

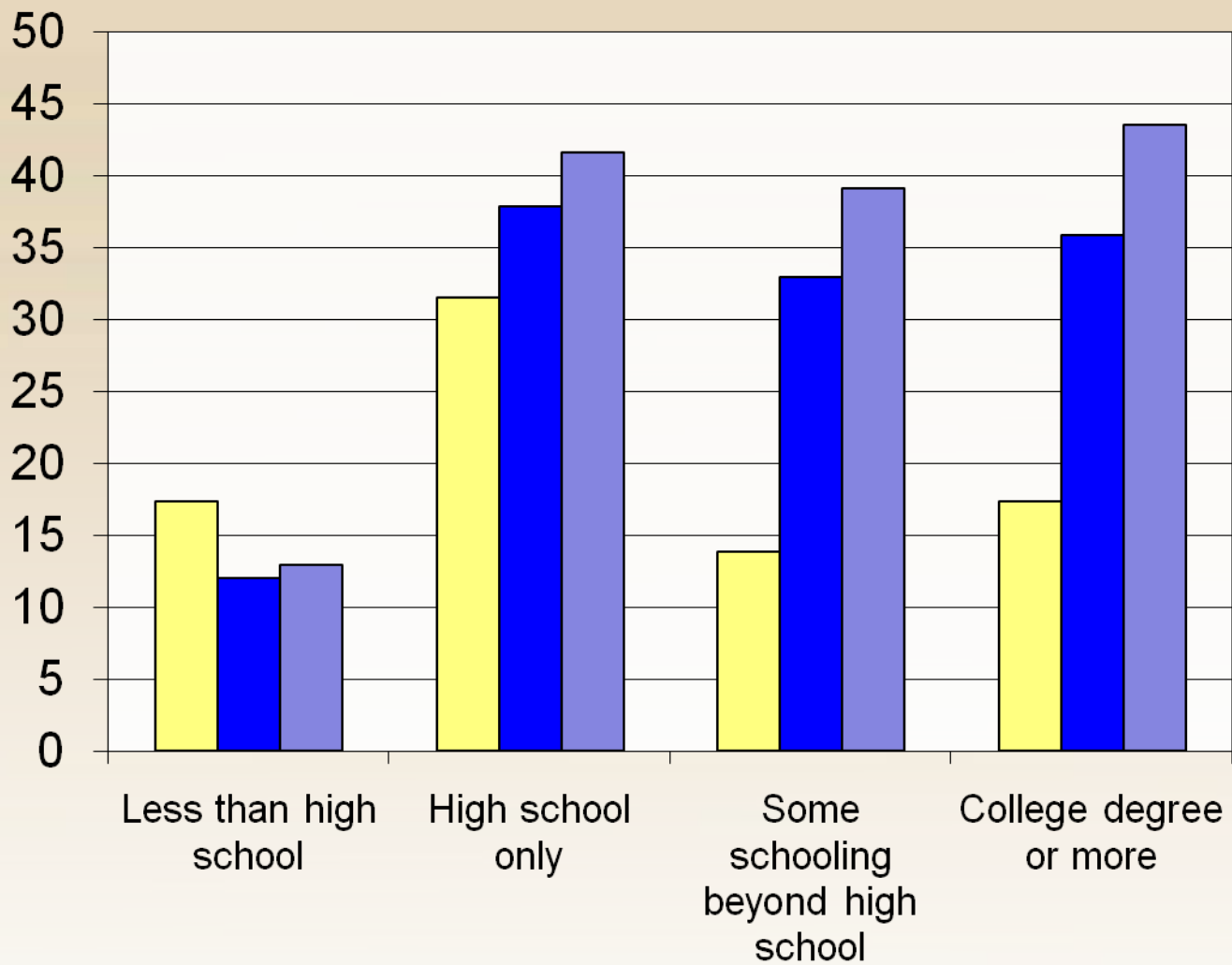
The Economic Case for Investments in Young Children



Rob Grunewald
Federal Reserve Bank of Minneapolis

Educational Characteristics of the Labor Force

Millions of Workers Age 25 and Over



Source: Ellwood (2001)

■ 1980

■ 2000

■ 2020 (Projection)



High/Scope Study of Perry Preschool

- In early 1960s, 123 children from low-income families in Ypsilanti, Mich.
- Children randomly selected to attend Perry or control group.
- High-quality program with well trained teachers, daily classroom sessions and weekly home visits.
- Tracked participants and control group through age 40.



