

---

# STANDING UP FOR THE BEST IN THE AMERICAN DREAM:

The Poverty Cycle and the Impact of Pre-K



Back in the Roaring Twenties, flappers kicked up their heels, millions flouted prohibition laws and jazz filled the air. Immigrants flocked to the crowded cities, prosperity ruled for the favored few and F. Scott Fitzgerald wrote a book about the futile quest for the American Dream. *The Great Gatsby* is the rags-to-riches story of a man from a poor background who has built up a fortune and now entertains the elite in his extravagant mansion. Despite Gatsby's vast wealth, he never breaks into the "distinguished secret society" of those who were born rich. His attempts to win the privileged Daisy, whose voice is "full of money," ends in defeat and his death.

---

## THE RELENTLESS RISE OF THE GATSBY CURVE

So, is the American Dream also dead? It may be as it becomes harder for low-income children to get ahead and fewer folks fare better than their parents. America has turned into a place that would seem strange to Horatio Alger, whose rags-to-riches tales convinced 19th-century readers that they could conquer any challenge through hope, persistence and hard work.<sup>1</sup> For several decades, income inequality has been on a relentless rise, making it even

more difficult to mount the social ladder. This alarming trend led economist Alan Krueger to coin the term the Gatsby Curve in a high-profile speech when he served in the Obama Administration. He wanted people to see how greater income inequality really raises the odds that children from low-income families won't do any better than their parents did.<sup>2</sup> In other words, the more inequality there is, the less mobility there is from generation to generation.<sup>3</sup>

The search for solutions has led policymakers and thought leaders to explore the use of early childhood education to break the poverty cycle. The power of education to level the playing field has long been an American article of faith. Education is the "balance wheel of the social machinery," maintained Horace Mann, the first great advocate of public schooling. "It prevents being poor."<sup>4</sup> Yet many children don't get the education they need during the early years when they form the critical neural networks tied to attitudes, learning and skills.<sup>5</sup> Though rags-to-riches stories pervade pop culture and news, our system takes inequality, which we already find in K through 12, passes it onto higher education, then again into the labor market, where the cycle starts all over again.<sup>6</sup>

But there are ways to level the playing field and change the course of the Gatsby Curve. Over recent decades, several reports have pointed to the idea that early interventions can help lower-income children succeed in school. Preschool, in tandem with other programs, has the potential to close socioeconomic gaps over a generation. It turns out that just a few years of high-quality preschool can stay with a person for decades, making them healthier, smarter adults who spend more time with their children and give them stable homes. But

the preparation that low-income children received at home often didn't align with the schools' expectations in the early sixties, when a seminal research program began. At the time, poverty rates were running high at 19 percent and there was talk of the poverty cycle that plagued generation after generation.<sup>7</sup> This was the stage for the Perry Preschool Project, a program for disadvantaged, African American children — and a milestone in early childhood anti-bias education.

---

## THE PERRY PRESCHOOL PUZZLE

“Educational thinking and practice do not emerge in a vacuum,” according to Louise Derman-Sparks, one of the program's teachers. “Rather, the social, political and economic dynamics of a period create a framework for specific pedagogical endeavors. The Perry Preschool Project was born during the inspiring and demanding years of the 1960s Civil Rights Movement. Racial segregation was still the reality in most institutions throughout the USA, including the school system,” she recalled. “While the 1954 Supreme Court decision made intentional school segregation illegal, actual changes in school systems took many years of national and civil rights efforts.”<sup>8</sup> Meanwhile, children of color were not performing at their potential, and their plight inspired a group of educational researchers and reformers to bring the battle for civil rights to the blue-collar town of Ypsilanti, MI.

