

## Early Learning and Economic Development

**“Early childhood development programs are rarely portrayed as economic development initiatives, and...that is a mistake.”**

*-- Arthur J. Rolnick, Senior Vice President  
& Director of Research, Federal Reserve Bank of Minneapolis*

Early childhood education is increasingly recognized by social scientists as critical to economic self-sufficiency:

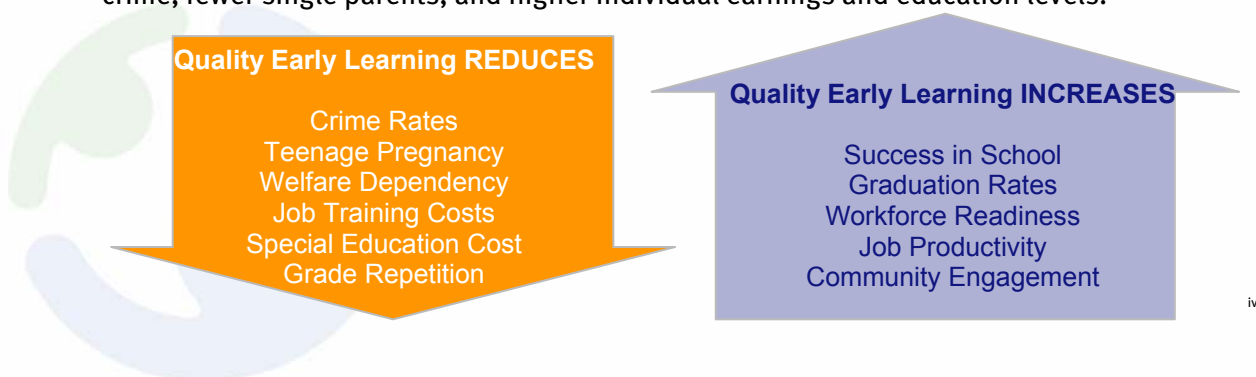
- Quality child care is vital for parents to be able to work.
- Quality early childhood education is key to success in school and in life.
- Helping the next generation break the cycle of poverty starts by giving young children a better start in life.

**But experts say early childhood education is just as critical to building a strong economy and a strong workforce.**

“Investment in human capital breeds not only economic success for those being educated, but also for the overall economy,” according to Art Rolnick with the Federal Reserve Bank of Minneapolis. <sup>i</sup>

As Nobel laureate economist James Heckman says, programs targeting children from disadvantaged families have the greatest economic and social returns. <sup>ii</sup>

The 40-year High/Scope Perry Preschool research makes the case that high-quality early learning experiences set children up for success in school, work and life. That research shows that investing \$1 in a child’s success early on saves \$17 down the road, with tangible results measured in lower crime, fewer single parents, and higher individual earnings and education levels. <sup>iii</sup>



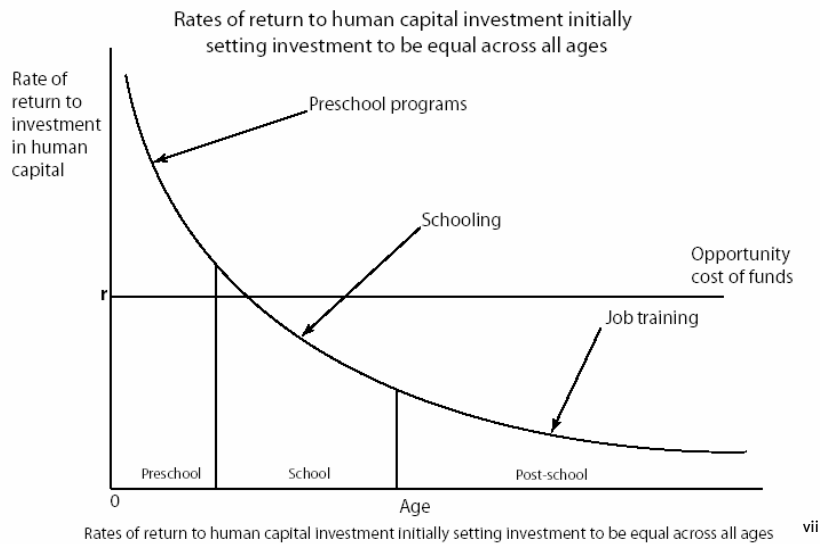
Longitudinal studies show that increased investment in early learning means states spend less in special education and juvenile justice services. Over the long term, state and federal budgets for welfare and criminal justice systems are impacted as well. <sup>v</sup>

But as high-skill, high-wage jobs demand more from workers, the children who most need the tools for success are getting the fewest.

- Some 46% of America’s kindergarteners are coming to school at risk for failure, according to the U.S. Department of Education.
- The poorest children start school 1-2 years behind.<sup>vi</sup>

The Return On Investment (ROI) is clear: investing in early learning in children’s early years pays off. Heckman puts it this way: “Invest in the very young.”

Heckman argues that *investments in children bring a higher rate of return than investments in low-skill adults*:



After much research, Rolnick concluded that early childhood development is a much better economic development tool than other economic development schemes. “In the future, any proposed economic development ... should have early childhood education at the top,” he says. “The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime.”

As Rolnick argues, **now is the time to capitalize on this knowledge.**

<sup>i</sup> *Early Childhood Development: Economic Development With a High Public Return*, Art Rolnick & Rob Grunewald, Jan. 2003

<sup>ii</sup> *Lessons from the Technology of Skill Formation*, James Heckman University of Chicago, Jan. 2005

<sup>iii</sup> *Many Happy Returns: Three Economic Models that Make the Case for School Readiness Resource Brief*; L. Schweinhart. *The High/Scope Perry Preschool Study Through Age 40*, Dec. 2004

<sup>iv</sup> *United Way of America graphic*

<sup>v</sup> *State Early Childhood Policy Assistance Network, Seven Things Policymakers Need to Know About School Readiness*, Jan. 2005

<sup>vi</sup> *Promoting Universal Access to High Quality Early Education for Three and Four Year Olds*, Urahn, 2001

<sup>vii</sup> *Lessons from the Technology of Skill Formation*, James Heckman University of Chicago, Jan. 2005