

## Should you be selling your stocks right now?

FISHER INVESTMENTS\*

If you have a \$500,000 portfolio, you should download the latest report by *Forbes* columnist Ken Fisher's firm. It tells you where we think the stock market is headed and why. This must-read report includes our latest stock market forecast, plus research and analysis you can use in your portfolio right now. Don't miss it!

[Click Here to Download Your Report!](#)

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now](#)

### OPINION

# Pre-K Education Is a Long-Term Winner

*At \$10,000 per child yearly, high-quality early education is a bargain.*

By AUSTAN GOOLSBEE

Dec. 8, 2013 6:20 p.m. ET

Most of us watching the looming budget showdown do so with a sense of dread. The last one left congressional approval at 9%, the president's popularity at a new low, and consumer confidence at levels not seen since the 2008 financial crisis. The trouble, of course, is finding common ground on a 10-year budget framework or even on a six-week punt. Hopefully, they will find common ground.

If we are committed to evidence, though, there's one area where we ought to be able to agree: early-childhood education. Investments in pre-kindergarten education have among the highest payoffs of any government policy, and whatever budget agreement emerges should restore the country's long-standing commitment to early education.

The budget-sequester cuts agreed to in 2011, under the guise of saving money, have knocked as many as 70,000 kids out of such programs. How myopic. It doesn't save money beyond the narrowest definition of the immediate term. Incarceration, special education, teen pregnancy, low earnings—avoiding these outcomes will actually save money, and early education helps achieve that.

Decades of research from many different states and cities, some of it from randomized trials, demonstrate the value of early-childhood education in the short and long term. University of Chicago economist and 2000 Nobel Laureate James Heckman, for instance, has documented the direct returns and spillover benefits of investing in high-quality early education.

The longest-term data on early education comes from the 1962-67 Perry Preschool Project study in Ypsilanti, Mich., that randomly assigned kids into an early-education program of 2.5 hours a day with follow-up visits from the teachers and followed the children in the program through the decades and into their 40s.

The result? Mr. Heckman and his colleagues have documented that children who attend high-quality preschool programs learn better, behave better, live healthier and earn more for the rest of their lives. They help themselves and help the economy. In the Michigan case, the benefits from the preschool investments were six to seven times their cost, with rates of return between 7% and 10% annually—which, Mr. Heckman notes, exceeds the historical returns of the stock market.

The Perry Preschool Project established that early education—in addition to raising educational performance and lowering dropout rates—influences the future social skills and learning capacities of students, which play a large role in employability. It seems the best job-training program for a 25-year-old is a quality preschool

program at age 4.

Surveys of the vast amount of academic research on other programs in Oklahoma, North Carolina, Georgia and many others states, as well as studies of Head Start programs nationally, also document similar effects. High-quality preschool reduces high-school dropout rates significantly. It can cut the rates of later special education or repeating a grade by as much as half. It improves many different types of test scores. It also makes children less likely to commit crimes; girls with high-quality pre-K are less likely to become young single mothers. The gains are most noticeable for low-income or at-risk children.

Granted, quality doesn't come cheap. The generally accepted level of spending to achieve excellent early education is \$10,000 annually per student, though the long-term benefits far exceed the money spent.

There are already good ideas on the table waiting to be enacted. Last week, in his speech at the Center for American Progress, President Obama reiterated his plan for universal preschool. It would create a partnership with the states to offer preschool for all low- and middle-income 4-year-olds. The federal government would commit \$75 billion over the next 10 years; states would receive funding only if they follow the standards proven to produce long-term payoff. On Nov. 12, Sen. Tom Harkin (D., Iowa) and Rep. George Miller (D., Calif.) introduced a bill to directly increase preschool funding to cover the budget-sequester shortfalls.

Regardless of whether you agree with these approaches, you prefer different methods, or you insist that every penny of this spending must be offset with cuts elsewhere, we should be able to agree that investing in America's young children is fundamental to long-term U.S. growth. Other countries—and not just France and Sweden—are taking notice. China has pledged to increase preschool enrollment 50% by 2020. Mexico and India have made similar pledges.

The forester's motto says that the best time to plant a tree was 20 years ago and the second best time is today. Is it too late to get an arborist into the budget negotiations?

*Mr. Goolsbee, a professor of economics at the University of Chicago's Booth School of Business, was chairman of President Obama's Council of Economic Advisers from 2010-11.*

---

Copyright 2013 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)