**“...greater income inequality really raises the odds that children from low-income families won't do any better than their parents did.”**

The project took place in a public school that exclusively served the African American community of the town. The researchers enrolled 58 3- and 4-year-olds, all of them from poor families and all likely to fail in school since no class at Perry Elementary had ever scored above the 10th percentile in national achievement tests. It was a novel venture, so parents

rushed to sign their children up. And the children seemed to share their parents' sense of excitement. They were “so intelligent and curious,” Derman-Sparks remembered. She “fell in love with them.” But she and the other teachers couldn't satisfy the demand, so the program had to turn 65 applicants away.<sup>9</sup> They became the control group in an experiment to see if high-quality education in the early years could raise IQ scores.<sup>10</sup>

The children selected for the project all had below-average IQs of 70 to 85, and the researchers hoped the program could rewrite their life stories.<sup>11</sup> Most of the children attended Perry for two years, three hours a day, five days a week. The program emphasized problem-solving, not “repeat after me” drills and employed well-trained teachers who made weekly home visits to parents and encouraged them to support their children's academic growth. “The message was ‘Read to your child,’” recalled one woman whose daughter went to Perry. “If you read the newspaper, put your child on your lap, read out loud and ask her, ‘What did I read?’ When you take her to the grocery store, have her count the change.”<sup>12</sup>

So, did the enriched early environment change the course of the children's lives? It did, but not exactly in the way the

researchers expected. At first, there was great excitement as the program boosted the children's IQs compared to those of the control group. Then these gains faded out by third grade. But the Perry research didn't stop when that initial academic bloom seemed to wilt. Led by researchers such as Nobel Laureate James Heckman, an economist at the University of Chicago, the team kept tracking the children throughout their lives and found much more positive results, especially after looking at factors besides IQ. They became convinced that character skills matter more than IQ in driving better life outcomes, though this went against the standard thinking of the time.<sup>13</sup>

The economics of education had long assumed the primacy of cognitive skills in producing successful life outcomes. From this perspective, the success of the Perry program was puzzling. Although Perry didn't produce long-run gains in IQ, it did have the long-term effect of making the children more social, collaborative and calm. This, in turn, improved several important labor market outcomes and health behaviors, besides reducing criminal activity, too.<sup>14</sup>

By middle age, the former Perry preschoolers were doing quite well, according to a 2004 study. Granted, none of them became as rich as Gatsby. But he gained his bucks selling illegal booze and there were rumors that "he killed a man." Meanwhile, the Perry preschoolers were generally pursuing stable, law-abiding lives compared to the control group that didn't attend the program. They stayed in school longer and were more likely to obtain a certificate of training. They had higher rates of employment and home ownership, lower rates of illicit drug use and arrests for selling illegal drugs. They were less likely to be on welfare and more likely

to pay taxes. They were also more likely to be married and living with their spouses. The stable households they formed provided benefits to the next generation, as we shall see later on.<sup>15</sup>

---

## GOOD PRESCHOOLS PRODUCE GOOD CITIZENS

These findings — more than any other early childhood research before — fueled the push for greater spending on preschool. They caught the attention of educational leaders, lawmakers, and economists, who calculated a nearly \$13 return for each dollar spent on the program. Law enforcement officials also seized on the study's crime statistics as evidence that early intervention prevented children from getting in trouble later in life. Good preschools produce good citizens, according to Sanford Newman, president of the advocacy group Fight Crime: Invest in Kids. "Law enforcement officials know," he pointed out, "that to win the war on crime, we need to be as willing to guarantee our kids space in a prekindergarten program as we are to guarantee a criminal a prison cell."<sup>16</sup> By arresting children's descent into deviance and dependence, we all had much to gain, the Perry researchers concluded:

High-quality preschool programs for young children living in poverty contribute to their intellectual and social development in childhood and their school success, economic performance and reduced commission of crime in adulthood. This study confirms that these findings extend not only to young adults, but also to adults in midlife. It confirms that the long-term effects are lifetime effects. The Perry

Preschool study indicates that the return to the public on its initial investment in such programs is not only substantial but larger than previously estimated.<sup>17</sup>

---

## SOLVING SOCIAL PROBLEMS WITH PRE-K

And could the return on investment be even greater if we got to children earlier on, when they were just a few months old? This was the question posed by the researchers who conducted the Abecedarian Project, another step in the quest for equity through education. The project began in 1971 at the University of South Carolina, which had been a hotbed of civil rights activism throughout the sixties. At the time, “there was talk about the ‘cycle of poverty’ and how generation after generation had problems in school and life,” recalled Joseph Sparling, the project’s senior investigator, more than three decades later. “There was an optimistic feeling at the time that we could solve this social problem.”<sup>18</sup>

