

## Investments in Preschool Can Generate Nearly 9 Times the Return on Investment

Early childhood education provides a number of economic benefits for both participants and their families, as well as the economy as a whole. Investing in universal preschool for 3- and 4-year-olds in the United States would generate economic benefits in both the near- and the long-term.

- In the near-term, universal preschool would boost the labor force participation of parents, particularly mothers, of young children. [Washington, D.C.](#), for example, enacted universal preschool for 3- and 4-year-olds in 2009 and saw a 12 percentage point increase in the maternal labor force participation rate by 2016, 10 percentage points of which are attributable to the universal preschool expansion.
- In the long-term, preschool programs have also been shown to generate society-wide returns through participants' future better health, higher educational attainment, increased earnings, decreased involvement in the criminal justice system and lower likelihood to access income support, with some programs seeing returns of nearly \$9 in the long run for every \$1 invested.

Given these demonstrated benefits, making high-quality preschool programs available to all young children will help the economy as a whole in the long-term while also boosting parental workforce participation in the short-term.

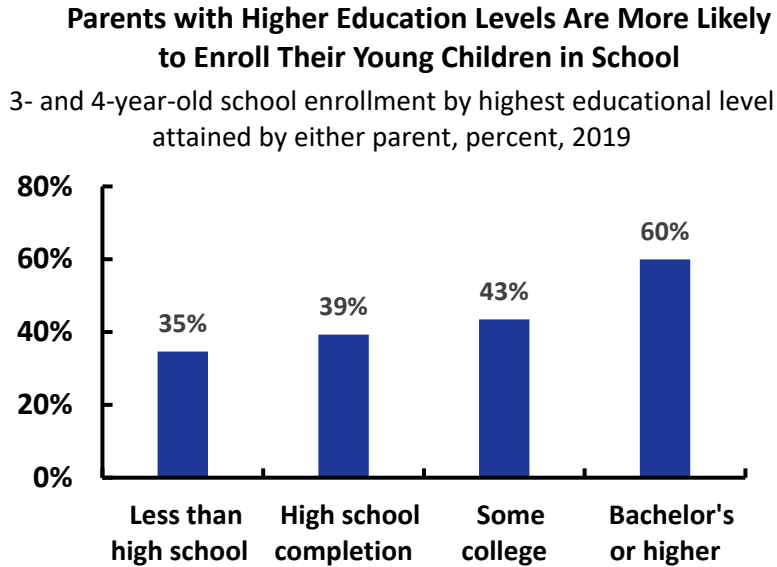
### *Inadequate investment in universal preschool led to low enrollment and missed economic returns*

Inadequate investment in universal preschool by government has shifted much of the cost onto parents and caregivers, causing many to opt out of preschool entirely. In 2021, the [estimated cost](#) of one year of preschool was \$8,600, making preschool unaffordable for many families, decreasing the enrollment of children in these programs and limiting the long-term economic gains they create.

In 2019, [only half](#) of 3- and 4-year-old children in the United States were enrolled in a school program, leaving nearly half of all children in this age group without the long-term benefits of preschool. Furthermore, who is or is not currently enrolled in preschool is reflective of and further exacerbates existing racial and economic inequalities in the United States.

Parents with a college degree are more likely to enroll their children in preschool than parents with lower levels of educational attainment. A recent [survey](#) found that school enrollment for young children varied by level of parental education: 60% of 3- and 4-year-olds with at least one

parent who had at least a bachelor's degree were enrolled in preschool, compared to only 35% for children whose parents did not finish high school.



