

How Investing In Preschool Beats The Stock Market, Hands Down

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LA Johnson/NPR

If you got 13 percent back on your investments every year, you'd be pretty happy, right? Remember, the S&P 500, historically, has averaged about 7 percent when adjusted for inflation.

What if the investment is in children, and the return on investment not only makes economic sense but results in richer, fuller, healthier lives for the entire family?

That's the crux of a new paper out Monday, [The Life-Cycle Benefits of an Influential Early Childhood Program](#), co-authored by Nobel laureate James Heckman, a professor of economics at the University of Chicago and the director of the [Center for the Economics of Human Development](#).

[A Lesson For Preschools: When It's Done Right, The Benefits Last](#)

There's a [growing body of research](#) on the value and importance of high-quality early education programs — especially for disadvantaged kids.

But there's surprisingly little research on its impact over time. This paper helps change that. Heckman and his co-authors examine the many ways in which these high-quality programs helped participants thrive throughout life.

The paper analyzes two North Carolina programs founded in the 1970s that worked with infants from 8 weeks old through age 5. The rub for researchers: The programs included data collection from birth through age 8 on a wide range of school and home life factors as well as long-term follow-ups through age 35.

Quality early education programs are expensive upfront. But as Heckman argues, the returns are enormous; the investment well worth it.

Your study found enduring positive effects of quality pre-K on a lot of things, including future earnings, health, IQ and crime reduction. Is the bottom line here stronger, fuller, richer lives?

Yes it is, but it's more than just stronger, richer, fuller lives for the children. It's also stronger, richer, fuller lives for the mothers of the children. Let me explain why. In America today we have a lot of single-parent families. We have a lot of mothers who are working.

What we've done is shown the benefits across two generations of the study of these enriched early child care programs. Not only providing child care for working mothers — allowing them to get more education — but primarily to get more work experience, higher earnings gains through participating in the workforce, but also getting high-quality child care environments that turn out to be developmentally rich. It promotes social mobility within — and across — generations. That I think is an important finding of this study.

[Surprise! Amid Rising Inequality, One School Gap Is Narrowing](#)

Tell us about the two programs you've studied, serving mostly lower-income, predominantly African-American families.

The program starts very early. The children are 8 weeks old. It stays with the children until they're age 5.

It's a program that runs nine hours a day, so it's very child care-friendly in the sense that women could leave their children at the child care center and then go on to work. They provide these disadvantaged children with enriched family environments: more verbal attention, more enrichment and parenting resources available to disadvantaged, predominantly African-American women, as you say, and single-parent women. It supplements the early lives.

In addition, it gives health care screenings for children 0 to 5. The pediatrician has access to the treatment group. The pediatrician then would suggest what health indications should be taken. What kind of steps, what kind of treatment might be taken. Doesn't pay for the treatment but it does essentially screen the children and alert parents to the need for treatment.

This is true wrap-around service and personalized attention?

Yes. Turns out one of the most effective ingredients for these early child care programs is interacting with the child. What I mean by interacting is a give-and-take. The term that's used by the child development specialist is scaffolding, like building a sculpture — in this case of a human being. Staying with the child, taking the child to the next step, challenging the child. In that sense it's very personalized education.

It's very time-intensive education, but it's education that stays with the child. It also has another effect, which is that it engages, through the enhanced stimulation of the child, the parent. Parents themselves visit the center, so that there is also stimulation of the parent-child relationship that lasts long after the program itself is formally ended at age 5.

This kind of comprehensive program is more costly upfront?

For sure. The main benefit of this study is, if you count all of the benefits that accrue from this program in terms of reduced health care costs, reduced crime, greater earnings, more education, higher IQ — the list is quite long. Those all are monetized. We can compute a rate of return, the dividend would be from the investment. You get about 13 percent per annum. Much higher than the annual return on equities in the U.S. stock market post-Second World War through the 2008 meltdown.

Yeah I'd like 13 percent on my 401(k) every year.

Exactly. This is a huge, huge investment return. It competes favorably with almost any other public program.

What was the (annual) per-pupil spending while these children were in the program?

Per-year it's probably about \$16,000 to \$18,000. It depends on what (year) dollars you use. It's expensive.

That is pretty high. You're saying you get what you pay for?

Well, yes, it's a lot. But what are you getting in return? You're getting hundreds and hundreds of thousands of dollars. Seven to eight hundred thousand dollars back for what is essentially an \$80,000 to \$85,000 expenditure. Yes, it costs more but we can go back and think: In its time the transcontinental railroad that Abraham Lincoln launched, the Hoover Dam, the transcontinental highway system that Eisenhower launched. These all were very costly, but they also led to enormous social benefits.

These programs have enormous social benefit. They help to solve a lot of social problems. The way public policy is discussed frequently in this country is through silos. People say, "We want to reduce crime. We want to promote health." We do what is, I think, a very limited kind of notion: looking at one problem at a time and one solution very closely linked to that problem. I would encourage people who see the price tag to also look at the benefit tag. They're well-documented.

You followed these young people well into adulthood?