So, he and lead researcher Craig Ramey recruited expecting mothers who were high-school dropouts with low-household incomes. And the moms agreed to enroll their infants in the project. Fifty-four of the babies served as a control group and the other 57 received the Abecedarian curriculum of enriched caregiving and high-quality education from trained teachers who cuddled, diapered and fed them. They also played games with the babies and gave them individualized instruction, a regimen that sparked some cynicism at first. “What are you going to teach a baby that little? You’re going to talk to it. Talk, talk, talk,” said Francis Campbell, a clinical psychologist who measured the children’s progress.<sup>19</sup>

Campbell was skeptical that the program would make any difference, but she changed her mind as she kept tracking the children. In infancy, the children in the program were more responsive than those in the control group. As teens, they had better scores in school, and at 21, they were more likely to have attended college, less likely to have been teen parents, smoke or use drugs.<sup>20</sup> And once they reached their forties, they were far healthier than the control group, according to a study that Campbell published with Heckman. “This tells us that adversity matters, and it does affect health,” Heckman pointed out when the study was released. “But it also shows us that we can do something about it, that poverty is not just a hopeless condition.”<sup>21</sup>

---

## HEAD START OR FALSE START?

This conviction also inspired Lyndon Baines Johnson to launch Head Start in 1965 as part of his War on Poverty and goal to build a Great Society for all. Head Start’s mission was to make low-income children more school ready through health, education, and nutritional services. The program began by serving about half a million mostly African American children and by 2012 it had become the nation’s largest preschool program, serving nearly a million children of all races at a cumulative cost of over \$7 billion. Children’s advocates justified the cost by arguing that investments in early childhood education lead to lasting results later in life. President Obama himself trumpeted this talking point in a 2007 speech. “For every \$1 we spend in these early childhood programs, we get \$10 back in reduced welfare rolls, fewer health care costs and less crime.”<sup>22</sup>



But along the way, there were snipes about the “Head Start scam” as critics predicted that “Head Start won’t win the race.”<sup>23</sup> It seemed they had a point as the Head Start Impact Study began to track about 5,000 3- and 4-year-olds who attended the program. In a series of reports that came out from 2005 to 2012, the Department of Health and Human Services found that one year of Head Start improved the children’s cognitive skills, but the impact was small. By the end of first grade, the effects mostly faded out and they were invisible by third grade. These reports made it seem like the program was giving children a false start instead of a head start. But they were not the last word on Head Start.<sup>24</sup>

Like the Perry Preschool Project, Head Start had a sleeper effect that only became visible when the children were adults. Looking beyond the preschoolers’ disappointing test scores, a 2016 study from the Brookings Institution found that attending Head Start led to long-term benefits for both the children and their children. The study found that Head Start increased the chances that children graduated from high school, attended college and received a post-secondary degree, license or certificate. For all participants, Head Start also enhanced self-control and self-esteem, along with positive parenting practices. Compared with children who didn’t attend preschool, Head Start participants were more likely to read aloud to their children; teach them numbers, letters and colors; play favorite games with them; and show them physical affection.<sup>25</sup> These were all behaviors that showed promise to produce long-term multi-generational effects, as a subsequent study would show.

---

## BUILDING A FIRM FOUNDATION FOR FAMILIES

In 2017, a pair of economists in Texas found suggestive evidence that the offspring of children who attended Head Start were doing better as young adults than the offspring of children who didn’t. Members of that second generation whose parents lived in a community that offered Head Start in the sixties were graduating from high school and attending college in much higher numbers and were less likely to be involved in crime or become teen parents. Granted, it was too soon to determine that this second generation would no longer be poor since many of these young adults were in their twenties and still figuring out their future careers.<sup>26</sup> Yet “the availability of Head Start, at least during the early years of the program, appears to have been quite successful at breaking the cycle of poor outcomes for economically disadvantaged families,” the researchers concluded. And “this finding has important policy implications for optimal investment in these type of programs” since “every disadvantaged child society helps now will lead to fewer who require assistance in the future.”<sup>27</sup>

An even stronger case for investment in preschool came last year when Heckman and his colleague Ganesh Karapakula published a paper showing that the benefits of the Perry Preschool Project were multigenerational. The children of people who participated in the iconic program were healthier, better educated and more likely to be gainfully employed than children of the control group. For example, the offspring of Perry Preschool attendees were over

30 percent more likely to never have been suspended from high school, addicted to drugs or arrested. They also had a 26 percent better chance of holding full-time jobs.

