



The Our American States podcast—produced by the National Conference of State Legislatures—is where you hear compelling conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy.

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The Economic Argument for Early Childhood Education | OAS Episode 29 | March 3, 2018

Welcome to “Our American States,” a podcast of meaningful conversations that tell the story of America’s state legislatures, the people in them, the politics that compel them, and the important work of democracy. For the National Conference of State Legislatures, I’m your host, Gene Rose.

For a little more than two years, states have been implementing a federal law called the “Every Student Succeeds Act,” a bipartisan federal education law that the Wall Street Journal characterized as, “the largest evolution of federal control to the states in a quarter century.” We’ll take a look at how states are using the law to close what is known as “opportunity gaps” – when one group of students consistently receives more education than another group. As our guests today explain, this often happens in early childhood education.

Later in the program, we talk with Utah state Senator Howard Stephenson, whose personal experience led him to seek education opportunities for the children in his state.

We start our program with an expert in banking issues who accepted a challenge to quantify how investments in early childhood education provide an economic benefit not only to individuals, but to states as well. Economist Dr. Art Rolnick explains how investing in early childhood education can pay off in big ways for states, by closing opportunity gaps before they become achievement gaps.

Gene: What I’d like to do, Art, is to start off by asking you to tell us a little bit about your background and how you got involved in early childhood education.

Art: Sure. I’m going back to the year 2003. I was director of research at the Federal Reserve Bank of Minneapolis. I tell people back then I was worrying about banks, not babies, and we had a group that would meet for lunch, about 20 of us from around Minneapolis/St. Paul area, and we would meet and invite a CEO or an author or a politician and talk about their passion.

And this one meeting back in 2003, a man who was the Executive Director of an organization called Ready for K/Ready for Kindergarten, made a passionate plea for investing more in kids and kids at early ages. I mistakenly raised my hand to say that, you know, I don't think the moral arguments that you're making, while I agree with them, I don't think are going to be very effective. I thought you could probably make an economic case for investing in early childhood education.

And I tell people that was my mistake because they didn't disagree with me. The founders of that organization, the former governor of the state of Minnesota, former mayor from Minneapolis, said OK Rolnick, we agree. How would you like to come on the board and do the research for us? And I said look guys, my expertise is pre-Civil War banking and I know very little about early ed.

But it's hard to tell an ex-governor and mayor no. So a colleague of mine at the bank who had some background in education, Rob Grunewald, and I start looking at the research, somewhat skeptical, and when we took a hard look at it and dug into the data, it became pretty obvious that we are... from an economic point of view, we are way under-investing in early childhood.

So that's how it began, sort of by accident, and it's 15 years now. And after we published our paper showing this high return to investing, high public return to investing in high-quality early ed, it's been nonstop. We've been all over the country in fact, dozens of countries around the world, talking about this issue, presenting the research, and proposing ways to effectively invest in high-quality early education.

Gene: And tell us about that paper and what conclusions you reached, Dr. Rolnick.

Art: So we looked at a number of longitudinal studies, actually four of them; they involve children that had various forms of high-quality early ed, compared to kids that didn't, and in many cases it was a randomized control experiment. One in particular that we focused on known as the Perry Preschool Study, began in Ypsilanti, Michigan in the early '60s. They started with 123 at-risk families, so these are very vulnerable kids, randomly divided into two groups. One group gets the high-quality program including master-level teachers, home visits, focusing a lot on parents, some parent education.

And we had 40 years' worth of data on these kids and how they developed as adults and we found that children that were in the program were less likely to need special ed, less likely to be retained in a grade, more likely to be literate by the 6th grade, graduate high school, get a job, pay taxes, stay off welfare. And the crime rate between the groups of children... so we're comparing it to a control group... didn't have this program – the crime rate goes down 50 percent.

