

Investments in School Readiness:

- **Stronger Communities**
- **Skilled Workforce**
- **Opportunities for Success**

Introduction: Who's Ready?

The United States is competing in a global economy that is transforming into one based on knowledge and skills. And the U.S. workforce appears ill-prepared to compete as more than 20 percent of U.S. workers are functionally illiterate and innumerate, meaning they are unable to read at the most basic level or complete simple addition.

Millions of our children in kindergarten are already far behind their classmates in fundamental skills.

The foundation for these fundamental skills is found in the early school years. Yet, across the nation, millions of children in kindergarten are already far behind their classmates in fundamental skills. Many are behind by as much as 18 months. And few of them ever catch up, which can lead to emotional issues, high dropout rates, poverty and even crime.

So what should we be doing as a society for our children? For our economic future?

The solution starts with making certain that children enter kindergarten ready to learn. This can be accomplished through equal access to quality early childhood education for every youngster.

The support among U.S. business leaders and economic experts for private and public investments in early education is getting stronger and sharper in its focus, supported by 40-plus years of research that demonstrates the economic benefits.

Joining many in the education community are vocal business advocates like the The Business Roundtable, Committee on Economic Development and Corporate Voices for Working Families, among others, with The PNC Financial Services Group, Inc. taking the lead in the private sector.

Equal access to quality preschool programs will result in long-term benefits for our nation's children, society and economy.

As part of its \$100 million, 10-year investment in school readiness, PNC commissioned a national survey to measure the opinions of the general public, business executives and U.S. Congress about early education. This comprehensive study also provides insights into the views of parents with young children and teachers in pre-kindergarten through third grade.

School readiness is often overlooked in the broader debate about education in America. The results of this research reflect consensus that equal access to quality early education is critically important and will result in long-term benefits for our nation's children, society and economy.

U.S. Workforce: Future Risks

There is growing recognition of the critical importance of early education as the foundation for success in both school and life.

Research conducted by Dr. James Heckman, a Nobel Laureate economist from the University of Chicago who has closely studied workforce development and quality of skills, indicates that more than 20 percent of our country's workers are functionally illiterate and innumerate. Productivity growth in the U.S. attributable to education will be cut in half over the next 20 years if this disturbing trend continues, he noted, and concluded that increased investments in preschool education can help to reverse these trends.

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In a February 2007 presentation, Federal Reserve Chairman Ben Bernanke said: "Although education and the acquisition of skills is a lifelong process, starting early in life is crucial." He went on to cite research by the Federal Reserve Bank of Minneapolis, saying it documented "the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency."

Asked about the importance of U.S. children attending preschool before starting kindergarten, there is strong agreement on its value among the general public, business executives and other participants in the PNC study (see chart).

Concerns about the U.S. workforce are reflected in the responses of U.S. business leaders. Most executives feel children are ill-prepared to learn upon entering kindergarten - 56 percent say these youngsters are not very/not at all prepared with basic skills, like counting and spelling their name, when they start school.

Further, when asked to compare the quality of the new generation entering the workforce compared to five years ago: 25 percent say it has improved; 39 percent say it has not changed; and 30 percent say it has worsened.

Parents & Teachers: Tools of Learning

Years ago, a reporter asked Fred Rogers, creator of "Mister Rogers' Neighborhood," why he didn't put more emphasis on letters and numbers in his TV program. "I would rather give children the tools of learning," he answered. "If we do, they will want to learn the facts. And more importantly, they will use the facts to build and not to destroy."