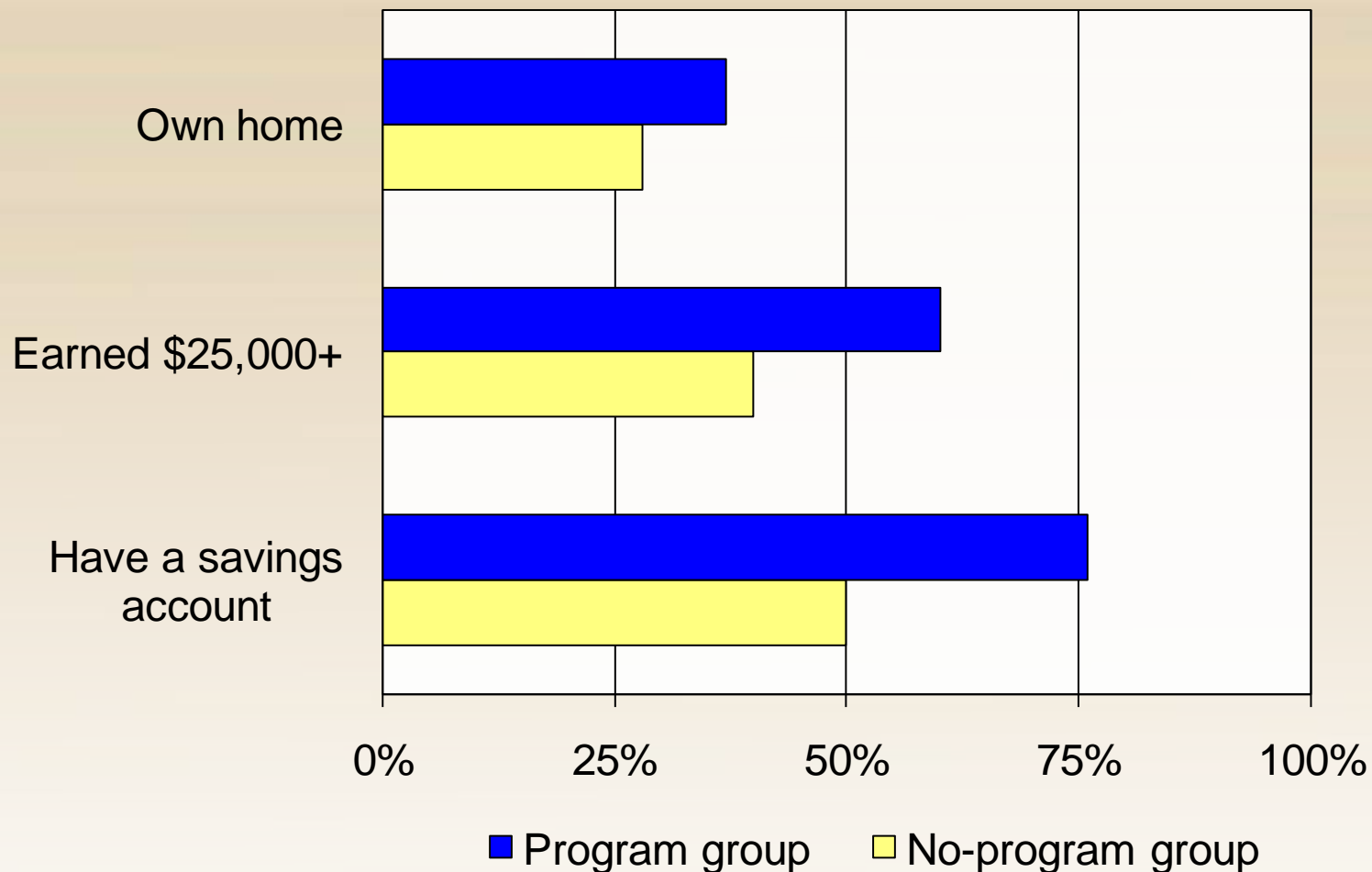
Perry: Educational Effects



Source: High/Scope Educational Research Foundation



