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INVESTING IN YOUNG CHILDREN PAYS DIVIDENDS: THE ECONOMIC CASE FOR EARLY CARE AND EDUCATION

HEARING

BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

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FIRST SESSION

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INVESTING IN YOUNG CHILDREN PAYS DIVIDENDS: THE ECONOMIC CASE FOR EARLY CARE AND EDUCATION

WEDNESDAY, JUNE 27, 2007

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, DC

The Committee met at 11:00 a.m. in room 216 of the Hart Senate Office Building, the Honorable Robert P. Casey, Jr., and Vice Chair Carolyn B. Maloney, presiding.

Senators present: Brownback, Casey, and Klobuchar.

Representatives present: Cummings, Doggett, and Maloney.

Staff present: Christina Baumgardner, Judd Cramer, Christina FitzPatrick, Chris Frenze, Nan Gibson, Rachel Greszler, Colleen Healy, Aaron Kabaker, Robert O'Quinn, Almas Sayeed, Jeff Schlagenhauf, Robert Weingart, and Andrew Wilson.

OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S. SENATOR FROM PENNSYLVANIA

Senator Casey [presiding]. Good morning. This hearing will come to order. I want to welcome all those who are with us today for this Joint Economic Committee hearing, Investing in Young Children Pays Dividends: The Economic Case for Early Care and Education.

I want to thank all of the witnesses who are with us today, and I also want to especially thank Senator Schumer for his leadership of this Committee and for his work on this hearing, and his staff and the Joint Economic Committee staff.

[The prepared statement of Chairman Charles E. Schumer appears in the Submissions to the Record on page 47.]

I also want to thank Congresswoman Carolyn Maloney, who is with us, our Vice Chair, who has worked on this issue for many years and is helping us on this legislation, and also for the privilege that I have today of co-chairing this hearing.

Congresswoman Maloney knows that in Washington it takes a long time to become a Chairman or Chairwoman, and I'm honored to do that today. If I make any mistakes she has all the authority in the world to correct me, but I'm honored to be with her today.

And I also want to thank her for working in a focused way on our legislation which is the Prepare All Kids Act of 2007 which she introduced in the House. We had introduced it in the Senate already.

So I look forward to working with her and her colleagues and our colleagues in the United States Senate on this issue and so many others who are with us.

I also want to say that today we have an opportunity, I think, to explore a number of issues including prekindergarten education which is the main focus of our legislation.

But we're also fortunate today to have an outstanding panel, and I know Governor Sebelius will be here shortly, but I wanted to thank the witnesses for their appearance but also for their expertise, their insight, and their labor over many years on these issues.

I want to thank each of you for taking the time out of what I know are very full schedules to be with us today.

And I want to say, as a United States Senator but also as a father and a citizen, that it's an honor to chair this hearing to focus on the well-being of our children.

This morning we're here to evaluate and examine the value of early childhood investments, and I believe that we'll find that there's no smarter investment that we can make than this.

I have long been an advocate for investing in children, in State government, for a decade as auditor general and State treasurer, working on childcare affordability and other issues that pertain to our children, so it's a privilege to continue this work in the United States Senate.

The Prepare All Kids Act of 2007, which I introduced last month and which Representative Maloney has introduced in the House along with Representatives Allyson Schwartz and Maurice Hinchey, has a very simple goal: It helps our States provide high-quality prekindergarten programs that will prepare children and, particularly, low-income children for a successful transition to kindergarten and elementary school.

Too many children and, frankly, too many economically-disadvantaged children are entering school behind their more privileged peers. And many times these lags persist into adulthood and are never reversed, and we can all do something about that.

So why should we invest in high-quality childhood development in education? Well, I think we're all here because we think it's the right thing to do—that's obvious—for children and for families, but decades of research tell us that it also makes sense from a lot of different angles.

If you just look at it from a purely financial or monetary or revenue investment, the evidence overwhelmingly supports the economic value of investing in high-quality early education.

According to one study, which I know our witnesses know well, we save $17 for every 1 dollar invested. Dr. Heckman, who is with us today, is a Nobel Laureate in economics, and he's been a great leader in this field, and he's done a lot of the tremendous work on the benefits of early childhood investments, so I look forward to his testimony today, about why it's so important and cost-effective to invest in children, particularly economically-disadvantaged children, as early as possible.

Just a few brief highlights on a number of matters before this hearing today: High-quality early education and development programs significantly improve children's outcomes. We know that.

They are more likely to graduate from high school; less likely—it's very important to say what happens that's less likely—to be in special education classes, to become pregnant at an early age; less likely to engage in criminal activity as teenagers, or pursue other risky behaviors like smoking and drug use.

Research from landmark studies in the Chicago Child-Parent Center and the Perry Preschool Study, have documented these findings.

High-quality early education programs have a positive impact on State and Federal budgets. I don't need to review that; we know what that means.

High-quality early education strengthens the economy because, in the long term, we're not just talking about cognitive development but also non-cognitive gains that children have in qualities like perseverance and motivation, things that we often have difficulty measuring, but we know how important that is to a future employee here in America.

Investing in high-quality childcare assistance, as well as pre-K, also strengthens the economy. The importance of high-quality, affordable childcare, we know, is important for promoting female labor force participation, increasing parent productivity, and keeping parents in the workforce. We know all of this is well-documented.

So this morning we'll hear about the programs that are most helpful to children and early childhood.

One of these is prekindergarten education. Most States have either begun or are on their way to developing such programs.

One of our witnesses, Governor Kathleen Sebelius, will talk about the tremendous work her State is doing in the State of Kansas, in this area, to develop a system to improve the education and early care of children.

In Pennsylvania, we have a great example of that. Governor Rendell is working on the Pre-K Counts Initiative which will provide 11,000 3- and 4-year-olds with voluntary, high-quality prekindergarten that is targeted to reach children most at risk of academic failure.

Harriet Dichter is with us today—someone I have known for a long time—who's now and has been, for many years, working with the Governor on this to streamline and coordinate services for at-risk children, and we'll hear more about that in a couple of moments.

So if we really want to focus on helping our children and helping our families, I think it's critically important that we focus on these important initiatives and programs today.

Now, we hear, when we bring up these issues, talk about money and finances and revenues, and we hear that a lot in Washington. But I think when you think of some of the cuts that this Administration has made in Head Start and subsidized childcare, that's particularly a disgrace.

We also will hear about the cost of this in the context of other breaks we're giving in the budget. We hear that these programs, because some of them require new investments, deserve some kind of a challenge, some kind of a debate, and that's important.

But I would challenge anyone, and I would debate anyone who claims that we can't afford to invest more in early childhood education programs.

Clearly, when you have an Administration which, over many years now, has provided tax cuts for millionaires and multimillionaires and billionaires, I think we can find a little bit of money here and there for children and for these important programs.

It's worth noting that in 2008 alone, the value of tax cuts for households with incomes exceeding $200,000 a year is projected to be $100 billion, just 1 year for a small sector of our population.

They're doing pretty well. They've had a lot of help from the Government, year after year. I think it's about time we focused a little bit of time and a significant amount of resources on our children.

So this bill, Prepare All Kids Act, calls for an initial investment of $5 billion in 2008, which grows to $9 billion—one billion a year—until 2012.

So we really don't have a money problem, when you consider those numbers; we've got a priorities problem, and we've got to cure that.

The States across the country are doing their part. I talked about Governor Sebelius's programs, Pennsylvania's, and others which are doing good work, and we need to support them.

And I want to shorten my statement so we can get right to our Vice Chair so she can offer her opening statement, but I think that when you get right down to this, it's plain common sense.

We can pay now or pay later, and if we pay later, we're going to pay a lot more, and it's not just going to be money that we're going to be paying; we're going to be paying a human cost as well.

And I really believe that every child is born with a light in them, and I think it's critically important and essential that all of us who have the opportunity and the power to do something about this do everything possible to keep that bright light in a child burning ever brightly.

This legislation and the initiatives that surround this, whether it's prekindergarten education, quality childcare, early education, and care, are critical to keeping that bright light burning ever brightly for that child, and I think, eventually for our economy and for our Nation.

With that, I turn to our Vice Chair, Congresswoman Maloney, and thank her for her help on this.

[The prepared statement of Senator Casey appears in the Submissions to the Record on page 48.]

OPENING STATEMENT OF HON. CAROLYN B. MALONEY, VICE CHAIR, A U.S. REPRESENTATIVE FROM NEW YORK

Vice Chair Maloney. Thank you, thank you, thank you very much. Good morning.

I would like to thank Chairman Schumer and Chairman Casey and Congressman Doggett for encouraging us to hold this hearing to examine the economic benefits of investing in high-quality care and education for the children of our Nation.

This is the second in a series of hearings that the Joint Economic Committee will hold, as Democrats in Congress work to develop

policies for the 21st Century, that help families balance the competing demands of work and family responsibilities.

I am honored to co-chair this hearing with Senator Casey who has provided leadership on this issue for many years in his home State of Pennsylvania and now in the U.S. Senate, and I am pleased to be the lead sponsor in the House of Representatives of his Prepare All Children Act of 2007 which is designed to help States expand their pre-K programs and childcare services, a goal that we both believe is critically important to our Nation.

I really want to just say that I'm deeply appreciative to all of our panelists for their lifetime commitment professionally to helping our Nation's children and for being here today.

More than a quarter of a million 4-year-olds in New York State would be eligible for the program created through this bill, including 100,000 children who would qualify for free pre-K.

At Speaker Pelosi's National Summit on America's Children last month, a compelling body of research was presented that makes clear that early intervention improves children's lives and eases the burden on public resources.

With the limited public resources we currently have, we get the biggest bang for the money we spend by investing in our children before they even go to school.

Estimates show that the return on investing in early care and education is between 7 to 18 percent annually. If this were a stock, all of Wall Street would be buying.

Children are our most precious resource, and the success of our Nation depends on their ability to achieve their full potential. Early care and education fosters higher labor force participation and earnings, increases future productivity and economic growth, and helps maintain our ability to compete in the global economy.

Quality childcare can help businesses' bottom lines by improving worker productivity, reducing absenteeism, and lowering turnover.

Estimates show that employee absences due to childcare breakdowns cost U.S. businesses $3 billion annually. But there is a shortage of affordable childcare around the country and especially in the city I represent.

More than half of all women with preschool-aged children in my District are in the workforce and desperately need help finding childcare.

Many childcare providers in low- and moderate-income areas operate out of their homes. In the House of Representatives we passed a bill which included an amendment I authored called KiddyMac. KiddyMac encourages lenders to offer mortgages on low- and moderate-income housing with licensed childcare facilities in order to help increase the supply of daycare facilities.

The Federal Government can also play a role in ensuring quality childcare by establishing minimum standards. Children need to be in safe environments that promote healthy development and lay the foundation for future success in schools.

Children in quality care are found to have better language and math skills, and have fewer disciplinary problems, but many States do not set adequate standards for childcare quality, including mandating low child-teacher ratios or requiring teachers to have training in early childcare education.

I really, truly, want to thank our distinguished panel of witnesses for being here today, and I look forward to their testimony about setting our children on a path for success early in life.

I do want to mention that Dr. Heckman testified earlier at the Summit on Children that was organized by the Congressional Democrats, and gave a very compelling case, and we truly worked hard and appealed to him to come back and be part of this effort to follow up on the vision that he and others brought to that Summit, so that the ideas put forward can be put into the reality of a law that will hopefully pass and be part of helping our children in America.

So I thank all of our panelists for being here, and we look forward to your testimony.

[The prepared statement of Representative Maloney appears in the Submissions to the Record on page 50.]

Senator Casey. Thank you, Congresswoman. Next, we have Representative Doggett from the State of Texas. Thank you for being here.

STATEMENT OF HON. LLOYD DOGGETT, A U.S. REPRESENTATIVE FROM TEXAS

Representative Doggett. Thank you very much, and thank you very much for your leadership on this important piece of legislation and that of Congresswoman Maloney, who has been such a longtime advocate for children in the House.

I think that the hope of some further change here in Washington will clearly bring us a Federal role in encouraging the States to continue what is already happening, to upgrade the quality and the coverage of early childhood education.

One of the questions that we get to explore this morning is how broad that commitment can be, and where we can be most effective.

I'm appreciative of the fact that you have assembled such an impressive panel of people who are already taking leadership in your home State of Pennsylvania and certainly in Kansas which joined my home State of Texas recently in extending benefits to military families with the Early Childhood Education Programs.

Dr. Heckman's testimony, of course, was impressive to our Summit, and I look forward to hearing you again. You've been so important with your studies in engaging the business community and building the understanding and the coalitions necessary to make legislation like you've offered a reality. Thank you.

Senator Casey. Thank you, Representative Doggett. And we're doing this in order of appearance, and the next one to appear is Senator Klobuchar, my colleague in the Senate. Thank you, Senator.

STATEMENT OF HON. AMY KLOBUCHAR, A U.S. SENATOR FROM MINNESOTA

Senator Klobuchar. Well, thank you very much Senator Casey, and thank you for holding this important hearing.

It's great to see you chairing a hearing, and we look forward to your leadership on this Committee. Thank you also for sponsoring the legislation, as well as you, Vice Chair Maloney.

I come from Minnesota where we've done a lot of good studying of this issue. I wish we'd done a little more investing in addition to the studying, but we actually had a landmark study coming out of Minnesota with Art Rolnick, who is with the Federal Reserve.

He is the Vice President and Research Head of the Federal Reserve, and a friend of mine. He calculated that the annual return on investing in early childhood development programs can be as high as 16 percent, with 75 percent of the benefit going to taxpayers in the form of decreased expenditures on special education, welfare, and crime.

To put that number in perspective, the long-term inflation-adjusted return on U.S. stocks is about 7 percent. So I think we need to also start talking about this in terms of the benefit that we're all going to see if we are smart about investing.

As a former prosecutor, I got involved in the group, Fight Crime: Invest in Kids. I remember going to some of the national meetings with all of these burly sheriffs and wondering how they came to this group.

After I was a prosecutor for awhile, I saw the huge correlation between school enrollment and staying in school, and how that leads to not getting involved in crime. In fact, the first year I was D.A., we had eight murders that were committed by juveniles. These were young men 16 years and under.

We looked back at the records, and all of these men came from troubled families and had issues, but one of the things that they all had in common was that their trouble with the law started when they started to miss school.

It's not that hard to make the connection between their truancy and their disconnection to their schools. Because most of them had no early childhood training, as they entered their classrooms, they felt they did not know anything compared to the other kids.

This isn't to excuse their behavior or to say that we didn't put them in prison; we did. It is just to say that we are spending money in ways that we may not have to if we were smarter about early childhood education.

So I thank our witnesses and I look forward to hearing from you today.

Senator Casey. Thank you, Senator. Representative Cummings is next. Thank you, Congressman, for being here with us today.

STATEMENT OF HON. ELIJAH E. CUMMINGS, A U.S. REPRESENTATIVE FROM MARYLAND

Representative Cummings. Thank you very much, Mr. Chairman. It is certainly and quite an appropriate hearing, and I want to thank you for calling it.

As one who lives in the inner city in Baltimore, and one who has seen many children, sadly, who have fallen by the wayside, it certainly is—I think it is very important that we put the spotlight on our children and things that we can do for them early in their lives.

In Maryland, we just had the case of Damonte Driver, a 12-year-old boy who needed some dental care, about $80 worth, and did not get it. He was on Medicaid, had problems finding a Medicaid doc-

tor—dentist to treat him. He didn't get treated, and he died—12 years old.

And then when it comes to education, I have often said that while I am concerned about the terrorists overseas, I am—and I know that they are a threat to our national security, the greatest threat to our national security is our failure to properly bring up and educate our children. That is a major threat.

As the Senator spoke a moment ago, I could not help just think about all the children that I see when I go to elementary schools in my district in the inner city, and I look at them and I ask the question, where will they be 20 years from now? Will they be in a prison? Will they be in college?

And I am convinced that when children are conceived that they already have gifts already in them. I believe that; I just believe it.

The question is, what will we, as adults, do to bring those gifts out, to nurture them and help them to be all that God has meant for them to be.

And so I applaud what is being done here today. I look forward to hearing the testimony.

I have said it before, but our children are the living messages we send to a future we will never see. The question becomes: What kind of message are we sending if we don't allow them and do the things that are necessary for them to grow up, develop, and be assets to our society?

And so, Mr. Chairman, I yield back.

Senator Casey. Thank you, Congressman. What we'll do is we're going to go in an order that I think makes some sense in terms of timing and in terms of our witnesses.

I know that Governor Sebelius is not here yet, but we'll await her, but prior to that, I thought we would start with Dr. Heckman, and I think what we'll try to do is keep statements around 8 minutes, if that's possible, and keep our questions to 5 minutes, and maybe get a couple of rounds.

I wanted to introduce our witnesses right before they give testimony instead of introducing them all at once like is sometimes done here in Washington, but I think it's better to——

Senator Klobuchar. Rebel.

[Laughter.]

Senator Casey [continuing]. Go one at a time. So I want to, first of all, introduce Dr. Heckman. Dr. Heckman is the Henry Schultz Distinguished Service Professor of Economics at the University of Chicago.

He is also the Year 2000 winner of the Nobel Prize for Economic Sciences. His research deals with such issues as evaluation of social programs, econometric models of discrete choice, and longitudinal data; the economics of the labor market; and alternative models of the distribution of income.

In addition to the Nobel Prize, Professor Heckman has received numerous awards for his work, including the John Bates Clark Award of the American Economic Association in 1983; the 2005 Jacob Mincer Award for Lifetime Achievement in Labor Economics; the 2005 University College, Dublin Ulysses Medal; and the 2005 Aignar Award for the Journal of Econometrics.

He's the author of several publications and books including: Inequality in America: What Role for Human Capital Policy?

On a personal note, Dr. Heckman's research has been very instrumental to me and to my staff and, I know, to the staff of many here on Capitol Hill. Also, we appreciate the expertise that he brings to this issue and the value he places on early childhood investments.

So Dr. Heckman, we're honored to have you here today, and we're honored by your testimony.

STATEMENT OF DR. JAMES J. HECKMAN, RECIPIENT OF THE 2000 NOBEL PRIZE IN ECONOMIC SCIENCES AND THE HENRY SCHULTZ DISTINGUISHED SERVICE PROFESSOR OF ECONOMICS, UNIVERSITY OF CHICAGO

Dr. Heckman. Thank you very much. Senator Casey, Representative Maloney, and other distinguished Members of the panel, it's a great honor to be invited here today and to participate in today's hearing.

As has already been stated and will be stated again, the issues addressed here today are of basic importance to the country, and they concern the well-being of our children and the future of American society.

I want to summarize, in the short time allotted me, a large and convincing body of research in psychology, economics, and neuroscience that's come together and that points to the importance of the early years in producing successful outcomes for the advantaged and in accounting for social pathologies found among the disadvantaged.

This research, taken as a body, should cause us to rethink policies focused on human development. We have come to understand that the accident of birth is the greatest source of inequality in American society and that public policy should recognize this.

If you consider the problem of rising inequality in America, which is hotly debated on Capitol Hill and in many other parts of the country, it's a problem that has its roots in disadvantage in early childhood.

Unnoticed in the recent discussions of inequality is the growth in the percent of American youth who are high school dropouts. If you actually measure it correctly, the high school dropout rate is increasing.

At the same time, there are more genuine high school graduates who are attending college. So what you're getting is a phenomenon where you're finding a divergence, a growing polarization in American society, where the percentage of people who graduate from college is growing and so is the percentage of people who drop out of high school, and this is producing a shrinking middle class and a polarized society

Gaps in educational attainment have increased between majority and minority youth. A large body of research establishes that investing in disadvantaged young children improves the productivity of the economy and, at the same time, reduces social and economic inequality.

In the world of Washington, where I'm sure many times before this panel you've heard about tradeoffs, a policy of investing in dis-

advantaged young children is rare because there's no tradeoff between equity and efficiency, between fairness and economic productivity for these policies.

How is it possible to avoid an equity-efficiency tradeoff that is so common, for example, if you look at tax cuts and many other aspects of American social policy? And it comes simply from what we understand about the early years exerting a powerful influence over the rest of the life of a child.

I'm talking about the years 0 to 3, as well as the later preschool years, 4 to 5. Children raised in disadvantaged environments are much less likely to succeed in schools and in an economic and social life, and are much less likely to be healthy adults.

The good news, I think—and there is good news in this body of evidence—is that there's a strong case that early environments can be enriched and that we can offset, at least in part, the powerful consequences of the accident of birth.

Let me just summarize briefly some main points, and hopefully, in the discussion, we can return to these points.

