

Government's role in early childhood development

By **Tobias Madden**

Regional Economist

Naomi Cytron

Public Affairs Intern

Federal Reserve Bank of Minneapolis

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The Federal Reserve Bank of Minneapolis is concerned about long-run economic growth. Investments made by families and society in children early in life yield both private and public long-term returns, including higher lifetime earnings for the children, higher tax revenues and lower government transfer payments. To understand how Minnesota business leaders view early childhood development (ECD) issues, the Minneapolis Fed included in a July workforce survey two questions related to government involvement in ECD (September 2003 *fedgazette*). Results showed that businesses generally thought government should be involved with the same or more funding relative to current levels. The responses were similar regardless of respondents' location, size of business establishment or industry sector (see table). Of note is that of all the questions asked on the workforce survey, the two on ECD yielded the most comments (26 of 107 received).

The first question gauged the degree to which business leaders thought that government should commit to early childhood development.

Please rate your opinion regarding the following statement:

“Ensuring that all children are ready to learn by the time they reach kindergarten should be a high government priority.”

On a five-point scale, choices ranged from “Completely Disagree” to “Completely Agree.” Overall responses showed support for government involvement in early childhood development, with 55 percent of respondents indicating that they agreed or completely agreed that government should prioritize ECD issues. A representative of a real estate firm replied, “Education should be a top priority for the state and region.”

In contrast, 24 percent of respondents somewhat or completely disagreed. Several of these respondents commented that parents should be responsible for preparing children for school, not the government. Others voiced doubts that increased government intervention is effective in addressing social problems. One respondent in durable goods manufacturing said, “Increasingly, we create obstacles and unfortunate social consequences with ill-conceived, politically motivated legislation. ... I am for some application of common sense expectations of each individual, rather than ... government 'fixing.'”

The second question on early childhood development related to government funding levels.

Over the next decade, how much should government spend to provide health and literacy education programs for at-risk children prior to kindergarten relative to its current spending on these programs?

Possible responses ranged from “Nothing” to “Much More.” Overall, 43 percent of respondents indicated that somewhat or much more government spending would be appropriate, 38 percent the same amount, and 15 percent indicated less spending or nothing at all. “Funding will become essential to childcare/pre-school settings,” noted a respondent in the service industry. A respondent from the trade industry said that government spending should be “whatever is the correct amount to get the job done correctly.”

Though responses showed that government funding is an important component of investments to be made in ECD, many of the comments regarding government spending were qualified by a degree of skepticism regarding the efficacy of governmental programs. “I fear the government will tend to throw money at [early childhood education programming] with minimal measurable results,” noted one respondent in nondurable goods manufacturing. Another respondent in the trade sector noted, “I believe enough [government money] is spent but it is not getting to the people that need it for a variety of reasons.”

Some respondents wondered why the Federal Reserve Bank of Minneapolis was interested in education-related issues. “It is difficult to recognize the role of the FRB in education quality issues,” said one respondent. In answer, each of the 12 Federal Reserve Banks is responsible for not only analyzing economic activity in their respective regions, but also providing analysis on economic policy. Minneapolis Fed analysts have found that public investments in education and early childhood development are consistent with economic growth and workforce development. (March 2003 *fedgazette*.) The survey results help gauge business leaders perceptions on these issues.

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Table 1

Rate your opinion regarding the following statement:
 "Ensuring that all children are ready to learn by the time they reach kindergarten should be a high government priority."

	COMPLETELY DISAGREE	SOMEWHAT DISAGREE	NEUTRAL	SOMEWHAT AGREE	COMPLETELY AGREE	NUMBER OF RESPONSES
Overall	11%	14%	19%	25%	31%	624
By Geographical Area						
Metro	11%	14%	18%	25%	33%	312
Non-metro	11%	14%	20%	26%	29%	304
By Establishment Size						
Small (20-99)	15%	12%	17%	24%	32%	311
Medium (100-499)	8%	15%	21%	25%	31%	255
Large (500 and over)	4%	21%	15%	33%	27%	50
By Industry Sector						
Agriculture, forestry, fishing	8%	14%	11%	32%	35%	36
Non-durable manufacturing	10%	15%	20%	27%	27%	59
Durable manufacturing	13%	14%	19%	33%	20%	95
Transportation, communications and utilities	11%	11%	19%	19%	41%	28
Trade	11%	14%	21%	21%	33%	179
Finance, insurance and real estate	13%	9%	18%	31%	29%	45
Services	12%	18%	24%	29%	17%	142
Government	0%	33%	0%	17%	50%	6

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Table 2

Over the next decade, how much should government spend to provide health and literacy education programs for at-risk children prior to kindergarten relative to its current spending on these programs?

	NOTHING	LESS	SAME	SOMEWHAT MORE	MUCH MORE	NUMBER OF RESPONSES
Overall	5%	10%	39%	31%	13%	624
By Geographical Area						
Metro	6%	11%	35%	32%	16%	312
Non-metro	5%	10%	43%	31%	11%	304
By Establishment Size						
Small (20-99)	8%	13%	33%	32%	14%	311
Medium (100-499)	4%	8%	42%	31%	15%	255
Large (500 and over)	0%	6%	60%	28%	6%	50
By Industry Sector						
Agriculture, forestry, fishing	3%	8%	39%	42%	8%	36
Non-durable manufacturing	5%	8%	34%	42%	10%	59
Durable manufacturing	6%	13%	46%	26%	8%	95
Transportation, communications and utilities	7%	14%	36%	25%	18%	28
Trade	6%	13%	40%	27%	13%	179
Finance, insurance and real estate	4%	7%	44%	38%	7%	45
Services	6%	8%	42%	39%	6%	142
Government	0%	17%	33%	17%	33%	6