

HHS Appropriations Committee
February 4, 2016

Good morning!

My name is Dave Arens and I am citizen member of the Early Childhood Iowa board and a relationship manager with Wells Fargo's Private Bank here in Des Moines. Thank you all for the opportunity to speak with you today.

I have three messages I would like to present to you today. They are:

- 1) My belief that the proposed legislative changes regarding Early Childhood Iowa or ECI which you have just heard about can have a powerful and positive impact on the use of the funds provided by the state.
- 2) The impact of quality early childhood programs on employers like mine.
- 3) Investing in early childhood makes economic sense both in the short term and in the long term

I would like to ask you to indulge me for just a moment as I use a tangible technique which I think will help highlight the three significant points of the message I'd like to deliver to you today. Before you, you have two different colored "pills". The white pill and the green pill. If you have seen the movie, The Matrix, you may recall the main character gets offered a choice between two

different colored pills. I'd like to offer the same to you. Choose the white pill and I'll show you fabricated reality where there are no issues to face in the world of early childhood. Or, choose the green pill and I'll describe the world as it really is today and the hopeful expectations of where we see early childhood's future in our state.

The first area I like to address is the proposed changes to the law regarding ECI. As you may know, the framework around which ECI is constructed is unique in state government. The organization is built with representation and input from six state departments and a group of citizens like me. What makes ECI even more unique is that the funds we receive from the state are pushed out to 43 separate areas of the state, representing as few as one and as many as four counties. Each of these areas is responsible for assessing and addressing the needs they feel are most critical in the realm of early childhood. Thus, the assessed needs in areas serving Greene or Cerro Gordo counties may be significantly different than those identified in the areas serving Johnson or Henry counties. And, to that point, each of those areas may decide to address their specific needs as they choose within the guidelines available to them. It is in allowing this ability to address each area's needs that we are asking for your help in supporting the proposed legislation. By the way, choosing the white pill in this environment keeps everything the same and

constricts the ability of each area to address their specific needs. The green pill—please have one—affords each area a much more positive outcome for the people they are serving.

The second area I'd like to address regards access to quality child care. As I mentioned earlier, I work for Wells Fargo. We're only one employer, granted a significant one, but I would submit to you one whose desires for and about our employees match those of most employers. Much has been made of the dubious distinction Iowa now has in being the nation's leader in having the highest percentage of families with both parents working—over 76%. This statistic, I believe, evidences the powerful need we have for the presence of high quality child care. Employers across the state, mine included, are consistently on the lookout for great employees. No person can serve as a great employee if they can't give their full mind's worth of dedication to the job when they are concerned about the care and education of their children while they are at work. Please note that in the **packet there are references of support** from several significant business organizations toward efforts at improving early childhood education—frankly, rather than overwhelm you with paper, we materially reduced the number of citations from those organizations in the packet provided.

Just for reference, my employer has many opportunities to provide charitable support to the community we serve. To that end, we make grants in three primary areas: Community Development, Education and Human Services. Even more specifically, we provide grant funding to programs that provide for workforce development and promote academic achievement for low to moderate income students. I point this out for you to know that this area of concern that I am highlighting resonates with employers across the state! This is where Wells Fargo chooses to put its money and where I am proud to give my time.

You consumers of the green pill (go ahead and pop another in now!) need to know these things:

- 1) Quality child care is expensive. “Expensive compared to what?” you may ask. Well, the average annual cost in Iowa for center-based infant and even toddler care is more expensive than annual tuition at any of our three state universities! Low income families can be rapidly priced out of the market in this environment.
- 2) Quality child care is a scarce commodity in many of our rural counties. Not only is it often difficult to find but it may involve adding to an already long commute for the parents.

3) There are no inexpensive or easy answers to this situation. We do, however, believe that the time and attention our local ECI areas spend on helping provide quality child care for their communities can serve as a real benefit to employers and the family members they employ.

By the way, if you choose the white pill here, let me just say that all our child care providers in the state are above average and you can find a great one right next door to your home or place of business!

Finally, my third point centers on economics. I'm happy to tell you that I come before you as the product of the Iowa educational system having received both a bachelor's and master's degree from the University of Iowa. My master's is in Economics. In my profession, probably like you in your role representing each of us here today, I am bombarded with reports. What are the markets doing? What about the Chinese? Oil? Housing? Interest Rates? Does anyone sitting around this table have trouble sifting through your email for things that really matter? Things which can really help you as you work to make decisions for the benefit of the citizens?

Please grab one more green pill...remember green is for the way things really are. Put that green pill in your mouth and pull out this sheet, the one with the color

chart in the lower right hand corner. The information presented is from a Nobel winning economist, James Heckman, who researched the economic impact of investing in quality early childhood education. The return on investment for money spent is dramatic. Please note the heading on the chart—“The earlier the investment, the greater the return.” Please feel free to contact Shanell or any of us on the ECI board for more of the report and the research behind it. However, this is the heart of the matter—the earlier the investment, the greater the return. The concept is easy to understand and it does make intuitive sense. It has also been shown by Dr. Heckman to actually work in the real world!

Hopefully, your green container is lighter a few pills than when it was first placed in front of you and the white one is still full. I’ve spoken of today of three things:

- 1) The proposed changes in legislation.—By the way, the ECI board has heartily endorsed this request.
- 2) The fact that access to quality child care has a direct impact on employers in this state. Employers, business associations and trade groups feel this is a significant matter.
- 3) The earlier the investment, the greater the return—research from a Nobel laureate supports strong action here. And, as a citizen member of Early Childhood Iowa, let me do my part and encourage restoration of our budget

to the 2008 level to allow us to extend the good work we are doing to more low income families across the state.

Thank you for your time and attention!