



# Return on Investment: INVESTING IN EARLY EDUCATION IS MONEY WELL SPENT!

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The New York State Early Childhood Advisory Council supports continuous and substantial investment in the education, well-being and success of all children — from birth throughout their educational careers — as the single greatest guarantor of an economically thriving, productive and competitive New York.

**The Path to a Competitive Workforce Begins with High-Quality Early Education.** Leading economists estimate a 10-16% rate of return on investing in high-quality early education, a rate that outpaces the average long-term returns of the stock market. Unless the United States gets serious about investing in young children, they warn, we will be unable to compete in an increasingly sophisticated global economy. Already, the U.S. has fallen from first place to twelfth in the proportion of young adults with college degrees. Already, we have trouble filling the 85% of U.S. jobs that require skilled workers. A compelling body of research finds the solution starts with high-quality early education. It yields significant returns in increased educational attainment, earnings, productivity and health and decreased reliance on special education, grade retention, public assistance and social services. It helps close achievement gaps that cost hundreds of billions of dollars in lost gross domestic product.<sup>1</sup>

The benefits of early childhood programs are not just short-term in nature. Research points to a cost-effective investment in our future. Three highly regarded longitudinal studies of preschool programs for children from low-income families have followed participants well into adulthood and find short and long-term benefits. Other studies reinforce these findings.

- *Participants are 40% less likely to be referred to special education services or held back a grade, 30% more likely to graduate from high school and twice as likely to attend college.*<sup>2</sup>
- *Participants demonstrate stronger early literacy and math skills.*<sup>3</sup>
- *The play-based curriculum of high-quality early education lays a strong foundation for Science, Technology, Engineering, and Mathematics (STEM) learning by building on young children's exploration of the world around them as natural scientists and mathematicians.*<sup>4</sup>
- *High-quality early education helps develop children's social-emotional skills and self-regulation, as well as their ability to focus and stay on task, all prerequisites for success in the 21st century workplace. Children's ability at age 4 to pay attention and complete a task strongly predicts their chances of graduating from college by 25.*<sup>5</sup>

- *At age 40, adults who had participated in high-quality early education as children earned, on average, \$5,500 more per year. Three-quarters (76%) were employed, compared with 62% of non-participants.*<sup>6</sup>
- *Reliable, high-quality early education and care arrangements reduce employee turnover and lower absenteeism. Employee absenteeism due to breakdowns in child care costs American businesses \$3 billion per year.*<sup>7</sup>

The Alliance for Excellent Education estimates that the lost lifetime earnings in New York for the 2010 class of drop-outs alone would total nearly \$21.1 billion. If New York graduated all students ready for college, the state would save almost \$192 million yearly in community college remediation and lost earnings. Further, if the state increases its male high school graduation rate just 5%, New York's economy would see a combination of crime related savings and additional revenue of \$457 million each year.<sup>8</sup>

Both nationally and in New York, people with college credentials are more likely to be employed than those with only a high school diploma. The unemployment rate in 2010 for New York City residents with less than a high school diploma was 15%; 10% for individuals with a GED or high school diploma; 7% for those with an Associate's degree, 5% for individuals with a Bachelor's degree, and 2% for those with a professional degree.<sup>9</sup>

## RESEARCH

- <sup>1</sup> U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), various years, 1992–2011 Reading Assessments.
- <sup>2</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>3</sup> Ibid
- <sup>4</sup> See for example: Gopnik, A. (2012). Scientific Thinking in Young Children: Theoretical Advances, Empirical Research, and Policy Implications. *Science*. 337, 6102. pp. 1623-1627.
- <sup>5</sup> Parker-Pope, T. (2012, August 23). Simon says don't use flashcards. *The New York Times*. Retrieved from <http://well.blogs.nytimes.com/2012/08/23/simon-says-dontuse-flashcards/>.
- <sup>6</sup> Schweinhart, L. J., Montie, J., Xiang, Z., Barnett, W. S., Belfield, C. R., & Nores, M. (2005). Lifetime effects: The HighScope Perry Preschool study through age 40. (Monographs of the HighScope Educational Research Foundation, 14). Ypsilanti, MI: HighScope Press.
- <sup>7</sup> See for example: Shellenback, K. (2004). *Child Care and Parent Productivity: Making the Business Case*. Ithaca, NY: Cornell Department of City and Regional Planning
- <sup>8</sup> Alliance for Excellent Education, New York High Schools, 2010. (<http://www.all4ed.org/files/NewYork.pdf>)
- <sup>9</sup> Retrieved from Center for an Urban Future website (<http://www.nycfuture.org>) Mobility Makers. November 2011.