

# Educare-Committee for Economic Development Presentation

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## **"A Businessman's Perspective: Early Childhood Education is Both A Moral Imperative and A Sound Investment"**

Thank you, Dan for your overly generous comments. Fortunately for me, you have over-stated my role in the development of Educare and under-stated your own. I will rectify that imbalance later in my remarks.

I know that many of you are well aware of the inherent value of Early Childhood Education and perhaps even of the economic return on investment from superior pre-school programs. I think I am standing here today pontificating to you because I am the man bites dog story — how a robber baron from Red State America came around to an understanding of the critical importance of Early Childhood Education in providing children with the opportunity for success in life. So, I see my assignment to depict one man's journey to the truth -- as perceived within my universe at least -- and to describe the Educare program that we are implementing in Oklahoma.

I have tried hard to make my comments fairly brief because my study of infant brain development suggests that your capacity to absorb information is far reduced from that of an infant and you have consumed this lavish breakfast which has diverted your blood flow to other regions. As Adlai Stevenson, once commented to a group in the same circumstance, "My job today is to talk; your job is to listen. I sure hope you don't finish before I do." So, I'll keep it short and watch for that critical interval between the time your eyes glaze over and you begin to doze off.

The case I will try to make to you this morning is contained within the title of my comments: **"Early Childhood Education is Both A Moral Imperative and A**

**Sound Investment.**" I hope I can convince you, if you do not already agree, that public and private investment in birth to three education for at risk kids is the most effective way to assure that children are given a fair chance to be ready for school, stay out of trouble and enter our workforce as fulfilled and productive members of our society. And equally important, we have a moral obligation to make that happen.

Let me start by describing the intellectual journey that got me to the conclusion that sensory stimulation and warm human contact at the earliest point in life are the most important things we can do to provide equal opportunity in our society. I have felt for most of my adult life that we all got where we are largely by dumb luck, that we have a moral obligation to share our random advantage with those who didn't win the ovarian lottery and that the purest form of charity is one which intervenes in the cycle of poverty at the earliest possible stage through improved nutrition, healthcare, housing, etc. Of course, the truly purest form of charity would also be anonymous and applied in areas of much greater need like southern Africa or Bangladesh so my self-bestowed halo is a bit tarnished.

My second premise is, if America stands for anything, it stands for the principle that all men (our forefathers excluded women and slaves) are created equal or, at least, that they should have an equal opportunity at birth to reach as far as they wish to. Equal Opportunity is really the Social Contract of American life. Yet, as Warren Buffett has observed, "all men are created equal and that lasts for fifteen minutes." I think that most of us have grown up with this inconsistency in our thinking: a strong emotional commitment to the concept of equal opportunity and a suppressed, secret intellectual conclusion that genes play a more important part in cognitive potential than experience.

Then, in the next step in my journey, I watched as America declared war on poverty in 1964, to provide that promised equality of opportunity, and committed literally trillions of dollars to the war over the next 40 plus years. But so far, Poverty has won the war. We seem to be dealing with the

symptoms of poverty that I referenced earlier -- poor nutrition, healthcare, housing and so forth -- but are not rooting out and modifying the causes, so the next generation starts about where the last one did. One can't help but ask why we have been so unsuccessful.

Two subsequent discoveries or observations gave me a clue — one theoretical and one practical: The theoretical one derived from all of the discussion about stem cell research over the past ten years or so. What we seemed to learn from that research was that a brain cell at birth, even after nine months of gestation, is functionally undeveloped, still trying to figure out what it wants to be when it grows up. You could scrape some cells from the brain and transplant them to the heart, liver or kidneys immediately after birth and the cells would develop as heart, liver or kidney cells. [I guess it must be unintentional early migration of cells in males, including many in this city, that causes them to think with organs other than their brains on occasion.]

We have all watched the alert eyes of an infant and concluded that she was observing and absorbing far more than she could communicate. And then we have seen her mimic an action that she had seen only one time before. Those largely unformed brain cells and the connections among them — the synapses and neuron wiring — are exploding in response to every sensory experience. Truly, learning appears to be a reverse geometric progression with experiences at one hour, one day, one month or one year dramatically more influential and formative than later experiences, when the brain is less plastic. But, as has often been quoted, 85% of brain development takes place by age 3 and yet we spend only 4% of our educational dollars by that point.

As one well past the age of three and the age of peak mental acuity at 25 or so, I am pleased that even as this reverse geometric progression declines and comes crashing down later in life, we are rewarded with other tools to fall back on — guile, wit, intimidation, knowing glances, reputation from our sharper past, etc.

So, now I had a theoretical construct that could reconcile my emotional belief in nurture and my analytical belief in nature. Yes, people could rise above the condition from which they derived by intensive sensory stimulation of their unformed brain electrical grid at the earliest possible point. Maybe, the perceived fact that smart, rich parents tended to have smart, rich kids was largely because they also tended to have stay at home moms or nannies who read to their kids, held them, put mobiles over their cribs (playing those annoying ditties) and sent them off for SAT training at six months.

