

Why Michigan (and Other States) Should Invest in Preschool

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Why Michigan (and other states) should invest in preschool by Tim Bartik, Upjohn Institute

This handout summarizes some key statistics from my talk. For more details, see my book, *Investing in Kids: Early Childhood Programs and Local Economic Development*, available for sale at Amazon or the Upjohn Institute website (www.upjohn.org). Also see my blog, <http://investinginkids.net/>, at which I'm doing daily posts exploring some of the themes from this talk. Note that my book also discusses nurse home visitation programs and child care programs, which I don't have time to cover in today's talk.

Costs of high-quality preschool: For a program with class size of 15 and reasonable teacher salaries, that operates 3 hours per day for one school-year at age 4, the cost per child is around \$4,500.

Aggregate costs of universal preschool in Michigan: To achieve 71% enrollment of 4 year olds in state-funded preschool in Michigan, which would match leading state of Oklahoma, and would be close to universal when we add in Head Start, there would need to be an additional \$300 million in funding. The state currently spends about \$100 million on pre-k, and enrolls about 19% of all 4 year olds. Not all of the \$300 million would have to be state funds; some could be local funds or from parent fees.

American mobility: About 2/3rds of all Americans spend most of their working career in the state they lived in during preschool years. This does not vary much with state economic growth.

Returns to preschool versus lower class size in early elementary: Lower class size in early el has economic benefits exceeding costs. But the benefit/cost ratio for preschool is 2.5 times as great as the benefit/cost ratio for lower elementary class size.

Some effects of high-quality preschool: 60% greater adult earnings for disadvantaged children. This occurs despite fact that "test score gains" as of kindergarten entrance have faded to two-fifths of their original size by middle school and high school.

Economic development benefits to cost ratio for preschool: For state, each \$1 invested in preschool increases present value of state residents' earnings by \$3. If we include out-migrants to other states, these earnings effects increase to \$4 for every \$1 invested.

Special ed effects: Preschool reduces special ed assignments over one-third. After 13 years, reduced special ed costs will cover 48% of annual preschool costs.

Property value effects: Due to effects of preschool on 3rd grade test scores, after a few years, we would expect preschool to increase property values by about 13 times the annual funding costs of preschool (this is equivalent to 1% increase in housing prices).

Michigan vs. other states in state-funded preschool enrollment rates for 4-year-olds: Michigan, 19%; U.S. average, 25%; Oklahoma, 71%; Florida, 67%; Georgia, 53%; Vermont, 53%; West Virginia, 51%.