

## **DOLLARS AND SENSE: A Review of Economic Analyses of Pre-K**

### **Albert Wat, Pre-K Now, 2007**

#### **Overview**

Financial experts across the country have been impressed with the ability of high-quality Pre-K to create a more productive workforce, to stimulate the economy, and to yield significant financial returns. With that in mind, this report has two goals: 1) it provides readers with a single article that discusses the most current and relevant economic-impact studies of Pre-K; and, 2) it highlights the key arguments made by these studies as well as other factors to consider to help readers understand the economic importance of pre-kindergarten programs.

#### **Economic Benefits of Pre-K to School Systems**

A review of the research found that attendance in ‘center-based preschool’ is associated with the following impacts on the K-12 system:

- Increased standardized reading and math test scores at third and fifth grades;
- Reduced need for special education services at third and fifth grades;
- Lower teacher absenteeism and turnover
- A lower rate of teen pregnancy
- Better health status due to early detection
- Higher test scores were found for peers who attended K-12 with former Pre-K participants

#### **Pre-Kindergarten and Economic Growth**

The findings from the High/Scope Perry Preschool Program study, demographic projections, and current Pre-K enrollments rates were used to predict the following:

- Pre-K participants, who would otherwise join the workforce sooner, instead stayed in school longer. However when these children do join the workforce, their increased productivity, as a result of high quality pre-k participation would raise the GDP above its baseline projection as early as 33 years after program implementation.
- As additional cohorts of students who attended Pre-K join the workforce over time, per-capita GDP is projected to increase by \$270 billion (0.88%) in the program’s 45<sup>th</sup> year.
- Taking into account that high quality Pre-K for all three and four year olds would cost the government about \$59 billion in the 75<sup>th</sup> year, this investment would produce a net benefit of \$341 billion for the government in that year.

#### **Pre-Kindergarten and Workforce Productivity**

Using data from demographic trends, economic analyses and various longitudinal studies, this paper lays out the argument that, in order for the country’s economy to continue to grow, children who live in “adverse childhood environments” must have access to quality pre-k.

#### **Conclusion**

The body of research reviewed here has played an important role in this growth of support. Together, the articles featured in this review show that high-quality Pre-K benefits everyone. Ultimately, behind the numbers about costs and benefits and the discussions about GDP and economic development, the studies reviewed here illustrate what educators and parents have known for years that children who participate in pre-k do better academically, physically, and socially throughout their lives. As adults, they attain higher levels of education and earn more.

Wat, A. (2007). *Dollars and sense: A review of economic analyses of pre-k*. Washington, D.C.: Pre-K[now]