

Exceptional returns: Economic, fiscal, and social benefits of investment in early childhood development ^[1]

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AVAILABILITY

[Book in pdf](#) ^[2]

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Excerpts from the executive summary:

The youngest and most vulnerable children suffer the highest poverty rates of any age group in the United States. Nearly one in five children under age six lives in poverty, and the number is rising.

The problems for children and society that result from childhood poverty cry out for effective policy solutions. Poor children often have inadequate food, safety, shelter, and health care. In school, poor children too often fall far short of achieving their academic potential, making them more likely to enter adulthood lacking the skills to compete in the global labor market. As adults, they are more likely to suffer from poor health and participate in crime and other antisocial behavior; these children are also less likely to grow up to be gainfully employed and contributing to economic growth and community well-being.

There is a strong consensus among the experts who have studied high-quality early childhood development (ECD) programs that these programs have substantial payoffs. Although the programs vary in whom they serve and in the services they provide, most ECD programs offer wide-ranging education services as well as health services (such as immunizations and health screenings) and nutrition services, typically for children younger than six. Many also provide adult education and parenting classes for the parents of young children. Investments in high-quality ECD programs consistently generate benefit-cost ratios exceeding 3-to-1 or more than a \$3 return for every \$1 invested, well above the 1-to-1 ratio needed to justify such investments. Even economists who are particularly skeptical about government programs make an exception for high-quality ECD programs. Follow-up studies of poor children who have participated in these programs have found solid evidence of markedly better academic performance, decreased rates of criminal conduct, and higher adult earnings than among their non-participating peers.

The economic and social benefits from ECD investment amount to much more than just improvements in public balance sheets. By improving the skills of a large fraction of the U.S. workforce, these programs for poor children would raise the gross domestic product (GDP), reduce poverty, and strengthen U.S. global competitiveness. Within 45 years the increase in earnings due to ECD investments would likely boost GDP by nearly one-half of 1%, or \$107 billion (in 2004 dollars). Crime rates and the heavy economic costs of criminality to society are likely to be substantially reduced, as well, with savings of about \$155 billion (in 2004 dollars) realized by 2050.

The United States should be investing in high-quality early childhood development programs to improve the quality of life for millions of children, reduce crime, make the workforce of the future more productive, and strengthen the overall economy. The resulting budget relief gained by providing ECD services to poor children will ultimately contribute to funding some of the nation's most pressing future needs.

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