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Using Economic Evidence to Promote Early Childhood Investments: What We Know, and What We Want to Know

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What do we know? What can we find out?



- Bottom line: For best results, start early *and* keep going.
- But, what, specifically, works? And how much/how well?
 - What evidence do we have that investments in children contribute to economic success?
 - What can we find?
- Our goals:
 - Assemble solid evidence of the economic benefits of investing in early childhood interventions/programs
 - Effectively communicate that evidence to business leaders who can be champions, talk to policy makers

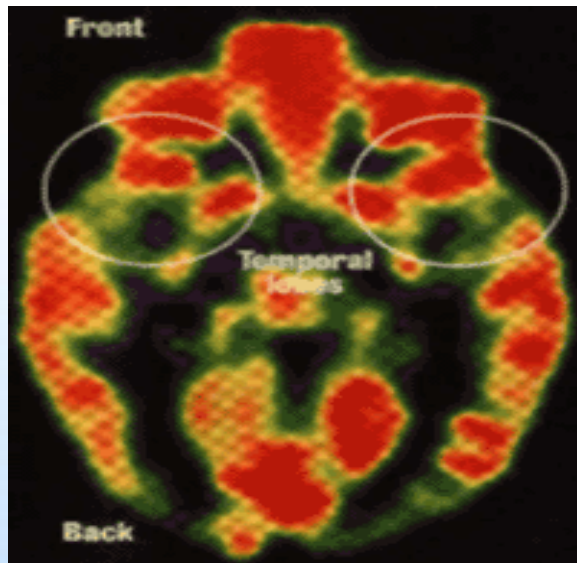


Why should business care?

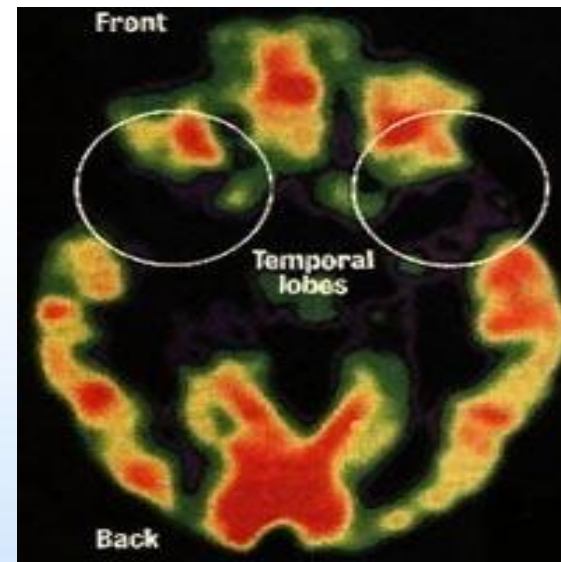


Today's Babies and Toddlers are Tomorrow's Employees

Scan of normal
three-year-old
brain



Scan of three-year-
old brain after severe
neglect



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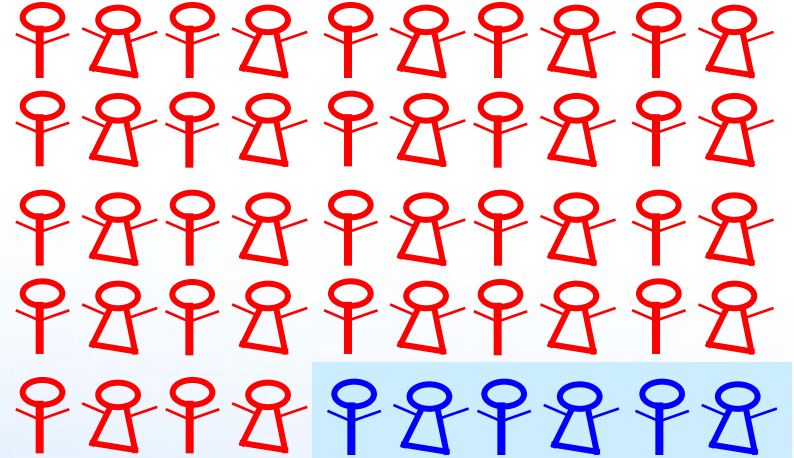


Children who start behind too often stay behind

Of 50 1st graders who have problems reading, 44 of them still have problems reading in 4th grade.