First of all, many major economic and social problems—such as crime, teenage pregnancy, dropping out of high school, adverse health conditions—can be traced to low levels of skill and ability in the population.

A second point is that ability gaps between the advantaged and the disadvantaged open up very early in the life of children. And what we've learned and come to understand, in the context of a large body of research in economics, in neuroscience, and in psychology—is that life cycle skill formation is dynamic in nature: Skill begets skill; motivation begets motivation.

If a child is not motivated and stimulated to learn and engaged early on in life, the more likely it is that when the child becomes an adult, it will fail in social and economic life.

The longer we wait to intervene in the life cycle of the child or the young adult or the adult, the more costly it is to remediate, and the costs are staggeringly high.

I would argue that many of the programs we currently have in place fail because they're not sufficiently well-funded—adult job training programs, literacy programs, criminal rehabilitation programs. If we actually calibrate and understand the full cost of these interventions and what it will take, if we wait to remediate to put people at the same level of well-being, we would find a staggering gap between the costs of true remediation and the costs of early investment.

In understanding these policies and understanding policies toward early childhood, it's very important that we should recognize the multiplicity of abilities.

A lot of public policy discussion focuses on promoting and measuring cognitive abilities, IQ, in particular, as some measure of an achievement test. For example, the No Child Left Behind legislation focuses primarily on achievement test scores in the fourth grade, not looking at a range of other factors that promote success in school and in life.

We know that cognitive abilities are important.

What we've come to learn is that social-emotional skills, physical and mental health, perseverance, attention, motivation, self con-

fidence, things that are sometimes called soft skills—and Senator Casey was referring in his remarks, may be not so well-measured—have been actually much bigger impacts.

And when they are studied, they turn out to be equally important in their effects on social life as cognitive skills that receive so much attention.

Motivation, perseverance, and tenacity feed into performance in society at large and even have been shown to affect scores on the very achievement tests that actually receive so much public policy attention.

Early environments are major predictors of cognitive and social-emotional abilities that are important in life as well as crime, health, and obesity.

This is a serious concern because family environments in the United States—and for that matter, many other countries—have deteriorated in the last 40 years so that, in fact, a larger fraction of the workforce, the future American workforce, will come from families who are relatively more disadvantaged and that, by itself, will have substantial effects on productivity growth.

The estimated slowdown in the growth of education is expected to cut substantially in half, the contribution that education has traditionally played in producing growth in aggregate economic productivity.

Experiments support a large body of non-experimental evidence that adverse family environments promote adult failure.

If society intervenes early enough, it can affect cognitive and social-emotional abilities and the health of disadvantaged children. Early interventions promote schooling, reduce crime, promote workforce productivity, and reduce teenage pregnancy.

And as has already been stated, these interventions are estimated to have benefit-cost ratios.

Early interventions have much higher returns, as we've studied them, much higher returns than later interventions that have received so much attention, for example, reduced pupil-teacher ratios, public job-training programs, convict rehabilitation programs, tuition subsidies, or expenditure on police.

A major refocus of policy is required to understand the life cycle of skill and health formation and the importance of the early years.

So in summary, I would just refer to this figure, which I have used before, that I think should hopefully guide the discussions in today's session and in the future discussion over this bill and related legislation.

If we look at what the rate of return to human capital that's already been put in evidence—Art Rolnick's study was mentioned—if we look at the rate of return to human capital investment at different ages, and we look at various aspects of where, if we spend a dollar, where in the life cycle we get the highest return for the first dollar, it's in the earliest years, the prenatal years, the early years of 0 to 3, and it continues to fall off.

This does not mean that there isn't some return to following up. In fact, early investment makes later investment easier and reduces their cost. That's part of the reason why the return to early investment is so high, that it improves the capability of the child and makes the child economically much more viable and socially

much more viable so that later remediation, which we know is very expensive if successfully executed, will not have to be undertaken. Thank you very much.

[The prepared statement of Dr. Heckman appears in the Submissions for the Record on page 51.]

Senator Casey. Thank you, doctor. I appreciate your testimony. I know you condensed that, but you did a great job of condensing, and we'll be able to further amplify and explore some of these as we do questions.

We're joined by Senator Brownback. We want to thank Senator Brownback for joining us. Do you have a statement that you want to present now?

Senator Brownback. No, I don't, Mr. Chairman. I do have one that I'd like to put into the record, and because I grabbed the mike, I want to say a welcome to the Governor of Kansas who is here and going to be testifying.

Governor Sebelius is in her second term as Governor of the State, and has pushed a number of these issues aggressively, has been a very vocal and outspoken advocate, and I want to welcome her to the Committee, and look forward to her testimony, and I hope you all listen very carefully to what she has to say.

[The prepared statement of Senator Brownback appears in the Submissions for the Record on page 56.]

Senator Casey. Welcome, Governor, and thank you, Senator.

Governor, you're next. I wanted to make sure that you had a little bit of an opportunity to catch your breath. We're honored by your presence here today.

I wanted to—as you may have missed this when I was introducing—read biographical information right before you give testimony, instead of doing them all at once.

I probably violated some rules, but they'll get over it.

[Laughter.]

Senator Casey. But I wanted to just briefly summarize some of your biographical information.

Governor Sebelius was sworn in as the 44th Governor of Kansas in January of 2003, and just under 3 years later, Time Magazine named her one of the Nation's top five Governors, citing her work to cut waste in government and bridge the partisan divide.

Governor Sebelius was reelected to a second term, as the Senator mentioned, in 2006, and under her vision and stewardship, programs and services for young children have increased dramatically.

Last year the Governor proposed an increase in State funding for early childhood education, including the creation of prekindergarten pilot projects, which the Kansas Legislature approved.

The Governor was elected chair of the Democratic Governors Association in 2006, and she also chairs the Education Commission of the States. She also serves on the National Governors Association Executive Committee, and I especially want to thank the Governor for her presence here today, but also for placing top priority on children's health insurance, something we're debating here with the S-CHIP reauthorization this year as part of your comprehensive plan, early care and education. It's an honor to have you here with us, Governor, and we'd be honored to have your testimony.

STATEMENT OF HON. KATHLEEN SEBELIUS, GOVERNOR OF THE STATE OF KANSAS

Governor Sebelius. Well, thank you, Senator Casey and Representative Maloney, for inviting me here today. Thank you, Senator Brownback, for those nice comments. I got a personal greeting out in the hall, and I appreciate that.

It's nice to join these illustrious colleagues. Ms. Dichter from Pennsylvania and I have worked together on this issue with our fellow Governors, so I'm pleased that you brought your fellow Pennsylvanian here. She has a great story to tell about what's happening in Pennsylvania.

I'm just, first of all, pleased that this is on the radar of Congress. I think that you've heard some eloquent testimony from Dr. Heckman about the early investment paying large dividends, and I think that has been demonstrated over and over and over again.

If this were a hedge fund, I'd say put your money down right away because it will yield enormous returns. We are not as advanced as some States, in Kansas, but I would say we are on the road to a recognition that providing universal access to early quality childhood education is a very important investment for us to make.

Kansas, right now, dedicates about 65 percent of our State budget to education, and the citizens, as Senator Brownback well knows, have a high value in education. They are willing to put that kind of money forward, they demand excellence, and our kids do pretty well, compared to children often around the country.

Having said that, one of the things that we did recently was a study conducted by the Department of Education of 5-year-olds—first time ever, tested 5,000 5-year-olds in Kansas—to see if they were school-ready when they hit school.

Now, we have a relatively homogeneous population; we don't have some of the challenges that other Governors are dealing with so I think Kansas is an interesting benchmark. The kids test among the top ten in the country, wherever you go.

Fifty percent of the 5-year-olds in Kansas are not school-ready when they hit school, and that's a series of cognitive and social skills that make them ready to learn. So, if you figure that's the snapshot on Kansas, it's probably a benchmark that is potentially one of the highwater marks.

I would suggest that I was fairly stunned with that result and what it tells me, as a Governor who is interested in education and understands that having an educated workforce is the key to our prosperity in the future; we are really not spending our money as wisely as we could and we're not currently preparing enough children to be ready to learn when they hit schools.

So we spend millions of dollars once they hit school, trying to catch kids up, and a lot of them will never catch up. A lot of them are behind enough by the time they reach kindergarten, that they will never be as successful as some of their peers.

Kansas has done a series of interesting things at the State level, starting with the tobacco settlement in 1999, where the Kansas Legislature dedicated 100 percent of those resources to children and then put together a working group who said it shouldn't just be children's programs, new children's programs, not replacement

programs, but new children's programs, but it really should go to 0 to 5 and focus on investing in our youngest citizens, a series of healthcare and education initiatives.

That work has been underway. We have the Smart Start Model, copied after North Carolina's very successful program, which looks at health and educationally-based early childhood programs and has initiatives going all over the State.

When I became Governor in 2003, one of the things I confronted—and I would suggest that this is happening around the country, except in States ahead of us, like Pennsylvania which has solved this situation—is that the silos of early childhood education and childcare workers don't talk to one another and often are somewhat at war with one another which isn't very helpful.

In Kansas, at least, 80 percent of our 4-year-olds are in out-of-home placement. If you go down to infancy, it's 55 percent, so most children are not in their homes right now, and they are in a variety of settings.

They are in home-based daycare, church-based daycare, school-based daycare, Head Start programs, early childhood education programs, an array of options, some of which are very good, very high quality; others are little more than, you know, advanced babysitting, and everything in between.

So there is now a collaborative effort in Kansas to look at some standard-setting for all of those programs, and an agreement, whether the home-based child provider—we have them at the table, school-based programs at the table.

Everybody is pretty much in agreement that we need curriculum-based opportunities for children, before they hit school, building readiness skills for school and getting kids ready, particularly to read and learn math.

There needs to be a significant enhancement of training and pay for childcare workers, childcare providers, early education teachers. It's somewhat ironic to me that often we pay professors who are teaching Ph.D. candidates, six times as much as we pay someone who is dealing with a 3-year-old, but the 3-year-old is going to be forming a lifetime brain capacity and the Ph.D. candidate, arguably, could be self-taught, probably, by that point.

So, if you look at the sort of payment scale, we probably have it reversed in terms of the way we reward and acknowledge and pay educators.

Enhanced training is a piece of the puzzle. People who deal with very young children, need additional skills, additional training.

Another piece of the puzzle that's so very important is some quality-rating system so whether a parent is putting—trying to choose a home-based center or a child-based center, they need a way to evaluate.

Parents want to be thoughtful and have their children in the best possible opportunity, the best possible opportunity they can afford, but having some standardized evaluation system, I think, is enormously helpful.

Again, I know that Harriet may speak about the Pennsylvania Stars Program, but that's in place.

And I would just suggest that you look at early childhood. Those are components for a system.

This isn't a one-size-fits-all. I think we need to have an array of programs. There will be some children who will be in out-of-home placement, a couple of hours a day, before they hit kindergarten; others need 12 hours a day, all-day services.

Some will be in family settings; others will be in larger school settings, but there's no reason at all that there can't be some curriculum introduction, some quality rating, some opportunities for parents to be involved and really become part of those systems in the whole array of programs.

We have significantly enhanced our investment in early childhood education, and my hope is that within the next 2 years, we will have universal access.

The most significant group at the table demanding an investment in this area is the business community. This is, I would suggest to you, a segment of the education system that business leaders have, at least in our state—I think Pennsylvania is the same; every place I look, it seems to be the same—have embraced and understand that investment in the youngest children, investment in giving skills so that these children are ready to learn when they hit school, and can actually keep up with their peers, and don't lose those skills over the summer, is significant.

So we have a lot of programs that have leveraged private business dollars, and they're eager to step up to the table and invest, and I think that, again, that's a component you may want to look at as you look at some enhanced funding for early childhood education.

A piece of this, I would say, also needs to have a healthcare component. If children are not healthy at 2 or 3 or 4, they're not going to learn. If they are not healthy at 5 or 6 or 7, they're not going to learn, but having an opportunity to do early checks—we have a very aggressive early system that identifies developmental disabilities and wraps services around kids.

So, often, a 2-year-old who is identified as needing services is up to peer level by the time he or she reaches kindergarten. Not making that investment early on, I think, again, is a huge mistake because often that will save huge dollars in the long run and huge quality-of-life issues.

Finally, I would just echo what Dr. Heckman has already said about the consequences of not acting. There are huge societal costs, everything from teen pregnancy to drug use, to dropout rates.

Economists now say there is a million-dollar difference between a high school graduate and a college graduate, over the lifetime of a worker, and if we assume that having early childhood education, which proven in study after study, prepares one to go on in school, that's a huge benefit to not only each and every State, but the country to have that kind of economic generation over a period of time.

We know that we will spend millions of dollars less in K through 12 school in remedial education if we have children who are actually ready to learn once they hit kindergarten. So not only is the dollar saved in societal costs, but I think they're saved in education costs that don't have to spent at a later date, trying to catch kids up, keeping kids out of being tagged as special ed kids or disrup-

tive kids, or dropping out of school altogether at some point too early in their lives.

So I'm pleased that I had a chance to take a brief look at Senator Casey's bill, and teaching 3- and 4-year-olds, and the kind of investment that you're suggesting we make. I think that's right on track.

I would just suggest that having Congress look at investing in this early area—29 Governors this year proposed enhancements of pre-K programs. It's not Democrats and not just Republicans, but people in States across the country, are understanding that if we are going to have a successful competitive workforce, if we're going to have education systems that actually work well, we have to start at an earlier date.

Children are already out of the house; they should be learning something and being prepared for school. Thank you for allowing me to join you and I'd be pleased, at the end, to answer questions.

[The prepared statement of Governor Kathleen Sebelius appears in the Submissions for the Record on page 56.]

Senator Casey. Thank you, Governor. We appreciate your leadership on these issues.

Next, Harriet Dichter has been someone I have known for a long time. She went to law school at one point, but decided to dedicate her life to children.

Right now, in our home State of Pennsylvania, she's deputy secretary for the Office of Child Development and Early Learning, covering two different departments, the Department of Public Welfare and the Department of Education.

In this role she leads Pennsylvania's efforts to raise the priority level for early learning, a cause to which she has dedicated most of her professional career.

Through appointments in the public, philanthropic, and nonprofit sectors, Harriet Dichter has focused on maternal and child health, early learning, and youth development programs and health insurance coverage for all children, and has been a leader in successful efforts to improve service systems in all of these areas.

She currently serves on the Pew Trust National Task Force on Assessment and Accountability in Early Childhood, and also on the Council on Accreditation for the National Association for the Education of Young Children.

And I've known her for many years and I've learned a lot from her, and I'm grateful for her presence here today and for her commitment to children. Thank you, Harriet.

STATEMENT OF HARRIET DICHTER, DEPUTY SECRETARY, PENNSYLVANIA OFFICE OF CHILD DEVELOPMENT AND EARLY LEARNING

Ms. Dichter. Thank you very much, Senator Casey. That was a very gracious introduction, and thank you to the other Members of the Committee for having me today.

Based on our experiences in Pennsylvania, there are really three points that I would like to share with the Committee:

The first is that there really is no one silver bullet, not just one investment or program that works, and what matters, no matter

what the program, is a common framework, high standards, high accountability, and sufficient investment to make a difference.

Second, at least from where I sit at the State level, the Federal Government has not yet been sufficiently proactive in this area and has left too much for the States to do, particularly in areas of financing.

Third, we need to have some continued focus on appropriate public-sector governance, in order to get good outcomes and efficient use of the resources we have.

Now, first, let me say that we can no longer afford to consider childcare as only a way to get our parents working or that the quality of our children's learning experiences before they reach kindergarten or first grade is not a public responsibility.

To advance the early childhood agenda, we do need a continuum of services—Professor Heckman referred to that—that assures the educational and economic benefits from early childhood investment.

I think this is as true for early childhood as it is for any other system that we value like higher education or healthcare. This means that we can and should expect to make investments in programs with different names and labels—childcare and prekindergarten are two that come to mind—and that we should expect to make our investments in children each and every year up to their entrance into school, and of course, continuing investment in them in the school years.

In Pennsylvania, in fact, we do not focus on just one type of early childhood program. We do insist now that all of our programs get organized with certain commonalities: high standards, accountability, sufficient financial and other supports.

For example, we recognize that childcare reaches the largest number of young children in our State. To that end, we have created a systematic approach to voluntarily improving quality. We call this Keystone Stars, and Governor Sebelius was kind enough to mention that, and that integrates research-based standards, improvement strategies, financial resources, and public ratings of our programs.

Now, we recently had an independent evaluation of Keystone Stars, and what it has actually showed us is that we have reversed a 10-year decline in Pennsylvania in childcare quality.

Part of how we've done that is we have managed to entice 60 percent of our childcare centers into participating in this program.

But again, childcare alone is not enough. This year we are seeking, in the State, to develop a new additional high-quality program for at-risk 3- and 4-year-old children called Pre-K Counts.

This will be a targeted, highly-focused investment and will have immediate payoffs, we believe, in our school system, and of course, future payoffs in the academic and career achievement which will benefit children and the broader community.

For exceptionally at-risk, very young children of very impoverished mothers, we have continued to expand our Nurse/Family Partnership Program. What these programs have in common is a similar framework—high standards and expectations, accountability for results, and sufficient financial support for early childhood issues in different settings.

So we cannot, again, afford a silver-bullet approach to early childhood development where you focus only upon one program, one financing stream, but we do have to have a common framework across these programs for our public investment.

This common framework, I believe, does make a meaningful difference to children, and in fact, I believe it builds confidence from business and from parents all around the Commonwealth.

In Pennsylvania we have a framework we have developed. There's a copy in my testimony, but let me just point out that the first element of this framework, again, is high standards and expectations for program quality, articulated for people in plain English; based on research and on experience; focused on the bottom line—good outcomes for kids.

Secondly, there is the professional preparation and development and ongoing education of the teachers and administrators to whom we are delegating the responsibility for delivering these programs, in short, investment in accountable methods for assuring that the people and the programs are of good enough quality.

It is not enough to tell our staff in these programs to achieve high standards; they need assistance in order to achieve them and to maintain them. This is part of the framework.

Third, there is accountability for results, in a practical way, to help those people whose work is far outside of the early childhood field to see and understand the results that we are able to achieve for children.

And lastly, in the structure that we use is financial supports that are linked directly and clearly to our standards that we articulate and that are made available at sufficient levels to get the job done.

Now, the second point I'd like to make is the importance of shared and responsible public investment in these programs. Professor Heckman has made the case for improved investment.

In Pennsylvania we have been working hard to improve our State investment in these programs to give people a feel for it. The Governor's current budget proposal, which is being actively debated as we speak, calls for an increase of about $200 million of investment in programs in my office, between our appropriations in education and public welfare.

Now, when I take a look each year, as we start to build the State budget request, I continue to have a pretty high level of disappointment at the lack of improvement in our Federal financial streams for the early childhood programs.

The established and dedicated funding streams in areas such as the Child Care and Development Block Grant and Head Start, are simply not keeping pace. Pennsylvania is using State resources, for example, to close the gap between those eligible for Head Start and funded at the Federal level, and those we have remaining in the State.

This year we will invest $40 million of State money to serve Head Start eligibles in Pennsylvania. Additionally, of course, we continue to invest significant resources to really supplement and go beyond what's available to us through the Child Care and Development Block Grant, both for helping our working families with childcare subsidy and to build up Keystone Stars.

In addition, our broad-based educational streams that can be used on a discretionary basis to support some of the early childhood programs such as those under No Child Left Behind are also not keeping pace.

So while Pennsylvania has moved from what we estimate were 20 percent of our young children in the Commonwealth with an opportunity to participate in a good quality program in 2003 to just over 30 percent today, this is possible only because the State commitment and the growth of our State dollars.

And that simply is not right. All of us reap a benefit—you've heard that from all the testifiers so far—when we invest in quality early childhood education that makes it possible for children to achieve in school and throughout their lives.

We need to see progress made at the Federal level in improving our investment. This means we should stand by the established programs and also that smart proposals, such as the one that Senator Casey has advanced for preschool, should move out of the idea stage and into a funded reality.

So, the Federal role is to help with financing at a level that makes a meaningful difference, to insist that States have meaningful standards and accountability based on nationally acceptable minimums, and to facilitate coherence across the Federal programs.

When we crafted Keystone Stars and the proposed Pre-K Counts Initiative, we did turn to research-based evidence and we turned to other States' experience to learn what standards, accountability, and supports would produce quality results for our children.

It is possible, I believe, to have a national baseline that does not interfere with the sensitive implementation of our State programs.

This brings me to my third and final point which is the importance of organizing the programs and resources so that they genuinely make sense.