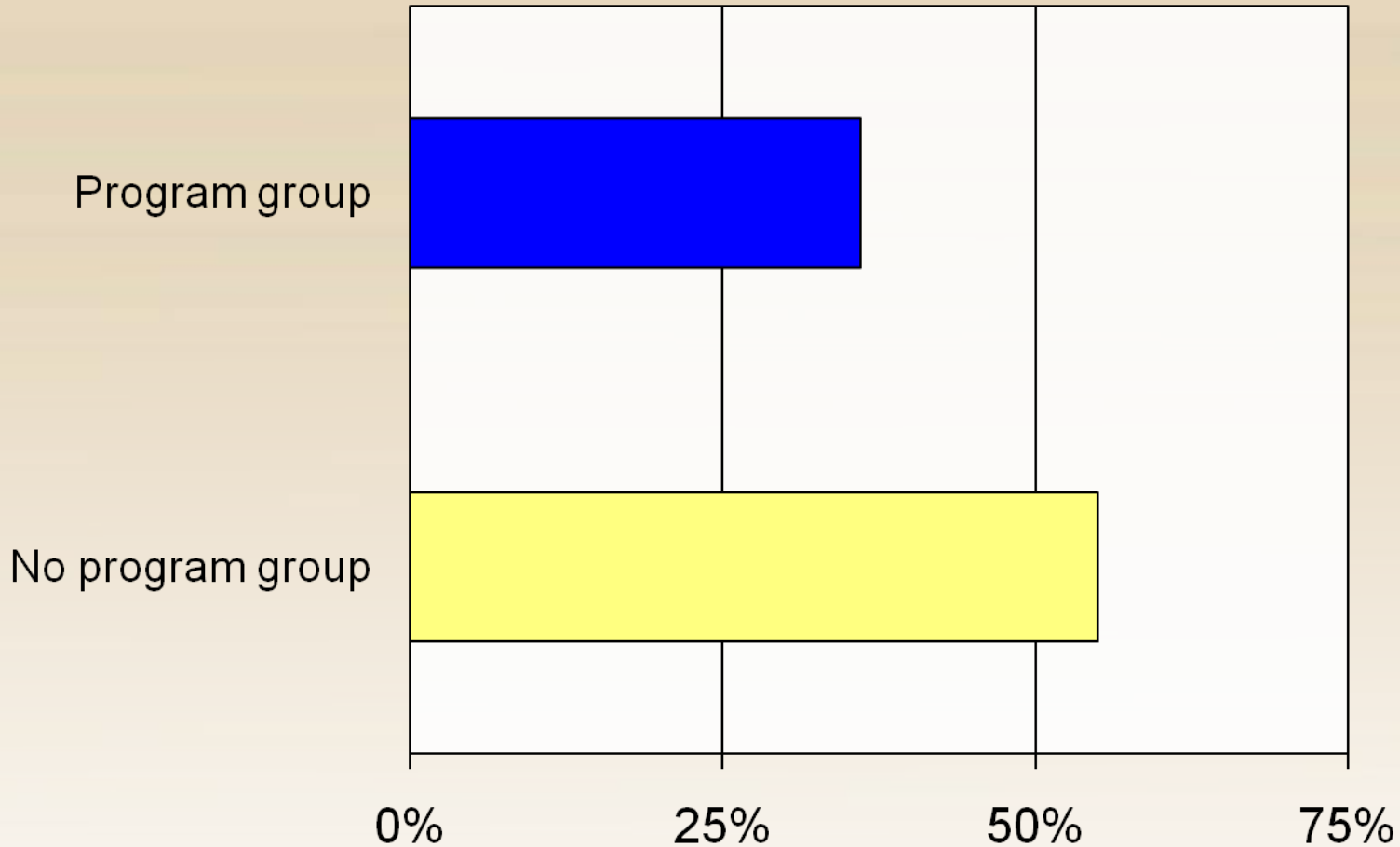
Perry: Economic Effects at Age 40



Source: High/Scope Educational