First Graders



Fourth Graders



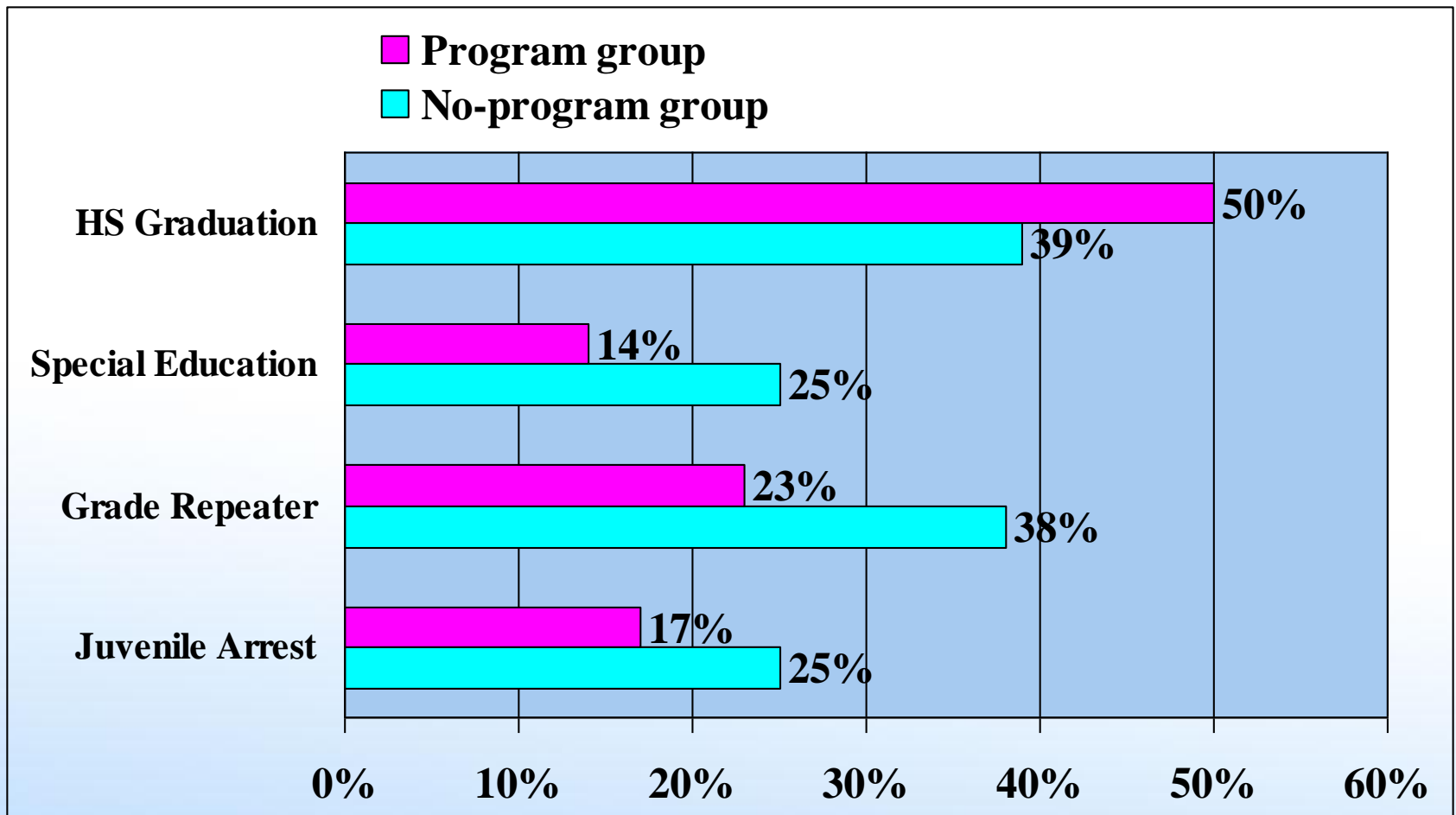


Economic Returns for Disadvantaged Children (2002 dollars, 3% discount rate)