Historically, public responsibility for early childhood education programs has been scattered and divided amongst different agencies and revenue streams, both at the Federal and State levels.

I know that our families do not care what we call the programs that we offer to them. It does matter if the program is called Keystone Stars, Head Start, Pre-K Counts, or something else. As parents and, I believe, as taxpayers, people want to have confidence in the responsiveness and the quality of the services for their children, and they want to know that their public investments are made efficiently, and they do want them to be well leveraged.

So in our State, we have chosen to take on some of these issues through our governance structure. My office is fairly unique in State government. We are part of both the Departments of Education and the Department of Public Welfare.

Governor Rendell created this office in order to have efficiencies, to unify and integrate the early childhood programs of both agencies. The office does cover the waterfront for early childhood.

We encompass school-based programs, community-based programs for children from birth through our full-day kindergarten initiatives. We have found that working across the two agencies does allow us to take advantage of the assets of both our human

services frameworks and appropriations, and our educational systems and frameworks and appropriations there.

At the same time—and I do have to stress this—we have a single staff and, as I described earlier, a very consistent framework that we use to systematically advance the work.

So I think we have recognized and organized our resources in a new way and a creative way, fairly non-bureaucratic for State government, and our governance structure actually has tried to take into account, basically, the prior history where people split care and split education, and for us, we really have gone about trying to seek an alternative pathway to early learning that kind of recognizes the best of each of these value systems.

We do have to be prudent public stewards. I'm acutely aware of that each and every day at work, but this approach to government does allow us an ongoing commitment to both excellence in terms of program quality and delivery, and to efficiency.

So again, I want to thank you for the opportunity to present today and especially Senator Casey for the bill that you've introduced. We in Pennsylvania were very thrilled to read it because, of course, it represented so much of the history that you brought from your work in Pennsylvania, really seeking to be sensitive to the needs of working families and to recognize the tremendous benefits in quality for young children from early childhood investment. Thank you.

[The prepared statement of Harriet Dichter appears in the Submissions for the Record on page 59.]

Senator Casey. Thank you, Harriet, and I want to thank you and the Governor for your leadership on this. We were with him on Monday for a rally on the State Children's Health Insurance Program which is another major priority that we won't be able to address directly today.

Finally, our fourth witness today is Douglas Besharov, and Mr. Besharov is the director of the Social and Individual Responsibility Project at the American Enterprise Institute.

He is also the Joseph J. and Violet Jacobs Scholar in Social Welfare Studies at the American Enterprise Institute. He is a member of the faculty of the University of Maryland's School of Public Policy, teaching courses on family policy, welfare reform, evaluation and the implementation of social policy, while also serving as the project director of the University's Welfare Reform Academy.

From 1975 to 1979, Mr. Besharov was the first Director of the U.S. National Center on Child Abuse and Neglect. Before this, he served as Executive Director of the New York State Assembly's Select Committee on Child Abuse, and he's authored or co-authored several books and articles, and he contributes to the Washington Post, the Wall Street Journal, and the American Enterprise Magazine.

Mr. Besharov, thank you for being with us today, and we're honored to have your testimony as well.

STATEMENT OF DOUGLAS J. BESHAROV, DIRECTOR, SOCIAL AND INDIVIDUAL RESPONSIBILITY PROJECT

Mr. Besharov. Senator Casey, thank you very much. Madam Chair?

Vice Chair Maloney. Vice Chair.

Mr. Besharov. Vice Chair, and Mr. Doggett, thank you very much.

Well, I am delighted to be here, and I'm particularly delighted, given the comments of the last three speakers, because it encourages me to emphasize a point that I make towards the end of my testimony.

First, let me say, to get it over with, I think the rhetoric about early childhood interventions is a little bit like hedge-fund rhetoric.

Some hedge funds bring in a lot of money; some hedge funds go belly up. A key lesson is to give the States the ability to make their investments wisely by not directing their investments from Washington. This is a very important point which I'll return to in a minute.

We talk about the successful returns on investment, but many early childhood programs are, at best, neutral to the future of children, and some are harmful, according to the literature, so we do have to be careful.

Having said that, let me emphasize the structural issues because I think structure is important. Senator Casey, you used what we used to call a $50 phrase, "high-quality."

The question is, how do we get there? And I'd like to emphasize structure because this is the Congress, not the States.

I was struck by Secretary Dichter's program which I did not know about. Let me take the liberty of deconstructing what she said. She said we took the Federal money, which comes to us in different pieces with different rules, and bring it together at the State level, right?

That's what we do, and we have to do that because of the separate funding streams that are very difficult to coordinate.

So, I hope that in your legislation, as it works through the process, includes enough State flexibility and parental choice so that the States can achieve the kinds of quality goals that you want.

Let me draw your attention to page 11 of my testimony. I think you have it.

The story of the last 10 years is a dramatic increase in pre-K and preschool programs all over the country. There are now more children in pre-K programs in this country than in Head Start.

In just a few years there will be more low-income children in pre-K programs than in Head Start. Now, that leads me to say, where is Head Start in this process?

Take a look at Table 1, and you can see we've laid out the percentage of poor children in Head Start and other selected arrangements. The numbers change as you go up in income.

About 48 percent of all poor 4-year-olds are in Head Start, but now there are almost 30 percent, 29 percent in pre-K programs and another 7 percent are in full-time childcare.

I think that's why it's so important to coordinate or allow the States to have some coordination at the local level.

Many of those mothers with children in Head Start are working; many are working full-time; many of the mothers whose children are in pre-K programs are working full-time. Often, they're working at night or at odd hours.

So, a program that's going to meet their needs has to allow the States to build a comprehensive package around them, not say to the parents, okay, we'll give you this, now you go run around to the neighbor or whatever, and find something else.

That's a giant challenge for the Congress, and I won't hold it against you if you can't address it because there are different committees.

Fifteen years ago—I think it was 15 years ago, the Congress decided there should be childcare legislation. It seems sort of relevant that the legislation should come from the committees that had jurisdiction over children and childcare, but the Finance and Ways and Means Committees thought they should have some childcare legislation as well.

And so for a number of years, the States and localities had the burden of four childcare funding streams serving essentially the same children. This is a giant challenge.

Maybe you can't deal with it this year, maybe you can't deal with it next year, but if you have your choice in this legislation, the more flexibility you can give the States to work with these funding streams, the better.

I'd like to make two other points: It is a tremendously complicated world out there. Some parents, especially Latino parents, do not particularly like centers. Some parents have needs for irregular hours. Some parents like neighborhood or family-based childcare; others want center-based care.

Preferences seem to change between the time when a child is 1, 2, and 3, and when a child is 4 and 5. Almost all parents seem to prefer center-based care for 4- and 5-year-olds, but for younger children, family-based care is preferred.

Giving parents that freedom of choice—and I'll use that word, "choice"—means that the framework of the Child Care Development Block Grant, which encourages parental choice through vouchers, is an important component of any flexible system.

So, my first point is let the States have as much flexibility as you can give them, and let the parents have as much choice as they can be given.

My last point is about this question of high quality and what goes in the black box, or what's in the hedge fund. There's a tendency to ignore the fact that within the field there are raging arguments about what are the best curricula.

And the main reason, I think, why we've had so much success in the preschool pre-K movement is because there hasn't been a one-size-fits-all approach; it is because the States have been allowed to experiment with different curricula.

Now, partly, I would therefore say that that has something to do with State flexibility, but the other part of this is, in this bill, and in all your efforts, I hope you will encourage a strong commitment to research and testing the best curricula and the best approaches to providing this care.

In my testimony, I mention that the Department of Education, for the No Child Left Behind bill, has $200 million for research; Head Start has $20 million, and there's only a couple of million more for the rest of childcare.

As we move forward, whether it is a universal system or a means-tested system, whatever it is—again, because not all hedge funds are created equal because testing different curricula is tremendously important, and because States have to know which curricula seem to work better than others—I would encourage you to make sure that there is sufficient funding for research and demonstration so that we can improve the quality of these programs and not just rely on the happenstance of whether one particular State or another comes up with the best curriculum.

Senator Casey. I am going to interrupt for one second only because I was just told there is a vote underway, and it is about 5 minutes into it. I have to go, and I have no control over when the votes are so I have to leave. I will be back.

The real chair, the Vice Chair, will be taking over until I come back, but I did not want to interrupt you. You still have time on your testimony, and my comments will not detract from that.

I will be back—and also before I go I want to apologize. I think I was emphasizing the second syllable in your name. Would you pronounce it for the record so we get it right?

Mr. Besharov. Oh sure, but it really does not matter. I am quite used to it. It took me a number of years to learn how to pronounce it myself.

[Laughter.]

Senator Casey. Thank you.

Mr. Besharov. Bes-shar-ov.

Senator Casey. Besharov, thank you, sir. And I apologize, but I will return. Thank you.

Vice Chair Maloney [presiding]. Please continue with your testimony.

Mr. Besharov. I am actually happy to go to questions and answers.

Vice Chair Maloney. Well, I want to thank all of the panelists for their contributions today.

I would like to ask Dr. Heckman a question. Your research is so important in this field. It is cited in news articles and other studies, and as I said earlier, you did a fantastic job at our conference.

I would like to return to the chart that you talked about and you referred to in your testimony showing that the dollars you invest in the early years pay off dramatically in preparing our young people to compete and win in our global economy in the future.

Yet, we lag behind other industrialized countries in publicly-supported preschool programs and childcare and, really, family support in every way.

So I would like to ask Dr. Heckman, will the U.S. be able to remain competitive in a global economy if we do not make these investments in early childhood?

Dr. Heckman. There is a lot of evidence. If you look at the slowdown in the rate of growth of college attendance, for example, that suggests that we are falling behind, and certain measures of workforce quality, we are finding—actually not "we," but a lot of surveys have found that, in fact, 20 percent of the U.S. workforce is at so-called Level I, which is a level of illiteracy and innumeracy which makes people incapable of even reading or understanding the medication on a bottle of pills given by a doctor.

If you go to Level II, which is not a high level of competence, we are close to 40 to 50 percent of the workforce.

I think what is happening is that, of course, certain areas of the U.S. are highly competitive. Our country has a lot of incentives built in that keep it competitive. And we import people from other countries. We are a magnet for migration.

On the other hand, the fact that we have this slowdown in the growth of the college attendance rate and a growth in the high school dropout rate, if you properly count it, means then that we are actually slowing down the rate of growth of the labor force quality which is a huge component in terms of a determinant of economic growth.

The contribution of educational quality historically has been about .35 percent per year. The estimates are that if the slowdown continues—and it has been slowing down the last few decades, the last decade or so in particular—that we will cut that rate in half.

So the rate of growth will actually be decelerated. So what will happen will be that we have a two-tier society. I mean, the society will have more uneducated people, more people less skilled, less able to cope, and then a companion highly-educated society that will be integrated into the world economy but segregated from the rest of society.

Now there are other ways to compensate for the high dropout rate, but I think it will affect our economic performance. Already we have heard stories from businessmen. Local businessmen will tell you how difficult it is to hire skilled workers, to get workers who are able to function as an ordinary high school graduate used to function.

I think that impairs business productivity. So I think, yes, you could compensate for our slow rate in production of skill in various ways.

Now what has to be shown—and I think this gets back to a point that many people have already made but I think we should emphasize it again—is that in many of these areas of public policy we take a very fragmented point of view.

We look at early childhood in isolation from other policies. We look at different policies in isolation. What is happening is the dots are being filled in. We are understanding the connections.

We are really understanding that a major determinant of why children are not going to college, for example, in the testimony entered in the record, a big concern is minorities are not going to college at the same rate as majorities.

The gap, if anything, is widening somewhat. And you ask: Well, what is the major cause of this? Is it higher tuition costs? Tuition costs have gone up. That has contributed some role to college attendance.

But the real factor is the gap in abilities of children at 16, 17, and 18. And those gaps in abilities are opening up at very early years. And what, if anything, we are seeing is what demographers have called "the great divide." That the "haves" are actually investing more in their children. More educated women, even though they are working more, are spending more time in child development.

They are having children later. They are having higher resources and investing in their children.

The less-advantaged children—the children from less-advantaged families are finding their mothers are also increasing the labor force participation, not as much, but certainly not the same growth in investment in those children and the resources spent on them as for advantaged children.

So what will happen, I think, if we continue this trajectory, is that you will have a very competitive half of the economy or so and a very unproductive lower half which will be a source of social and economic problems we can compensate.

But it seems like a very unwise strategy not to consider this source of inequality and its later real effects on the economic growth.

[The prepared statement of Mr. Besharov appears in the Submissions for the Record on page 62.]

Vice Chair Maloney. Thank you so much. That is a huge concern I would say to the Democratic Congress because the gap between the "haves" and the "have-nots" is growing. Under President Clinton it had come together a little more, and it is a huge matter of debate in conversation. We were talking about it yesterday at our Caucus meeting.

Very briefly, what other strategies are out there to increase productivity and economic growth? And how do investments in early care and education compare to these other strategies?

What other strategies are out there to help us achieve this, and how do they compare to investing in early education?

Dr. Heckman. Well, for example, an emphasis that I would share, I think with many people, the other witnesses at this hearing, is that we should really take a unified approach to understanding how to develop human beings.

If we do that, we then start doing a cost-benefit analysis, an evaluation analysis, of various other programs targeted at different stages of the life cycle.

So for example, if we look at a very commonly considered program—increasing school quality, you know, reducing the pupil-teacher ratio—that's been studied, if you actually look at what the economic benefits are of just cutting the pupil-teacher ratio by a significant amount, by the way, you will see real effects on the earnings of the kids. But if you count the costs, you actually get a negative rate of return as opposed to the very high rates of return that have been estimated by the premiere early child programs.

If you look, for example, to job-training programs as they are currently funded, not as they could be funded, but if you look at as they are currently funded, for example, the Job Corps, which has received a lot of attention, the Job Corps, as a remediation effort to try to compensate for adverse early environments, basically had no return.

A Labor Department study a couple of years ago done by randomized trial evaluations found that the Job Corps was actually not significantly producing any real benefit for the individuals. It wasn't harming them, but it was not helping them. And so that is

disappointing, suggesting we have to spend more to really compensate for this kind of disadvantage.

So if we look at an array of programs that are traditionally embodied in public policy, and we carefully do the cost-benefit rate of return analysis, what we find is that at current levels of funding, whether it is illiteracy programs for adults, convict rehabilitation programs, a number of other programs of that type, we find substantially lower returns than we do for early childhood investment.

The reason I keep emphasizing, and others have emphasized, is this percolating quality: What economists like to call a multiplier. If you build the base, it becomes much easier to build later and to actually foster investment. So you can get very high rates of return to people who are very highly educated in early years, and we know, for example, that people who have high levels of ability, high levels of education, will continue learning much into later life.

Those people who are less able receive less education, less early childhood stimulation, less stimulation in the early years; are much more likely to quit learning and to dissipate, and be much less likely to keep up.

So in terms of other policies, though, policies directed toward disadvantaged children have much higher rates of return than returns on capital and other items. High quality investments have those high returns.

Vice Chair Maloney. My time has expired and I recognize Congressman Doggett.

Representative Doggett. Thank you very much. Thanks for all the testimony.

Governor, I think the progress and the leadership reflected in your testimony, along with the recent very productive service of our colleague, Nancy Boyda, confirmed what my friend Dennis Moore has been saying, that there is really nothing the matter with Kansas.

[Laughter.]

Representative Doggett. I appreciate what you are——

Governor Sebelius. I appreciate that.

Representative Doggett [continuing]. What you have to say. And I realize that traditionally, the Federal role in education has focused on addressing some of the gaps that Dr. Heckman talked about. We have seen perhaps the biggest payoffs when we focused on Title I Schools or the mixed results on Head Start at addressing our most disadvantaged Americans.

But I note that the title of the legislation you have filed is "Prepare All Kids Act." We know that the benefits of quality early childhood education are significant for all children. I would like to proceed on the assumption that after a few more roadblocks are out of the way there will be something like the pioneering work that Congresswoman Maloney has done, and ask you to also focus on the challenges that our middle class children face.

Usually these young children are the children of young parents who find that the cost of getting in a quality prekindergarten program may be as much as in-State college tuition would be, but they have not had the time to start a 529 account or the other kinds of saving plans to get ready for that expense.

We know that prekindergarten education would be significant to them. We also are aware of research that the learning and social gap between middle-income children and upper-income children is greater than the learning and social gap between middle-income and lower-income children.

Lower-income children have access to a variety of programs through childcare vouchers and Head Start, and the various funding streams that are a problem that you referred to as well as targeted pre-K in 38 States. However, middle-income families often do not have access to anything unless they can put out the kind of money that I referred to.

I would just like you to react to what we might do, any of our witnesses, to ease the burden on middle class families and assure more access to quality programs for our middle-income children.

Governor Sebelius. Well, Congressman, I might take a quick shot at that, and then I have to apologize. I do have to leave, and I will leave this discussion to my learned colleagues.

I think you are absolutely right that this is not about poor children only catching up. As I said, in the testing that we did of 5-year-olds in Kansas, 50 percent of the kids are not ready for school. Those are not 50 percent of the poor kids; it is 50 percent of all the children who live in our State, who for a variety of reasons, are not school ready which I think raises the issue then of making the investment at a much earlier time and actually having a more universal investment.

What that does not mean is that every program, as Harriet has said and Mr. Besharov has said, has to look alike. I mean, we need an array of choices. We need an array of programs. But I think they need to have some common components, some curriculum-based, research-based studies; training and education for the professionals who are there with the kids; and really look at school readiness opportunities.

There is no question at all that a lot of parents are struggling with affording quality childcare. I would just echo what Harriet has already said: States are really trying to fill the gap.

The Federal commitment in this area has lagged significantly behind where the needs are. And so a lot of States around the country are not only looking at challenges of funding Kμ0912, but really accelerating that look to a much earlier child and trying to spread that throughout programs. And, fill in gaps.

We put a lot of State resources this year, as Pennsylvania did, into early Head Start, and into Head Start, and into trying to—into pilot projects for pre-K, and to having parent rating systems.

So we are trying to make it a much more universal system. But I do not think there is any question that all of our children are ready to learn. They are just not often in situations where they can be learning at that early age.

Representative Doggett. Thank you very much, and thank you for coming here today to testify.

Governor Sebelius. Thank you for having me.

Representative Doggett. Before asking the other panelists to comment, I guess beginning with Ms. Dichter, I would just draw your attention to a study that you are probably familiar with, "En-

riching Children: Enriching The Nation," by columnist Robert Lynch at the Economic Policy Institute.

It is the first study that I have seen that tries to look at the advantages of, as your bill suggests, preparing all kids with a quality prekindergarten education versus a targeted approach.

His projection maintains that after a few decades of operation, we would generate—since this is the Joint Economic Committee—hundreds of billions of dollars in increased earnings by providing quality prekindergarten education, whether the Federal Government has a role or not. It could be provided through the States and other ways over a targeted approach.

We would see almost $100 billion more each year as a result of a universal program over a targeted program as well as decreased criminal behavior, and other social benefits of that type.

Given the way we calculate the economics of other interventions financed by the Federal Government, do you believe that the benefits justify the costs of implementing more than a targeted program for prekindergarten?

Do you want to lead off on that, and then we can call on the economists?

Ms. Dichter. Sure. I will start.

I agree with the analysis that you have put forward, and it is actually that assumption and set of principles that has actually formed the basis for our efforts in Pennsylvania where we have tried to create a framework that can really lead us towards investment for all children.

We do believe and agree that the data shows both—in the short term, actually, in issues of children at risk of school failure—that that issue is not confined to low-income children; that there are plenty of middle class children basically who, in fact, need early supports, basically, and will benefit from them in the near term, in terms of their schooling as well as this whole framework we have been talking about around economic competitiveness, which really drives us to say that ultimately where we have to get is opportunities for all children—basically, parents making choices for them, of course, about what they wish to do with them and the settings they wish to have them with. But really, the core of our work across the board has been to be smart at present around the limitations in the financial funding streams that we have and to understand that we may have to give some initial preferences, as we are developing our programs, to kids on the basis of economic issues but to create the programming and the framework so that we can really build towards this issue that we have been talking about which is all the children in the community.

And again, you know, we see this very much in the context of the things that Dr. Heckman has talked about here in terms of our competitiveness, both at the State level and actually at the level of the country as a whole in the global economy.

Vice Chair Maloney. Thank you——

Mr. Besharov. If I may?

Vice Chair Maloney. Sure. Certainly.

Mr. Besharov. I do not do politics, and I know it is quite difficult for the Congress to do something just for poor people.