Research Foundation



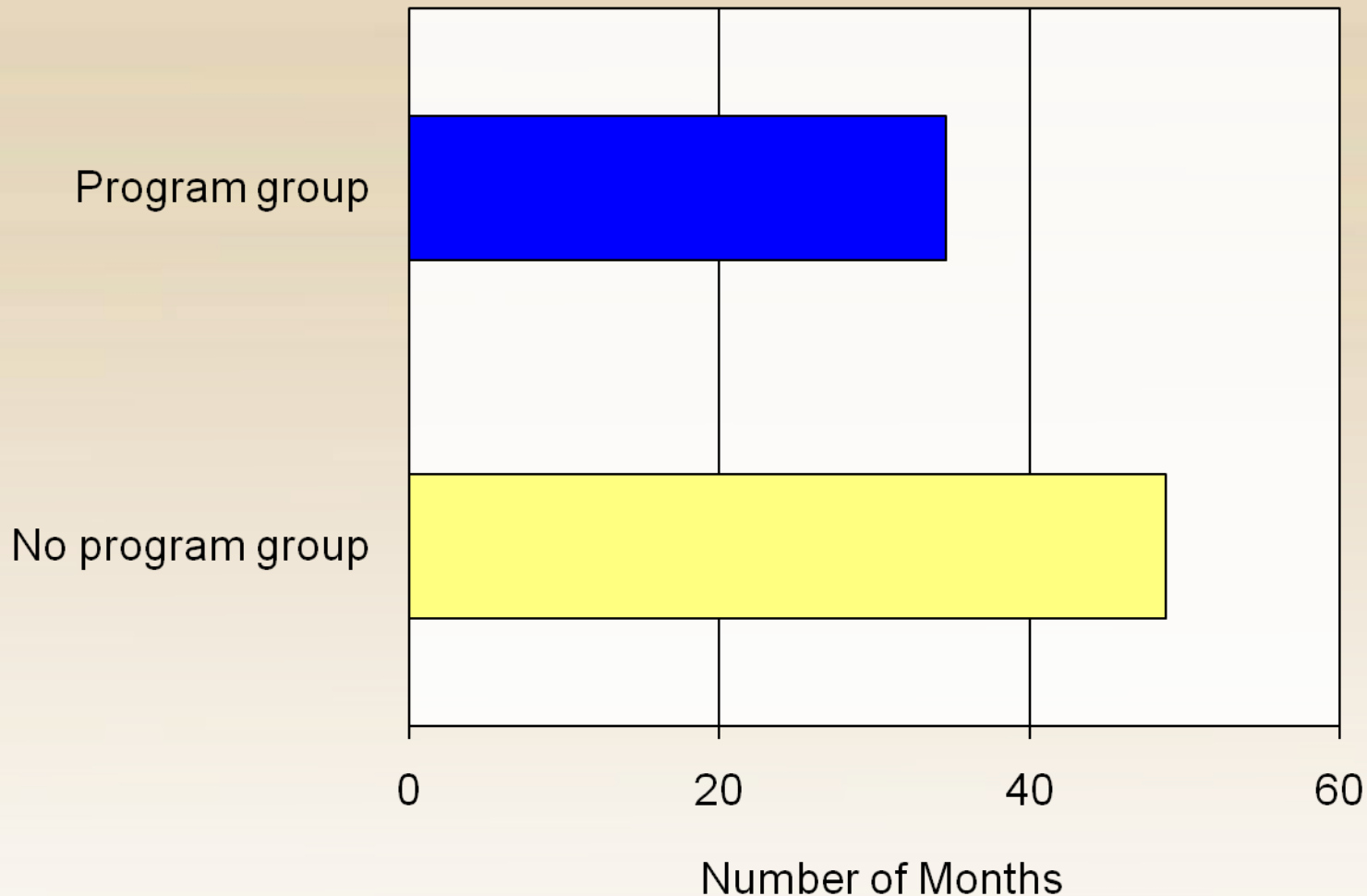
Perry: Arrested 5 or More Times Before Age 40