	Cost	Benefits	B/C
▪ Perry Pre-K	\$15,386	\$262,642	17.1
▪ Abecedarian	\$35,864*	\$130,666	3.6
▪ Chicago CPC	\$ 7,384	\$ 74,981	10.1
▪ Nurse Family P.	\$ 9,118	\$ 26,298	2.9

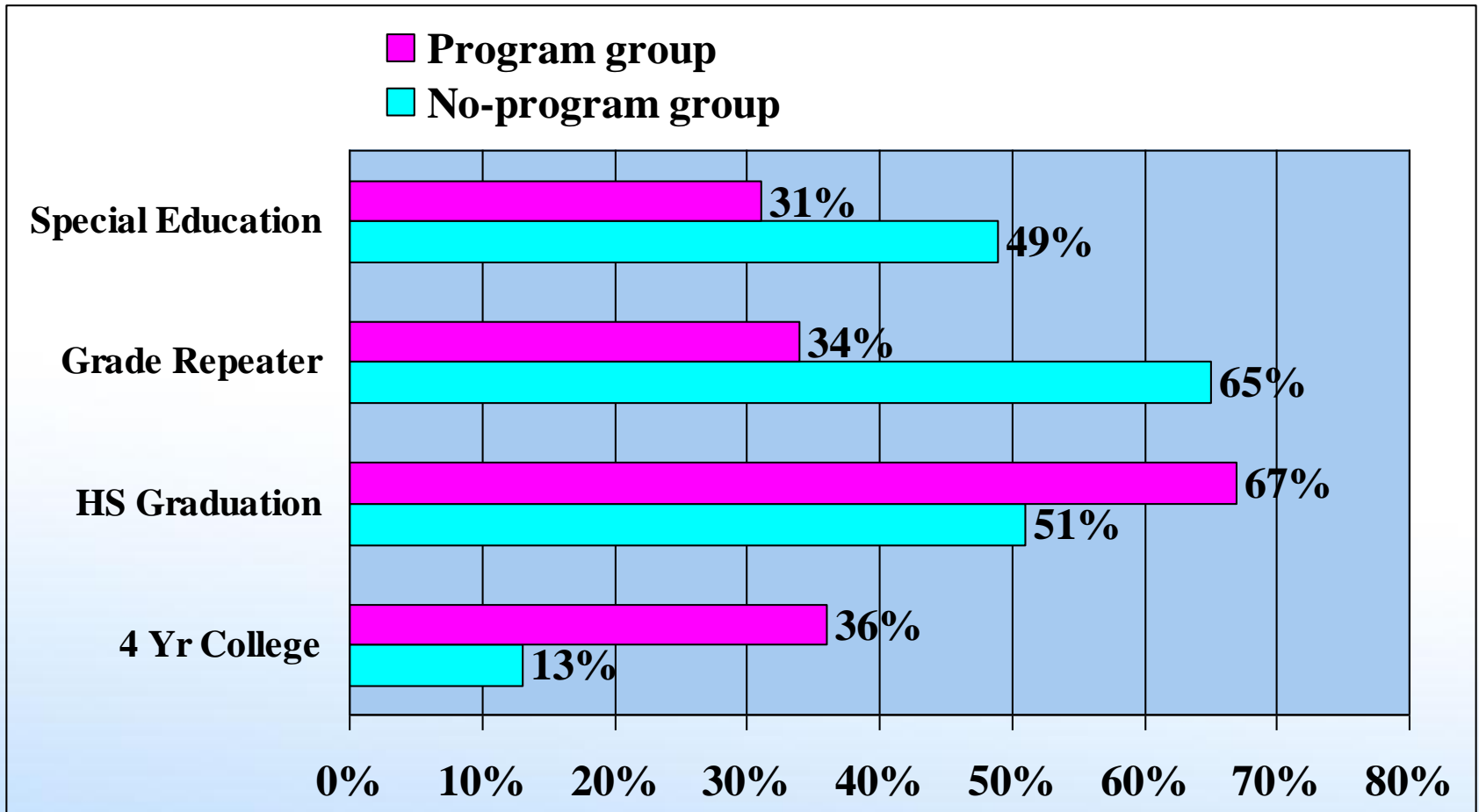


Chicago CPC: Academic, Social Benefits at School Exit



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Abecedarian: Academic Benefits





- Those programs are older, data dated, circumstances have changed, and kids' needs are broader than those programs
- What more evidence can PAES give you?
 - Newer
 - More broad-ranging
 - Based on experiments, literature reviews, data bases, and a combination of those





Bernard Guyer et al, John Hopkins Bloomberg School of Public Health
Tobacco exposure

- Smoking cessation programs for pregnant women can substantially reduce long-term health-related costs, with benefit-cost ratios as high as 12:1.
- Reducing maternal smoking by 15% could save \$1 billion in direct medical costs, prenatal, neonatal and into childhood.