These strong second-generation effects occurred, Heckman proposed, because “high-quality learning impacts later family life.” The children who attended the program had more stable marriages than those in the control group and were more likely to provide their children with a two-parent home to grow up in. They also tended to have children later in life and be stably married when their children turned 18 — all of which allowed parents to devote more resources and attention to the development of their children.<sup>29</sup> They’re all results that reinforce Heckman’s contention that “character skills are more important than IQ in driving better life outcomes.” Though “Perry did not increase long-term IQ,” as he acknowledged, “it did enhance character skills,” which would later strengthen families.<sup>30</sup> Based on this finding, Heckman has urged policymakers and educators to take the following actions:

- Invest in quality early childhood education programs for children from birth to age five
- Make sure early childhood education programs focus on both cognitive and character development
- Account for character skills and their impact on school achievement and adult outcomes when evaluating early childhood education programs
- Develop effective ways to measure character skills and use them with the same rigor currently applied to testing cognitive skills

- Stress character skills in K-12 and especially drill in the lesson during the adolescent years<sup>31</sup>

It’s also important for early educators to know how to work well with families. The key “ingredient” of Perry was the “enhanced parent-child interaction” that teachers produced in their weekly home visits, Heckman said.<sup>32</sup> The program’s teachers truly made a difference, agreed Alison Baulos, executive director of the Center for Economics at the University of Chicago, which conducted the research into the project’s multigenerational impact. The teachers went beyond the normal role of preschool teachers as they showed parents how to engage with their children and encouraged them to work and play with them outside of school, Baulos explained. “These were really thoughtful teachers who really focused on child development.”<sup>33</sup>

The positive impact these teachers made underlines the need for qualified early educators like those who have earned a Home Visitor Child Development Associate® (CDA) credential administered by the Council for Professional Recognition in Washington, DC. The Home Visitor CDA includes eight subject areas that train teachers to work productively with families:

- Promoting health and safety in the home environment
- Enhancing parents’ skills to advance children’s physical and intellectual development
- Promoting parents’ use of positive ways to support children’s social and emotional development
- Understanding family systems and development

- Managing an effective home visitor program operation
- Maintaining a commitment to professionalism
- Working across the child welfare continuum
- Understanding principles of child development and learning

Early educators should also embrace the ideal of equity in education as the Perry Preschool teachers did. “It means supporting children’s belief in their ability to learn and teaching them to effectively navigate the rules and demands of schools as an institution of the larger society,” Denham-Sparks recalled. “Interrupting the negative effects of internalized racial oppression also requires supporting families’ beliefs in their children and their own ability to advocate for their children in the school system.” The Perry Preschool teachers held these beliefs, she recalled, “influenced as we were by the thinking of the Civil Rights Movement of the sixties.”

---

## BEARING THE BURDEN OF THE PAST

As Martin Luther King, Jr. looked back on the triumphs of that turbulent decade, he stressed the decisive role of “dignity and self-respect” in the final outcome. “We straightened our backs,” he wrote,

“and a man can’t ride your back unless it is bent.” But many still bear the heavy burden of poverty they inherited from the past. The Gatsby Curve is still on the rise, and it especially affects African Americans, who own about 1.5 percent of the nation’s wealth, not much more than they did at the time of Emancipation. Their children may also be trapped in the poverty cycle that has plagued people of color for generations. “Poverty perpetuates itself,” Johnson said in 1965 as Head Start began. “Unless we act, these children will pass it on to the next generation like a family birthmark.”

So, are these children fated, as Fitzgerald put it, to “beat on, boats against the current, borne back ceaselessly into the past?” Perhaps not, if we invest in them during their most formative years. Studies of the Perry Preschool Project and Head Start have shown the promise of early childhood education to break the poverty cycle and yield lifelong success not only for today’s children, but also for their children — and grandchildren in decades to come. The research shows high-quality pre-K does pay off. Now we have to act on it by reaching children early on and raising the chance that they shall overcome the odds stacked against them. Granted, providing quality early education to all disadvantaged children would be costly, but it could make our nation again a place where hope and hard work count. It’s a way we can join Dr. King in “standing up for the best in the American Dream.”