Well, we've seen so many other laboratory theories or medical experiments on mice that didn't pan out after large human studies so I was intrigued by this discovery but not convinced. I looked around for practical applications that appeared to stand up over time. I was introduced to the Abecedarian program in North Carolina by Howard Hendrick, Director of the Oklahoma Department of Human Services and a conservative Republican former State Senator, and then I started reviewing studies of other early childhood programs. I was struck by the solid indications that programs like Abecedarian and the Perry High Scope Program in Michigan did appear to make a major difference in the lives of participants ten, twenty, thirty or forty years later. In each case, the study group evidenced dramatic improvement, through adulthood, in cognitive skills, academic grade level, financial accomplishment and avoidance of the correctional system as compared to the control group of children who had not gone through the program.

I then tried to determine the common characteristics of these programs that appeared to make them work in both the short and long run. I have concluded that the most critical elements are: 1) Very early entry, preferably within the first few months after birth; 2) Trained, skilled teachers who understand how infant brains receive, absorb and process information and who promote social/emotional development; 3) Family support services from talented case workers with manageable loads, who reinforce the classroom experience by assisting the parents with continuing education, access to social services and parenting training; and 4) Intensity of the experience through low ratios and all day, year round exposure.

Upon accepting this revelation, I wanted to find the best applications of it to reassure my conclusion and to provide a model to copy. I turned to Tulsa Community Foundation which provides research to emerging philanthropists to complete the baking process of their half-baked charitable ideas. After looking around a bit, they came across Chicago's Ounce of Prevention Fund and their pre-school program, called Educare, both founded by a true visionary entrepreneur, Irving Harris, who made the discoveries I am recounting today, more than thirty years ago, after a successful business career.

Chicago Educare is located in the lowest income census tract in the United States, next to one of the most depressing public housing complexes, from which they have drawn the bulk of their students. It has been in operation for seven years and is beginning to show promising results, confirming the earlier studies, though the data are still premature.

Somewhat before our own discovery of Educare, Warren Buffett told his children that he was going to fund charitable foundations for them and wanted them to research ways to invest those charitable monies with the same kind of analysis and discipline that he put into his stock investment decisions. His daughter, Susie, engaged the services of a journalist friend of hers, Dan Pedersen, to conduct that research and he and she drew the same conclusion that we did -- that very early childhood education was the most effective way to reverse the cycle of poverty. So she built an Educare school in Omaha and her brother, Peter, built one in Milwaukee and they launched, together with Irving Harris, a replication effort in other cities, including Tulsa.

I have been blessed with the financial ability to fund one or more Educare schools personally but I think that the involvement of opinion leaders is at least as important as starting a program because we need to change conventional wisdom about public responsibility for education. In Tulsa County, there are only 104 Federal Early Head Start slots and there are roughly 10,000 kids from birth to three in families below 185% of the poverty level. In many rural areas in

Oklahoma, the situation is worse. So, the public sector is filling, at best, 1% of the need at present.

To get the Educare effort going in Tulsa and to raise awareness about what I had learned, I went out on the hustings to solicit and educate a bit and had the most remarkably positive experience. With only one exception, everyone I asked to help, contributed our requested amount or more and we quickly exceeded our target of \$8 million by a large margin, allowing us to fund education for other infants and toddlers in Tulsa beyond the Educare school.

We then secured an ideal site and built our first school, on park land in the midst of the economically depressed, ethnically diverse Kendall-Whittier neighborhood, next to an excellent elementary school. We had the almost messianic support of the Superintendent of Schools, the Head Start Designee and the Director of the Department of Human Services, all of whom graciously committed their time and institutional resources to the project. The school opened last year and has had remarkable anecdotal and emotional success, with the objective measurement of its results in the works.

But we feel a responsibility to Infant/Toddler Education and to Educare beyond building a single school in Tulsa to help a small fraction of those who need the program. So, we have adopted the following mission statement: "Tulsa Educare's mission is to help break the cycle of poverty through a flagship, very early childhood education program and through the transfer of best practices to other Tulsa programs." We are doing several things to further the broader effort in Tulsa and throughout the state and nation.

The first supplementary effort to export best practices is using some of our excess funding to provide Early Head Start slots outside of Educare to add to the limited number of federal positions. These programs need to commit to the four critical elements I described earlier, though we allow some slippage in the elegance of the architecture and the case load of the family support workers. In fact, the local Head Start designee has enhanced his entire program to standards closer to Educare than to the minimum federal

requirements. With some state help, we are funding 248 birth to three slots during the current school year, more than twice the 104 children the federal government is sponsoring in all of Tulsa County, and we plan to increase that number to 454 and 816 low income children served in the next two school years.

Our second supplementary effort was to include in our Educare building a healthcare clinic to serve the children in the school and in the adjacent elementary school and even the neighborhood. The University of Oklahoma Medical School is assisting us with that effort. We are also expanding the concept into 24 other low income elementary schools. These 25 school based clinics will then feed into two master clinics, which will have the capability of doing virtually everything a hospital can do, other than the most expensive function of keeping patients over night. Clearly, healthcare is a significant component of any effort to assure that children are provided equal opportunity in education and in life.