We have a model that was developed with funding from private foundations and HHS that prices out different options.

Fully funding just the childcare Developmental Block Grant costs about $75 billion at the cost of a pre-K program. And that is about a half or a third of the total cost of covering all 0- to 5-year-olds, and children in after-school programs.

You could be talking here about a universal program for all preschoolers that would cost between $20- to $50 billion. Notice it is a very big range.

My concern would be the following:

We have a Student Loan Program that started out as a program intended for the most disadvantaged. I think most people who look at that program think the middle class is getting too much of the dollars, if you combine the tax dollars, the Pell grant dollars, and so forth.

So I fully understand the rhetoric about universal access. I hope the process is very carefully designed to help the people in greatest need first, at least to give them the biggest bite of the apple as you are adding money.

Otherwise, we could leave the poor out of this as we so often do.

Vice Chair Maloney. Thank you. Ms. Dichter, you suggest in your testimony that the Federal Government—and actually Governor Sebelius made the same point—that the Federal Government can lend support in two key areas: creating a stable funding stream for investments by the States, and secondly by establishing quality standards.

Can you elaborate? And Mr. Besharov, and Dr. Heckman, you can join in if you would like, but Ms. Dichter if you would begin, can you elaborate on what you think the appropriate Federal role is for supporting early childhood investments in these two areas?

Ms. Dichter. Sure. Let me say on the overall financing side that we would very much like to see, we have some existing funding streams. I think people have talked some about them and the fact that we experience them at least at the State level as not having sufficient investment in them yet, leading us to make decisions under the Governor's leadership to really advance State level investment.

Additionally, the bill that you and Senator Casey have proposed is very consistent actually with our thinking and our understanding of how we continue to grow investment strategies, and I think would work very well with existing funding streams.

In terms of some of these questions around expectations for quality—in other words, where is it that we would wish to see basically some Federal emphasis and expectation to be able to support sound implementation—let me again say that I actually think in the context of the bill that has been proposed that bill does a really good job of identifying basically core components where we want to make sure that States are basically on track.

But to reiterate, as I think people here know, from our point of view when we are talking about good enough to basically serve our children well and serve our economies well, we want to have a focus on who is the teacher in the classroom. That adult in the classroom with the children makes a significant difference. And her qualifications. And very importantly, her ongoing continuing pro-

fessional development and education. Of course, the compensation for that all matters.

I think people here have talked about the importance of curriculum. We have seen that actually in our independent studies that we have done of our own State-funded programs: The importance of basically having people to understand that they are going to make local choices around curriculum issues. That is a very big issue in our home State.

We, as a State, would never tell anyone what curriculum to use, but people do feel and agree that it is our place to articulate clear standards basically and to show people how curriculum choices align against the standards.

I believe there is an expectation basically in the legislation that you have put forward that people will make appropriate choices and will implement them.

A broad perspective on child development. Again, I think that people here have spoken some about that. We understand that we have a lot to do for young children in terms of their language and their cognitive development, but in a broader context of their social and other development. Those things are consequential to their school achievement and to their lifelong achievement as well.

So we would hope for an expectation at the Federal level basically that we would treat children in this age cohort and this age grouping basically as a whole child.

Other are these kinds of expectations: ratios. Alright—it does matter, again, the quality of that interaction between the adults, basically, with very young children.

Part of being able to understand this with this age cohort of kids, of course, has to do with keeping the grouping small enough basically and those ratios good enough.

Then other issues I would just mention would be linkages, basically, to the rest of our human service system. People have talked about health care quite a bit today, and I know that is a big interest of everyone who is here to make sure that we are not building isolated early childhood programming, and that we are helping our families basically and the practitioners in those systems to understand the linkages and to be adept, actually, at promoting those.

Because again, we need to be focused on the whole of the child's needs.

Three other issues I would mention very quickly would be sufficient resources to be able to make a difference in terms of quality.

Good transparency on accountability, which I do believe we can get to without sacrificing our big interests on child development.

And finally, actually, the other area that I think is just very important that we do not talk about enough in terms of expectations for good outcomes for children is to understand we can have great program ideas. We can do all the things I just said around money and around establishing expectations, and create enough flexibility, but we have to pay attention to implementation and monitoring.

Some of these issues that I have talked about are around building the capacity of excellence for the programs and the practitioners, and understanding that there is an interactive role, basically, on the funding side for how it is we go about monitoring and doing our implementation work so that we really end up, again,

with excellence in terms of the program delivery and the outcomes for the families and the children.

Vice Chair Maloney. Thank you. Would anyone else like to make a comment on the Federal role? Yes, Dr. Heckman.

Dr. Heckman. I would just add—and I think I would not disagree and may be making a point that Doug Besharov already made in part—and that is that I think that the Federal role can be very powerful in the sense of trying to unify the various components that are now currently scattered around.

I think it is intrinsic to various academic fields the way that knowledge is built up is to segment the life of the child, the life of the person, into different cabinet agencies and different groups. It is important to have unified policies to have some kind of unified agency—even call it a Human Capital Agency—some initiative that would simply put together the full life: Understanding from the early years into the adult life, to understand that integration.

Then also—and to repeat a point that Doug made—I think the Federal role can also be very powerful in the sense of encouraging fostering evaluation of the State experiments.

I am sympathetic to what he said earlier about the fact that we really want to allow these States to experiment, and I think you are in agreement, and I think everybody is in agreement with that because here if a hundred flowers bloom, or a thousand flowers bloom, we will probably finally find the best model. And I think we want to have that evolutionary process going.

So the Federal Government can play a very powerful role in pulling the pieces together.

Vice Chair Maloney. Thank you. Since you have been quoted, you can speak for yourself.

Mr. Besharov. At the risk of sounding obnoxious, I would like to say something about what you might do if this bill gets to Conference, and people are grousing about Federal requirements.

I hate to say I am so old, but I am so old that I used to work at HHS when it was HEW, when HEW was assigned the job by the Congress of coming up with Federal childcare Standards.

Twice a week this group of people, heads hung low, would walk into this windowless office and argue about whether it should be 19 children and 1 teacher, or 11 children, or whatever, and so forth. And of course, it was a programmatic and political catastrophe.

You will have to do it. Besides everything else, you are Democrats. I understand. But my two cents here is, while you are doing that, remember that most of the States are ready to run with this ball. They can be trusted. What they need is the tools.

They need the research tools. Listen to how we have been talking. We have been comparing notes about research findings. They talk to each other more than they talk to the Federal Government.

When it comes to a little bit of a compromise about that, sure, let the standards get a little weaker or whatever, but just make sure the research and the knowledge development is there so that the States can pick and choose, and so that we can improve the programs over the years without that kind of artificial straitjacket.

Vice Chair Maloney. My time has expired. My colleague, Congressman Doggett.

Representative Doggett. Well, I agree with your conclusion about not tying the States' hands. I think one of the main reasons that the States have made progress here is that for the last decade the Federal Government has sat on its hands and done nothing in this area.

One of the issues that you raised, Ms. Dichter, that I was interested in is the idea of how we can better inform parents about what choices that they have.

Is there any role that the Federal Government should play in encouraging the States, some of which are in the forefront like Pennsylvania and some of which are almost nowhere like a few of our States, to provide information on quality and set up those kinds of systems to give parents more informed information about the choices that they have?

Ms. Dichter. Thank you. That is a very good question and, I think, important. I also, in answering that—because I think some of this leads to a framework that can be offered to the States basically through improved Federal leadership in these areas—I do want to say that I mentioned the issue of standards.

Every State has been left on its own to build its early childhood program standards. We were one of the last in the country to build ours, so that we were able to take great advantage of what other States had been able to do.

But as we were working on them, I really kept wishing that, in fact, there had been some models set forward basically from the Federal Government that would have made—our work was made easier by all those other States that were first.

But the fact is I really wish that there had been some effort to basically build some of those models and to show us what some of that work would be.

We did the same thing as we went to build our Infant-Toddler Standards. So I think some of that principle actually can also apply in this very important issue that you raise around how it is we are really seeking to educate parents.

As we all know, parents actually—for their young children—they want to do what is best. And as I think we also understand, parents are actually pretty lousy assessors of the quality of the early child environments in which they are enrolling their children.

There is a lot of emotion there. It is very difficult for people to see this stuff. And as we have all talked about this, actually, there is a lot of professional expertise involved in delivering these programs. We cannot really expect the parents to have, in fact, absorbed all of that professional expertise.

So I am on that question of sorting what the Federal Government might be able to do to make that easier. One would be one of the issues that have been raised around the research side: To sort of help us validate and to understand the pluses and the minuses of some of the systems' building we have been doing at the State level basically to try to produce better information and better connections with our parents.

The other, I think, would be to understand, with the funding streams that we currently have, the Child Care and Development Block Grant, the way that Head Start is structured—again, what

we are allowed to use off of the Elementary and Secondary Education money for the efforts in the preschool years.

How it is we could actually achieve better flexibility basically in those pools so that we would be able to do some of this kind of integration that we have been able to achieve in Pennsylvania to make it easier for people to do—show people a firmer pathway basically for that.

I think the other, again, is as we work towards—and obviously I am an endorser of us achieving new Federal funding streams in these areas—I think they would be a great benefit to try to create them, again with sensitivity, that they are going to leverage off of existing investments and not make them so categorical and so hidebound actually that we are not able to achieve some of these integration pieces that we are talking about.

So I think there is actually a lot there that can be done basically in terms of the parent outreach process and these kind of building supports for making it more transparent to the families what we are offering to them and making more of it actually available that, again, is good enough for them to feel comfortable with the enrollment of the children in the programs.

Dr. Heckman. But just to add to that, there is a lot of evidence that parenting programs, per se, are quite effective. So for example, in the Nurse-Family Partnership Act, which teaches young girls who are mostly high school drop-outs, there is a direct involvement with a parent.

See, this is the notion of a comprehensive approach. Understand that if you offer these programs and say we are going to provide this information, many people will sign up. You know, there is no shortage of applicants. In fact, there is a great desire.

So simply making them available and understanding that part of the process of building the child is also developing the parenting skills which I think really do differ greatly among different elements of society.

So the Federal role could really emphasize this as an ingredient of a successful program, the more comprehensive notion.

Ms. Dichter. Yes. I just want to—I did not emphasize that sufficiently. As I have said, we are actually attempting to get the Nurse-Family Partnership to really be a statewide initiative in Pennsylvania.

Now again that is actually a very highly targeted program. It is at a very high-risk population level, and we actually now are up to about half of our counties being able to field the program. We would like to get that to all of our programming.

We have tried to build in—again, this is my point around kind of a common framework for the work—regardless of what the setting is, or the pieces, we do think there is an essential connection in terms of good program design around the connectedness of an early childhood program to the parents.

And so, some may be these highly targeted efforts, as Professor Heckman talks about, and we feel, in Nurse-Family, some may be classroom-based programs where, again from our point of view, all the adults in the children's life are contributing. They are making a huge difference.

We think the data and the evidence is pretty clear around the power of the program-based interventions, but we in fact obviously do not want to have program-based interventions where the adults do not see themselves as partners, teachers, and practitioners together with the parents.

So it is pretty essential how it is then that we educate parents and work with parents, and actually really have them engaged in the models.

If we look more carefully at our work, again I think you will see that we have sought to embed that across all of our programming.

Dr. Heckman. Let me just add to that. I think this comes back full circle to a question that was raised earlier. That is the issue of universality.

The one thing we have learned is that there are huge gaps in the amount of parental involvement between highly-educated women and less-educated women. This affects the case for universality.

You were citing the Lynch Study and so forth. I think there is really evidence that, if anything—and what the demographers have found very convincing—is that there has probably been a greater emphasis placed by both educated mothers and educated fathers in trying to enhance the well-being of the children. Understanding that early years are important, they read.

That is an argument, I think, that works against universality in some sense, or at least says go to where the needs are the greatest, because where the great divide is occurring is among the less-educated women, the less-educated families, the ones with fewer resources that are not embodying these practices as much on a voluntary basis.

So I would say that, in some sense, telling an educated mother the importance of reading to the child is redundant. It would be a waste of money. So you get real dead weight in the public expenditure.

Whereas, going to the Nurse-Family Partnership Program and various other programs that are targeting disadvantaged people will have a very high return. There is always the other point which is that if you make a program universal, and you recognize that the middle class and upper-middle class kids, anything you give them—they will add to—could actually widen the inequality rather than shrink it.

So I mean, you have to be very careful in thinking about the universality issue in this context; that, in fact, it could actually reverberate in the wrong direction.

Vice Chair Maloney. That is a very, very important point. As a follow-up to my colleague's questioning of you, you have focused on the importance of really building systems and working together and really reforming the way we are putting these funds out to the States.

But can you tell us in your experiences about the impediments that you have encountered to integrate early childcare education and health initiatives in your States or in your research.

You talk about such an important need, but what is stopping us from going forward and making that happen in a more unified way that you have spoken about? Any impediments?

Ms. Dichter. Sure. I will take a stab at that.

A significant impediment continues to be in this work resource issues. I have mentioned this before. Finance and resources are fairly significant.

I think, as you have heard from all the panelists today, in fact, while this work is complex, it is not altogether difficult to build a good framework that is sensitive to all the issues that we have been talking about in terms of meeting the needs of children, meeting the needs of parents, meeting community needs, and business needs. So that is a very viable piece.

So one big issue really, I think, remains basically the need to actually get more resources on the table to be able to reach more children, and to reach them more effectively. That, perhaps, may be our No. 1 impediment.

In my experiences, at least at the State level, I have found that it is possible within the State structures to organize the resource in a creative way.

As I have mentioned, there are barriers, in terms of our Federal funding streams, from time to time that they do not work as successfully together as I would like to see them work, but I think we have shown that you can be persistent, basically, managing a bit around that.

So I think what I would say about the big picture here is that one of the most consistent challenges, basically, that we have now is actually acquiring sufficient resources to have the reach that we believe the data tells that we should have around reaching young children and their families and their communities.

Vice Chair Maloney. I would like to invite all of the panelists to send us in writing what the specific barriers in Federal funding streams are so that we can work on that as we go forward.

We certainly want to help and support the work that all of you are doing.

Mr. Besharov, and then my time has expired.

Mr. Besharov. Well, I will just quickly direct your attention to page 12 of my written testimony, Table 2, where, using that model I told you about, we estimate the costs of these different programs.

This is slightly controversial work so feel free to put plus or minus 10 or 20 percent confidence intervals around these costs, but other than that, I stand behind them "1,000 percent."

The problem, I would say, Congresswoman, is that some of these programs cost loads more than other programs. And it is quite difficult to integrate them without knowing how you are going to do so.

Making Head Start full-time, full-year are some programs that would cost almost $21,000 per child a year. That is the national number.

Subsidized childcare for essentially the same mothers and the same children costs about $8600 a year. And that is for the same number of hours.

And our estimate of the cost of pre-K, full-time, full-year, is around $13,500 per child.

So when you try to mesh these three programs, you find yourself saying, well, we will do Head Start in the morning, which is very expensive, and we will try to find some less expensive childcare in the afternoon. How are we going to do this? Are we going to bus

the children from one program to another? Their structures are different. Head Start gets its money directly from the Federal Government. The CCDF gets its money largely through a voucher system but not entirely.

The pre-K world is a little bit more mixed with, I think, three-quarters of the dollars going through public schools. That is why it was so impressive to hear Secretary Dichter's organizational way of cutting through this. But here you have some other really concrete problems.

Now, one answer is to make subsidized childcare as rich or as expensive as Head Start. Another way is to figure out why Head Start is costing so much, and decide which parts of that you want to universalize, which parts you want to make just for the most needful children.

In my testimony, by the way, I point out the following: If present trends continue, pre-K programs are growing. They are winning a market test in the State and local area. The fact that you are holding this hearing says these programs are very attractive to parents.

I have been criticized, but on this point, I think the evidence is clear. Parents are choosing pre-K programs over Head Start. Head Start's enrollment of 4-year-olds is going down. We have an opportunity to look at the future of Head Start and use Head Start for the kinds of things that Jim and Harriet were talking about which is focusing on the most needful children.

You and I have been at meetings about teen mothers. In my testimony, I say we are beginning to see Head Start taking on ever younger children because it is losing the competition for 4-year-olds. Let's take that as being inevitable, and let's look at Head Start as a super-powered program for the very most needful parents, and do what we have to, including spending more money, for those parents but not to universalize $20,000-a-year for childcare.

Senator Casey [presiding]. I want to thank your Vice Chair, Congresswoman Maloney——

Vice Chair Maloney. I will be back.

Senator Casey [continuing]. Who is going to be coming back, and I appreciate her taking over.

I was just informed again that there is another vote. This is not my day in terms of timing, but that is not anyone else's problem.

I wanted to have Harriet Dichter respond just for a moment on a couple of things in the limited time I have. I will try to get back as soon as I can, or we may have to temporarily adjourn and come back, but I wanted to get one question in to Dr. Heckman before I left.

This whole question of a family environment in the development of the life cycle of skills and health information over time—and I think this is a solid bill, and we have got a lot of work to do on it yet, but beyond the bill, or in conjunction with this bill, what do you think the Federal Government should be doing in this area in terms of focusing on those priorities of helping to enhance that family environment and developing both cognitive skills and the noncognitive skills?

Dr. Heckman. Well, I think—and this relates to the earlier question, actually. There is a powerful role in facilitating the knowledge integration process.

You see, one of the barriers in many of these, and one very important barrier, is knowledge. The knowledge about child development is one that is rapidly changing.

Policy has been slow to catch up with it. If you think about, for example, the importance of the early years on health, it was only about 10 years ago that an English researcher named David Barker pointed out a connection between adverse early environments and cardiovascular health in adult years.

This is still a debate about my this. My colleague, Robert Fogel, at the University of Chicago works on this. It is an area where there is active research. The research is coming together, and it is inevitable that the policy is going to be conservative somewhat and try to filter this evidence and not just take the latest research item.

But the Federal Government can play a very powerful role in facilitating this research and integrating it across cabinet level agencies. Forcing, for example, people to think in ways that are—or at least suggesting, anyway, that people should think in ways that we simply did not think about 40 years ago.

I mean, 40 years ago everybody thought that IQ was the be-all and end-all of achievement. You know, Head Start was considered a failure in 1969 because it did not boost IQ. Well, the Perry Preschool Program did not boost IQ either, and we consider it to be a very highly successful program.

What we have understood in the last 20 years is that noncognitive skills matter. What we are only beginning to understand is how noncognitive skills feed into very important aspects of health.

I'll give you an example of this point that concerns diabetes, an epidemic. We do not associate of diabetes with early childhood at all, but the fact is, we know that one of the biggest problems with patients, with diabetics and so forth, is that they know what they are doing is wrong. They know what the right protocols are.

A lot of successful treatment has to do with self-control. Regulation. Things that I think one can shape at earlier years. So connections that have not yet been fully exploited where different cabinet agencies sort of see this part of the person or that. This needs to change.

Medicine is changing radically now towards much more prevention, much more towards individuals taking self-control of their lives. That means you have individuals who have better capacities not only to process the information but to act on it.

And that is a totally different perspective of medicine than I would say we had 30 or 40 years ago when the view was the doctor would cure somebody who had an exhibited problem, some problem that was demonstrated.

Now we can prevent it. So I think what the Federal Government can really be creative in a way that the State governments cannot be, or have not been, anyway—and not to say the State governments have not been creative and thought about these issues—but it can facilitate the research on early childhood, the work at NIH, the work in various agencies that are devoted to different aspects, and really recognize that we really are dealing with the development of human capabilities and human potential.

Putting that together would be powerful. I think that is a big barrier towards our knowledge and towards acting in a politically

coherent way. Because the knowledge is new, and it needs to be distilled and put together in a consistent way.

Senator Casey. Thank you, doctor. I have to take a break now. I think we should probably break. Now of the three of you, can all three stay, or do you have to go? Because I think we have still another half-hour if people can stay, but I realize you have got schedules.

Mr. Besharov. We can stay.

Dr. Heckman. Yes.

Ms. Dichter. I can stay.

Senator Casey. Three for three. I am sure you could use a break, by the way. You have been here for awhile. Thank you, and we will return but either Congresswoman Maloney or I will be here first, and we will continue. Thank you very much.

[Recess.]

Senator Casey. I think what we will do is to resume. I want to say again how much I appreciate everyone's patience.

We even have some members of the audience left. That is especially impressive.

Mr. Besharov. They are our friends.

Senator Casey. But I wanted to try to go maybe another 15 or 20 minutes, and please, if any of the three of you have to leave before that, I perfectly understand, and that certainly goes for the audience as well.