---

1 O’Brien, Matthew. June 18, 2013. “The Great Gatsby Curve: Why It’s So Hard for the Poor to Get Ahead.” *Atlantic*, <https://www.theatlantic.com/business/archive/2013/06/the-great-gatsby-curve-why-its-so-hard-for-the-poor-to-get-ahead/276943/>.

2 Schafer, Lee. March 23, 2019. “With Great Gatsby Curve, Economist Alan Krueger Highlighted Inequality Kids Face.” *StarTribune*, <http://www.startribune.com/with-great-gatsby-curve-alan-krueger-highlighted-inequality-kids-face/507530062/>.

3 Lenzner, Robert. March 26, 2012. “Income Inequality from Generation to Generation.” *Forbes*, <https://www.forbes.com/sites/robertlenzner/2012/03/26/the-great-gatsby-curve-is-a-threat-to-the-american-dream/#e70acf95a43c>.

4 Kirp, David L. November 21, 2004. “Life Way After Head Start.” *New York Times Magazine*, <https://www.nytimes.com/2004/11/21/magazine/life-way-after-head-start.html>.

5 Phillips, Deborah A. et al. April 17, 2017. “Puzzling It Out: The Current State of Scientific Knowledge on Pre-Kindergarten Effects.” *Brookings*, <https://www.brookings.edu/research/puzzling-it-out-the-current-state-of-scientific-knowledge-on-pre-kindergarten-effects/>.