Third, we have launched a new institute in Tulsa, designed by the University of Oklahoma and Tulsa Community College, which offers Associate, Baccalaureate and Masters degrees in Early Childhood Education focusing on infants and toddlers. We provided some start up costs and endowed professorships and secured state funding for what is the only infant/toddler-focused college program in Oklahoma and one of perhaps two or three in the United States. We also provide scholarships, loans and job guarantees to draw attractive candidates to the program. Early Childhood Education has had a difficult time attracting sufficient numbers of well-trained teachers because of the poorer pay level, perceived lesser status and less adequate facilities than public school. These degree programs and the facilities we are building or enhancing should remedy that problem.

Fourth, we have engaged two talented lobbyists to represent us in the state legislature to promote stronger public support for early childhood education and other anti-poverty efforts. In last year's session, we secured fifteen million dollars — five million dollars in public funds matched by ten million

dollars in private funds — for enhanced quality infant/toddler education with a nearly unanimous, bipartisan vote. Governor Brad Henry, for whom Early Childhood Education is a key initiative, has proposed a tripling of the state portion of that effort for the upcoming fiscal year. He has also proposed that Oklahoma become the first state in the country to offer free education to all three year olds, though our fiscal situation will likely restrict that effort to a focus on low income kids for a number of years. Oklahoma is already the national leader in offering universal, free four year old education.

Fifth, we are making plans for a second site in Tulsa, which may experiment with an exclusively infant/toddler program with no federal Early Head Start support.

And in Oklahoma City, we are working with foundations and individuals who are developing a similar effort there with an opening date scheduled for January, 2009. The primary sponsor is the Inasmuch Foundation, formed by Edith Gaylord, sister of Ed Gaylord, who was the conservative publisher of Oklahoma's largest newspaper.

Finally, and perhaps most critically important, we recognize that we can't expect the kind of long lasting results revealed by the various studies if we dump our kids into inadequate public school programs. So, we are working with Tulsa Public Schools to enhance their offerings, including sponsorship of an expansion of the KIPP school program in the Tulsa area and through participation in the national Teach for America Program.

Sometimes we try to justify our public policy preferences under the mantle of economic development and it may seem inappropriate to claim economic development benefit from early childhood education. However, Art Rolnick of the Federal Reserve Board of Minneapolis, which has no private agenda in the matter, and James Heckman, a Nobel prize winner for his studies in statistical sampling, have concluded that there is no better expenditure of public and private dollars to promote economic development than through early childhood education. They have calculated a 16-18% rate of return for capital

expenditures directed toward pre-school programs, including significant reductions in correctional costs and improved job skills. The Minneapolis Federal Reserve Board concludes in one of its recent articles, Quote: "we're quite certain that investing in early childhood education is more likely to create a vibrant economy than using public funds to lure a sports team by building a new stadium or to attract an automaker by providing tax breaks."

In most of our charitable undertakings, we deem the gain to the person being helped to be an adequate reward. Though one could certainly question the specific calculation, this appears to be one area in which society reaps a financial benefit by helping people realize The Promise of American Life.

And, many other hard nosed businessmen have reached the same conclusion, most recently, Bill Gates, whose foundation announced an effort last year called "Investing in Children" which committed an initial \$90 million to early childhood education using a model like Educare in Washington state. And Warren Buffet's recent increase in funding for his children's foundations, at the same time that he made his spectacular commitment to the Gates Foundation, will spur expansion of Educare's national replication efforts.

Educare in Tulsa and nationally is very supportive of universal four year old schooling — and, as I said, Oklahoma is the nationally recognized leader in that initiative — but I need to distinguish what I am talking about today from universal four year old programs and from what some opponents call "nanny state" government intrusion into people's private lives.

- **First of all, Educare is voluntary, not compulsory.**
- **Second, it focuses exclusively on low income children so the cost is a great deal lower, though education for infants and toddlers is considerably more expensive than education for older pre-schoolers.**
- **Third, it focuses on the time period when the greatest change in cognitive development and school readiness can be generated — from birth to age three.**

- **And, perhaps most important, we are talking almost exclusively here about children who are already in day care because of economic necessity or because of welfare to work legislation.**

So, all a program like Educare does is improve the existing daycare experience for these children by providing proven methods of sensory stimulation and social/emotional development at the opportune time to truly make a difference in their brain development, giving them the chance for success, however defined, that children in more advantaged circumstances have. These young children are not responsible for the economic condition into which they were born and America has long stood for the principle that all of us should have an equal opportunity at birth.

So, the simple takeaway message I would like to propose to you today is that...

Helping disadvantaged kids through very early childhood education

- **works**
- **is the right thing to do**
- **has a strong economic payback and**
- **is consistent with the most basic of American ideals.**

I hope that you will help to make it happen in each of your states.

Now, before I wrap the American flag around myself or injure my arm from patting myself on the back and before your eyes glaze over further, I'll stop talking and -- if my handlers tell me there is time left -- entertain any questions or contrary opinions that you may have.

Thank you.