So as economists we can put dollar values on these benefits and we knew the cost of the program. We asked: What was the return on the investment? With that data you can back out the implied annual rate of return on that investment in these kids. We found an 18% inflation-adjusted return. With that kind of data, with that kind of evidence, we went back to the board of Ready for K and to the former governor and mayor and said: Look guys, there sure is an economic case. By this data, by this evidence, we're way under-investing in our most vulnerable kids. It's costing us a lot not to invest. That was the basic bottom-line of that evidence.

And it wasn't just one study by the way. We had double digit returns from all four of the studies.

Gene: Well, that's very unusual to actually show a return on investment on public tax dollars.

Art: Well fortunately, we had the data. Fortunately years ago somebody had defined and carried out these experiments. And yes, that kind of return is very unusual. In fact, we argue... this is 15 years ago... we argued: It's the best public investment you can make. And nobody has challenged us on that assertion.

Gene: So one of the terms that seem to be prevalent in this issue is "opportunity gaps." Can you help explain to us what's the difference between an opportunity gap and how it differs from an achievement gap?

Art: Well, they're closely related. The achievement gap specifically points to kids in school, vulnerable kids... many of them are kids of color, kids born at the poverty, kids born of incarcerated parents, or kids that are in homeless families. And we see that as they start school, they start far behind in cognitive and social skills, and they're still behind in the 6th grade. Many of them don't graduate high school.

So first there's the achievement gap within school. Given the achievement gap, their opportunities... given that you don't graduate high school... very few opportunities economically, even socially, compared to kids that succeed in school. So the opportunity gap reflects the achievement gap.

Some also refer to the opportunity gap as simply not having the opportunity to go to a high-quality early ed program. We know that middle-class and upper-middle-class families take advantage of high-quality programs. If you're born at the poverty, you can't afford ... your families can't afford this.

So the opportunity gap refers both to the lack of opportunity, high-quality, early childhood development at the earliest years, and by the way, the earliest years really mean prenatal to 5 because part of that opportunity gap is a health gap. Many of our poverty kids are born underweight; they're not full-term; in some communities they're addicted – the lack of healthcare opportunities at the very beginning. So they're closely related.

If we make sure these kids have high-quality early ed starting and health starting as early as prenatal, long-term opportunity gaps disappear. In fact, we're showing evidence that we can have a significant effect on reducing inter-generational poverty as the children of the children of these experiments are doing significantly better healthwise and cognitively. So we think we can not only affect the current generation of children, but their children.

Gene: Is there more research that needs to be done on this? Is there something that states should be doing to use and begin to address and close these opportunity gaps?

Art: You know, that's a great question and, as a researcher, we always want to do more research. But the evidence right now is so overwhelming that I argue what we need now is to fund high-quality early childhood development for all our at-risk children; that we shouldn't do more

research, 'cause we'll get better, but even with what we know now, we know we can get you a double digit return.

Instead of waiting for more research and leaving more kids behind, now is the time to invest in our most vulnerable kids. And as we do that and collect the data on their success, or in some cases... you know, we're not going to succeed with all – we'll learn more; we'll only get better. Think of us as a start-up company: we're going to get a high return, high public return, but as we do more research, we'll get better.

There are some that argue that we have to do more research before we should invest any more in early childhood 'cause we don't know enough, and I strongly disagree with that. We have overwhelming evidence, not just from these longitudinal studies that I mentioned, but the neuroscientists have very convincing evidence that our brains are highly developed by age 3, and that if a child is in a stressful environment, that brain doesn't develop properly.

And so we have independent research on the neuroscience research; we have these longitudinal studies – there are very few investments we make publicly that have this kind of research behind it. So yes, we always need more research, but that shouldn't prevent us from fully investing in high-quality early ed today for every one of our children.

Gene: So what would your message be to state legislators across the country as they consider this issue?

Art: So I know there are always tight budgets. I know we live in a world with limited resources. But somehow when a stadium becomes a priority, they find a way to fund it. There's a very low return on public funding of sports stadiums and we spend billions of dollars on that. What I would tell state legislators is: You cannot afford not to invest in these kids now because it costs you so much in terms of increased costs to our public schools, long-term increased costs to crime, that now is the time to invest – not a year from now, not five years from now – the research is overwhelming. Make this a priority. Make sure every one of our vulnerable kids has the opportunity to start kindergarten school-ready.

