

Investing in kids

Investing in Kids: Early Childhood Programs and Local Economic Development. By Timothy J. Bartik, Kalamazoo, MI, W.E. Upjohn Institute, 2011, 417 pp., \$45.00/cloth; \$20.00/paperback.

Now more than ever, politicians at every level of government are looking to maximize the economic benefits that each tax dollar can provide. In his book *Investing in Kids: Early Childhood Programs and Local Economic Development*, Timothy Bartik compares and contrasts the benefits provided by early childhood education and business incentive programs. His conclusion is that, although both are excellent investments, investing in education provides several indirect benefits that can produce significantly higher returns.

Bartik begins by examining the significant number of jobs (and other local economic benefits) created as a result of business incentives. One of the most popular incentives is tax breaks for new businesses. In theory, creating such a business-friendly environment encourages expansion and hiring, resulting in more local jobs and more local earnings. Bartik's research proved that is indeed the case; according to his calculations, business incentives increase state earnings by \$3.14 for every dollar spent, on average, and they do so in a relatively short period of time.

Bartik applies the same methodology to assess the effects of three

early childhood education programs on local earnings: 1) The Nurse-Family Partnership (NFP) program, which provides disadvantaged mothers with regular nurse visits for two and a half years, from the prenatal period until the child is age 2. NFP educates mothers how to care for their children while pursuing educational goals and finding work. 2) The Abecedarian program, which provides disadvantaged children with 50 hours of intense quality care every week from birth to age 5. As expected, this program dramatically improves the lives of the children and their mothers, although at high costs. 3) The Universally Accessible Prekindergarten (pre-K) Education program, which provides three hours of quality education per day to four-year-olds for an entire school year. The Universal pre-K program has the best cost-benefit ratio of the three programs (\$2.78 increase in state earnings for each dollar spent); because of that, Bartik uses Universal pre-K for comparison purposes throughout the book.

Many of the factors Bartik found that make up an ideal Universal pre-K program should come as no surprise—smaller class sizes, highly educated teachers, and longer school days. He discovered that a successful early education program needs to be managed by the local government. Keeping a rigid, uniform program design often does not meet specialized local needs; for example, the federal government's Head Start program has received only mixed reviews regarding its effectiveness. Bartik also found that a quality pre-school education has a greater effect

than similar programs at the primary, intermediate, or high school level, and at less cost.

Bartik concludes that, in the long run, a properly managed quality early childhood program provides even greater overall economic benefits than those derived from business incentives. Kids typically develop positive habits and increase their cognitive abilities in this environment, which can significantly increase their earnings potential once they enter the work force. While business incentives can greatly impact the local economy, Bartik argues that these incentives have a minimal effect at the national level. Educating the population, on the other hand, brings economic benefits at both the local *and* national level (\$3.79 for every dollar spent). Bartik feels early education programs may not currently get the support they deserve from politicians because of the extended delay between investment and return on that investment vis-à-vis business incentives.

Investing in Kids contains exceptional, easy-to-follow information that should inspire educators and politicians alike. Bartik provides clear and effective explanations to support investing in early childhood education. If managed with maximum efficiency (i.e., locally), the economic benefits derived from such programs could be even higher than Bartik suggests.

—Brian Keaton
Economist
Bureau of Labor Statistics
Office of Administration