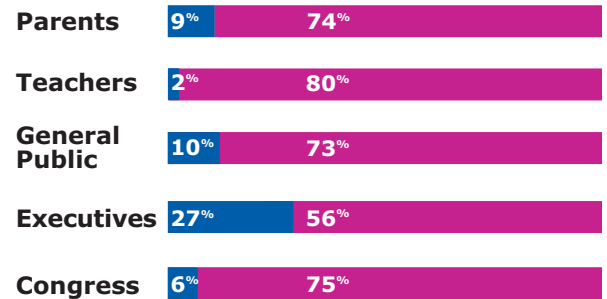
The "tools" include academic and social skills - from reading and writing to listening and sharing. Hedda Sharapan of Family Communications, Inc., producers of Mister Rogers' Neighborhood, says children develop these tools little by little, and in everyday moments. They learn from watching the people who are closest to them, such as family and friends. A high-quality early education program with skilled and trained staff will also have lasting impact.

However, the limited access and uneven quality of preschool education today is denying children opportunities to develop the tools of learning needed to succeed. Few parents (25 percent) and teachers (7 percent) describe U.S. children as being extremely or very prepared to learn upon entering kindergarten, PNC's study revealed. In particular, teachers express concerns about social and academic skills (see chart).

The percentage of teachers who say U.S. children are extremely/very well prepared in the following areas before starting kindergarten:

13%	Being able to interact, play and share well with others.
8%	Being able to listen and follow rules and directions.
24%	Having a desire for learning.
10%	Being able to recognize common words or signs (like Stop, their own name).
10%	Being able to recognize numbers, count and do simple math.
8%	Being able to read and write the letters of the alphabet.

How important do you think it is for a child in the U.S. to attend a preschool program before entering kindergarten?



■ Not very/not at all important
 ■ Extremely/very important

Based on vocabulary skills alone, the average five-year-old from a disadvantaged background is 18 months behind his or her more privileged counterpart.

Quality: Haves and Have-nots

Each school year, an estimated seven million 6- and 7-year-olds enter first grade at schools across the country. This should be a special time for these children, with endless possibilities before them. But, unfortunately, up to 40 percent of these girls and boys will not be prepared for school because they have not had the opportunity to develop the intellectual or social skills needed to succeed.

These children – ill-equipped for the challenges and opportunities that lie before them – are the grim evidence that we have failed to provide quality early care and pre-school education in towns and cities across the nation. Studies indicate that based on vocabulary skills alone, the average five-year-old from a disadvantaged background is 18 months behind his or her more privileged counterpart (a vocabulary of 5,000 v. 15,000 words). A deficit of this magnitude is almost impossible to overcome.

Where do we stand today in terms of quality early education? The response is mixed. In the PNC study, 60 percent of teachers – compared to 48 percent of parents – report their area preschool programs are excellent or very good in terms of teaching and preparing children for kindergarten. But, more than half of parents (54 percent) and 46 percent of teachers strongly or somewhat agree that quality preschool education is a luxury that’s only available to a small number of U.S. children today.

How do we define, and attain, quality? The RAND Corporation report, “Early Childhood Interventions: Proven Results, Future Promise,” found the most successful preschool programs employ localized strategies and share similar features, including a well-educated staff, age-appropriate curriculum and materials and small child-to-staff ratios, particularly for disadvantaged children.

Of 20 early childhood programs with rigorous evaluations reviewed by RAND, 19 produced statistically significant benefits in academic achievement, behavioral and emotional competencies, health, delinquency, crime, social welfare program use, and employment and earnings.

Sources of Funding: Who Pays?

Fortunately, many forces are converging and gathering momentum in the U.S. to address the issue of funding of preschool programs to boost access and quality.

In terms of state-funded preschool, the National Institute for Early Education Research reports mixed progress: States enrolled 20 percent of the nation’s 4-year-olds in 2005-06, up from 17 percent in 2004-05. Nationwide, enrollment increased 40 percent in the past five years and the number of states that do not fund preschool is down to 12.

However, the larger enrollment combined with increased costs means that states, overall, are spending less per student in constant dollars - \$3,482 in 2006 compared to \$4,171 in 2002.

When asked which levels of government should be responsible for funding preschool education, U.S. Congress responded:

Local:



State:



Federal:



Among all parents, 79 percent strongly/somewhat agree government at some level should pay for preschool.

