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Report # 114

Costs & Benefits Of Head Start

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Investing in Head Start

A Cost Effective Solution? *Studies say even small gains produce savings*

During the height of the recent recession, Head Start and Early Head Start received a significant boost in funding as part of The American Recovery and Reinvestment Act of 2009, better known as the stimulus bill. Research provides clear evidence of the need to improve the school readiness and other outcomes among low-income children, which is what these two major federal programs were created to do. But, after the program costs and the benefits to young children are weighed, can Head Start and Early Head Start be considered a sound investment of taxpayers' dollars?

Studies that look at that question suggest the answer is, "yes."

The stimulus bill gave \$1 billion to Head Start and \$1.1 billion to Early Head Start in addition to the funds allocated for the programs' annual budgets, which total more than \$7 billion.

Head Start, begun in 1965, is a comprehensive child development program that promotes school readiness by providing educational, health, nutritional, social, and other support to low-income 3- and 4-year-old children and their families. In 1995, Early Head Start was established to extend support to children ages birth to 3 years old in the wake of new evidence that a child's earliest years are critical periods of growth and development.

Although debate continues over the magnitude of the impact these programs have, recent research makes a case for continued investment. Even in cases where gains may be small or moderate, studies suggest that participating in Head Start and Early Head

Start gives children advantages in several key domains, including cognitive development, health and behavior.

Estimating Costs, Benefits

Studies that take into consideration the value of the benefits gained by children and program costs suggest Head Start is cost-effective – at least as it was operated during its early years through the 1980s, a period for which researchers are more reliably able to track the longer-term outcomes of Head Start children.

In other words, even gains considered small can tend to generate benefits over a child's lifetime that exceed the \$9,000-per-student estimated annual cost of Head Start.

The more difficult questions center on the impact of Head Start as it is operated today. One key question is what long-term outcomes can be expected among the 1 million children in the program today.

Studies suggest young children enrolled in Early Head Start make modest, but important, gains in cognitive and language development and other domains that tend to predict whether they will succeed in school in the years to come.

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There are several reasons why the impacts of Head Start on children may change over time. Head Start itself has evolved over the years. The kinds of developmental environments that children not in Head Start experience at home and in early childhood programs may also change as, for example, more mothers work outside the home and the range of state, local and federal programs for young children expands.¹

Much of the data on the long-term impacts of Head Start are related to studies of children who were enrolled from the 1960s through the 1980s.

One recent study, for example, found that white children who participated in Head Start in 1980 or earlier were about 22% more likely to complete high school than their brothers and sisters who were in some other type of preschool arrangement. They were also about 19% more likely to

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attend some college. Although the study reported that the estimated school attainment gains for African-American children were small, attending Head Start appears to significantly reduce their chances of being arrested and charged with a crime later in life.²

Studies also link gains in school attainment for Head Start children to program funding levels. In one study, a 50%-100% increase in Head Start funding was associated with a one-half year gain in school attainment and increases by 15% the likelihood that children attended at least some college when they grew older. Those gains were seen among African-American children as well as whites.³

Such impacts have lead researchers to estimate that Head Start, as operated in the 1960s through the 1980s, produced \$7 in benefits for every \$1 spent on the program.

That estimated benefit-cost ratio is similar to those found among much smaller, more intense and more costly model early childhood programs, such as the Perry Preschool Program.

Head Start Today

Few studies have undertaken the difficult task of estimating the cost effectiveness of Head Start as it is operated today. Such studies are confronted with the fact that long-term impacts on children enrolled today will not be precisely known for many years.

Researchers from the University of Chicago and Georgetown University looked at the cost effectiveness issue of today's Head Start using rigorous evidence of short-term impacts from the recent Head Start Impact Study commissioned by the federal government. The study is a randomized experimental evaluation of Head Start impacts measured within one year

Although debate continues over the magnitude of the impact Head Start and Early Head Start have on children, recent research makes a strong case for continued investment.

of random assignment and includes a representative sample of program sites. Rather than being a small, tightly controlled demonstration, it is an examination of a public program implemented in a wide range of circumstances with varying quality.⁴

Among the key questions researchers needed to answer was how large would short-term impacts need to be to suggest that the program's long-term benefits justify program costs. To answer the question, they looked at the short-term impacts reported in studies of other early childhood interventions for which there is evidence of long-term benefits in excess of cost and estimated the dollar value of a standard deviation increase in early childhood test scores.

They estimated that positive im-

pacts on achievement test scores of .1 to .2 standard deviation are large enough to produce long-term dollar-value benefits that exceed the costs of the program. And they found that 3-year-old and 4-year-old children who participate in current Head Start programs improved in that range in pre-reading skills, such as letter naming and word identification, and in pre-writing and vocabulary.⁵ They also noted positive impacts on children's health and on their access to dental care.

As a result, one of the few research teams to investigate the cost effectiveness of Head Start as it operates today concluded the program likely continues to produce benefits for children whose dollar value exceeds the cost of the program.

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OCD Co-Directors: Christina J. Groark, Ph.D.; Robert B. McCall, Ph.D.

background writer/editor: Jeffery Fraser; e-mail: jd.fraser@comcast.net

University of Pittsburgh Office of Child Development 400 N. Lexington Ave., Pittsburgh, PA 15208; (412) 244-5447; fax: (412) 244-5440

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