What Good Preschool Looks Like: Snapshots From 4 States

That's the benefit of the study. The children in the study essentially are much healthier than their counterparts who did not participate in the study. That came as a surprise to some people, but it shouldn't be a surprise. Not only did they get the health screening, but they also developed these social and emotional skills: self-control, the ability to monitor. They had more education, therefore they had more information. In a number of ways these children became more engaged, control their own lives better, and that shows up in their adult health.

What is turning out from this body of research is that promoting engagement of children, their cognitive and noncognitive skills, boosting their IQs, at the same time boosting their social engagement, their willingness to participate in society, monitoring their health from an early age, is having huge benefits downstream for the rest of their lives.

You mentioned the return on investment. But you've also documented health benefits, crime reduction and parental benefits including boosted income and lower obesity rates. Talk about that a little.

That's folded into what we have for a measure of the rate of return. You can actually monetize the cost of the criminal justice system, the cost of incarcerating people and so forth. You can also talk about the benefits of reduced health care expenditures, higher-quality of life and so forth. All of that's incorporated into our rates of return and benefit-cost ratio. Breaking out these components, one of the most surprising findings from a study that we did published in *Science* magazine a couple of years ago. We showed that children who are in this program were much less likely to be obese, to have hypertension, to have precursor environments that would promote diabetes.

You mentioned the poisonous effect of the silofication — if we could call it that — in combating poverty. Looking at social challenges largely in isolation. This is also a hyper-partisan age. What do you think policymakers and politicians are missing when it comes to looking at early childhood education?

Some leading politicians both Republicans and Democrats are not missing. They're well aware of it. What's really interesting is that if you go out to those red states that were called fly-over states in the last election, the ones in the Midwest and the ones that people frequently ignore. It's states like Oklahoma, Kansas, Nebraska, that have been some of the most vigorous in promoting early childhood development.

The reason is that it's based on an economic efficiency argument and it also promotes what is an agenda that's frequently very common in some of those states about family values. It's really about helping bolster the American family, which I think is under attack, it's under transformation. It's simply that we have many more single-parent families. We have many more mothers who are working because they have to support their families.

You've said the ultimate risk factor in the complex poverty equation is lack of parental engagement. Talk about that and what these programs you studied did in terms of parental engagement?

It's not about getting toys that rotate or getting a particular program online to stimulate the kid. That can't hurt, but it's not the story. It's the engagement. It's "Johnny or Sally, here let's look at this together, let's go to the zoo, let's look at this book, let's see what we're doing." It's that engagement. When you engage the parent in that process, you help them bolster their arrangement, then I think you actually will keep in place over the life of the child a very strong very beneficial environment. The center core is engagement. That's what good teaching's about too when you think about it.

I don't think I'm saying anything that's revolutionary, but I do think I'm saying something that is frequently ignored in public policy. We think about a bricks-and-mortar approach to what education is about. That's exactly the wrong way to think about it. It's not a teacher lecturing to a student, it's basically the teachers or child care workers engaging students or engaging these young children and making age-adapted, person-adjusted interventions. I think that's the key.

What do these programs have that helps foster that engagement?

It turns out that many of the disadvantaged families have a mode of discouraging the child. Saying, "Don't do this, don't do that," and on and on. The alternative is to actually have a family that encourages the child and supports the child in making mistakes and learning from mistakes, but also in engaging the child to explore the world. It's this attachment and this support that really plays a fundamental role I think in the structure of essential programs. That's an example where you would literally take the child, read to the child, engage the child, and then you would show the parent, bring the parent into the center. Show how successful the child has been and then send the child home. When the child goes home the child is more engaged and also therefore engaging the parent. We found that. We found that as a byproduct: much more parental engagement among those who got the treatment compared to those who were randomized out into the control group. And these were lifetime effects.

If you look at disadvantaged children you'll find that they're getting about a third or a fourth as many words per hour as more advantaged children. The environments are fundamentally different. Over the lifetime, their young childhood — a period of say 0 to 5 — you're getting [a millions of words deficit](#) between those who are advantaged and those who aren't advantaged. That essentially is one way to close the gap. By literally reading to the child, by encouraging the child.

As you know there's been a big emphasis on what constitutes high-quality child care centers. What elements are vital to create these great early learning centers?

There's this enormous body of evidence talking about parent-child interaction. The structure of a successful [center] would be one that encourages those interactions, that fostered those.

Are we talking about empathy?

Well, yes, we're talking about empathy, and we're talking about the structure of engagement with the child, and at the core of successful programs is parenting. It's not so much having a pretty building. There's a whole mentality out there that says, "We have a textbook notion about what constitutes a good school. The teachers must have a certain level of educational attainment." There have been a lot of studies, serious studies, that show that many of these so-called guides to what makes a good teacher — in terms of things like number of degrees or number of teacher credits and on and on and on — are really worthless in terms of predicting who's a good teacher. What is important is finding this empathy, this ability to work with people, the engagement.

By empathy all I really mean is, you work with a child, you stay with a child, a child asks questions, you answer the questions. You don't discourage the questions and you promote them. At the same time you have a firm line where you say, "Yeah that's a mistake. You could go do a little better," and so forth.

We need a national empathy project, Professor Heckman.

Probably could use it across the board and not just in early childhood!