Source: High/Scope Educational Research Foundation



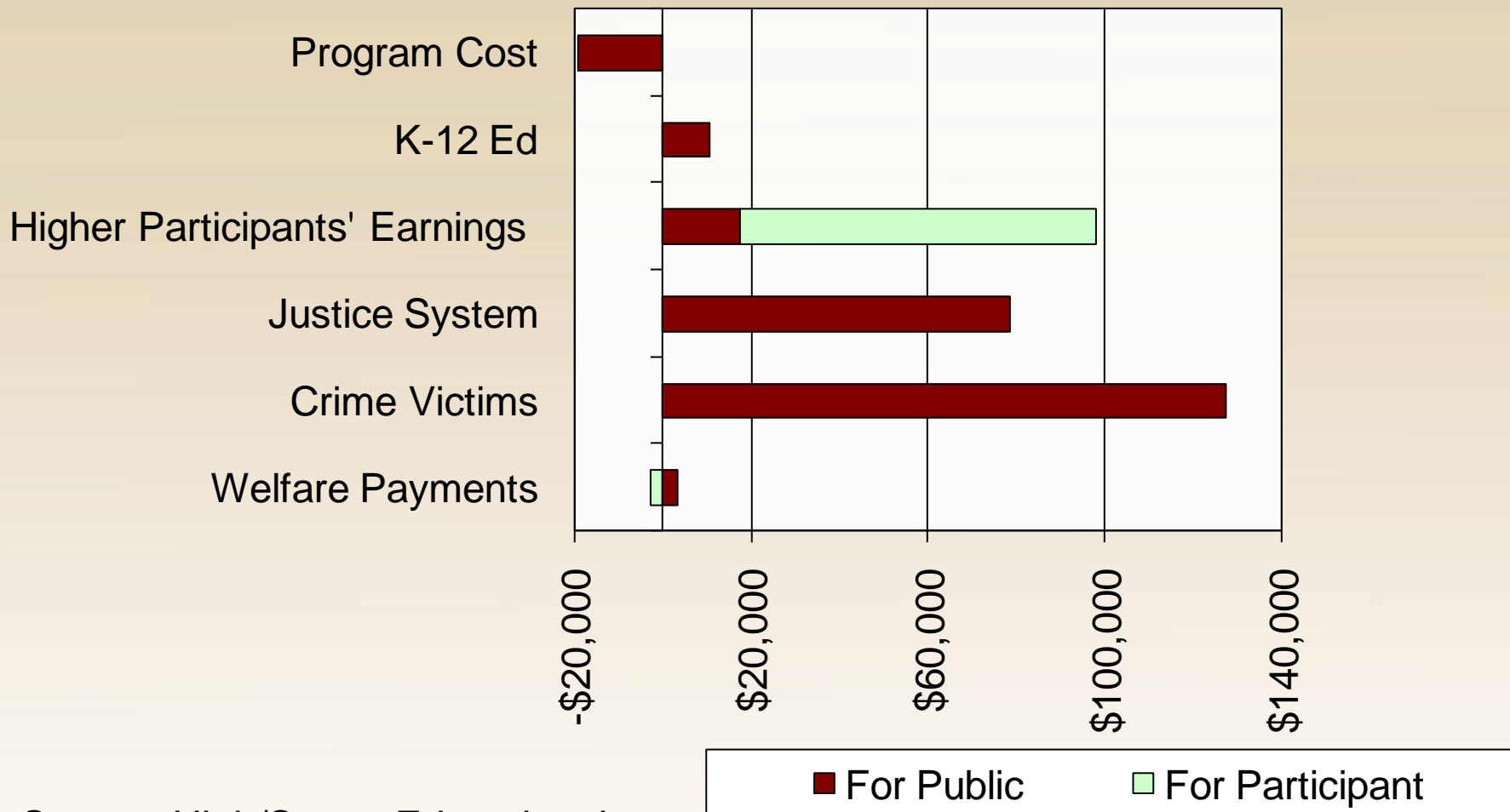
Perry: Average Number of Months Served in Prison by Age 40



Source: High/Scope Educational Research Foundation



Perry Preschool Costs and Benefits Over 62 Years



Source: High/Scope Educational
Research Foundation



Perry Preschool — Estimated Return on Investment

- Benefit-Cost Ratio = \$16 to \$1
- Annual Rate of Return = 18%
- Public Rate of Return = 16%



Benefit-Cost Ratios for Other Longitudinal Studies

- Abecedarian Educational Child Care
 - \$4 to \$1
- Chicago-Child Parent
 - \$7 to \$1
- Elmira Prenatal/Early Infancy Project
 - \$5 to \$1



Short-Run Benefits

- Allow parents to enter workforce
- Reduce absenteeism and turnover
- Attract businesses



Lessons Learned from Research

- Invest in quality
- Involve parents
- Start early
- Reach at-risk population
- Teach cognitive and noncognitive skills
- Bring to scale



Moving Forward

- Prenatal/early infant home visits for at-risk mothers
- Access to health care
- Parent education
- Quality child care
- Access to preschool

The Saint Paul

Early Childhood Scholarship Program

Helping Families Get High-Quality Child
Care and Early Education

Now enrolling 3-year-old children in Saint Paul's Program and
North East neighborhood!

¿Quiéres inscribir a tu hijo de 3 años en el programa de cuidado infantil de alta calidad en Saint Paul o en el programa de cuidado infantil de alta calidad en el vecindario North East?

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¡Ahora aceptamos a los niños de 3 años de edad de los vecindarios de Saint Paul, Program y North East!





Business Leadership in Early Childhood Development

- Partnership for America's Economic Success & Committee for Economic Development
- Success By 6 – United Way
- PNC Financial Services, Gates Foundation
- Minnesota Early Learning Foundation



“Although education and the acquisition of skills is a lifelong process, starting early in life is crucial. Recent research – some sponsored by the Federal Reserve Bank of Minneapolis in collaboration with the University of Minnesota – has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency.”

Remarks by Federal Reserve Board Chairman Ben S. Bernanke
Before the Greater Omaha Chamber of Commerce,
February 6, 2007



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