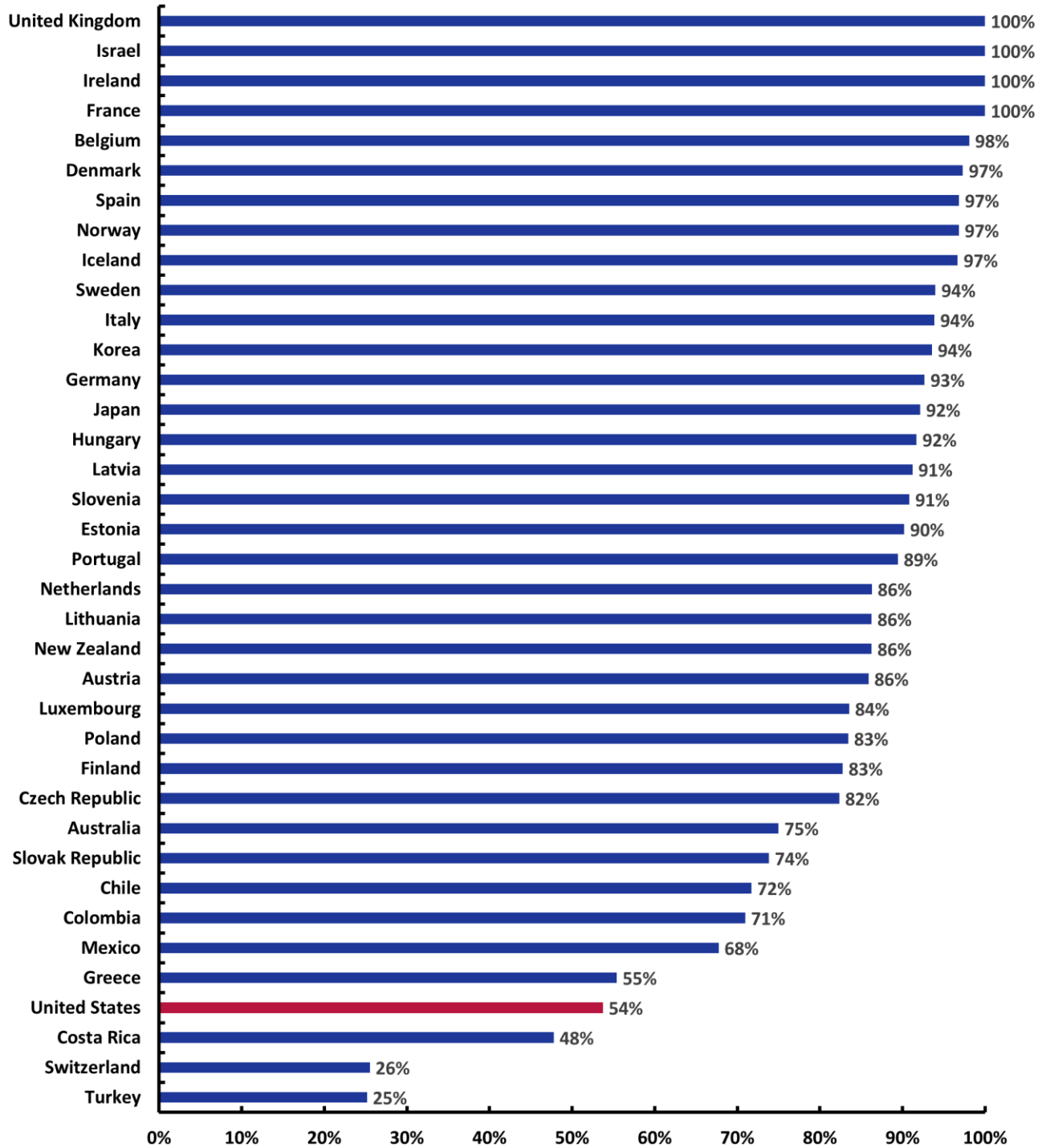
Source: National Center for Education Statistics; U.S. Department of Commerce, Census Bureau, American Community Survey (ACS), 2010 through 2019.

Higher-income households are also more likely to enroll their children in preschool. Among families above 185% of the poverty line 54% enrolled their children in preschool, compared to 42% preschool enrollment for families below the poverty line. For lower-income families, preschool programs are either too expensive or not easily accessible, preventing them from taking advantage of the benefits provided by early childhood education.

As a nation, the United States ranks near the bottom in 3- to 4-year-old school enrollment when compared with the peer countries with which it competes in a global economy. Recent [data](#) from the Organisation for Economic Co-operation and Development show that out of 37 reporting countries, the U.S. ranked fourth from the bottom for school enrollment in that age group. Many of the countries that top the OECD enrollment list have implemented universal preschool, with countries like Britain, France, Ireland and Israel achieving 100% enrollment in this age group through their universal programs.

## The U.S. Ranks Low in Preschool Participation Among OECD Countries

Percent of 3- and 4-year-olds enrolled in school, 2019



Source: OECD

Note: Data for Canada was not available.

***High quality, universal preschool has enormous social and economic benefits, including reduced incarceration***

The social and economic benefits of investing in preschool go beyond just the better educational, employment and earnings outcomes for the children who attend. [Research](#) has also found that participants in preschool grow up to be less likely to be involved in the criminal justice system and less likely to need to use income support programs as adults. These cost savings further increase the returns on investment in preschool and are experienced by the entire economy, not just the participants in preschool themselves. A [baseline estimate](#) of the societal returns from investment in preschool is \$8.60 for every \$1 invested, estimated by Nobel Prize-winning economist James Heckman. Investment in preschool has such long, society-wide returns because children who attend high-quality preschool grow up to be healthier, better educated, more productive workers who pay more in taxes and are less likely to be involved in the criminal justice system or access income support programs.

***Conclusion***

Investing in universal preschool for 3- and 4-year-olds will enable more children to attend preschool programming, allowing the U.S. to realize large future economic returns. These programs have been shown to not only pay for themselves, but to create the potential for economic gains of up to \$9 for every \$1 invested through increased future employment and earnings and reduced social costs. Taken together, investment in free, universal preschool will not only benefit kids and their families, but will also strengthen the U.S. economy, driving future economic growth that is stable and broadly-shared.