I’m here today to talk about the economics of early childhood education.

Having heard my introduction, you might ask yourself: “Why him?”

After all, I’m not an economist.

I’m not an educator.

And I’m certainly not a politician.

But what you didn’t hear in that introduction is the story of how education changed my life.
I wasn’t born pre-destined to attend the Naval Academy or to serve on submarines, much less to build them—along with aircraft carriers, destroyers, large- and small-deck amphibious assault ships and fast response cutters for the U.S. Coast Guard.

I grew up on an orange and cattle farm the oldest of six—five boys and one girl.

My family was a farming family.

Yet when I was in the sixth grade, my parents encouraged me to take the entrance exam for a Jesuit high school that cost well beyond their means—and was located 40 miles from where we lived.
Not only was I accepted, I earned a scholarship to work off half the tuition by cleaning classrooms and doing other odd jobs around the school.

I saved up the rest from my wages from working on my dad’s farm in the summers.

For transportation, I made the commute first with my uncle, then with my aunt and later with a neighbor.

It takes a village, right?

Yet attending that school changed my trajectory. It changed my life.

The question in my life went from, “Are you going to college?” to “Where are you going to college?”

Bottom line: Education changed my life.
Now, my path didn’t change until I was in sixth grade and took that entrance exam—yet I believe it needs to happen sooner for most children.

Like in pre-school.

One of the greatest advantages to living in this country is that people can change their trajectory.

Yet it’s often hard to do it on your own, and it’s just about impossible if you’re only 3 or 4 or 5 years old.

So we—that’s you and I—need to do everything we can to set our kids up for success—as early as possible.
And while this may sound very altruistic, I am here today as the CEO representing the largest manufacturing company in Virginia and the largest employer in Mississippi—and one of the largest employers in Alabama.

Huntington Ingalls Industries has been involved in workforce development since Newport News Shipbuilding was founded 128 years ago—and most actively since Newport News’ Apprentice School opened 85 years ago.

In fact, we opened a brand new apprentice school just last year in Mississippi that’s modeled on the one in Newport News.
We’ve also forged strong partnerships with local community colleges and supported any number of secondary and elementary school programs—from funding STEM programs to hosting teacher conferences at our shipyards to encouraging employees to volunteer for tutoring programs.

In recent years, we’ve begun to widen that aperture to include more focus on a growing national concern: pre-school.

Why pre-school? Because we’ve learned that the earlier you fix the problem, the better the result.

I’m a strong believer that to fix education, we need to get it right from the very start.

The beginning of the workforce development “pipeline,” if you will.
In my business, engineers know if a problem is not solved at the design stage, it will persist in the finished product.

In education, the design stage is pre-K.

Early learning can help a child succeed—not only in school, but also in life.

A study published by The Economist backs this up, ranking the U.S. 24th in the world in early childhood education.

While U.S. children start kindergarten at age 5, the nations we compete with have education programs that begin at age 3 or 4.
According to the Organisation for Economic Co-operation and Development—the OECD—only half of American children are enrolled in educational programs by the age of 3.

That compares to an average of 68 percent among the 34 OECD countries, which include most of the world’s leading economies.

In France, Italy, Spain and Sweden, among others, more than 90 percent of 3-year-olds are enrolled in formal pre-school programs.

Although I’ve tossed quite a few statistics at you, the bottom line is that toddlers in these countries will be our children’s or grandchildren’s competitors in the next generation’s global workforce.
So what can I tell you about the economics of early childhood education?

As I said, I’m not an economist, but I do know the basics of supply and demand.

With early childhood education, I would suggest there is a dangerous situation with a very high demand and a relatively low supply.

Let me share a few more numbers to clarify what I mean.

In Virginia, there are more than 500,000 residents age 4 and below.

That’s 6 percent of the population below “school age,” meaning they are in a child care or early education situation.
Meanwhile, there are only about 7,000 child care centers and family child care homes in the state. When demand is high and supply is low, two things happen: Price goes up, and quality goes down. I’ll say that again: Price is going up, and quality is going down.

The average annual cost of child care for a 4-year-old in Virginia is $7,700. Of the 7,000 child care centers and family child care homes I just mentioned, only 8 percent are nationally accredited.

I think we can agree the barriers are high for a family with two working parents and one child.
But what if you add one ... or two ... or three more children?

What if one of the parents doesn’t work?

Or what if it’s a single parent—which is the case for 30 percent of the families in Virginia—and what if they’re living in poverty—which is the case for 14 percent of the families in Virginia?

So what can we do?

Fortunately, my position with HII has given me some opportunities to try and make a positive difference.

First, I’m a member of the Steering Committee for “Blueprint Virginia.”
This strategic planning initiative, spearheaded by the Virginia Chamber of Commerce, includes five goals related to early childhood education:

• To improve access to high quality early childhood education—a key determinant of both school readiness and third-grade reading attainment.

• To address the fragmentation and gaps that exist in our current public policy approach to early learning.