Critics say there's fadeout. And in the study that I mentioned, which is the Perry Preschool Study, the IQ score goes up for the kids in the high-quality program initially. By the third grade, the IQ is not a lot different from the control group, and critics say: Look, yeah, I invest in these kids, but it fades out. And we point out while that's true of IQ, if you look at outcomes long-term, even though the IQ didn't go up, these kids were much more successful in life.

We have these double digit returns because they graduated high school, they started families, they got good jobs, and they were not committing crimes. And so even though there's some fadeout, that's not a showstopper, and we'll get better.

And in other studies where they start kids prenatal... I mean, they start prenatal with the moms and do a lot of parent mentoring at the very beginning years, we actually have an effect on IQ.

The main criticism of this proposal, this initiative, is fadeout, and it's a red herring. Yes, there's some fadeout, but we still get you a very good return. That only says that we can only get better

by collecting the data and doing the research, and find ways so that most of these kids end up succeeding.

Gene: Dr. Rolnick, we really appreciate you being a guest on “Our American States.

Art: My pleasure. Thank you.

Music

Gene: Next, we talk with Utah state Senator Howard Stephenson. He explains how his views on investing in early childhood education have evolved.

Senator Stephenson, I’d like to get your reactions to Dr. Rolnick’s argument that there’s an economic incentive for states investing in early childhood education. What’s your take on this?

Ste: We know that the level that a child reaches by third grade tends to be a trajectory of their success in later life, not only academically, but in being able to take care of themselves and, as an adult, their own families. If that trajectory isn’t on a successful target, that is a high cost to any society, not only in terms of that individual and his or her family as adults, but also to the society as a whole.

My wife and I have served as LDS volunteers in the Salt Lake Valley Youth Detention Facility where we meet with the students on Sundays with a non-denominational class, and then we teach them life skills on Wednesdays and Thursdays, and it became very apparent to us that the only difference between those children who are in lockup for committing crimes and the children in my family and my neighborhood was environment. We really believe that if our child had been switched at birth at the hospital, that we would have been visiting our child if they grew up in those conditions, those environments.

And so in Utah, we have an intergenerational poverty project where we are seeking to put a cocoon of services around those children who suffer from toxic stress and other traumas in their lives because of the environment in which they live.

I used to be that legislator who would fight against pre-K programs, against school breakfast, against extended day programs, after-school programs, and extended day kindergarten, saying: What are we going to do next? Set up cots in the gym and keep them there overnight? It was only when my wife and I served with these youth in detention that we realized that for some of those kids, keeping them at school overnight would have been a good thing.

Now, I don’t believe that we need to expend great amounts of money on these kinds of programs for all students, but at least we need to provide them for those students who are at greatest risk. And that’s really what we found in the NCSL No Time to Lose international study, is that those highest ranking countries on the PISA International Education Report Card tended to spend considerably more resources on those students with the greatest needs. In America, we don’t do that so much; we tend to pretend to do that, but we don’t do it nearly to the extent these highest ranking countries do.

Gene: You mentioned some things that you are doing in Utah there. Are there other things that you are doing to close opportunity gaps?

Ste: Yes. Probably the very most significant thing we are doing is called the Upstart Pre-K Program. We were invited along with 11 other states by the Pew Charitable Trusts several years ago to Big Sky, Montana, to develop plans for having pre-K programs, formal, state-funded pre-K programs. We were one of the 11 states that did not have that. And we quickly realized that we already spend less per student than any state in the nation and there are a lot of explanations for that. But if we were to add one more grade to our K-12 system in a pre-k system, it would be like adding water to the soup. And we thought well: What are parents already spending on their children's 4-year activities? Why not add to that rather than replacing it?

