

**Presentation to the House Appropriations Committee  
January 17, 2007  
Katherine Elam Busser**

Mr. Chairman and Other Distinguished Members of the Committee

I am Katherine Busser, Sr. Vice President with Capital One, one of the state's largest employers.

Over the past two years, I have served as: Vice Chair of the GRCC, a member of the United Way Board, a member of the Early Learning Council and as Chair of the Start Strong Council. While serving in these roles I have learned of the critical need for early child care and education, as well as its clear and significant benefits.

Capital One has invested significant funds over the past several years to support organizations that are focused on helping children reach their full potential. The business community, full of fiscal conservatives, has embraced this issue (of Early Childhood development) because of the persuasive returns for both the private sector and public. We believe these investments will ultimately yield workforce and economic development benefits for Capital One and other businesses operating in Virginia. One of these benefits is the lowering of local and State social service costs in the future.

Let me quickly outline why Corporate Virginia invests in early child care and education:

First, because we need to. Companies in Virginia need to attract and retain a workforce. Many of our current employees have children age 0-5 who need quality care while their parents are at work. Many of these employees are either single parents or in families where both parents must work. Companies understand that these employees will be more productive if they know that their young children are mentally progressing and physically healthy while mom and dad are doing their job.

Second, we all will have needs to grow our workforce in the future. How many of the young people born in Virginia will arrive at working age capable of working in a competitive global society? We need to keep every child we possibly can on the course to have the skills needed to be employed as an adult.

Finally, an educated workforce is a major factor in attracting and retaining other companies for Virginia.

The case for making this investment has certainly been made:

Work done by the chief economist for the Federal Reserve Bank in Minneapolis calculates an annual return of 16% on every dollar spent by a locality or state for early child care and health assistance. That means that each dollar contributes \$2 of value in 4 ½ years because children receiving this assistance need less social services later on. Less public money is spent on crime, drug intervention, and welfare payments. In short, it is cheaper for the public to keep our youngest citizens out of the many ditches that they might fall into than to pull them out of deep holes later on. A higher number of infants who reach adulthood with necessary employment skills also creates more tax revenues for the localities and state in which they live. Less crime, more people employed, healthier families, more income for public use... these are some of the future benefits of a dollar spent now in health and educational benefits to those, age 0-5, who need these services.

But I think it is critical for us to focus on the approach to ensure that we actually achieve the results we desire. There are several important recommendations made by the Start Strong Council that as a business leader I think will be essential to Virginia's efforts.

The most important part of the recommendations is to “test” it. Pilots afford us the opportunity to study different approaches and to collect additional information that will further the business case and returns for Early Childhood development and education. The three existing early childhood initiatives located in Fairfax County, the City of Williamsburg, and the five cities of South Hampton Roads were all funded two years ago. All have made significant progress toward their various goals including:

- Increased parental knowledge and involvement
- Increased professional development of childcare providers
- Increased attention by business and civic groups to this issue
- Greater school readiness for participating children
- A more aligned relationship between the childcare community and public schools; and
- Increased early literacy skills

Pilots afford us the opportunity to develop a smart business strategy along several key dimensions

- The Quality Rating System for childcare providers – ensuring a focus on age appropriate development
- The public-private investment model - an investment approach much more similar to higher ed.
- The uniqueness of the needs in localities – one size may not fit all!

With a low-risk investment, we get high-yield information about best governance for effective pre-K standards and for a pre-K network that builds on strengths of existing programs, but overcomes the barriers. By the time school starts this fall, we will have learned a great deal more about what works.

- The other important benefit of pilots is to confirm the research that shows high quality pre-K benefits all children. Clearly the benefits for at-risk children have been demonstrated in the VPI and Head Start efforts. There are important factors that we need to better understand...for example the benefits of early education for children from middle and upper income families.
- Middle-income children are especially vulnerable to being left out of these benefits, since they are not eligible for Head Start or VPI, and since their families struggle to afford private preschool. Too often, these families select a program that is not high quality simply because it is all they can afford; these children miss out on the most effective school readiness preparation. Nationally, nearly half of preschoolers who enter kindergarten without the ability to recognize the letters of the alphabet are middle to higher income. 12 percent of middle-income children repeat at least one grade; 11 percent of middle-income students drop out of school. The readiness gap between middle- and upper-income children is greater than the gap between middle- and low-income students.
- We also know that the best experience is to have children of all backgrounds mixed together in a school environment...our secondary and higher education institutions all pursue that same approach because of the recognized benefits of diverse groups.

Harry Truman once said: “It’s amazing what you can accomplish if you don’t care who gets the credit.” I think that Virginia children deserve that approach from all of us. I respectfully request that you all help us find a smart and strategic approach to investing in early education.