But Dr. Heckman, you were sharing with me some rather new research. Instead of trying to have me summarize it, or headline it, if you don't mind just reviewing what we just talked about kind of off-stage, so to speak.

Dr. Heckman. Well one item—there is a large project that we have been conducting in the last 2 years which is to go back and re-analyze and actually pull out of old data many findings that were never previously analyzed.

So in particular, we have looked at the Perry Preschool data which have been much discussed but rarely analyzed by other people. There have been some recent reanalyses. But there are a number of issues, and they are technical issues, and I will not get into them, but what I was showing you was some very supportive information that confirms what I think is becoming a very central part of the argument for early childhood intervention.

That is, that noncognitive skills, the socioemotional skills, the ability of individuals to be open to experience, conscientiousness, when we measure these—and it turns out that there are measures that are possible in the Perry Preschool data—you are finding substantial differences between the treatment and control groups.

So that individuals who receive the Perry intervention, and compared to those who do not, exhibit a number of behaviors. We know that they are successful, but they exhibit a number of behaviors that now I think would be acceptable by the psychologists and understood in terms of modern psychometric standards but were not even thought of in the 1960s when the early Perry Program was done.

It is consistent with the other body of evidence, that these programs are operating not necessarily through IQ, not even primarily through IQ, but also through socioemotional skills.

Senator Casey. You were talking about conscientiousness, and what were the others?

Dr. Heckman. Conscientiousness, neuroticism, openness to experience. Openness to experience in very important in terms of learning.

If a child is open to experience instead of closing off and saying no, hiding out, they actually will learn more. And that shows up. So that is why it is interesting in the Perry Study. It is so contrary to what our thinking was 40 years ago, and why I think our processes we are undergoing are a real transformation of our understanding through the research and science and collaboration across different fields: That it is not just IQ, and that, in fact, Perry, as I said earlier, does not raise IQ, but it does raise a whole set of behavioral traits that seem to have lasting values as well as changing parental behavior which we also haven't studied as much as we should and we actually have evidence on now.

So what is emerging is a much more subtle understanding of how people are formed and linkages which we didn't think existed even 10, 15 years ago. We now look for them, and in the old data sets, and certainly in the new data sets that are being collected on these questions, we are finding powerful evidence of interrelationships that we never thought existed. Health has traditionally been segregated off into one area and not being at all linked to cognition and socioemotional skill. We now understand noncognitive skills are so much a component of health that is really shaped in early years and through these devices and a direct effect of health itself.

Senator Casey. Thank you very much. I guess sometimes that is counter-intuitive to a lay person, as you gently corrected me about 2 hours ago now, on how you measure. It's easier to measure, or the perception at least is that it is easier to measure IQ or something that has a numerical or data characteristic to it, whereas what you are talking about in the noncognitive is we are able to not only measure it, but we are also seeing that there are results?

Dr. Heckman. Right. And I think that is very important. That is a fairly recent development. In fact, the whole field of personality psychology and economics now is a fairly recent development. But when people start pitting cognitive versus noncognitive skills, measures of openness to experience, conscientiousness and the like, you see very powerful effects at about the same level.

For example, on teenage pregnancy, if you move a young girl from the bottom of the distribution to the top of the distribution, whether it is in cognitive skill or noncognitive skill, you are going to see essentially the same reduction in terms of the probability of having a birth out of wedlock.

The same thing is true with even more powerful effects on crime. For example, the probability of somebody being in jail at age 30 is much more affected by noncognitive skills than cognitive skills. Cognitive skills play a role, and there was this whole literature, you know, by Hernstein, in particular, a very brilliant psychologist who made it his life story talking about the importance of cognition. And there is no denying it is important. But we have now measurement systems that put noncognitive measurements on the same footing as cognitive measurements, and they are very powerful predictors. There is a whole literature in psychology that shows

that cognitive traits are predictive of who gets a job, who holds a job, and so forth.

I mentioned that the high school dropout rate is rising. The reason why the high school dropout rate is rising, it turns out, is because about close to 20 percent of all new high school certificates are issued as GEDs. People who exam certify. They drop out of school. They take a test. And it turns out those people are then certified as high school graduates.

That is a growing trend. It has been growing tremendously in the last 30 years. Now what is interesting about the GED—and it is a powerful test of American social policy—it embodies the idea, the 1960s idea, that cognition was all important.

It turns out that the GEDs are just as smart as ordinary high school graduates who do not drop out. Yet they earn the wages of dropouts. They cannot hold a job. Many sectors in the U.S. military will not take the GED.

They are people who, basically, are wise guys. They are smart, but they cannot hold a job. They cannot sustain an effort. And it is the dimension of human performance which has been neglected in public policy, but think of it now. One out of every five new high school graduates is a GED. And in places like Florida and New York, it is closer to 25 percent. And that is among the native population. This is not just an immigrant phenomenon.

Those people showed low levels of noncognitive skill, high levels of cognitive skill. That is something we did not know much about 15 years ago, and now we do. So it is again this evolving process which makes it difficult for policy analysis because the process keeps changing a bit.

You know, we are learning, but the basic core factors are being put in place on how human beings are developing.

Senator Casey. And all the more reason why the Federal Government needs to help with the research in terms of aggregating it and keeping it focused on those kinds of results.

Dr. Heckman. And integrating the arms that it currently funds. NIH has a very powerful role to play, actually, in shaping some of the educational policy in ways that normally we do not think about. But NIH has a whole section on early childhood. It has a whole section on child development.

It is just rare that the knowledge that is distilled there and supported there gets implemented into policy and education and health, even though it is NIH. It has got a health component.

Senator Casey. Right.

Dr. Heckman. There is too much segmentation. So you are right. The Federal Government can play a huge role in tying these pieces together and helping facilitate and distill this.

Senator Casey. I want to have our other two witnesses comment on that but also the programmatic aspects of this. Because one of the difficulties here always is taking good research and good data and other kinds of important information and making sure it not only gets into legislation, but then the implementation is pretty difficult. I know you have seen it at the State level. I don't know if you have any response to that, either of you?

Ms. Dichter. I do want to emphasize actually what Professor Heckman has said; that one of the core tenants I think we have

seen in early childhood over time has been an understanding, by people trying to shape the investment in the policy, that you can't go off to extreme in either the role of cognition and language or in these worlds of what we talk about sort of self-regulation and approaches to learning—basically, in ordinary English—these traits like curiosity, persistence, and so forth, initiative, and so on.

In fact, one of the pieces that I think has been at the heart of a lot of the thinking about where we have to end up in early childhood is the balance between these pieces for young children and an understanding in the field that sometimes, I think, has been difficult for people to accept who are outside of the early childhood world, who get all hung up that the program is only about one dimension or one aspect, basically, of the young child's development.

And having said that, I actually would point to that is probably an area where we are still at the Federal level.

I agree with Professor Heckman that it would be better to see, in terms of the places where resources are available, basically—certainly to the States—more integration of that knowledge; and sort of more acceptance actually; and promotion, basically, of those kinds of points of view, in terms of the shaping of the funding streams and the sort of directives, do's and don'ts, basically, and restrictions in terms of the resources that we see.

I can give, actually, an interesting and specific, perhaps, example of this that we have encountered under the Child Care and Development Block Grant where there are currently set asides where States are expected appropriately to reserve some of their funding for work to benefit infants and toddlers.

As you know, and as you have championed, we have been going about to try to really make the Nurse-Family Partnership a statewide initiative in Pennsylvania. And we have got the idea that we would be able to use our Child Care and Development Block Grant funds as part of our funding strategy. But we learned actually when we went to get our Federal approvals for it that that really was not going to be the case.

The way the fund was being seen in the Child Care and Development Fund was that it was too far afield from the original principles.

Now we did not see it that way. We found an alternative way in terms of how we would disburse some of our financing for the program, but I think that is a concrete example basically where there was a body of evidence that we thought was pretty clear basically about why that was an appropriate support.

We thought it was related actually to the core purpose of the Act and would be appropriate. We learned that there was not really that integration of, basically, the knowledge and the understanding in at least the same way that we were able to see that.

So that is perhaps a concrete that we probably should be working a little bit more around these broadened understandings of the Federal funding streams to be able to facilitate, basically, this kind of knowledge base and understanding that we are not going to do well in terms of the outcomes for young children if we just get really highly siloed.

At the same time, you know and I know that you are a good believer in this too; we have to be able to structure the work so that

we can talk to people about the gains that we are achieving with the programming.

That is obviously a very big thing. We are so far past the point of being able to justify an investment on a moral basis. It is the right thing to stand by children.

So, I do not want that to be hurt at all of saying that understanding we ought to have a broad-based understanding of kids' development means that we shouldn't end up without accountability on the other side—both in terms of Federal expectations and when we are then reserving resources to the States basically to take leadership—to have the expectation that we should, in a very practical way, be able to show people what gains we are achieving, in fact, in local communities for children.

Senator Casey. Right. And that is one of the jobs of government and government programs to be able to justify their costs.

As Harriet knows, I have spent the better part of a decade as a fiscal watchdog in State government, so I was ever critical of programs that were not working. But unless you can justify them and you can pay for them in a way that is reasonable and fiscally responsible, people will not support them.

So we have the hurdle of—with this legislation, if it is a new program technically under the umbrella of the Federal Government with new appropriations. So we have got to be even more cognizant of the challenge of not just introducing it but also making sure we justify the spending.

Mr. Besharov, do you have something to add to that? I was going to ask another question, but go ahead.

Mr. Besharov. I think I am the designated "Yes, but," so, yes, but. I do not have a view about this, but I have sat at meetings where the mix was a little different.

I have heard very senior expert child development experts say the following:

In the most perfect world, we want to do the whole child, but we have 7 months. We have a couple of hours in the program and only about 20 minutes a day—after kids get their coats off, they get fed, and so forth.

Senator Casey. We are trying to get it beyond 7 months.

Mr. Besharov. Yes. Low-income children, especially African American children who are one standard deviation below in many of the developmental categories, are the children we are talking about. I have heard many people say we just do not have the tools or the time to address the whole child.

And that is why there is so much interest, I think, among some professionals, not all—and I am not taking a position here, just telling you—for focusing on cognitive development because it feels to some of them, some people, that that is the pressing need within the constraints of what can be done in such a short period of time.

And you touched on that, which is: What are the limits of changing a program? It just may not be possible to do everything the first decade.

Senator Casey. Doctor?

Dr. Heckman. Let me disagree. Only because what we have learned is the interrelated nature of these skills.

So for example, when we look at how cognition is produced, a child who is able to pay attention, who shows conscientiousness, is learning a lot more.

So even if our goal is to focus only on cognitive outcomes, we also want to foster other outcomes. And the same thing would be true of mental health and physical health. A sick child, a disabled child, and so forth cannot easily learn.

So I would even say if we pick one target and we choose that, which is a different issue, I would say to maximize performance on that target we might still understand that we want to have the whole package, not just focus on cognition.

My interpretation of why cognition receives such attention in current debates is that many of the people who advocate its primary learned 30 years ago that IQ was determinant of everything. You know, it's just recently, 13, 14 years ago, we had a best seller called "The Bell Curve" that claimed that IQ was a powerful determinant of socioeconomic success. And there is no question it is.

But the point is that there are other determinants as well, and we now know how to integrate them. So I would respectfully disagree with you on this point.

Mr. Besharov. You are not disagreeing with me. My point was only: There is an argument.

Dr. Heckman. Right.

Mr. Besharov. So let's narrow the area of disagreement. I carefully said: On this one I am not taking a position. But there is an argument out there, and it is not right wing versus left wing. There is an argument about what to do first. And that is what is such a challenge about a Federal program.

Ms. Dichter. But I think I actually just want to chime in. I actually think if you go back down to where the programs are happening, basically, and you mentioned, well, it only turns out to be a short period of time, a day, that the children are learning whatever, if you actually look, children are in programs. They are in these relationships over time. In a very practical sense I actually think, you know, as people may say—and do understand and accept—language acquisition is really important for the young child, the young learned, and is obviously a big impact in terms of all these things we care about during the school years.

But if you look at any of the different ways that people are thinking around interacting on that, all of these other traits that Professor Heckman is talking about come in in a very practical sense to how people are working with young children around language acquisition.

So I think there is a little bit of—not trying to set these issues up too much against each other—the point being that I think everyone has been trying to make—and I do think that Senator Casey's bill sort of gets to in terms of how it talks about domains of development—is, again, there is a continuum here that you are dealing with an entire child, basically, in whatever setting you are in that the adults here, of the very young children, have a need to be educated and sensitive in terms of how they are interacting with the kids around things we do know are valuable traits as adults: our social skills and interactions. Those kindergarten teachers talking about kids' school behaviors that they need to see as they are

entering the classroom for children to be able to be successful, basically. That those are all things that really do get well packaged together.

And it may be that we talk more publicly about one aspect of the outcome again, then another aspect, but to really understand that, you know, for the people that are sort of out there at the forefront of this war, they actually have been schooled in a way to see all of this as one continuum, the whole of the child, in order to get, again, what I do think people see as the eye on the prize here.

You know, kids who are able to be successful as adults, who make good economic contributions, and who fit into this bigger picture issues that we have touched on some here, which really has to do with our overall economic competitiveness and how we are managing and maintaining that.

Mr. Besharov. Okay, I will try it again.

I know you have a question. I will make this very short. So it is not like we have broad agreement about K–12. It is not like No Child Left Behind gave us the answer. And we all agree.

There is no reason why 3- and 4-year-olds should generate the same agreement about what the intervention is. I subside.

Senator Casey. I just have a final comment, unless someone walks in here to keep us going, but I know people have to run.

I think this legislation is essential for all the reasons that you have stated. Even when there is disagreement, I think there is more common ground here than not.

But I also think, in addition to this, there is a whole menu, a whole list of things the Federal Government has either got to do better or got to start doing. And we can't talk about any of these issues—about the health and development of a child and the learning of a child—unless you are really committed on State Children's Health Insurance Program. That is why $50 billion over 5 years is, in my judgment, a small down payment on keeping a child healthy, but also having economic growth and good employees and all the rest down the road.

We have a debate in the Farm Bill. I am on the Ag Committee. There are some people who want to jettison or shortchange nutrition. That would be a big mistake in terms of all the things we are talking about here.

Head Start, the Women, Infants and Children's Program, Quality childcare, I mean the list is long. But there are some people in this town who frankly don't give a damn about a lot of these programs and do not really care if we make the right investments.

And as long as someone tells me that we have got $100 billion on the table for the upper scintilla of our economic stratosphere with very few Americans benefiting to the tune of $100 billion in one calendar year, as long as that is the reality in Washington, we can find a lot more time and energy and dollars, frankly, for these things we talked about today.

So we are going to—I am going to, and I am sure others will join me—repeat ourselves until we are blue in the face on this. Because to get a message through in this City you have got to say it over, and over, and over, and over again. So you are all going to hear from us again, and we want to hear from you. But we are grateful for your time here today, your testimony, the expertise, and experi-

ence that you have brought to these issues, and your persistence. As I said to someone earlier, kind of off-stage, laboring in the vineyards, to use a phrase from long ago, but we need that because this legislation and this agenda, even when there is disagreement, is not going to be the subject of many sustained successes unless we really stay persistent.

So we have got a long way to go, but I am honored by your testimony and your presence here. Thanks very much.

This meeting is officially adjourned.

[Whereupon, at 1:45 p.m., the hearing was adjourned.]

Submissions for the Record

JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER
CHAIRMAN

I want to thank my colleagues, Senator Bob Casey and Congresswoman Carolyn Maloney for taking the initiative to hold this hearing on an issue of long-term national consequence. We all recognize that an educated society is a healthy and successful one, and American education must start with quality early care and preschool.

In the stock market, they tell you to buy low and sell high. Most economists would agree that the same can be said of early childcare and education. With the right investment by Federal, State and local governments, the stock of our future generations will pay off in a very big way for the health of families and our economy.

Quality childcare improves employee productivity and reduces absenteeism and employee turnover. Affordable, quality care and preschool has been shown to promote female labor force participation, increase parent productivity, and keep parents in the workforce.

Children who participate in high-quality preschools are more likely than their peers to graduate from high school and enroll in college. They are less likely to be in special education classes, become pregnant, engage in criminal activity as teenagers, or pursue other risky behaviors like smoking.

Successes extend into adulthood, with higher earnings and employment rates, lower crime rates, and less reliance on public assistance.

Unfortunately, quality care and preschool are not available to all of American families. Even for middle class families, quality childcare can be a tremendous burden. Center-based care for two young children can cost $20,000–$26,000 annually. That is equal to about 40 percent of the median income for families with children.

We do not expect parents to shell out tens of thousands of dollars for education for school-aged children. We should not expect them to spend $20,000 a year on quality care or preschool. Our children should be receiving the best education and the best care from day one, not just when they enter kindergarten.

Federal assistance to middle and lower class families is dangerously inadequate and we must begin to tell working parents that we want them and their children to succeed. Only one in seven children eligible for childcare assistance through the Child Care and Development Block Grant currently receives assistance. The current level of funding for Head Start, the Federal Government's largest commitment to preschool education, is sufficient to serve less than half of the eligible population.

The families who could most benefit from high-quality care and education—and the children who are most at risk of engaging in behaviors that will be very costly to society—are least able to afford high-quality programs.

In New York, 29 percent of 4-year olds are enrolled in State-funded preschool programs. But only 1 percent of 3-year-olds are enrolled. And New York is on the better end of the spectrum for early education programs—12 States don't have State-funded preschool programs for any ages and 24 don't have any programs for 3-year-olds.

Government assistance can help to close the gap between what parents can afford and what high quality programs cost so that more of American children can participate in the highest quality programs from New York to Kansas to California.

I want to thank Senator Casey and Congresswoman Maloney once again for their leadership on this issue. And we are all very grateful to our fine panelists, especially Professor Heckman in from Chicago and Governor Kathleen Sebelius from Kansas.

I am looking forward to learning from our witnesses today how we can support early learning programs and assist our families in getting the best care and education for all of our nation's children.

PREPARED STATEMENT OF SENATOR ROBERT P. CASEY, JR.

Good morning and welcome to the Joint Economic Committee Hearing, "Investing in Young Children Pays Dividends: The Economic Case for Early Care and Education." Thank you all for being here. I want to give special thanks to Senator Chuck Schumer, our Chairman, and Congresswoman Carolyn Maloney, our Vice Chair for the privilege to co-chair this hearing with you, Congresswoman Maloney. I also thank you for introducing my bill, the Prepare All Kids Act of 2007 in the House this week. I look forward to working with you and your colleagues to pass this bill in the months to come.

We are also very fortunate to have an outstanding panel of experts with us this morning whom I will introduce in just a moment. I want to thank each of you for taking the time out of your very full schedules to be here with us today.

It is truly an honor to preside over this hearing today—there is no issue more important to me as a U.S. Senator, or for that matter as a father and citizen, than the well-being of our children. This morning we are here to examine the value of early childhood investments. And I believe what we will find is that there really is no smarter investment we can make.

I have long been an advocate for investing in our children. During my tenure as Pennsylvania State Auditor General and later as State Treasurer, I led efforts to make childcare more affordable for low-income families and to place a higher priority upon early childhood programs in general. It is a privilege to be able to carry this commitment to the U.S. Senate and continue my advocacy for children on a national level.

Last month, I introduced a bill, the "Prepare All Kids Act of 2007." This week, as I mentioned, Rep. Maloney introduced it in the House, along with Representatives Allyson Schwartz and Maurice Hinchey. The primary goal of the bill is to help states provide high quality prekindergarten programs that will prepare children, and particularly low-income children, for a successful transition to kindergarten and elementary school. Too many children—especially economically disadvantaged children—are entering school behind their more privileged peers. And many times, these lags persist into adulthood and are never reversed. We can do something about this.

Why should we invest in high quality early childhood development and education? Well, for one thing, it's the right thing to do for children and families. But decades of research tell us it also makes sense from just about every other angle. From a purely monetary standpoint, the evidence overwhelmingly supports the economic value of investing in high quality early education. According to one study, we save $17 for every $1 we spend. Dr. Heckman, a Nobel Laureate in Economics and great leader in this field, has done tremendous work on the benefits of early childhood investment. I look forward to his testimony about why it is so important—and cost-effective—to invest in children, particularly economically disadvantaged children, as early as possible.

Here are just a few of the benefits from early childhood investments that the research shows.

