SHRM®

SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Meeting the Workforce Needs of the Future…

…Means Meeting the Developmental Needs of Young Children Today

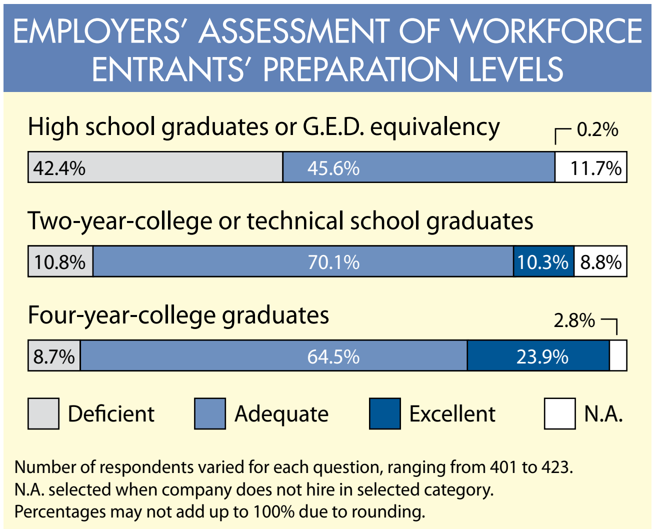
Today's infants and toddlers are tomorrow's business leaders, entrepreneurs, scientists, engineers, health care workers and other professionals.

A Poor Report Card

Employers report that many new workforce entrants lack skills essential to job success.

Are They Really Ready to Work?—a 2006 study by the Society for Human Resource Management (SHRM) done in partnership with the Conference Board, Corporate Voices for Working Families and the Partnership for 21st Century Skills—found that although employers expect young people to arrive in the workplace with a set of basic and applied skills, the reality is not matching expectations.

- Over 40 percent of employers rate high school graduates as deficient in the skills needed for entry-level jobs.
- For two-year-college graduates entering the workforce, only one of the applied skills employers had rated as "very important"—Information Technology Application—made the Excellence List, while eight skills appear on the Deficiency List.
- Four-year-college graduates were the only category of new workforce entrants for whom employer's Excellence List was longer than the Deficiency List on the Workforce Readiness Report Card.



SOURCE: Society for Human Resource Management, Conference Board, Corporate Voices for Working Families & the Partnership for 21st Century Skills. (2006). *Are They Really Ready to Work?* Available at www.shrm.org.

Growing a Skilled, High-Performance Workforce

Test scores indicate that U.S. students are not keeping pace with their global peers.

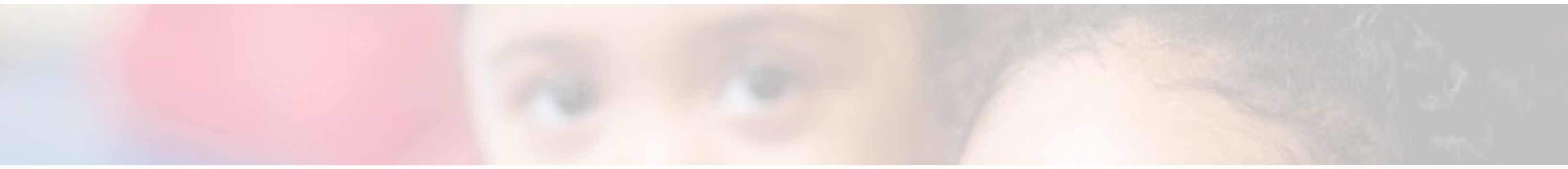
In 2006, U.S. 15-year-olds ranked 25th out of 30 developed countries in math and 21st in science.[1]

In order to compete, U.S. employers must attract and retain a team-capable, job-ready workforce that can spur and maintain continual innovation. The foundation of skills required to achieve that end is built in the earliest years of life—between birth and age 5—yet we do not give our young children the early educational, health and social supports they need to get there.

Early Experiences Directly Affect Life Outcomes

A very young child's brain develops 700 neural synapses—the connections that enable cognitive development to happen—every second.[2] By age 3, a child's brain has reached over 85 percent of its adult weight.[3] Yet, public investments are substantially lower for young children, with spending on early years half or less of what we spend in later years.[4] Similarly underfunded are effective initiatives that promote workforce readiness later in life. The outcomes speak for themselves:

- In no state are more than half the children proficient in reading and math.[5]
- Most children reading well below grade-level at the end of 4th grade will struggle in high school and fail to graduate.[6]
- Only 25 percent of 17- to 24-year-olds would qualify to serve in the U.S. military. The other 75 percent could not meet the physical, behavioral or educational standards for service—standards similar to those many industries use in hiring.[7]
- 20 percent of workers are functionally illiterate.[8]



For the next two decades, they will be learning how to think, act and compete in the global marketplace. By investing in our youngest children now—when those investments will yield the highest societal returns—we can build the workforce we need to keep America competitive in the years ahead.

