Getting down to business on early childhood development.
Reduce deficits, improve the economy, strengthen America’s position in global commerce, overcome poverty and make money doing it.
All you have to do is develop America’s greatest natural resource: it’s people.
• Labor Economist

• Milton Friedman School of Economics

• One of the best living empirical researchers

Professor James Heckman
Nobel Prize Laureate in Economics
Henry Schultz Distinguished Professor of Economics
University of Chicago
“Outcomes in education, health and sociability greatly influence our nation’s economic productivity and future. Achieving better outcomes in these areas will create far greater productivity and prosperity than simply cutting spending to reduce deficits.”
“Data from economists, social scientists and medical experts conclusively show that the answer is to invest in comprehensive early childhood development—from birth to age five—particularly for disadvantaged children and their families.”
“I strongly urge you to keep this in mind when recommending ways in which to reduce America’s debt and increase its productivity. Ignoring this finding will put our country’s future in peril by producing a deficit in human capital that will take generations to correct.”

— Letter to the National Commission on Fiscal Responsibility and Reform
Human capital creates economic capital.
Five things you need to know to build a better local, state and national economy:
Human capital begins at birth and increases in value in proportion to the quality of its development.
We’re not investing wisely in human capital: America has a skills gap that is jeopardizing everyone’s future.
It cannot be papered over with cheap credit, relieved with jobs programs, or closed with tax cuts or reduced government spending.
It can be solved with quality early childhood development—from birth to age five.
Reducing inequality in early childhood development creates economic equity for all.
Gaps in skills and abilities are directly related to the accident of birth—parents, family resources and environment.
The foundation for school, career and life success is largely set from birth to age five through the development of cognitive and character skills.
The ability to acquire knowledge is combined with the emotional skills to put it to use: impulse control, persistence and sociability.
Families are the greatest producers of skills and abilities in their children—but not all families can do that well.
The achievement gap opens early and is difficult and costly to close.
Mean Achievement Test Scores by Age by Maternal Education

Each score standardized within observed sample. Using all observations and assuming data missing at random. Source: Brook-Gunn et al. (2006).
Mothers’ Speech and Child Vocabulary

Source: Huttenlocher et al. (1991)
Data shows that investing in early childhood development prevents achievement gaps—and makes dollars and sense.
“The rate of return for investment in quality early childhood education is 7-10% per annum through better outcomes in education, health, sociability, economic productivity and reduced crime.”
“Early childhood investments pay dividends for the life of the child. These returns exceed the rate of return of stocks over the period of 1945-2008.”
Returns to a Unit Dollar Invested

Source: Heckman (2008)
Here’s how to get the most bang from your buck:
Supplement the family, don’t replace it.
Use public and private partnerships to build efficient early childhood systems that serve local needs and reflect community values.
Invest in professionalism: quality early childhood education is harder to do right than higher education.
Develop the whole person: health, cognitive and character skills.
Link early childhood education to K-12 education and develop cognitive and character skills throughout.
Build upon data driven models that work—Perry Preschool, Abecedarian—and promising programs—Educare, Smart Start, and others.
Put your mouth where your money is.
Support the President’s proposed early childhood development plan.
The choice is yours: create for economic gain or remediate for economic pain.
www.heckmanequation.org
Thank you.