• High quality early education and development programs significantly improve children's outcomes. These children are more likely than their peers to graduate from high school and enroll in college. They are less likely to be in special education classes, become pregnant, engage in criminal activity as teenagers, or pursue other risky behaviors like smoking and drug use. Research from landmark studies on the Chicago Child-Parent Center and the Perry Preschool have documented these findings with multi-year longitudinal studies.

• High quality early education programs have a positive impact on state and Federal budgets. Children who participate in high-quality preschool programs have higher employment and earning rates as adults, and rely less on public assistance. Revenues are increased and spending on public assistance programs, special education and other remedial programs are decreased. Lower crime rates lead to less spending on prosecutions and incarcerations.

• High quality early education strengthens the economy. Children who attend high quality preschool not only have cognitive gains, they have non-cognitive gains in qualities like perseverance and motivation. All this results in a more productive workforce. Those workers are able to perform complex tasks, learn new skills and

adapt to changes quickly, and generate ideas for how to make improvements to the productivity of the workplace.

• Investing in high quality childcare assistance also strengthens the economy. The importance of high-quality, affordable childcare for promoting female labor force participation, increasing parent productivity and keeping parents in the workforce is well documented. The impact is particularly significant for low-income mothers. One study found that single mothers who received assistance paying for childcare were 40 percent more likely to be employed after 2 years than similar women who did not receive such assistance.

This morning we will hear about the programs that are most helpful to children in early childhood. One of these is prekindergarten. Most states have either begun or are on the way to developing prekindergarten programs. One of our witnesses, Governor Kathleen Sebelius, will talk about the tremendous work the state of Kansas is doing in expanding its new prekindergarten program as well as creating a comprehensive early childhood system. It is so important that we streamline early childhood programs so that services are not duplicated and we are able to reach all the children who need early enrichment the most.

In Pennsylvania, the new Pre-K Counts initiative will provide approximately 11,000 3- and 4-year-olds with voluntary, high-quality prekindergarten that is targeted to reach children most at risk of academic failure. Harriet Dichter will talk about this exciting initiative and the work she and Governor Rendell are doing in Pennsylvania to streamline and coordinate services for at-risk children and families from birth throughout childhood. I'm very proud of the fact that Pennsylvania has a model program for the Nurse Family Partnership program. This is a critical program for young mothers and infants—one in which we need to invest much more.

We cannot truly help children without helping their families—I think that's a theme we will hear throughout this morning's testimony. We know that a large number of disadvantaged children are being raised by single mothers and these mothers need support. Working families need our support.

Now I know we run into a discussion about money whenever we talk about early childhood investments. I think it is a disgrace that this Administration has cut funding for critical programs like Head Start and subsidized childcare. And we need a separate funding stream from the Federal Government to support prekindergarten in the states—one that does not cut into existing early childhood funding streams. I challenge anyone who claims we cannot afford to invest more in early childhood programs. Clearly, this Administration has provided tax cuts to millionaires and multi-millionaires and billionaires. A recent report out of the Center for American Progress puts the annual total of the 2001 and 2003 tax cuts at $400 billion. That is $400 billion a year. In 2008 alone the value of the tax cuts to households with incomes exceeding $200,000 a year is projected to be $100 billion. My bill calls for an initial investment of $5 billion, increasing to a maximum of $9 billion a year. We don't have a money problem. We have a priorities problem.

States need our help. The "Prepare All Kids Act" provides this help—with conditions and matching commitments from states. Grounded in research and best practices, my bill provides a blend of state flexibility and high quality standards that will serve children well.

One of my priorities in drafting the Prepare All Kids Act was to provide support, not only for prekindergarten—but also for children in the earliest years—and to also help single parents and working families. That is why I created an Infant and Toddler Set Aside in my bill which will provide funding for programs that serve children from birth through age 3. And that is why I established an additional carve-out to for extended daily hours and summer programs—so that working parents can have high quality options for their children in the after school hours and summer. Children should not suffer low quality care because their parents have to work.

What it boils down to is this—it's just plain common sense. We can pay now or we can pay later. But if we pay later, we will pay much more and the returns will be much much less. And in the process, we will have robbed untold numbers of children the right to live the lives they were born to live.

I look forward to the testimony this morning and encourage my colleagues to stay for questions and even a second round of questions if time permits.

JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

PREPARED STATEMENT OF REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

Good morning. I would like to thank Chairman Schumer for encouraging us to hold this hearing to examine the economic benefits of investing in high-quality care and education for the children of our nation.

This is the second in a series of hearings that the Joint Economic Committee will hold as Democrats in Congress work to develop policies for the 21st Century that help families balance the competing demands of work and family responsibilities.

I am honored to co-chair this hearing with Sen. Casey, who has provided leadership on this issue for many years in his home state of Pennsylvania and now in the U.S. Senate. I am pleased to be the lead sponsor in the House of Representatives of his "Prepare All Kids Act of 2007" which is designed to help states expand their pre-K programs and childcare services—a goal that we both believe is critically important to our nation. More than a quarter of a million 4-year-olds in New York State would be eligible for the programs created through this bill, including 100,000 children who would qualify for free pre-K.

At Speaker Pelosi's National Summit on America's Children last month, a compelling body of research was presented that makes clear that early intervention improves children's lives and eases the burden on public resources. With the limited public resources we currently have, we get the biggest bang for the buck by investing in our children before they even go to school.

Estimates show that the return on investing in early care and education is between 7 to 18 percent annually. If this were a stock, all of Wall Street would be buying.

Children are our most precious resource and the success of our nation depends on their ability to achieve their full potential. Early care and education fosters higher labor force participation and earnings, increases future productivity and economic growth, and helps maintain our ability to compete in the global economy.

Quality childcare can help businesses' bottom lines by improving worker productivity, reducing absenteeism, and lowering turnover. Estimates show that employee absences due to childcare breakdowns cost U.S. businesses $3 billion annually.

But there is a shortage of affordable childcare around the country, and especially in New York City. More than half of all women with preschool-age children in my district are in the workforce and desperately need help finding childcare. Many childcare providers in low- and moderate-income areas operate out of their homes. In the House of Representatives, we passed a bill which included an amendment I sponsored called "Kiddie Mac". Kiddie Mac encourages lenders to offer mortgages on low- and moderate-income housing with licensed childcare facilities, in order to help increase the supply of day care facilities.

The Federal Government can also play a role in ensuring quality childcare by establishing minimum standards. Children need to be in safe environments that promote healthy development and lay the foundation for future success in school. Children in quality care are found to have better language and math skills, and have fewer disciplinary problems. But many states do not set adequate standards for childcare quality, including mandating low child-teacher ratios or requiring teachers to have training in early childcare education.

I want to thank our distinguished panel of witnesses for being here today and I look forward to their testimony about setting our children on a path for success early in life.

PREPARED STATEMENT OF DR. JAMES J. HECKMAN, RECIPIENT OF THE 2000 NOBEL PRIZE IN ECONOMIC SCIENCES AND THE HENRY SCHULTZ DISTINGUISHED SERVICE PROFESSOR OF ECONOMICS, UNIVERSITY OF CHICAGO, AMERICAN BAR FOUNDATION

INVESTING IN DISADVANTAGED YOUNG CHILDREN IS GOOD ECONOMICS AND GOOD PUBLIC POLICY

THE ARGUMENT IN A NUTSHELL

I. Many major economic and social problems such as crime, teenage pregnancy, dropping out of high school and adverse health conditions can be traced to low levels of skill and ability in the population.

II. Ability gaps between the advantaged and disadvantaged open up early in the life of the child.

III. Life cycle skill formation is dynamic in nature. Skill begets skill; motivation begets motivation. If a child is not motivated and stimulated to learn and engage early on in life, the more likely it is that when the child becomes an adult, it will fail in social and economic life. The longer we wait to intervene in the life cycle of the child the more costly it is to remediate to restore the child to its full potential.

IV. In analyzing policies directed toward children, we should recognize the variety of abilities.

V. Much public policy discussion focuses on promoting and measuring cognitive ability through IQ and achievement tests. No Child Left Behind focuses on achievement test scores in the 4th grade, not looking at a range of other factors that promote success in school and life.

VI. Cognitive abilities are important for socioeconomic success.

VII. But socioemotional skills, physical and mental health, perseverance, attention, motivation, and self confidence are also important for success in life.

VIII. Motivation, perseverance and tenacity feed into performance in society at large and even affect scores on achievement tests.

IX. Early family environments are major predictors of cognitive and socioemotional abilities, as well as crime, health and obesity.

X. This observation is a major source of concern because family environments in the U.S. and many other countries around the world have deteriorated over the past 40 years.

XI. Experiments support a large body of non-experimental evidence that adverse family environments promote adult failure.

XII. If society intervenes early enough, it can affect cognitive and socioemotional abilities and the health of disadvantaged children.

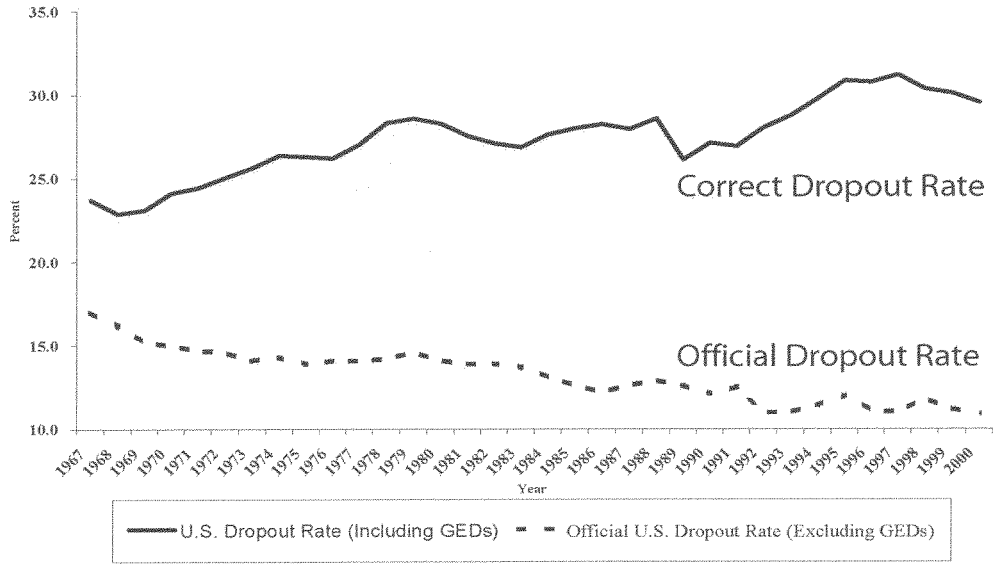
XIII. Early interventions promote schooling, reduce crime, promote workforce productivity and reduce teenage pregnancy.

XIV. These interventions are estimated to have high benefit-cost ratios and rates of return.

XV. Early interventions have much higher returns than other later interventions such as reduced pupil-teacher ratios, public job training, convict rehabilitation programs, tuition subsidies or expenditure on police.

XVI. A major refocus of policy is required to understand the lifecycle of skill and health formation and the importance of the early years.

Figure 1: The American High School Dropout Rate is Increasing



Source: (1) The National Center for Education Statistics Digest of Educational Statistics, 2001, Tables 103 and 108; (2) NCES, Dropout Rates in the United States, 2002

Table 2:
Comparisons of the Costs of Different Investment Strategies
Investing young vs. waiting and remediating in adolescence

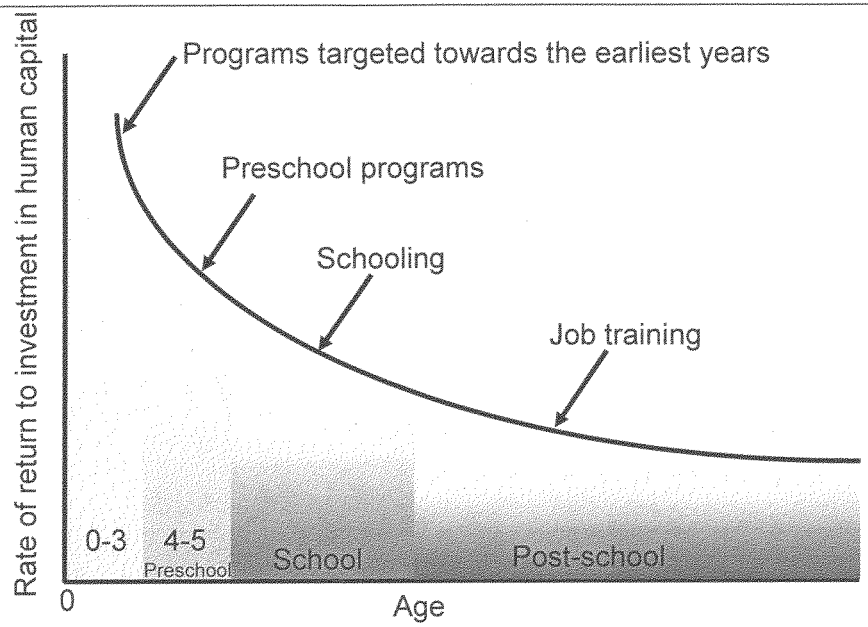
Disadvantaged Children: First Decile in the Distribution of Cognitive and Non-Cognitive Skills at Age 6

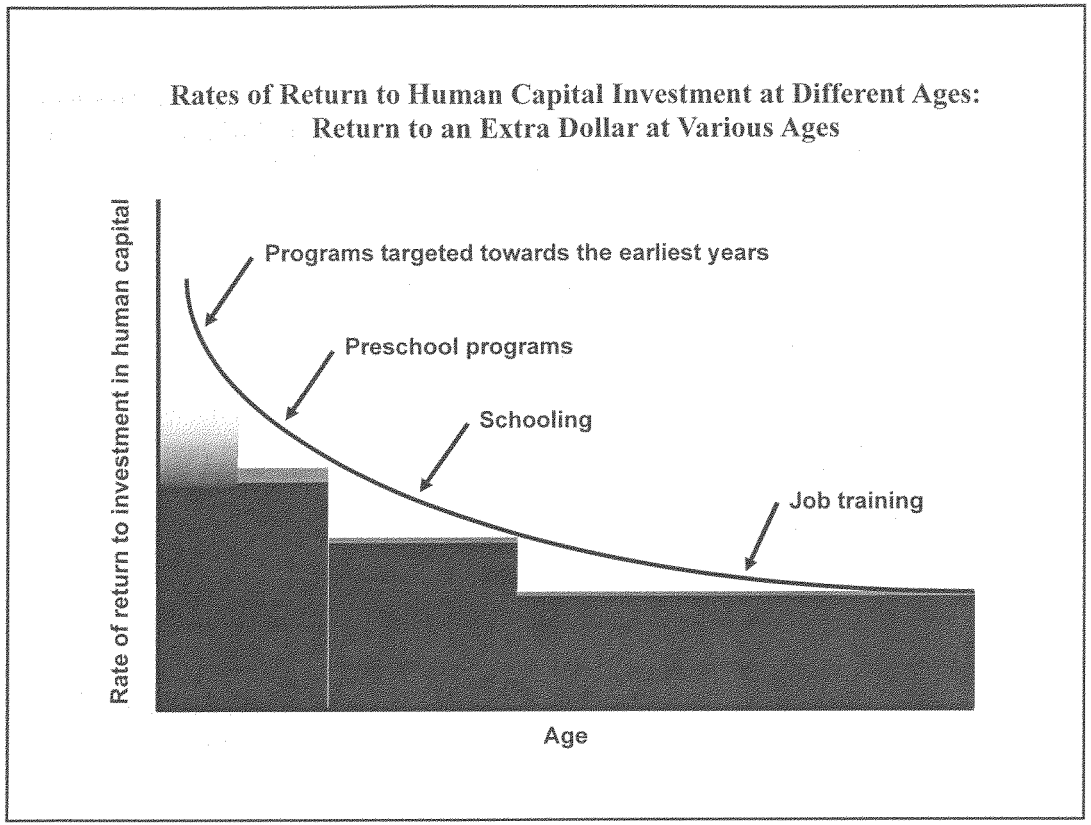
Mothers are in First Decile in the Distribution of Cognitive and Non-Cognitive Skills at Ages 14-21

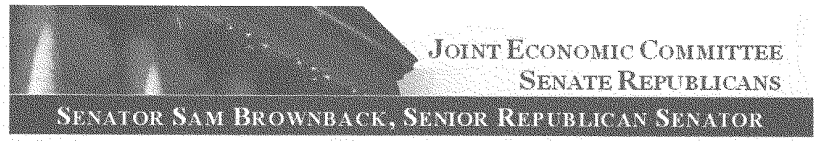
	Baseline	Changing initial conditions: moving children to the 4th decile of distribution of skills only through early Investment	Adolescent intervention: moving investments at last transition from 1st to 9th decile
High School Graduation	0.4109	0.6579	0.6391
Enrollment in College	0.0448	0.1264	0.1165
Conviction	0.2276	0.1710	0.1773
Probation	0.2152	0.1487	0.1562
Welfare	0.1767	0.0905	0.0968

40% more costly

Figure 9: Rates of Return to Human Capital Investment at Different Ages: Return to an Extra Dollar at Various Ages




Rates of Return to Human Capital Investment at Different Ages:
Return to an Extra Dollar at Various Ages
Rate of return to investment in human capital
Programs targeted towards the earliest years
Preschool programs
Schooling
Job training
Age



Today's hearing focuses on the economic case for investing in early care and childhood education. I would like to welcome our witnesses to today's hearing, especially Governor Sebelius from my home State of Kansas, and look forward to listening to the witnesses' testimony.

Economic data from a host of Federal agencies and independent research clearly shows that the path to economic success in our nation is based on marriage, strong families, work, and education. Education is an important determinant in achieving higher incomes and greater wealth. The question for today's hearing is what role does early care and early childhood education play down the road, not just in the initial year or two after a child enters the traditional education system? The question is important because it has become increasingly common in today's changing work and family environments for children to spend a significant amount of time in childcare. Over half of our children under the age of 5 have mothers who are employed and 63 percent of children under 5 have regular childcare arrangements.

There are many who will want to jump to the conclusion that early childhood education has a positive impact on children and the more money we spend the better off we will be. I would caution my colleagues that the easy answer is not always the right answer.

Head Start serves more than 800,000 students per year and during the 2004–2005 school year, State governments spent almost $3 billion on early childhood education.

Is this investment producing the desired results? The data suggest that the economics of early childhood care and education are uncertain. It is difficult to measure adequately the impacts—particularly the long-term impacts—of early childhood programs. Most evidence suggests positive short-term impacts that fade-out over time. These fade-out effects are likely the result of children attending substandard elementary and secondary schools and growing up in disadvantaged home environments.

Some comprehensive, small-scale intervention programs have produced positive long-term impacts whereby the benefits to society far outweigh the costs. However, it is uncertain what effects would result from replication of such programs on a larger scale and in a 21st century setting.

Investing billions in our children is laudable, even desirable. More desirable is seeing our investment pay off for those children, not just in the first couple of years of formal education, but over their lifetimes. Improving economic conditions for disadvantaged children (or all children, for that matter) requires a comprehensive approach, including parental support, a positive home environment, and high-quality elementary and secondary education.

I look forward to the testimony and to a constructive dialogue on what we can do to leverage our investments in early childhood education to insure that the positive impacts do not "just fade away."

PREPARED STATEMENT OF HON. KATHLEEN SEBELIUS, GOVERNOR OF THE STATE OF KANSAS

Senator Casey, Congresswoman Maloney, members of the committee, I appreciate the opportunity to visit with you today about the importance of early childhood education to our children's success and our nation's long-term prosperity.

All Americans know the power of education to change lives and expand opportunities. That's why the guarantee of a quality public education has always been such an integral part of our nation's promise to its young people, and why we're seeing states making significant new commitments to K–12 schools.

Kansas, for example, is dedicating $1 billion in new resources over 4 years to our K–12 schools in order to ensure every child, in every school receives a quality education. And we've undertaken audits to ensure these new resources are spent efficiently, as well.

But too many children are entering school without the basic skills they need to succeed in kindergarten and beyond. This problem was brought home to Kansas policymakers by a recent survey which revealed that less than half of children start

kindergarten fully ready to learn. This "achievement gap" affects children of all backgrounds, but most often holds back poor and minority children.

Ninety percent of a child's brain development occurs before the age of 5, and children who attend early childhood programs are far more likely to enter kindergarten ready to learn, more likely to read at an appropriate grade level and more likely to go on to graduate from high school. That's why education during the early years is crucial in helping children acquire the tools and skills they need to succeed in kindergarten and beyond.

But children who start off school behind their peers are more likely stay behind throughout their school lives and into adulthood, meaning they never reach their full potential. This costs states money in terms of spending on remedial classes and programs, which are less effective and cost-efficient than early learning efforts.

