

# High-Quality Early Education Benefits Communities, Reduces Local Costs

Research demonstrates that high-quality early education leads to positive outcomes for children, communities and the economy, yielding a substantial return on taxpayers' investment. Below, evidence shows how increased funding for universal pre-kindergarten (UPK) may benefit communities.

## Reduced Educational Costs

High-quality early education improves academic and behavioral outcomes reducing the need for services on which Chapter 70 funds – the state's primary contribution to local education budgets – are spent.

- Participants in high-quality early education score higher on school readiness tests and demonstrate better social skills and fewer behavioral problems when entering school.
- Children with high-quality early learning experiences typically score higher on school achievement tests between ages 9 and 14 and on adult literacy tests between ages 19 and 27.<sup>1,2</sup>
- Low-income children who receive two years of high-quality early education are 40% less likely to need special education or be held back a grade, 30% more likely to graduate from high school, and twice as likely to go to college.<sup>3</sup>

## Reduced Health and Social Services Costs

High-quality early education confronts rising medical costs and increased dependency on social services where Local Aid funds – state aid for local services and infrastructure – are spent.

- Adults who have participated in high-quality early education programs report fewer health problems and engage in fewer high-risk behaviors, such as smoking, drinking and substance abuse.
- Participants in high-quality early education are more likely to possess medical insurance and proactively seek treatment, eliminating the need for more costly procedures when medical emergencies arise, which the state must cover for the uninsured.
- Participants in high-quality early education were 16% less likely to be arrested than non-participants, reducing costs in policing, prosecution and sentencing, and incarceration.<sup>4</sup>

### How does high-quality early education reduce costs? The smoking example:

Participants in The Abecedarian Project, a scientifically studied high-quality early education program for low-income children, were 16% less likely to smoke than non-participants. On average, smokers pay 20% more in health care costs, split between the individual and the taxpayer. Over the course of an average lifespan, a non-smoker produces an estimated savings of \$164,000.

## New Opportunities for Municipalities

Investments in high-quality early education are likely to produce new revenues for communities and the flexibility to engage in long-term economic planning.

- In the short-term, early education may strengthen local tax bases by reducing employee turnover and lowering absenteeism, which is estimated to cost American businesses \$3 billion annually.<sup>5</sup>
- Over the long-term, a more effective local education system may help strengthen communities, raise local property values and increase business opportunities.
- Overall, the Federal Reserve Bank of Minnesota estimates that high-quality early education provides a 16% return on every dollar invested.<sup>6</sup>

<sup>1</sup> Schweinhart, L. J., et al. (2004). *Lifetime Effects: The High Scope/Perry Preschool Project Through Age 40*. Ypsilanti, MI: High/Scope Press.

<sup>2</sup> Reynolds, A.J., et al. (2001). Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Center Program. *Institute for Research on Poverty*. Discussion Paper No. 1245-02.

<sup>3</sup> Reynolds, A. J., et al. (2001). Long-term Effects of an Early Childhood Intervention on Educational Achievement and Juvenile Arrest. *JAMA*, 285(18), 2339-2346.; Reynolds, A. J., et al. (2007). Effects of a School-Based, Early Childhood Intervention on Adult Health and Well-Being. *Archives of Pediatrics & Adolescent Medicine*, 161(8), 730-739.; Barnett, W. S. & Masse, L. N. (2007). Comparative benefit-cost analysis of the Abecedarian program and its policy implications. *Economics of Education Review*, 26, 113-125.

<sup>4</sup> Belfield, C., et al. (2005). The High/Scope Perry Preschool Program: Cost-benefit analysis using data from the Age-40 followup. *The Journal of Human Resources*, 41(1): 162-190.

<sup>5</sup> Shellenback, K. (2004). *Child Care and Parent Productivity: Making the Business Case*. Ithaca, NY: Cornell University Department of City and Regional Planning.

<sup>6</sup> Grunewald, R. and Rolnick, A. (2003). Early childhood development: Economic development with a high public return, *The Region*, 17:4. [Updated August, 2008]