

Economic benefits of quality preschool education for America's 3- and 4-year olds

NIEER estimates the average benefits from a universally accessible program at ages 3 and 4 to be at least \$25,000 per child, substantially more than the costs. The estimated cost- per-child (mixing half day, school day, and full day programs) is \$8703 annually and \$17,406 for two years.

NIEER derived benefit estimates by using the following data:

- The Chicago Child Parent Center study produced a present value (using a 3% real discount rate) of \$48,000 in benefits per child from a half-day public school preschool (an average of 1.5 years attendance) for low-income children.

The study found at age 20, participants were more likely to have finished high school than children who weren't in the program. They were also less likely to have been held back in school, less likely to have needed remedial help, and less likely to have been arrested. It's estimated for every dollar invested, the return is \$7, based on the reduced costs of remedial education and justice system expenditures, and in the increased earnings and projected tax revenues for participants.

- The Perry Preschool program produced a present value (using a 3% discount rate) of \$108,000 per child from a half-day public preschool program (most attended two years, beginning at age three) for very low-income children. (Our best estimate is that the benefits are larger from two years of preschool than one, but not twice as large.)

The study found at age 27, program participants had higher monthly earnings and completed a higher level of schooling than children who didn't take part. There were also fewer arrests among participants and a lower percentage received social services over the past 10 years. It's estimated the program also returned \$7 for every dollar invested.

- Both these studies only look at low-income children, so estimates must be made concerning benefits for other children. It is reasonable to assume middle to high-income children will also receive benefits, based on the preventable problems these children encounter. For example, 9% of children in families with incomes in the top 20% are held back in school, compared with 18% in the lowest 20%. So NIEER conservatively applied the lower benefit figure of \$48,000 from the Chicago Child Parent Study to the poorest 20% of the population, while assuming benefits for the middle 60% of the population would be half as large, and benefits for the top 20% of income level would be only 10% of those for poor children. This yields an average benefit estimate across all children of \$25,000 per child.

- Both of the studies cited above provide somewhat incomplete estimates of the value of benefits. For example, increased educational attainment is likely to improve long-term health outcomes, personal financial decisions, and the economic prospects of the next generation. None of these benefits were estimated in the two studies. Also, since both were studies of half-day preschool programs, neither provides an estimate for the value of increased parental earnings likely to result from the child care provided by school-day and full-day programs.