Accidents and Injuries

- 1979-1998, combined public safety campaigns, education, medical attention reduced by 50% rate of deaths of children ages 1-9 from unintentional injuries.
- Still, 1 in 6 kids suffers serious accident. Injuries among young children have cost \$4.7 billion in lifelong medical costs, \$14 billion in present and future productivity losses.





Obesity

- 14% of preschoolers are obese, and 50-80% of overweight kids become obese adults.
- Between 1979 and 1999, obesity-related hospital costs for children nearly quadrupled, \$44 million → \$160 million.

Mental Health

- As many as one in five U.S. children has at least a mildly debilitating mental health disorder.
- By age 28, mental health services for individuals with unsolved conduct disorder cost an average of \$141,000.



Economic/Societal Benefits of Parenting Education



Sharon MacGroder and Allison Hyra, Lewin Group

Alex Piquero, University of Maryland, *et al*

- Unclear which programs produce most “bang for buck.” MacGroder review finds many promising programs, but few with long-term follow-up, rigorous study design to show evidence of economic results. Outcomes include:
 - Reduced child abuse and neglect
 - Improved parent-child relationships, bonding
 - Less harsh discipline, more positive feedback from parents
 - Improved child outcomes – behavioral, cognitive, school attainment
- Piquero *et al* meta-analysis finds statistically significant (moderate effect size, 0.35) drop in crime
- Results hold across study size, country, program design



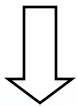
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Impact of Housing on Children's Long-Term Outcomes



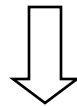
Joydeep Roy, Economic Policy Institute

Role in Providing Shelter



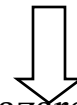
Reduces homelessness
Reduces overcrowding
Benefits of homeownership

Availability of Decent, Affordable Housing



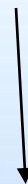
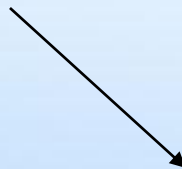
Reduces residential instability
(and frequent changes of schools)
Leaves more money at the table
for other essential needs

Well-maintained or Recent Houses and Buildings



Reduces health hazards in children,
particularly young children
(lead poisoning, asthma attacks, etc.)
Reduces stress and improves parents'
health, thereby improving parenting

Educational Attainment



Hidden Costs of the Housing Crisis



- Housing for babies, toddlers → long-term impact
 - *Affordability/ mobility*: multiple moves in vulnerable early years saw nearly 20% drop in odds of HS grad among sample
 - *Quality*:
 - Asthma triggers: attacks, lack of sleep, poor health key reasons for low-income kids' truancy, getting behind in grade school
 - Lead poisoning: especially problematic for low-income urban renters
- “Quiet crisis”: Current foreclosure crisis tip of the iceberg
 - In fourteen states, including California, New York, and Florida, at least one in five families with kids age 6 or under were “severely rent burdened” – paying half their income or more for rental housing in 2000
 - Rate of severe burden rising sharply, long-term societal costs increasing

Another hs grad statistic



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Nonetheless, Investments in Children Declining



Steuerle/Urban Institute, MacGuineas and Carasso/New America Foundation

- Federal investments in children are projected to decline by 14 to 29 percent as a portion of federal spending over the next decade
- Federal spending will rise by \$650 billion, but investments in children will see only .01 percent of this increase
- Federal focus on consumption rather than investment programs jeopardizes our economic growth





- **More good PAES research.** This panel:
 - Poverty Alleviation/Income Supports
 - Costs of Oral Health Problems
 - Costs of Early Childhood Asthma
- **How can we get the word out?** You can help:
 - Attend communication workshop tomorrow
 - Go to other workshops, engage new groups
 - Give us advice— how can we help you better?