• To improve the flexibility of existing state funding for at-risk preschoolers (the Virginia Preschool Initiative) to allow it to be more fully used at the local level.

• To identify opportunities for public/private partnerships to promote community-wide access to high-quality early learning.
• And to implement appropriate models from the private sector, such as pay for performance, in publicly funded child care and early learning.

A news clip featured on the “Blueprint” website perfectly sums up the intent of the plan.

Pete Baker, co-director of Old Dominion University’s Virginia Early Childhood Policy Center, said:

“What we’ve found is that if we don’t provide Virginia’s kids with high-quality educational experiences when they’re in their youngest years, then anything that we do after that is pretty much meaningless.”
In addition to my involvement with the Chamber, I’ve had the honor of participating in work done by the Hamilton Project, a D.C.-based organization seeking to advance America’s promise of opportunity, prosperity and growth.

As part of its “Policies to Address Poverty in America,” the Hamilton Project has specific proposals to promote early childhood development. I want to highlight two:

- Expanding preschool access for disadvantaged children and
- Addressing the parenting divide to promote early childhood development for disadvantaged children.
A Hamilton paper on the first proposal—expanding preschool access—suggests:

“Poverty has little association with the cognitive abilities of 9-month-old children. By the start of kindergarten, however, not only do poor children perform significantly worse on tests of cognitive ability than children from higher-income families, but teachers also report that these children have much more difficulty paying attention and exhibit more behavioral problems. The poverty gap in school readiness appears to be growing as income inequality widens.”

Regarding the second proposal—addressing the parenting divide—another Hamilton paper suggests:
“Parents do more than spend money on children’s development—they also promote child development by spending time with their children in cognitively enriching activities and by providing emotional support and consistent discipline. The ‘parenting divide’ between economically advantaged and disadvantaged children is large and appears to be growing over time along these dimensions.”

Of course, the discussion has now shifted from strictly educational issues to more socioeconomic ones, but the two are inextricably linked.
The bottom line—and this is me talking now:
The fact that some kids go to pre-K go because their families can afford it and other kids don’t go because their families cannot ... creates a rift between “the haves” and “the have-nots” before formal public education even begins.
We see the consequences down the line, and that’s a shrinking pool of applicants years before most workforce development efforts begin.
In reality, you can go into a fifth-grade classroom today and think: “One out of four kids will be employable. We’ll have to pay for the other three.”
Pre-K schooling can help boost the chances of those three children to succeed because they start to learn earlier.
Depending on your age, you may not have gone to pre-K or even kindergarten—I didn’t start school until first grade myself—so it’s hard to convince some people of the value.

But in today’s economy, pre-K is critical to the U.S. being able to deliver the product of a globally competitive education.

I understand that a businessperson may step back and say, “How do I invest in that?”

You want to invest where you will get returns.

Most forms of workforce development are an obvious investment.

If you spend money to train people who already work for you—or people you know you will want to hire in a year or two—the returns are relatively visible.
If you are going to invest in pre-K and grade school programs to get people off to a good start, you may never see any of those kids in your business.

That’s a much more philosophical investment. And I believe it’s just as important.

It’s a human capital investment for the good of the country.

And as business leaders, it’s an investment we need to make for American business to thrive globally.

I also believe businesses have a role to play in helping tailor creative solutions to problems in their own communities.
You can work with school districts and local officials to make sure the local educational infrastructure can provide qualified employees and the resources to support their training.

At HII, we support early childhood initiatives such as the Downtown Hampton Child Development Center, which is the highest-rated child care facility in Hampton and one of the highest rated in the state. And it delivers high-quality pre-school on a sliding scale.

We also support a similar organization in Mississippi called Excel by 5 which focuses on young children in their most formative years—birth to age 5.
We’ve seen first-hand how business and community partnerships can work directly with educators to support local organizations committed to eliminating barriers to learning, such as poverty and hunger.

In today’s world, the truest test of an educational system is how well it succeeds in giving all of its children a globally competitive education.

If we really want to be successful at this and solve this problem at its source, I believe we have to go all the way back up stream to pre-K programs.

In closing, I’m proud to lead a world-class business like HII, and I’m especially proud of the work we do in workforce development.
Like many of you, I know first-hand the importance of an education, and I attribute that my father and mother knowing how important it was for their six children.

In part, because of my parents—I get to build some of the most complex ships in the world.

And I also get to participate in projects like “Blueprint Virginia” and The Hamilton Project’s poverty-reduction related efforts.

I agree with both projects in that we need to improve and expand access to high-quality early childhood education—especially for disadvantaged children.

We also need to address the “parent-divide” and the gaps that exist in our current public policy approach to early learning.
If you’re like me, you’re concerned not only from a business perspective, but because you care about the future of our country.

So I ask the business leaders here today to consider joining me in these efforts if you are not already plugged into them.

Ultimately, the prosperity of our nation is at stake. That’s the long game in education—and one we cannot afford to lose.

Thank you.

[Pause.]

I look forward to your questions and discussion.