Early Action Pays Off Today and Tomorrow

Just as in business, investing early in our workforce pipeline ensures the best outcomes.

Clear Benefits Today

Research shows that proper nutrition and health, a safe and nurturing home environment, and access to high-quality learning in the earliest years of life are integral to helping today's children prepare for school and workforce success.

Giving young children a good start reduces immediate health problems, as well as grade retention and special education costs in the first few years of school.[9]

In addition, because early childhood spending tends to be local, and child care and pre-K professionals generally spend rather than save most of their earnings, states generate roughly two dollars in local spending for each federal child care dollar spent.[10]

Substantial Benefits Tomorrow

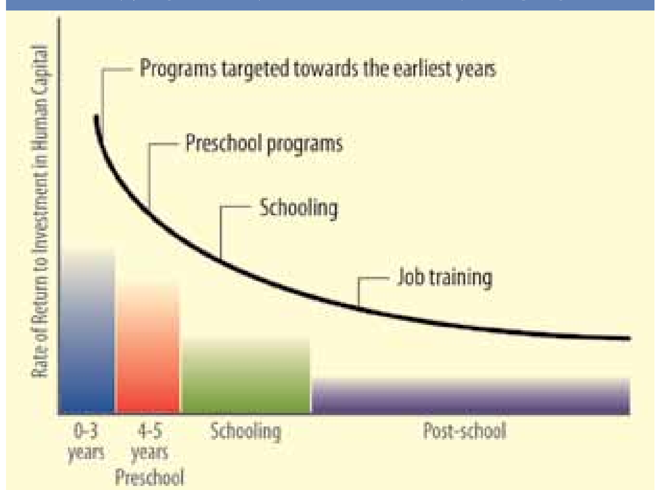
If we invest now, we will save later; it takes fewer dollars to change the trajectory of a child than it does an adult.

One study found that an investment of just $6,692 in pre-K for disadvantaged children yielded a lifetime return of up to $69,937—an ROI of greater than 10:1.[11]

Research on disadvantaged children shows that those who participate in early childhood development programs:[12]

- Attain greater high school graduation rates and education levels, earn higher lifetime salary and pay more in taxes.
- Are more likely to own their own homes and have savings accounts and less likely to rely on public assistance.
- Commit fewer crimes, generating substantial savings in incarceration costs and other areas.

RATES OF RETURN TO HUMAN CAPITAL INVESTMENT AT DIFFERENT AGES



Source: Heckman, J. J. (2006, June). Skill formation and the economics of investing in disadvantaged children. *Science, 312*(5782), 1900-2.

The foundation of skills required to grow a team-capable, job-ready workforce is built in the earliest years of life—between birth and age 5—yet we do not give our young children the early supports they need to get there.

Business Leadership Matters

SHRM has joined the Partnership for America's Economic Success, managed by the Pew Center on the States, as part of a national coalition of business leaders mobilized to improve tomorrow's economy through smart investments in young children today.

Take Action

Join the Society for Human Resource Management, Partnership for America's Economic Success and other national business organizations, such as the Manufacturing Institute and the Institute for a Competitive Workforce, an affiliate of the U.S. Chamber of Commerce, in advocating for policies that maximize returns on investment in early childhood education.

Your voice makes a difference.

- Write an Op-Ed or letter to the editor; call into talk radio; post on a blog. As a business leader, you can be a powerful voice in advocating for sound investments in your community.
- Contact your local children's group to offer to participate in events to represent the business voice.
- Encourage providers of early childhood services to join business and civic organizations.
- Encourage other national or local business or service groups to learn about and advocate for a range of early childhood investments from birth to age 5.
- Encourage your business peers and fellow HR professionals to get involved and make a difference.
- Host a forum in your local SHRM chapter to share research on the benefits of early childhood investments.
- Consider activities in which your business is already engaged that could be targeted toward promoting sensible policies on early childhood development.
- Call on state and local government to make funding decisions based on return on investment.
- Join a commission on early childhood policy.
- Contact policy makers, leveraging your relationships.

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