

# Early Education Commission

*A community leadership collaborative supporting the United Way's goal of ensuring children are ready for school*



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## Research Abstract

**Title:** “Early Childhood Development: Economic Development with a High Public Return”

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### Abstract

In this paper the authors make a case for supporting early childhood development (ECD) as a long-term economic development strategy rather than the more traditional strategy of subsidizing private business for the state of Minnesota. They review the case for public funding of K-12 public education and extend that to ECD based on research demonstrating the benefits of ECD. They cite long-term evaluation studies of the High Scope/Perry Preschool in Michigan, the Syracuse Preschool Program study and the Abecedarian Project in North Carolina that show benefits to participants (e.g., higher academic achievement, higher graduation rates) as well as society (e.g., less participation in more costly special education, fewer arrests/criminal offenses).

One study cited by the authors found an 8-to-1 benefit-to-cost ratio for the High Scope/Perry project. The authors calculated an internal rate of return for that project of 16 percent, with a 12 percent internal rate of return for society in general. They questioned whether other economic development investments can produce that kind of return, noting that public subsidies often have no return if a business is simply moving within the state; if the subsidy is to help a business survive, the return would be small or possibly negative.

Based on an estimation of the cost to “educate all 3- and 4-year old children from low-income families in Minnesota at a two-year, high-quality ECDP,” the authors recommended Minnesota invest \$1.5 billion over five years in the creation of a foundation to support ECD.

The authors conclude that, “. . .in the future any proposed economic development list should have early childhood development at the top. The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime.”