There are social costs as well, especially in reduced wages for workers who aren't ultimately as successful as they would have been had they been able to take advantage of the full opportunities of their education. The cost of not continuing education beyond high school alone is immense, with the Census Bureau reporting a college graduate is expected to earn roughly $1 million more over a lifetime than someone with only a high school diploma.

For every dollar we invest in early childhood education, studies show we can save upwards of seven future dollars—perhaps much more—by having fewer juvenile offenders in our prisons, fewer Americans on public assistance, fewer teen pregnancies and a workforce more nimble and prepared for an ever changing world. One study estimated an investment in early childhood education could raise the GDP by half of a percent by 2050, while saving $155 billion in costs from crime and social problems.

Other studies that have tracked students over long periods of time, such as the Connecticut Longitudinal Study, show that children who receive instruction from an early age do better in school and in life than those who do not. That study focused specifically on reading, and showed that problems learning to read at an early age lasted throughout their school lives. Additionally, these students were more likely to become teen parents and three times as likely to be unemployed than students without similar reading issues.

What this tells us is that we can help lift children up and expand their opportunities through investments in early learning which close the achievement gap that currently keeps too many children from achieving their full potential.

This isn't just an issue in Kansas—it's a national problem, one that requires a national commitment to early learning efforts such as pre-K.

That commitment is unfortunately lacking. Currently, Head Start is only serving 5 out of every 10 eligible children, while Early Head Start is serving only 3 out of every 100 eligible children. Huge numbers of children are being left out, yet while the reason cited for this lack of commitment is budgetary, we end up paying more down the road when the children who are left behind need remedial education, additional job training or worse.

In the absence of a full Federal commitment, the states are taking it upon themselves to invest in early childhood education. This year, 29 Governors proposed increased investments in pre-K and other early learning programs. This is 11 more than the previous year, with the total investment of these proposals exceeding $800 million and providing early learning opportunities to more than 100,000 3- and 4-year-olds.

These proposals show the building momentum for a national commitment to early education, and I'm proud to say that Kansas is one of the states that increased its commitment to young children this year, just as we've done over the past several years.

We started in 1999 by devoting Kansas' share of the tobacco settlement to children's programs, specifically early childhood education. Smart Start grants have been given to communities for a wide range programs focused on the well-being of children from birth to age 5, with $8.4 million of these grants expected to be made this year alone.

These efforts were continued and enhanced when I took office. For the first time, we brought stakeholders together in what had previously been a disconnected and disjointed system of Head Start programs, childcare centers, home care and school-based efforts.

Previously, there was little if any interaction between these groups. No one had talked to each other, there were no common standards and little cooperation. We now have a clear goal and a group of stakeholders in the public and private sectors, including key business leaders, who are the driving force behind expansion of early learning.

In 2006, this coalition won a victory when Kansas legislators supported my recommendation to increase funding for early childhood education, including the creation of pre-K pilot projects around our state. In six of our largest counties we funded early learning classrooms where children received instruction and guidance from trained, qualified specialists.

Due to the success of these projects, the effort was expanded in 2007 through an additional investment of $3 million, bringing the total to $5 million, and we expect upwards of 600 children to receive an opportunity to close that achievement gap and start off school at or above grade level—an opportunity they likely wouldn't have otherwise had.

But as I said before, this pre-K effort is not an isolated program—it is part of a broad based approach to early childhood education, one supported by business leaders and educators alike.

As the culmination of a 2-year planning process, we've created the Kansas Early Childhood Comprehensive Systems plan. This plan was developed using the stakeholders we brought together several years ago and is based on the best practices that have been shown to improve community, school and family influences on a child's school readiness.

This strategic plan gives us a road map for the expansion of early childhood learning efforts over the next 3 years. Its first year focuses on pre-K—which we're addressing in part through the pilot projects. The plan calls for the expansion of access, the development of curriculum-based programs and an increase in professional standards, items all stakeholders agree on.

It also calls for the creation of a quality rating system for childcare, so parents can feel confident their child is receiving instruction from a qualified early learning professional, and an education campaign to inform parents about the importance of school readiness.

And while it isn't usually thought of as part of early learning, our strategic plan also calls for every child in Kansas from birth to age 5 to have health care. There is a clear connection between the health of a child in her early years and the success of that child later in life. Insuring every child would allow them access to cost-effective preventative care that will help keep children healthy and in school, rather than sick and at home or in a hospital.

These coordinated efforts will have significant and lasting benefits in Kansas, just as similar efforts can have a positive impact on our nation.

That's why I'm heartened to see an interest on the part of Congress in making a national commitment to early learning. States are making progress, but we can't do it alone.

As Senator Casey's "Prepare All Kids Act of 2007" points out, "State-funded preschool is the most rapidly expanding segment of the United States educational system, but in many States a lack of stable funding poses an enormous threat to the provision or continuation of high quality preschool." Many of the states that don't offer early learning opportunities have populations that would benefit from it the most, which is why the targeting of help to low-income communities—as is done in the proposed bill and in Kansas—is critical to closing the achievement gap.

The proposed legislation demonstrates an understanding of one of the challenges of offering high quality preschool opportunities—professional development. Teaching 3- and 4-year-olds is different than teaching older children. They have specific needs and there are specific ways that teachers can help their minds grow. But this requires special training, which we're seeking to ensure in Kansas, just as this bill would promote nationwide.

I'm also pleased to see the bill includes requirements for prekindergarten teachers, but would add my hope that Congress does not create another unfunded mandate. Many states do not currently have the educational programs in place to help early childhood educators become better providers, which is why the aforementioned support for professional development is so important.

I do want to point out that early childhood programs, particularly pre-K, cross traditional agency boundaries. Our state's Department of Commerce, Department of Education and social services agencies are all involved in a collaborative effort in this area, and I want to make sure Congress recognizes the cooperation that is required to effectively provide early learning opportunities.

It's important that any legislation promotes community-based programs as well as school-based efforts, just as we've done in Kansas. This is again because pre-K isn't just an education issue, but a social, health and economic issue as well. The costs borne across the spectrum that result from a lack of quality early learning opportunities can just as easily become benefits, but only if we have a coordinated approach to the issue.

Finally, one aspect that is missing from this proposal is parental involvement to the degree we're seeking in Kansas. There needs to be an education effort to inform parents on the importance of early learning. But more importantly, parents need to know that the program they've chosen for their child is staffed by qualified teachers and has an appropriate curriculum. Parents need to have the peace of mind that comes from knowing their child is in a learning environment that will help her develop the knowledge and skills needed in school and life. We're doing that in Kansas through a quality rating system and I would recommend looking at a similar system for programs supported through Federal grants.

Yet above all, while Federal funding for early childhood programs developed by the states would help expand early learning, there are several non-monetary principles agreed upon by Kansas parents, educators, social service providers and early learning advocates that should be followed by any Federal effort.

Any comprehensive early childhood program should ensure all children have health insurance and access to medical providers.

Each early childhood care and education system should coordinate all birth to five efforts across the education, social services and advocacy spectrum, and mental health and social-emotional development must be fully integrated into the system, as well.

Parents should have access to the resources they need and should be well informed about issues of childhood health, development, and education.

And finally, any early childhood system should strengthen families to help them develop and utilize both intellectual and material resources to prepare their children for school and life.

Young people face a range of challenges, but education has the remarkable ability to arm them with the knowledge and skills needed to overcome these challenges. A Federal commitment to early childhood education will give countless young Americans the start they need to succeed in school and in life. It pays dividends far in excess of the cost, by reducing the need for remedial programs, increasing worker productivity, and reducing the number of young people who turn to crime and those who see their horizons limited by poor choices and abandoned dreams.

I again appreciate the opportunity to speak with you today to reinforce the importance of making a national commitment to early learning, not just for the sake of our children, but for the sake of our nation's long-term prosperity.

Thank you for your consideration and I look forward to working with you to expand early learning opportunities throughout the nation so that we can close the achievement gap and create a brighter future for us all.

PREPARED STATEMENT OF HARRIET DICHTER, DEPUTY SECRETARY, OFFICE OF CHILD DEVELOPMENT AND EARLY LEARNING, PENNSYLVANIA DEPARTMENTS OF EDUCATION AND PUBLIC WELFARE

Good morning, Senator Casey, Representative Maloney, and members of the Joint Economic Committee. Thank you for today's opportunity. I am Harriet Dichter, Deputy Secretary for the Office of Child Development and Early Learning of the Pennsylvania Departments of Education and Public Welfare. Improving the national track record for both investments and outcomes for young children is essential to both our short and long term competitiveness. The educational and economic payoffs from a systematic investment in early childhood education are compelling—we have far more evidence of the return on investment in this arena than in many others of significant public investment.

Based on our experiences in Pennsylvania, I have three points to make today:

1)There is no one silver bullet, not just one investment or program that works. What matters, no matter what the program, is a common framework of high standards, accountability and sufficient investment to make a difference.

2)The Federal Government has not been sufficiently proactive in this area, leaving too much to the states to do, especially on financing.

3)Proper public-sector governance needs to be a focus to assure good outcomes and efficient use of public dollars.

First: We can no longer afford to consider childcare as only a way to get parents working, or that the quality of our children's learning experiences before they reach kindergarten or first grade is not a public responsibility. To advance the early childhood agenda, we need a continuum of services that assures the educational and economic benefits from early childhood investment. This is as true for early childhood education as it is for other systems such as higher education or health care. This means that we can and should expect to make investments in programs with different names and labels—childcare and prekindergarten are two that come to

mind—and that we should expect to make investments in children in each and every year up to their entrance into school (and of course continuing investment in the school years).

In Pennsylvania, we do not focus on just one type of early childhood program. We do insist that all of our programs get organized with certain commonalities: high standards, accountability, and sufficient financial and other supports. For example, we recognize that childcare reaches the largest number of young children. To that end, we have created a systematic approach to voluntarily improving quality called Keystone STARS which integrates research-based standards, improvement strategies, financial resources, and public ratings of programs. An independent evaluation has shown that Keystone STARS has systematically reversed Pennsylvania's 10-year decline in childcare quality. But childcare alone is not enough—this year we are seeking to develop a new high quality program for at-risk 3- and 4-year-olds called Pre-K Counts. This targeted, highly focused investment will have immediate payoffs in our school system and future payoffs in academic and career achievement which will benefit our children and the broader community. For the exceptionally at-risk children of young, impoverished mothers, we continue to expand the renowned Nurse Family Partnership program. All three programs apply a similar framework of high standards, accountability and sufficient financial supports to early childhood issues in different settings

We cannot afford to have a silver bullet approach to early childhood development where we focus on only one program or one financing stream. But we must insist upon a common framework across each of the programs for any public investment. This common framework makes a meaningful difference to children, and will build confidence from business and parents in our communities. This is the framework that we use.

1) High standards and expectations for program quality, articulated in plain language, based on research and experience, and focused on the bottom line-outcomes for children;

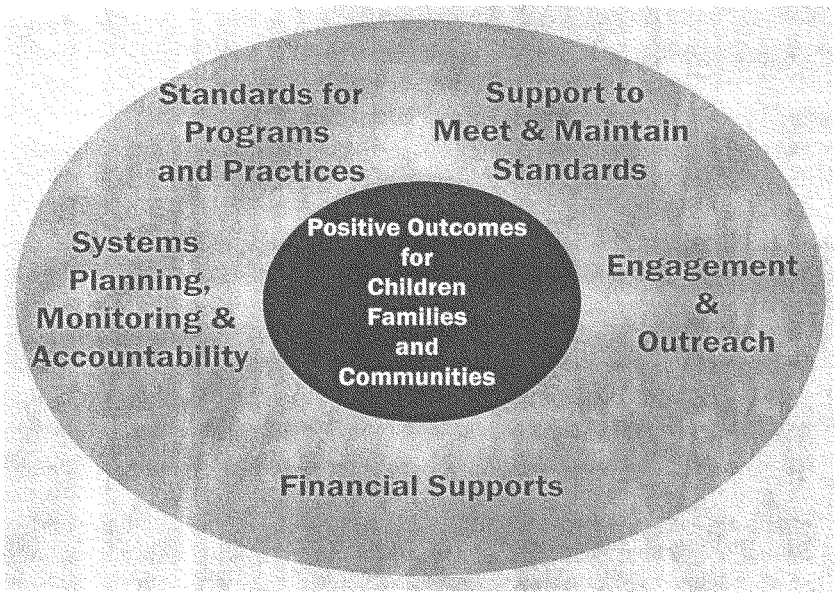
2) Professional preparation and ongoing education of the teachers and administrators to whom we are delegate the responsibility of delivering these programs. In short, investment in accountable methods for assuring that the people and programs are of good enough quality. It is not enough to tell people to achieve high standards, assistance is needed to achieve and maintain them;

3) Accountability for results—and a practical way to help those people whose work is far outside of early childhood to see and understand these results;

4) Financial supports that are linked directly and clearly to the standards we articulate and are made available at sufficient levels to get the job done.

See Chart 1 below for how I like to think about and how we do act on this—it is a reminder that the work is complex, but that it can be broken down and a realistic, achievable strategy can be achieved.

CHART 1: HOW PENNSYLVANIA APPROACHES ITS EARLY CHILDHOOD PROGRAMS



The second point is the importance of shared and responsible public investment in these programs. Professor Heckman has made the case for improved investment. In Pennsylvania, we have been working to improve our state investment in these programs. Each year, I have been disappointed with the lack of improved Federal investment in early childhood programs. The established and dedicated funding streams in areas such as the Child Care and Development Block Grant and Head Start are not keeping pace. Pennsylvania is using state resources, for example, to close the gap between those eligible for Head Start and those funded at the Federal level. Our broad based educational streams that can be used on a discretionary basis to support some early childhood programs such as those under No Child Left Behind are also not keeping pace.

While Pennsylvania has moved from less than 20 percent of our young children with an opportunity to participate in a good-quality program in 2003 to just over 30 percent today, this is possible only because of our state commitment and the growth of state dollars.

This is not right—all of us reap a benefit when we invest in quality early education that makes it possible for children to achieve in school and throughout their lives. We need to see progress made at the Federal level in improving our investment. From my perspective, this means we should stand by the established programs, and that smart proposals such as the one that Senator Casey has advanced for preschool should move out of the idea stage and into a funded reality.

The Federal role is to help with financing at a level that makes a meaningful difference, to insist that states have meaningful standards and accountability based on nationally acceptable minimums, and to facilitate coherence across the Federal programs. When we crafted Keystone STARS and the proposed Pre-K Counts, we turned to research-based evidence and to other states' experience to learn what standards, accountability and supports will produce quality results. It is possible to have a national baseline that does not interfere with the sensitive implementation of state programs.

This brings me to my third and final point, which is the importance of organizing the programs and resources so that they make sense. Historically, public responsibility for early childhood education programs has been scattered and divided among different agencies and revenue streams, both at the Federal and state levels. I know that our families do not care what we call the programs that we offer to them—it doesn't matter to them if the program is named Keystone STARS, Head Start, Pre-K Counts or something else. As both parents and as taxpayers, people want to have confidence in the responsiveness and quality of the services to their children

and they want to know that their public investments are made efficiently and are well-leveraged.

In our state, we have chosen to take these issues on through our governance structure. My office is part of the organization of both of our Departments of Education and Public Welfare. Governor Rendell created this office in order to be efficient, to unify and integrate the early childhood programs of both agencies. The office covers the waterfront—we encompass school and community-based programs for children from birth through full-day kindergarten. Working across two agencies allows us to take advantage of the assets of our human services and educational systems. At the same time, we have a single staff and, as I described earlier, a consistent framework that we use to systematically advance the work.

We are organizing the resources in new and creative ways and our governance structure recognizes the historical split between "care" and "education" and seeks an alternative, new pathway to early learning that takes the best from the history. We have to be prudent public stewards—and so this approach to governance allows us an ongoing commitment to both excellence and to efficiency.

I urge you to remember that every child we educate is also America's child.

Thank you for the opportunity to brief you today.

PREPARED STATEMENT OF DOUGLAS J. BESHAROV*, AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH

Madam Chair, Senator Casey, members of the committee, thank you for inviting me to testify on this important topic.

Because I understand that the other witnesses will make the case for investing in young children (something that I strongly agree with in theory), I will discuss what I see as the underlying question before you: Deciding how to make that investment so that it has a reasonable chance of being a success, or, to borrow a phrase from the investment world, does not go sour. That is the real challenge before you, and the nation.

Because my time is short, I decided to put my testimony in the form of a series of questions and at least partial answers. Also, although there has been a tendency to speak about the goal of "universal preschool," I will address only programs for low-income children because their needs are greatest.

Many of the points I make below are discussed in greater detail in "Giving Head Start a Fresh Start" in *Handbook of Families and Poverty*, eds. Russell Crane and Tim Heaton (Thousand Oaks, CA: Sage Publications, forthcoming, 2007).

1. Is there a serious achievement gap between low-income and more fortunate children, and should it be a matter of government concern?

Yes. On a host of important developmental measures, a large and troubling gap exists between the scores of low-income children and more fortunate children. This gap, commonly called the "achievement gap," but really much more multi-dimensional, curtails the life choices, employment opportunities, and earnings potential of large numbers of children, especially African Americans, Latinos, and other disadvantaged minorities.

Regardless of what causes the gap, government should be concerned about its impact on the children and families involved as well as on the larger society. Government's response, however, should be guided by a full and accurate understanding of what causes the gap and what can be done about it.

2. What is the cause of the achievement gap, and can a preschool program reduce it?

The achievement gap has many causes, from the poverty stemming from a history of discrimination and curtailed opportunity to the child-rearing styles of many disadvantaged families—with cause and effect intermingled in multiple and controversial ways. The plain fact is that the family is the primary teacher of young children—and compensatory programs face a much larger challenge than the advocates' rhetoric commonly suggests.

The argument that preschool programs "work" stems largely from the widely trumpeted results of two small and richly funded experimental programs from 40 and 30 years ago: the Perry Preschool Project, and, later, the Abecedarian Project.

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They cost as much as $15,000 per child per year in today's dollars, often involved multiple years of services, had well-trained teachers, and instructed parents on effective child rearing. These programs are more accurately seen as hothouse programs that, in total, served fewer than 200 children. Significantly, they tended to serve low-IQ children or children with low-IQ parents.

As you may know, I have been a critic of too easy assertions that Head Start, pre-K, and other early childhood education programs can reverse such deep-seated developmental deficits. Many of the studies that are used to support this line of argument are, simply put, not methodologically sound. Furthermore, most advocates tend to ignore the many studies that show these programs have little effect on children. For example, most objective observers have labeled the results of the Head Start Impact Study "disappointing." If this study is to be believed, Head Start simply fails in its mission to help prepare students for school.[1]

I point this out not because I am hostile to the idea of Head Start—far from it—but because it hurts me to see a program so important to disadvantaged children not be successful.

That's why the findings of recent studies are so heartening. Both "Project Upgrade" (funded by HHS and evaluated by Abt Associates) and "Reading First" (funded by the Department of Education and evaluated by Mathematica Policy Research, Inc.) used the most rigorous techniques—and they both show that a properly or narrowly focused, early childhood intervention can make a significant improvement in at least some elements of the cognitive development of disadvantaged children. (The same seems to be true for a number of state preschool or pre-K evaluations.)

But those four words—"properly or narrowly focused"—hint at how complicated and politically controversial the next steps will be. Many experts in child development have successfully argued for less direct, cognitive-oriented instruction and more play-oriented and discovering-learning activities. Yet, according to Nicholas Zill, former director of Child and Family Studies at Westat, Inc., "the latest research evidence indicates that direct assessments of cognitive skills at kindergarten entrance are predictive of both early and later achievement, into the later grades of elementary school and beyond."[2] In fact, the most successful interventions tend to use specific curricula that focus on building specific cognitive skills (such as reading, vocabulary, and math). But even these "successful" models do not make a socially significant improvement in many areas of child development—and many tend to ignore the child's social development.

Let me be as clear as possible here: *I read the research literature to say that preschool programs can probably make a marked improvement in the lives of disadvantaged children, but that we have only a partial idea of how they should be organized and managed, that is, brought to scale. As of now, there is no actual model of preschool services that has been proven successful in closing the achievement gap, and any additional funding should be used to create a flexible system that can change—and improve—as more knowledge is accumulated.*

3. Should funding for early care and education be expanded, and if so, for whom?

As asked (and answered), this question usually assumes that most poor children do not now receive early childcare or education. But that is not quite correct, and an accurate answer to this question requires an understanding of current patterns

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[1] *See* U.S. Department of Health and Human Services, Administration for Children and Families, *Head Start Impact Study: First Year Findings* (Washington, DC: HHS, June 2005).

