proposal for employee-financed paid family leave through state pooled funds.

returns on investment. The second priority would be to invest \$2 billion on a highly successful program of nurse home visiting for low-income mothers and their infants. Third, federal funding of roughly \$1 to \$3 billion should be devoted to encouraging and supplementing state programs of paid parental leave--an important complement to the other two programs.

Adopting a well designed package of investments in children from birth to five will improve children's health, school achievement, and opportunities for future economic success – and thus will be good for the country as well as for the children.

## About the Author and the Project

### Julia B. Isaacs

Julia Isaacs is child and family policy fellow at the Brookings Institution. Her intergenerational analysis included in a 2008 volume, "Getting Ahead or Losing Ground: Economic Mobility in America," revealed the extent to which parents pass on their economic advantages to their children. She has worked at the U.S. Department of Health and Human Services, the American Institutes for Research, and the Congressional Budget Office.

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## Additional Reading

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