Among Congressional leaders, funding at the state level is most preferred (53 percent), PNC found.

The strong support among parents for government-funded preschool spans all income levels. Among all parents, 79 percent strongly/somewhat agree government at some level should pay for preschool. Those with lesser income are more inclined to agree (86 percent with income below \$25,000 and 87 percent with income of \$25,000-\$49,900).

The sentiment among teachers, meanwhile, is even stronger as 84 percent strongly/somewhat agree with government funding of preschool.

The cost-benefit analysis of the Perry Preschool Study, which focused on lower-income children, indicates that for every \$1 spent on quality early education, society reaps as much as \$17 in long-term savings. In other words, if we improve early childhood education now, we won't have to spend nearly as much money later on special education, remedial job training, correctional facilities and other things that contribute little to America's economic growth.

PNC's study found benefits like these are recognized by parents and, to an even greater degree, teachers today.

Consequences: Ready or Not

While teachers are more likely to make the correlation, both parents (with children age 8 and younger) and teachers (in pre-K through third grade) associate a school-ready child with positive outcomes later in life, such as self-confidence, attending college and a higher-paying job. Within these findings, parents with lower income are more likely to agree than those with higher income.

In terms of negative consequences later in life, teachers feel stronger than parents about the benefits of school readiness.

The percentage of parents and teachers who strongly/somewhat agree with the following statements about children who enter kindergarten ready to learn:

Parents	Teachers	
84%	96%	More likely to have more self-confidence as adults
78%	94%	More likely to attend college
78%	93%	More likely to become responsible citizens
72%	87%	More likely to earn higher levels of income
61%	81%	Less likely to go on welfare
59%	79%	Less likely to go to prison
55%	76%	Less likely to become a teen parent
52%	75%	Less likely to try drugs

Early Education: PNC's Recommendations

Q**UALITY:** PNC encourages states to initiate or improve policies that establish stronger quality standards. This includes: smaller class size, enhanced curriculum, more stringent qualifications of teachers and staff along with ongoing training.

A**CCCESS:** We recommend that federal, state and local elected officials join with policy makers, school administrators, parents and business leaders to improve access to quality programs, especially among lower-income children. They have the greatest need and the investment provides the highest return.

Financing should reflect a combination of federal and state government funds with support from the private sector. In terms of resources, federal, state and local governments spend roughly \$200 billion annually on the criminal justice system. Five percent of that, or \$10 billion, would be enough to more than double the public pre-school education budget for children in poverty.

C**OLLABORATION:** We encourage other corporations to get involved in early education. As a financial institution, PNC is depended on to make wise investments. We view our PNC Grow Up Great initiative, with the commitment of \$100 million, as an investment in the future. For business leaders, school readiness will pay off for every group with whom they have a relationship, whether it be customers, shareholders, communities or employees.

In total, we need a more coordinated grassroots effort if this problem is to be solved, one that will allow all children across the country to access high-quality early care and education – no matter where they live or what their parents can afford.

Investing in our children is simply the right thing to do for the future economic health of our nation. To quote the late Fred Rogers: "One of the greatest dignities of humankind is that each successive generation is invested in the welfare of each new generation."

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Sources:

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Art Rolnick and Rob Grunewald, Federal Reserve Bank of Minneapolis, 2004
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High/Scope Perry Preschool Study Update, 2004
National Institute for Early Education Research, The State of Preschool, 2006

Methodology:

Harris Interactive conducted national surveys of teachers and parents to provide the quantitative information for the PNC Study of Early Childhood Education. These were supplemented by brief surveys of the general public, business leaders, and U.S. Congress using its Executive Omnibus, Congressional Omnibus, and Harris Poll® surveys. The research was conducted between January and May 2007. Margin of error varies from +/- 3.1 to 6.6 percentage points, depending on the audience, at a 95% confidence level.

