



**House Appropriations Subcommittee on Labor,  
Health and Human Services and Education  
U.S. House of Representatives  
Testimony of Diana Mendley Rauner  
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Chairman Cole, Ranking Member DeLauro and Members of the Subcommittee, thank you for inviting me here today to testify as part of this wonderful panel. I also want to thank you for holding the hearing. As you will hear it's an issue dear to my heart.

I would like to use this opportunity to offer a business approach to investing in early childhood development programs from birth to age five. I spent a decade of my professional career in investment banking and private equity investing. I came to the field of early childhood because of concerns about the huge social and economic cost of educational inequities. And I chose to focus on early childhood development because investments in the first years of life are simply the most efficient and effective ways to develop human capital.

With the right investments, human capital development can provide great economic and social gains for individuals and society.

A little bit about my background: I left the financial world to earn a Ph.D. in Developmental Psychology from the University of Chicago, and was a senior researcher at Chapin Hall Center for Children at the University of Chicago. I'm currently the president of the Ounce of Prevention Fund, which seeks to ensure that all children—particularly those born into poverty—have quality early childhood experiences in the crucial first five years of life. Most recently, I've also become the First Lady of Illinois.

I can tell you that there is nothing partisan or political in investing in new parents, infants, toddlers and preschoolers to achieve better education, health and economic outcomes. A wide body of developmental and economic research shows these investments make sense—and dollars far above their original costs when put into programs and systems targeted to disadvantaged children.

Data from a wide body of researchers give credence to this investment strategy. None is more solid than the empirical research by Nobel Laureate economist James Heckman who shows the economic value of investing in the early childhood development of disadvantaged children from birth to age five.

Heckman's work has shown the power quality preschool has to change lives, increase productivity and reduce the need for social spending. His Perry Preschool findings show that every dollar invested in high quality early learning for disadvantaged children provides a 7-10% return on investment in

better education, health and social outcomes and reductions in remedial spending.

In addition, Heckman's most recent analysis of the health effects of the Abecedarian early childhood program in North Carolina illuminates the power of investing in comprehensive, birth-to-five programs to permanently increase IQ, contribute toward greater academic and personal achievement—and prevent expensive chronic diseases such as obesity, hypertension, heart disease and diabetes.

Abecedarian achieved these outcomes by combining parent education with early health, nutrition and learning for disadvantaged children. At age 35, those treated as children in the Abecedarian program are doing dramatically better in employment, wages, family life and health than those in the control group. Most astounding is the effect on male health. Treated males at age 35 had zero incidence of metabolic syndrome—the precursor to heart disease, stroke and diabetes—while 25% of males in the control group had metabolic syndrome. Quality early childhood development programs for disadvantaged children are an effective upstream strategy for reducing health care costs. This is a significant finding for a committee that appropriates millions each year to treat chronic disease.

These hard returns are based on rock solid research, with Heckman accounting for all the variables that could create doubt. He adjusts for small sample sizes, control group pollution and the incidence of chance. Few analyses of social programs have been subjected to this level of rigor.

At our own Educare network of schools across the country, we've seen first-hand how high-quality early education drives better student outcomes. The Ounce developed the first Educare in 2000 in Chicago. Later, we partnered with the Buffett Early Childhood Fund to create the Educare Learning Network to launch Educare Centers across the country. We rigorously evaluate our programs to collect information that we can use to improve our models. The language and school readiness scores of Educare children far exceed typical achievement levels for children living in low-income households. And we see powerful effects on parenting.

The outcomes cited by Heckman and other researchers are not only found in small, demonstration programs: they are also apparent in Early Head Start, Head Start, New Jersey's Abbott Program, North Carolina's Smart Start, North Carolina Pre-K and state investments in Georgia, Alabama, Michigan, and my home state of Illinois. As President of an organization that has served as a state and federal intermediary for over 30 years, I can attest that delivering quality programs, at scale, using public dollars is both possible and necessary. It requires a commitment to professional development, data systems, innovation and continuous quality improvement. We don't need to recreate the wheel. What we need is more federal investment in state and local innovation—and more coordination between current investments in early learning, maternal and child health and nutrition for disadvantaged families and children.

And, we don't need to wait 20 years to see immediate returns. Investing in human capital is a long term investment that pays regular dividends in milestone outcomes.

Investments in home visiting increase the potential of two generations. Young parents learn to invest more in their children and more in themselves, with many learning how to navigate a return to school and the workforce while providing a home environment that prepares their child for school and success in life.

The federal Maternal Infant Early Childhood Home Visiting (MIECHV) program is designed with a high degree of accountability. Each home visiting program that is eligible to apply for MIECHV funds must demonstrate improvement among eligible families participating in the program in six benchmark areas: maternal and newborn health; prevention of child injuries, child abuse, neglect, or maltreatment, and reduction of emergency department visits; school readiness and achievement; reduction in crime or domestic violence; improvements in family economic self-sufficiency; and improvements in the coordination and referrals for other community resources and supports. By all accounts the program has been successful in giving states flexibility to reach families who benefit from these voluntary services.

Recent reauthorization of the Child Care Development Block Grant (CCDBG) funding will help parents work while their children receive higher quality care that stimulates their physical, emotional and cognitive growth.

Investments in state preschool systems and preschool development grants help finish these birth-to-five investments, preparing children for school and reducing the need for expensive special education.

Governors and legislatures from red and blue states alike are investing more in high quality early childhood education programs and systems. The federal government should follow their lead to achieve significant returns. States, philanthropists and private investors cannot do it alone. There is an appropriate role for the federal government that is not intrusive but highly catalytic and collaborative.

Federal-State partnerships should be expanded and the federal government should provide additional funding to help states and communities do their part. The federal government through greater investments in CCDBG, Head Start, Early Head Start, Early Head Start-Child Care Partnerships and Preschool Development grants can help to ensure that high-quality, comprehensive early education services reach young children in their local communities.

The implementation of the newly reauthorized CCDBG Act is one example of where a renewed commitment at the federal and state level will be needed to help support low-income families as they seek the highest quality care for their young children. A \$370 million increase in discretionary funding for CCDBG will help ensure that the goals of the new Act become a reality and that parents receive the support that they need to meet their children's early education needs.

An increase in funding for Early Head Start-Child Care Partnerships represents another opportunity to strengthen federal, state and local efforts to drive investment to high-quality early childhood development services. Specifically, an increase of \$150 million for this initiative will increase quality and spur even greater partnerships between child care providers and states,

local governments, and public and private entities committed to meeting both Early Head Start standards and the needs of working families.

We also must recognize that the federal government could not only increase the quality of early childhood programs, but also access by providing, on top of funding of Early Head Start-Childcare Partnerships, a total of \$9.467 billion for Head Start and Early Head Start. The case for federal funding could not be more evident than when noting that less than half of eligible preschool-aged children are able to participate in Head Start and only five percent of eligible infants and toddlers receive Early Head Start services.

There is great hope though now at the federal, state and local level that we will be able to do more to improve the quality of early childhood services and level of opportunity for our nation's most disadvantaged children. Preschool development grants build on this hope and state-driven momentum to expand quality preschool opportunities for four year-olds from low- and moderate-income families, including children with disabilities. An increase in funding to a total of \$750 million for this program will allow for currently funded states and new states to partner with the federal government to develop and expand quality state-based preschool programs.

Investing in early childhood development programs clearly makes dollars and sense. Timing is everything and the time is clearly now. Thank you and I will be happy to answer any questions the Committee may have.