



## Invest Now, Save Later: The Benefits of Targeted Pre-Kindergarten

Governor Kaine's proposal to expand pre-K education in Virginia has created debate concerning its costs. Opponents objecting to the overall price tag, point to the worsening fiscal picture of the state and declare that the state cannot afford it. Often ignored in this debate are the benefits of an expanded program. To better understand the overall picture for expanded early childhood education in Virginia, the benefits must also be quantified.

A recent cost/benefit analysis by economist Robert Lynch, *Enriching Children, Enriching the Nation* (Economic Policy Institute, 2007), estimated the benefits to states of funding high-quality, targeted pre-K programs. His study found that investment in early childhood education can result in huge cost savings and increased benefits for Virginia. Dr. Lynch summarized the overall short-term as well as long-term benefits by providing estimates of the costs and benefits extending to the year 2050 (when today's preschoolers will be adults working and contributing to our economy and society). By 2050, the budgetary, economic and crime benefits exceed the costs of the program by a ratio of more than 10 to 1.

The year 2050, however, projects into the future far beyond what is usually considered by even the most thoughtful public official or informed citizen. So is there anything that Dr. Lynch's study can foretell about the immediate and more mid-term benefits of an expansion of pre-K? If Virginia adopts this policy, what does the research tell us about what can be expected for a return on investment of public dollars?

Targeted Pre-K Pays	
Short-term Benefits:	\$166.6 million
Medium-term Benefits:	\$2.247 billion
<b>TOTAL BENEFITS:</b>	<b>\$2.414 billion</b>

The Commonwealth Institute worked with Dr. Lynch to draw out these short- and medium-term benefits for Virginia. The results show that even within a short timeframe (one to five years), the benefits are significant. Looking beyond year six, the benefits continue to increase and the program pays for itself.

### Short-term Benefits: Years 1-5

- **Special Education Savings: \$49.5 million.** The study showed that children who participated in early education spent 0.7 less years in special education compared to students who did not participate.
- **Child Welfare Savings: \$13.6 million.** Participants in high quality early childhood education programs were 51 percent less likely to be the victims of child abuse or neglect. Reducing child maltreatment generates savings through reduced investigations, reduced post-investigative services, reduced foster care, reduced adoption services, and reduced residual welfare spending.
- **Increased Earnings for Parents: \$96 million.** Publicly funded pre-K effectively provides parents of 4-year-olds with free childcare for the time that their children are in school. This works out to be about 525 hours per year. Research shows people work more when childcare costs drop (the labor force participation increases by .2 percentage points for a 1 percent reduction in childcare costs). This means that the state should expect to see an increase in the

hours worked by parents of pre-K participants. An increase in labor force participation leads to higher earnings for those parents (which is a benefit to them and to their families). These higher earnings also benefit the overall economy in Virginia since parents will spend much of this income at businesses in the state.

- **Increased Tax Contributions by Parents: \$7.5 million.** The higher earnings mentioned above also result in increased state and local tax contributions.

#### **Medium-term Benefits: Years 6 through 17**

- **Special Education Savings: \$1.3 billion.** The special education savings that show up in short-term benefits increase significantly over time.
- **Child Welfare Savings: \$157 million.** The short-term savings in this area also continue to grow over time.
- **Decreased Grade Retention: \$68.4 million.** Those children who participated in the early childhood education program of Dr. Lynch's study were retained in grade 15.4 percent less than those students who did not participate.
- **Reductions in Juvenile Crime: \$189.4 million.** Participants in high quality pre-K programs were 42 percent less likely to be arrested by age 18 than were comparable non-participants. Reduced juvenile arrests lead to savings in policing, juvenile and adult court costs, incarceration, and probation.
- **Reductions in Adult Crime: \$30.4 million.** One of the best predictors of adult crime is involvement in juvenile crime. Reduced adult crime leads to savings in policing, adjudication and punishment.
- **Increased Earnings by Parents: \$459 million.** Parents continue to see increases in their earnings over the medium-term, following what we already saw among in short-term benefits.
- **Increased Tax Contributions: \$43.5 million.** Children who attend high quality pre-K programs experience an 11.2 percent increase in high school graduation rates, which also increases their earnings as adults and the taxes they eventually pay back to society.

NOTE: Dr. Lynch's study utilized data from the Chicago Child-Parent Center program that tracked the outcomes of 989 participants and a control group of 550 non-participants through age 24.

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