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New Report Documents Public Savings from Early Childhood Development Programs

In a departure from the usual approach of analyzing only the cost benefits of early childhood programs, a new report from the Economic Policy Institute calculates the impact of a high quality, large-scale early childhood development program on future government budgets, the economy, and crime.

The Institute's report, *Exceptional Returns: Economic, Fiscal, and Social Benefits of Investment in Early Childhood Development*, presents a compelling case for public investment in early childhood development programs. Robert G. Lynch, a research associate of the Institute and chairman of Washington College's Department of Economics, authored the report.

Using a model of a high-quality early childhood program for poverty-level children three and four years of age, the report shows that the program would eventually produce a savings of two dollars (\$2.00) for every dollar invested (\$1.00). 20% of all 3 and 4 year-olds in the US with a high quality comprehensive program of early childhood development that would initially cost about \$19 billion a year

Lynch based his calculations on the results of well-documented studies of smaller-scale programs and found that such a nation-wide program would initially cost about 19 billion dollars a year but would ultimately reduce costs for remedial and special education, for criminal justice, and for welfare benefits and would increase income earned and taxes paid back to society. Within about 25 years, the offsetting budget savings (for all levels of government combined) would reach \$31 billion (in 2004 dollars). And within about 45 years, the budgetary benefits would more than double the costs of the ECD program, and the net budget savings would reach \$61 billion (in 2004 dollars).

Jane Boykin, President of the Jackson-based Forum on Children and Families, said the report does even more than chart important new ground on the economic benefits of early childhood programs.

"This a real landmark study," according to Boykin. "Because the report calculates savings on a general type of model, the institute has documented that the cost and benefit of an early childhood program are affected by the precise nature of the program."

"Results achieved by one program model can not be applied to all early childhood programs," Boykin continued, "too many here in Mississippi have been too quick in claiming the benefits of high quality early childhood programs for program models that differ slightly from proven models".

Boykin said the report points out significant cost elements. As an example, Boykin noted the institutes model of calculation included the cost of one adult (teacher) for each group of six children ages 3 and 4.

She said the report also documents the increased benefits possible when early childhood programs operate on a full day calendar year basis. Such programs, according to Lynch make it more likely the parents will be in the labor force than part-day programs. “The slight increase in program cost is more than justified,” according to Boykin, “by the social and economic benefits of parental employment. We simply should not be spending money on early childhood programs for poor children that operate on anything less than the full-day, year-round basis needed for their parents to work.”

“One of the most significant points in the study is the potential for significantly greater benefits when early childhood programs begin in the prenatal months and continue through third grade. It’s important to recognize this study is documenting the benefits of early childhood development programs, early childhood education, is only one aspect of such programs. The institute model, a half-day program operating two days per week during school year, also includes a weekly home visit and access to social services.”

The Forum on Children and Families joined the Economic Policy Institute in releasing the report in Mississippi.

“It’s an honor to be associated with the Institute and with this report,” Boykin said. “They have not only confirmed the potential economic impact of investing in early childhood development programs, they have identified the cost-benefit considerations that must be factored into the decisions about program models.”

Report can be located at http://www.epinet.org/content.cfm/books_exceptional_returns

A link to the report will also be posted on our website www.mfcf.org