And we did and we went out for legislation to see if there was anybody who had an in-home pre-K program, computer based, that would help prepare students for kindergarten. And the Upstart program began and we now have 15,000 of our 40,000 4-year-olds in Utah on the program. And we focus mostly on English language learners, on low-income, minority and special ed students because they are of course the groups that tend to struggle most by third grade.

And what we have found is that there has never been anything that has had a more profound effect on 4-year-olds than this program. Almost universally, when they start kindergarten the teacher says: This child already knows everything I'm going to be teaching this year. They're doing math already; they already are reading at an early level, sometimes as much as 2nd grade. And so the teacher assigns them to the 1st or 2nd grade reading group going to another class, so that the children are not disruptive while she's teaching the other children letter sounds and blending and that kind of thing. And they also often assign these children to be mentors for three or four other children.

So in that very first week of kindergarten, this child realizes: I am one of the smartest kids in my class. This child who is nothing special, coming from his low-income neighborhood, except maybe at basketball or soccer, and now in kindergarten he realizes that: I am really smart. And I believe this self-efficacy is just as significant as the cognitive upstart these children receive.

And now we have five-year longitudinal data which shows that these children who were expected to be 15 to 20 points below the statewide average on the DIBELS Test and also the statewide end-of-level tests are usually 15 to 20 points above the statewide average. They've closed the gap of 30 to 40 points, and the only difference was the fact that they were on the Upstart Program as 4-year-olds.

This is an in-home program where children are on it for 20 minutes a day at least four days a week, and they have two raccoon cartoon characters, Rusty and Rosey, who walk them through their assignments each day.

I have spoken to a lot of national conferences on this where education researchers are present and I've challenged them to find a single program that they are aware of which has had such a profound longitudinal effect on children's outcomes. The trajectory of these children is very high for success in their lives because they are at or above grade level by third grade. I'm not aware

of anything like it, and I challenged these education researchers to find me something that does this for \$700 per child as 4-year-olds.

Gene: Your success there in Utah – I assume that that’s something you want to bring to the NCSL State Policy and Research for Early Education Working Group. Tell us about the goals of the working group and what you hope it accomplishes.

Ste: The working group has been designed as a bipartisan group of state legislators to evaluate: What is it that works? And we put a framework in place that seems to really bring about the equity for kids in poverty and to remove the barriers and increase access for every student, especially those who are disadvantaged. And we designed it by using data to shine a spotlight on the equity that we’re seeking to achieve.

It includes high-quality P-3 education. The governance is also important to get the local LEAs to decide between the universal or a targeted or a hybrid model. And then to have educator development in early childhood credentials and certification, professionalize the P-3 workforce, which has been somewhat lacking in every state, and rethink the assessment and intervention models that are being used.

We have also realized that it requires community and family engagement, so we are talking about the two-generation strategies or, as we call it in Utah, inter-generational poverty – we find that if you’ve got two generations of poverty, it’s hard to get out of that unless you surround those students with a cocoon of services to help them be successful. And if we can do that by third grade, the life expectancy and success expectancy of these students is significantly higher. I mean, it’s just profound that these children will get out of that second-generation poverty by providing these kinds of opportunities for them.

Gene: Finally, Senator, what advice would you have to your colleagues across the nation when thinking about early childhood education?

Ste: I would advise my colleagues around the nation to stop just thinking about it and pick up the gauntlet and make it happen.

You know, in Utah we have the success of these children that is undeniable. Other high-quality pre-K programs: pick a model and go for it. If your state has difficulty funding these kinds of things, you might want to look at Utah’s in-home model that’s only \$700 per child. If you have the resources to reach these children at risk with a bricks and mortar, high-quality pre-K program, do that.

But don’t wait because with every year we wait, with every student who is in high risk that we fail to reach, that we fail to surround with a cocoon of services, it is costing us far more later on economically than it will to meet the needs of those children now.

Gene: We’ve been talking with Senator Howard Stephenson of Utah. Senator, thank you so much for being on “Our American States.”

Ste: Thank you.

Gene and Music:

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