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Report # 62

Cost & Benefits Of Early Care And Education

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Early Care & Education

Worthy Investment

Quality Early Care, Education Proves Cost Effective

High quality early childhood care and education carries the kind of potential that attracts policymakers eager to improve the educational outcomes of children. It also carries a price tag that tends to give them pause.

Quality doesn't come cheap and the early childhood care and education programs that are considered "best practices" require a substantial investment. But studies suggest that such high quality programs more than pay for themselves when costs are weighed against short- and long-term outcomes that benefit children, families, and communities.

And quality is essential. Studies show that only early care and education programs of high quality produce the outcomes policymakers and parents want – from better school performance to fewer arrests – and favorable cost-benefit ratios that make them attractive.

Early Childhood Benefits

High quality early childhood education and care is consistently linked to favorable outcomes among children. Low-income, at-risk children, tend to benefit the most.

A RAND Corporation study of nine early childhood programs noted gains in intellectual performance, at least in the short term. For example, children in the programs had much higher IQ scores than non-program children and they improved in school.

High-quality programs across the country provide more examples of what early care and education has achieved:

- In the North Carolina Abecedarian Project, a long-running and most carefully controlled early childhood study, 111 low-income children scored higher in reading and math achievement test scores and graduated high school at twice the rate of children in a control group.
- A study of the Chicago Child-Parent Centers helped keep children in school. High school graduation rates were higher among students who had been involved in the centers than children who did not have quality early learning experiences.
- The High/Scope Perry Preschool Study reported that boys who had participated in the program had fewer arrests as adults than men who had not had early education services. And fewer adults who, as children, took part in the program received welfare assistance.
- In Allegheny County, PA, the Early Childhood Initiative Demonstration Project (ECI-DP) saw significant cognitive, social and emotional gains. Some 14% of the children met criteria for special education and 18% met criteria for a mental health diagnosis when they started. But after three years in the program, they scored in the "normal range of development."

When outcomes among low-income children and families are considered, high quality early care and education programs return \$4 to \$7 in benefits for every \$1 invested in them.

Behind The Costs

High quality early childhood care and education is not inexpensive and one of the challenges policymakers face is not being deterred by "sticker shock."

However, the cost can be misleading, particularly when comparing education programs whose costs are not calculated the same way. For example, some calculations use average expenditures, some use market prices paid by consumers, some use estimates of the actual costs

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of delivering program, and some lack important details – all of which can skew comparisons.

Most often, costs are expressed as cost per child. It is important to know what such estimates reflect when comparing programs. For example, does it include overhead costs, such as facility and insurance costs? How many hours of service does the estimate reflect?

Prices Vary

Expressed as per child costs alone, best practices early childhood programs may seem very expensive. Per child costs of the Abecedarian Project and Allegheny County's ECI-DP top \$11,500 per child, for example. But such costs reflect the large number of hours during which children and their families participate in the program and the length of the program. And when calculated on an hourly basis, the costs of high-quality early care and education are more modest, ranging from \$5.24 for ECI to a high of \$11.42 per hour for an expensive home visiting component of the Perry Preschool Program.

Compared To Public Schools

Studies suggest the cost of high-quality early childhood care and education programs compares favorably to the cost paid for public education – even when many quality early childhood programs have costly features, such as more teachers per child.

At \$5.24 to \$11.42 an hour, many quality early care and education programs fall within the range of public education costs, estimated to be \$2.91 to \$9.70 an hour.

Cost Of Quality

Features that determine the quality of children's experiences in child care, preschool, and kindergarten include interactions with caregivers, teachers, and

other children; activities, such as language stimulation; and health and safety issues. Other characteristics that determine the quality include child-adult ratios, class size, and the education and training of caregivers.

Improving the quality of early care and education program raise the cost from 10% to 30%, depending on how much improvement is needed. Studies report that a cost increase of less than a 10% is required to raise the quality level of a program from poor to mediocre. Another 10% increase is required to improve from mediocre to "good." Improving the quality of a program from good to excellent raises the cost by a little more than 10%.

Favorable Cost – Benefit

A full accounting of early care and education costs considers the benefits gained by children and com-

munities, and, in most cases, show that tax dollars are saved.

The private and social costs of failing children early in their lives can be high. For example, the lifetime costs associated with a single high school dropout have been estimated as high as \$350,000. In such cases, even modest improvements may justify the costs of programs that prevent such outcomes.

Only a limited number of programs have undergone cost-benefit analysis. But when outcomes among low-income children and families are considered, high-quality early care and education programs return \$4 to \$7 in benefits for every \$1 invested in them – evidence that children, parents, community and taxpayers all stand to gain when these programs are done well.

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