For 4-year-olds (half the program), statistically significant gains were detected in only six of thirty measures of social and cognitive development and family functioning (itself a statistically suspect result). Of these six measures, only three measures—the Woodcock Johnson Letter-Word Identification test, the Spelling test and the Letter Naming Task—directly test cognitive skills and show a slight improvement in one of three major predictors of later reading ability (letter identification). Head Start 4-year-olds were able to name about two more letters than their non-Head Start counterparts, but they did not show any significant gains on much more important measures such as early math learning, vocabulary, oral comprehension (more indicative of later reading comprehension), motivation to learn, or social competencies, including the ability to interact with peers and teachers.

Results were somewhat better for 3-year-olds, with statistically significant gains on 14 out of 30 measures; however, the measures that showed the most improvement tended to be superficial as well. Head Start 3-year-olds were able to identify one and a half more letters and they showed a small, statistically significant gain in vocabulary. However, they came only 8 percent closer to the national norm in vocabulary tests—a very small relative gain—and showed no improvement in oral comprehension, phonological awareness, or early math skills.

For both age groups, the actual gains were in limited areas and disappointingly small. Some commentators have expressed the hope that these effects will lead to later increases in school achievement; however, based on past research, it does not seem likely that they will do so.

[2] Nicholas Zill, e-mail message to Douglas Besharov, May 3, 2006.

of childcare and early education. That is not as simple as one might think because of the overlap among various programs and the lack of a centralized program data base.

We have created such a data base, with financial support from the U.S. Department of Health and Human Services (childcare Bureau and Head Start Bureau), the National Institute for Early Education Research (NIEER) (at Rutgers University), and the Annie E. Casey Foundation. Our Early Education/childcare ("ee/cc") Model is essentially an Excel-based model of current childcare and early education program spending and enrollment. According to our model, which has been widely vetted:

- almost all *poor 5-year-olds* are in kindergarten or another school or preschool program (about 96 percent);
- almost 85 percent of all *poor 4-year-olds* are in either Head Start (about 48 percent); a full-time, subsidized childcare program under the Child Care and Development Fund (about 29 percent); or a preschool program (about 7 percent);
- about 43 percent of *poor 3-year-olds* are in such organized programs; and
- much lower proportions of *poor children under age 3* are in such programs.

(See table 1.)

Hence, the question is not simply whether funding for preschool programs should be increased, but, just as important, how any new funding should be spent within the context of existing services.

4. What are the options available to Congress for expanding childcare and early childhood education programs?

Congress' decision about how to expand early care and education programs is complicated by the fact that three largely separate and independent programs uneasily coexist in most communities. Each has major strengths and weaknesses, and any expansion effort should try to rationalize their currently uncoordinated operations.

1. Enrich childcare programs by encouraging or requiring the use of curricula with a proven ability to raise achievement. An increasing number of low-income mothers have jobs, especially since welfare reform. According to the Survey of Income and Program Participation (SIPP), in 2002, about 19 percent of poor mothers of 4-year-olds worked full-time, and about 16 percent worked part-time. For 3-year-olds, the respective figures were both about 17 percent.[3] As a result, enrollments in childcare programs have increased substantially, and Head Start no longer enjoys the dominant place in the constellation of Federal childcare and early childhood education programs.

As late as the 1980s and early 1990s, Head Start was by far the largest early childhood program, amounting to over 40 percent of all Federal and related-state spending in some years. But by 2003, Head Start had fallen to only about 32 percent of total childcare spending,[4] largely because of recent increases in childcare funding associated with welfare reform. (Between 1997 and 2004, for example, spending under the five major childcare programs—the Child Care and Development Fund, Head Start, Temporary Assistance for Needy Families, the Child and Adult Care Food Program, and the Social Services Block Grant—rose about 79 percent, from about $11.65 billion to about $20.89 billion, compared to only about 45 percent, from $4.69 billion to $6.77 billion, for Head Start.[5])

For many years, it was said that the nation had to make a tradeoff between high-quality but expensive programs like Head Start and lower quality childcare programs designed to help low-income mothers who have jobs. Recent research efforts such as "Project Upgrade" and "Reading First" strongly suggest that, at modest additional cost, childcare programs can be more effective than Head Start in narrowing key elements of the achievement gap. This would have the advantage of being the least expensive option (see table 2), but would not deal with the children in Head Start nor those with parents who are not working. It would be an incomplete solution, at best.

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[3] Authors' calculation based on U.S. Census Bureau, Survey of Income and Program Participation 2001 Panel Wave 4, from data files downloaded at http://www.bls.census.gov/sipp_ftp.html#sipp (accessed February 1, 2005).

[4] Douglas J. Besharov and Caeli A. Higney, "Federal and State childcare Expenditures, 1997–2004: Rapid Growth Followed by Rapid Spending" (College Park, MD: University of Maryland, Welfare Reform Academy, 2006), http://www.welfareacademy.org/pubs/childcare/childcarespending060907.pdf (accessed January 26, 2007).

[5] Douglas J. Besharov and Caeli A. Higney, "Federal and State childcare Expenditures, 1997–2004: Rapid Growth Followed by Rapid Spending" (College Park, MD: University of Maryland, Welfare Reform Academy, 2006), http://www.welfareacademy.org/pubs/childcare/childcarespending060907.pdf (accessed January 26, 2007).

Moreover, despite the recent extremely promising evaluations of focused curricula, many childcare specialists think that making a meaningful improvement in the quality of childcare would require much more money and a high level of regulation. There is also some reluctance to embrace curricula that focus on cognitive achievement at the cost of social development. Most important, without addressing Head Start's problems, this strategy would not address the needs of the much larger number of children in that program.

2. Improve Head Start's services so that it does a better job closing the achievement gap and expand its hours of operation to meet the needs of working mothers. This would have the advantage of building on an existing nationwide network of federally funded programs focused on poor children. But besides Head Start's disappointing impacts on child development, reorienting it to serve the growing number of children whose mothers have jobs would be a major and severely disruptive undertaking.

It would also be very expensive. (See table 2.) Head Start is already the most expensive form of early intervention. By our estimate, the basic, part-day program costs about $5,608 per child. Expanding Head Start to full-time, full-year would bring costs to about $20,607 per child—and that would not address Head Start's apparent inability to meet the developmental needs of poor children. Moreover, if the past is any guide, the Head Start community would oppose such moves and, instead, press for the program to serve younger children and higher-income children without changing its approach to early childhood educational services.

It is worth noting that private foundations, state policy-makers, and parents have decided against the Head Start option. Many liberal foundations have already shifted their support away from Head Start and toward the expansion of preschool or prekindergarten ("pre-K") services—which siphon off hundreds of thousands of children from Head Start programs. Many states have likewise begun funding expanded prekindergarten programs, again at Head Start's expense.

Perhaps the best indication of Head Start's slumping reputation comes from low-income parents themselves, who often choose not to place their children in Head Start. One can see this in the declining proportional enrollment of 4-year-olds, Head Start's prime age group. Between 1997 and 2006, even as the number of poor 4-year-olds increased and as Head Start's funded enrollment increased by about 15 percent (about 115,000 children) almost all of this increase went to 3-year-olds and to Early Head Start. In those 8 years:

- the number of enrolled 4-year-olds *decreased by about 3 percent*, from 476,285 to 463,693;
- the number of enrolled 5-year-olds *decreased by about 24 percent*, from 47,629 to 36,368;
- but the number of enrolled 3-year-olds *increased by about 33 percent*, from 238,143 to 318,220;
- the number of children in Early Head Start *increased by about 186 percent*, from 31,752 to 90,920; and
- the number of children enrolled in Head Start for 2 or more years *increased by about 55 percent* or about 100,000 children (from about 180,000 to about 280,000).

3. Expand state pre-K and preschool programs. The new prekindergarten/preschool programs for low-income children established in many communities seem to be enormously popular. State spending on these state-funded prekindergarten/preschool programs, which serve mostly low-income children,[6] increased greatly over the last decade and a half. Comparing estimates from the Children's Defense Fund and from the NIEER, it appears that state spending on these programs about tripled between the 1991/1992 and 2004/2005 school years, going from about $939 million[7] to about $2.75 billion ($2.84 billion in 2005 dollars).[8]

School-based prekindergarten programs, alone, now enroll more children (of all incomes) than Head Start, and at their current growth rate, will soon be the dominant early childhood education program for low-income children. According to the U.S. Department of Education, total prekindergarten enrollment (of all ages and in-

[6] The National Institute for Early Education Research, *The State of Preschool: 2004 State Preschool Yearbook*, stating: "Most states targeted their programs to low-income children and children with other background factors that place them at risk for starting school behind their peers."

[7] Karen Schulman, Helen Blank, and Danielle Ewen, *Seeds of Success: State Prekindergarten Initiatives 1998–1999* (Washington, DC: Children's Defense Fund, 1999), p.31.

[8] W. Steven Barnett and Kenneth B. Robin, "How Much Does Quality Preschool Cost?" (working paper, National Institute for Early Education Research, 2006), http://nieer.org/resources/research/CostOfEffectivePreschool.pdf (accessed March 9, 2007).

comes) almost tripled between 1990/1991 and 2000/2001 (the latest year with comparable data), rising from about 300,000 children to about 800,000 children.[9]

The expansion of these programs is still uneven. In the 2004/2005 school year, ten states had no program at all.[10] Others were quite small. Nebraska's, for example, covered only about 1,000 children at a cost of about $2.1 million. But a few are effectively universal, such as Georgia's, which now provides prekindergarten/preschool access to all 4-year-olds, regardless of family income. The program operates 5 days per week for at least 6.5 hours per day. During the 2004/2005 school year, the program spent about $276 million and served over 70,000 4-year-olds (covering about 55 percent of all 4-year-olds, and about 26 percent of all 3- and 4-year-olds), resulting in an average per-child cost of about $3,899.[11]

Why the apparent preference for prekindergarten programs? Perhaps parents find them more attractive than Head Start because of their seeming universality. Although most pre-K programs are directed to low-income children, they generally serve children from families with incomes as high as 185 percent of the poverty line.[12] Or perhaps it is because parents deem pre-K programs to be superior, especially since they are usually in school buildings and staffed by better educated teachers. Certainly, the few evaluations of these programs suggest that they are substantially more successful than Head Start.

In any event, judging from the growth in enrollments, expanding preschool programs is apparently the most popular option available to Congress. Doing so, however, would not provide assistance to low-income children under age 4, and would also be expensive if expanded to cover the full-time care needed by the children of working mothers. (The NIEER estimates the cost to be about $13,556 per child.)

Moreover, these pre-K programs are unlikely to have a meaningful impact on the most distressed children and families—who need earlier and more intense intervention.

4. What should Congress do?

To be successful, any expansion of early childhood education programs should (1) build on—but also rationalize—these three key programs and (2) allow them to change over time as needs change and as experience and research suggests programmatic shifts.

Rationalizing the three key early education programs starts with the understanding that we should not have a one-size-fits-all approach to early childhood education. Head Start, for example, tries to do too much for some children—and too little for others. Despite the conventional rhetoric, not all poor children have the cognitive and developmental problems that prompted Head Start's creation. Many poor children do not need the array of support services provided by Head Start and, based on the evidence, do just fine in regular childcare when their mothers work. Children from the most troubled families (usually headed by young, single mothers), however, need much more than the program currently provides.

Hence, at the risk of being wildly impractical, I would suggest an approach that recognizes the differing needs of low-income children:

(1) *Childcare programs.* A strong commitment to early childhood education should be added to childcare programs funded under the Child Care and Development Fund (CCDF). This program is largely and successfully operated through a voucher system to parents. Although this should not change, a systematic and on-going effort at both the Federal and state levels to identify effective curricula and program

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[9] U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics 2003*, NCES 2005–025, "Table 40. Enrollment in public elementary and secondary schools, by level and grade: Fall 1987 to fall 2001," (Washington: U.S. Department of Education, 2004), http://nces.ed.gov/programs/digest/d03/tables/dt040.asp, (accessed April 11, 2005). These data on 1990/1991 and 2000/2001 prekindergarten enrollment come from the Common Core of Data, as reported by the Department of Education's *Digest of Education Statistics*.

[10] The states offering no prekindergarten/preschool program were Alaska, Florida, Idaho, Indiana, Mississippi, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Utah, and Wyoming. See, W. Steven Barnett, Jason T. Hustedt, Kenneth B. Robin, and Karen L. Schulman, *The State of Preschool: 2005 State Preschool Yearbook* (New Brunswick, NJ: The National Institute for Early Education Research, 2005), http://nieer.org/yearbook2005/pdf/yearbook.pdf (accessed March 16, 2007).

[11] W. Steven Barnett, Jason T. Hustedt, Kenneth B. Robin, and Karen L. Schulman, *The State of Preschool: 2005 State Preschool Yearbook* (New Brunswick, NJ: The National Institute for Early Education Research, 2005), http://nieer.org/yearbook2005/pdf/yearbook.pdf (accessed March 16, 2007).

[12] W. Steven Barnett, Jason T. Hustedt, Kenneth B. Robin, and Karen L. Schulman, The State of Preschool: 2003 State Preschool Yearbook (New Brunswick, NJ: National Institute for Early Education Research, 2003).

approaches (such as those described above) could be the basis of professional and parental education and, hence, wide-scale program improvement.

(2) *Pre-K and other preschool programs.* As described above, these programs have grown dramatically; they already enroll more children than Head Start. Because these programs are largely state-funded, the first question one might ask is whether the Federal Government should become involved at all. But that is probably a naive question. Even those states already spending money on preschool programs will be eager for Federal assistance, despite the possibility of more Federal oversight.

My concerns are two-fold. First, it is not clear how most preschool programs will be integrated into full-time childcare arrangements for the children of working mothers. At present, they seem to require the same kinds of awkward "wrap-around" services as Head Start. Second, most of these programs have been established in public schools and it is not clear to me whether we want to create another education monopoly. Why not give parents the right to select the preschool program of their choice? (As mentioned above, the CCDF operates largely on that principle.) That would also encourage the creation of flexible programs that meet the varying needs of working mothers.

(3) *Head Start.* The current Head Start model is just not sufficient, in terms of both its services and curriculum. It generally consists of only 4 hours a day of classroom instruction (some grantees provide more), for less than 9 months. And, despite Head Start's claims about "parent involvement," there seem to be no systematic efforts to include parents in the program or to give parents better child-rearing skills.

The best thing would be for Head Start to go back to its roots, to search for ways to make a meaningful improvement in the lives of the poorest, most disadvantaged children. It might, for example, provide services to unwed teenagers that start during their first pregnancy. Focusing on the most in need, the new Head Start would be truly two generational, that is, with real services for parents (not just the current lip service to parent involvement), and it would bring to bear all the programmatic services that have developed since Head Start was first conceived—the Women, Infants, and Children program (WIC), Medicaid, the Maternal and Child Health Services Block Grant program, the Community and Migrant Health Center Program, and the Title X program, which seeks to reduce unintended pregnancy by providing contraceptive and related reproductive health care services to low-income women.

Before closing, I want to emphasize what I hope has been my clear theme: A strong case can be made for expanded early childhood education services, but only in the context of program flexibility (enhanced by vouchers) and systematic and rigorous research and evaluation. We have so much more to learn.

Congress should mandate a systematic program of research and experimentation, one that tries and evaluates different approaches to see what works best. We simply do not have a scientifically tested knowledge base about which approaches work—and for whom. Needed is a scientifically rigorous inquiry into the comparative effectiveness of various curricula and program elements, such as full-day versus part-day and 1- versus 2-year programs, traditional 9-month versus full-year programs, classroom size (paralleling work on class size done at the elementary level), the training or formal education of teachers, and effective ways of helping parents do a better job meeting their children's needs. Most important, distinctions among children from different family backgrounds and with different degrees of need will be crucial.

Such a multifaceted research and development effort could be patterned after the new one for Kμ0912 education established under the No Child Left Behind legislation. That effort enjoys a $400 million annual budget, compared to only $20 million for Head Start research. A tripling of Head Start's research budget would be a good start. If no new money is available, Congress could reallocate some of the $30 million to $111 million now designated in the pending reauthorization bills for quality improvements (especially since about half of these funds go to raise the salaries of Head Start staff, already among the highest in the early childhood education world).

Conducting such an inquiry will require substantial intellectual and political effort—because of the turf battles it would trigger, the scientific challenges involved in designing so many multi-site experiments, and the sustained monitoring and management needed. Nevertheless, without an effort on this scale and without such intellectual clarity, it is difficult to see how better approaches to childcare and early childhood education can be developed.

Thank you.

Table 1.—Combined Coverage of Income-Eligible Children in Head Start and Selected Other Arrangements

By Age

(2000/2001)

Age	Total poor children	At enrollment							
	Number	Nonpoor children in Head Start	Poor children in Head Start		Poor children in preschool, prekindergarten, and school		Poor children in full-time, subsidized childcare		Total combined coverage of poor children
		Number	Number	Coverage	Number	Coverage	Number	Coverage	
3	694,743	86,426	209,536	30%	38,574	6%	50,871	7%	43%
4	697,681	137,032	332,226	48%	201,216	29%	50,871	7%	84%
5	673,753	11,064	26,823	4%	580,992	86%	39,131	6%	96%
3–5	2,066,177	234,522	568,585	28%	820,782	40%	140,872	7%	74%

Sources and notes: "Total poor children" based on special tabulations by Richard Bavier, Office of Management and Budget, based on: U.S. Census Bureau, 2002 Annual Social and Economic Supplement to the Current Population Survey (Washington, DC: U.S. Department of Commerce, 2002). U.S. Department of Health and Human Services, Head Start Bureau, "Head Start Program Information Report for the 2000–2001 Program Year" (Washington, DC: U.S. Department of Health and Human Services, undated); U.S. Department of Education, National Center for Education Statistics, "Prekindergarten in U.S. Public Schools: 2000–2001," NCES 2003–019 (Washington, DC: U.S. Department of Education, 2003), http://nces.ed.gov/pubs2003/2003019.pdf (accessed December 19, 2003); U.S. Census Bureau, "School Enrollment—Social and Economic Characteristics of Students: October 2001, Detailed Tables," table 2, "Single Grade of Enrollment and High School Graduation Status for People 3 Years Old and Over, by Age (Single Years for 3 to 24 Years), Sex, Race, and Hispanic Origin: October 2001," http://www.census.gov/population/socdemo/school/cps2001/tab02.pdf (accessed April 25, 2005); and Child Care and Development Fund: Special tabulations of 2001 CCDF data prepared for the U.S. Department of Health and Human Services, Administration for Children and Families, childcare Bureau, by Anteon Corporation, 2003. "Nonpoor Children in Head Start" is Table 1's "Total reported nonpoor enrollment," divided by the PIR's age distribution for cumulative enrollment. "Poor children in Head Start" is the total Head Start funded enrollment, distributed by age, minus the number of nonpoor children. "Total combined coverage of poor children" is the number of poor children in Head Start added to the number of poor children in preschool, prekindergarten, school (including kindergarten), and full-time, subsidized childcare.

Table 2.—Cost Comparisons: Head Start, Early Head Start, CCDF childcare, and Prekindergarten/Preschool

(2003/2004)

Cost	Head Start		CCDF		Pre-K/ Preschool
	Ages 3–5	Ages 0–2	Ages 3–5		Ages 3–4
	(HS)	(Early HS)	Center	Family	
Average per child (regardless of hrs)					
Head Start Bureau estimate	$7,222	$7,222	.....	.....	.....
Besharov/Myers estimate	$9,381	$15,999	$8,100	$7,225	.....
NIEER estimate	.....	.....	.....	.....	$3,435
Part-day and full-day sessions					
Besharov/Myers estimate (part-day)	$5,608	.....	.....	.....	.....
Besharov/Myers estimate (full-day)	$12,570	.....	.....	.....	.....
Hourly (across all durations)	$8.99	$10.21	$4.18	$3.81	n/a
Hourly (full-time)	$8.41	$10.17	$3.52	$3.15	$5.53
Hourly (part-time)	$10.51	$12.71	$4.45	$3.96	n/a
Full-time, full-year (50 hours/ week, 49 weeks/year)	$20,607	$24,904	$8,616	$7,709	$13,556

Source: Douglas J. Besharov, Justus A. Myers, and Jeffrey S. Morrow, ''Costs Per Child for Early Childhood Education and Care: Comparing Head Start, CCDF childcare, and Prekindergarten/Preschool Programs (2003/2004),'' (June 22, 2007).

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