7. Investments Pay Off

Investments in young children pay off—to the children and their families, to society, and to government.

There is much research that shows that high-quality programs can have lasting positive impacts on child development, and a few of these programs have also tracked the gains to society and to government. Four well-researched early childhood programs have determined their cost-benefits, or return on investment (the amount gained compared with the program's cost). For every dollar spent on these programs, returns on investment can be demonstrated for the taxpayer, society, and the participant, as shown in the chart below.

While all of these programs were of high quality and served low-income or otherwise disadvantaged populations, they also represent diverse approaches to addressing childhood needs. The Perry Preschool program was an enriched pre-school program for 3- and 4-year-olds that incorporated strong parental involvement and long-term tracking and contact with families. The Abecedarian Project provided parent-child care and instruction to new mothers, as well as comprehensive child development services throughout their child's early years. The Parent/Early Infancy Project was a structured home visiting program that addressed mothers', as well as children's, needs. The Chicago Child-Parent Centers provided pre-school programs with strong parental involvement and extended their work into the early elementary grades. All sought to identify health and special developmental needs among the children they served.

While these programs make a strong case for investing in early childhood programs, current investments in very young children and their development lag far behind those made for school-aged children and college-aged youth. The 12-state report *Early Learning Left Out* found that for every dollar invested in the education and development of school-aged children and for every 70 cents invested in college-aged youth, less than 14 cents is invested in the early learning, pre-school years.

The return-on-investment literature, however, is drawing new allies to early childhood. Increasingly, business leaders and economists are advocating for additional public investment in the early years because of the high economic returns to society:

- The Committee for Economic Development (CED), composed of corporate and educational leaders from around the country, has pressed for investments in school readiness, particularly for disadvantaged youth.
- Jim Ranier, former CEO of Honeywell, has spearheaded, with Bank of America, the expansion of United Way of America's Success by Six program around the country.
- Bank of Minneapolis President and CEO Gary H. Stern recommended establishing a $1.5 billion endowment for early childhood services in Minnesota, based on well-established economic research and analysis. He concluded that, among all opportunities to invest in economic development, investing in early childhood would have the greatest overall returns.
- James Heckman, a Nobel laureate economist, reviewed the early childhood literature and examined the relative merits of various public investments. His resulting synthesis of research and modeling led him to conclude that investments in early childhood offered the best rates of return. Heckman's advice: "Invest in the very young."

Ranier, Stern, and Heckman have been convinced by evidence presented to them that investing in the early years makes good business sense.

The evidence is clear: Investments in the early years to meet children's universal needs can reap large dividends for individuals, families, and society.

Sources for More Information

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