House Appropriations Subcommittee on Labor, Health and Human Services and Education
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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.

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, so I know something about return on investment. 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. 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.

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 network of Educare 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 Chicago in 2000. Soon after, we partnered with the Buffett Early Childhood Fund to create the Educare Learning Network, and there are now 20 Educare Schools 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. In follow-up studies in Chicago and Omaha, we have seen these effects persist through third grade and beyond. And we see powerful effects on parenting.

The outcomes I've cited are found not only 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.

But the key determinate in these programs is quality.

As President of an organization that has served as a state and federal intermediary for over 30 years, I can attest that delivering high 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 programs birth through age 5 pays regular dividends in milestone outcomes.

Governors and legislatures from red and blue states alike are investing more in high quality early childhood 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.

One of the most important roles for the federal government is ensuring funds are directed at supporting and increasing quality.

Consider home visiting programs, which 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. Funding is allocated only to evidence-based programs and states are required to report improvement on a range of benchmarks. Your recent support to extend this critical program is most appreciated.

Recent reauthorization of the Child Care Development Block Grant (CCDBG) will help parents work while their children receive higher quality care that stimulates their physical, emotional and cognitive growth. Specifically, a $370 million increase in discretionary funding for CCDBG will help ensure that the goals of increasing quality in the new Act become a reality and that parents receive the support that they need to meet their children's early education needs.

The case for increased federal support for Head Start and Early Head Start, $9.467 billion total, 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. An additional $150 million for the Early Head Start-Child Care Partnerships will spur even greater partnerships between child care providers and states, local governments, and public and private entities committed to meeting elevating quality.

Finally, Preschool Development Grants build on state-driven momentum to expand quality preschool opportunities for four year-olds from low- and moderate-income families, including children with disabilities. Support for this program at $750 million will allow for currently funded states and new states to partner with the federal government to develop and expand the quality state-based preschool programs that help prepare children for school and reduce the need for expensive special education and remediation.

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