- 6 Farmer, Liz. May 22, 2019. "The Keys to Helping Kids Overcome Poverty." *Governing*, <https://www.governing.com/topics/education/gov-preschool-early-education-income-inequality.html>.
- 7 Sims, Margaret. November 15, 2019. "Programs Can Make a Difference for a Lifetime." *Inverell Times*, 6. Ostrander, Madeline. April 9, 2015. "How Preschool Can Make You Smarter and Healthier." *PBS*, <https://www.pbs.org/wgbh/nova/article/science-of-preschool/>.
- 8 Derman-Sparks, Louise. August 19, 2016. "What I Learned from the Ypsilanti Perry Preschool Project: A Teacher's Reflections." *Journal of Pedagogy*, <https://content.sciendo.com/view/journals/jped/7/1/article-p93.xml?lang=en>.
- 9 Kirp, David L. November 27, 2019. "How to Break the Poverty Cycle." *New York Times*, <https://www.nytimes.com/2019/11/27/opinion/how-to-break-the-poverty-cycle.html>.
- 10 Mongeau, Lillian. May 14, 2019. "Sending Your Boy to Preschool is Great for Your Grandson, New Research Shows." *Hechinger Report*, <https://hechingerreport.org/sending-your-boy-to-preschool-is-great-for-your-grandson-new-research-shows/>.
- 11 Heckman, James, Seong Hyeok Moon, Rodrigo Pinto, Peter Savelyev and Adam Yavitz. April 24, 2009. "A Reanalysis of the Perry Preschool Project," [http://jenni.uchicago.edu/perry\\_reanalysis/general-090424-1808.pdf](http://jenni.uchicago.edu/perry_reanalysis/general-090424-1808.pdf).
- 12 Kirp. 2004.
- 13 Heckman, James, Rodrigo Pinto and Peter Savelyev. 2013. "Understanding the Mechanisms Through Which an Influential Early Childhood Program Boosted Outcomes." *American Economic Review*, <http://www.umass.edu/preferen/You%20Must%20Read%20This/HeckmanAER2013.pdf>.
- 14 Ibid.
- 15 Schweinhart, Lawrence, Jeanne Montie, Zongping Xiang, Steven Barnett, Clive R. Belfield and Milagros Mores. 2005. "The High/Scope Perry Preschool Study Through Age 40." *National Institute for Early Education Research*, [http://nieer.org/wp-content/uploads/2014/09/specialsummary\\_rev2011\\_02\\_2.pdf](http://nieer.org/wp-content/uploads/2014/09/specialsummary_rev2011_02_2.pdf).
- 16 Jacobson, Linda. November 23, 2004. "Research Updates Lives of Perry Preschoolers." *Education Week*, <https://www.edweek.org/ew/articles/2004/11/24/13perry.h24.html>.
- 17 Schweinhart. 2005.
- 18 Ostrander. 2015.
- 19 Ibid.
- 20 Campbell, Frances A., Craig T. Ramey, Beth Pungello, Joseph Sparling and Shari Miller-Gordon. 2002. "Early Childhood Education: Young Adult Outcomes from the Abecedarian Project." *Applied Developmental Science*, [https://www.tandfonline.com/doi/abs/10.1207/S1532480XADS0601\\_05](https://www.tandfonline.com/doi/abs/10.1207/S1532480XADS0601_05).
- 21 Tavernise, Sabrina. March 27, 2014. "Project to Improve Poor Children's Intellect Led to Better Health, Data Show." *New York Times*, <https://www.nytimes.com/2014/03/28/health/project-to-improve-intellect-of-poor-children-led-to-better-health-too-research-finds.html>.
- 22 Lukas, Carrie. March 5, 2012. "Parents Deserve to Know the Facts About Head Start." *Forbes*, <https://www.forbes.com/sites/realspin/2012/03/05/parents-deserve-to-know-the-facts-about-head-start/#6998c93d74c3>.
- 23 Hood, John. December 18, 1992. "Caveat Emptor: The Head Start Scam." *Cato Institute*, <https://www.cato.org/publications/policy-analysis/caveat-emptor-head-start-scam>.
- 24 Bauer, Lauren. June 14, 2019. "Does Head Start Work? The Debate Over the Head Start Impact Study Explained." *Brookings*, <https://www.brookings.edu/blog/brown-center-chalkboard/2019/06/14/does-head-start-work-the-debate-over-the-head-start-impact-study-explained/>.
- 25 Schanzenbach, Diane Whitmore and Lauren Bauer. August 19, 2016. "The Long-term impact of the Head Start Program." *Brookings*, <https://www.brookings.edu/research/the-long-term-impact-of-the-head-start-program/>.
- 26 "Preschool's Hidden Value May Be in Combatting Poverty." October 2, 2017. *U.S. News & World Report*, <https://www.usnews.com/news/education-news/articles/2017-10-02/preschools-hidden-value-may-be-in-combatting-poverty>.
- 27 Barr, Andrew and Chloe R. Gibbs. August 2017. "Breaking the Cycle? Intergenerational Effects of an Anti-Poverty Program in Early Childhood," [http://people.tamu.edu/~abarr/Head%20Start%20Intergen\\_8\\_21\\_2017e.pdf](http://people.tamu.edu/~abarr/Head%20Start%20Intergen_8_21_2017e.pdf).
- 28 Loudenback, Jeremy. May 14, 2019. "50 Years After Perry: Quality Early Childhood Has Second Generation Effect, Study Finds." *Chronicle of Social Change*, <https://chronicleofsocialchange.org/child-welfare-2/new-research-points-to-a-long-tail-for-the-benefits-of-early-childhood-education/34987>.
- 29 Heckman, James and Ganesh Karapakula. 2019. "Intergenerational and Intragenerational Externalities of the Perry Preschool Project." *National Bureau of Economic Research*, <https://www.nber.org/papers/w25889>.
- 30 Ibid.
- 31 Heckman. 2013.
- 32 Ibid.
- 33 Jacobson, Linda. May 14, 2019. "Perry preschool Study Shows Early Ed Benefit Extend to Participants' Children, Siblings." *EducationDive*, <https://www.educationdive.com/news/perry-preschool-study-shows-early-ed-benefits-extend-to-participants-child/554690/>.
- 34 Council for Professional Recognition. 2017 "Home Visitor," <https://www.cdacouncil.org/credentials/apply-for-cda/home-visitor>.
- 35 King, C.S. (ed). 1983. *The Words of Martin Luther King, Jr.* NY: New Market Press.
- 36 Schmerhorn, Calvin. June 19, 2019. "Why the Racial Wealth Gap Persists, More than 150 Years After Emancipation." *Washington Post*, <https://www.washingtonpost.com/outlook/2019/06/19/why-racial-wealth-gap-persists-more-than-years-after-emancipation/>.
- 37 Kirp. 2019.
- 38 Fitzgerald, F. Scott. 1996. *The Great Gatsby*. NY: Scribner Classics.
- 39 Polman, Dick. April 4, 2018. "Martin Luther King's Final Speech, Standing Up for the Best in the American Dream." *WHYY*, <https://whyy.org/articles/martin-luther-kings-final-speech-standing-up-for-the-best-in-the-american-dream/>