Costs and Benefits

On a national basis, reports NIEER, state pre-K spending per child in 2006-07 averaged $3,642, ranging from $2,379 in Arizona to more than $10,000 in New Jersey.[77] Florida operates its big, statewide VPK program for less than $3,000 per pupil, while Head Start spends almost $10,000. Today's annual price tag for yesterday's high-intensity programs such as Perry Preschool would exceed $15,000.[78] That's also roughly the tuition at upscale private preschools in New York and Washington. Programs serving babies and toddlers are costlier still, mainly because of state-mandated staffing ratios. (In Maryland, for example, day-care centers must have at least one staff member for every three children younger than 18 months.)

Plainly, there's no one price tag for pre-K education in America today. It depends entirely on the nature of the program: the location and duration (length of day and year), services and facilities, ages of the children, and, above all, size and pay scale of the staff. (It also depends on the amount of profit sought by private operators and their investors.) Indeed, the variability in prices exceeds even that of K–12 education. As Henry Levin of Columbia's Teachers College writes, "even a casual scrutiny of available expenditure data reveals an enormous variance between the most expensive and least expensive preschool provisions."[79]

Discussions of pre-K costs are complicated, too. Levin notes that they "are borne by many sources and not just the government. In addition, standard government and child care center accounting systems are designed to account for *expenditures* rather than *costs*." And some costs are hidden, thanks to subsidies by churches and charities, volunteer staff, in-kind contributions of people's homes or club facilities, and other entities and people.

For the sake of simplicity, however, consider that the United States has almost four million four-year-olds. A truly universal program—one that actually served all of them—would cost not less than $11.6 billion a year at the low-budget Florida end and as much as $57.8 billion at the high-budget Perry Preschool end. Including three-year olds would at least double those sums.

If we assume universal participation and pick a cost mid-point—say, $9,000 per child, which is close to where Head Start is today and approximates average per-pupil spending on K–12 public education—the outlay for four-year olds would be about $36 billion per annum. Serving three-year-olds, too, would at least double that figure, and adding the birth-to-age-three cohort would swell it to nearly $200 billion.[80]

Some believe that's a bargain, particularly when set alongside, say, the Pentagon budget or the cost of a Wall Street "bailout." But we must keep even $36 billion in perspective. That roughly equals the entire (pre-stimulus) K–12 appropriation of the Department of Education, is close to five times the current Head Start appropriation as well as ten to twelve times what states have been spending on pre-K education, and is more than triple the campaign pledge that Barack Obama made in this area.

More troubling, at least to parsimonious taxpayers who prefer to avoid paying for avoidable windfalls, is this calculation: if 85 percent of four-year-olds already participate in some sort of pre-K

program, as much as $30 billion of that $36 billion figure would replace money that is presently being spent by someone—federal or state programs, private charity, and out-of-pocket by parents—while as little as $6 billion would go to pre-K services for children who currently have none—provided they participate. Since no pre-K program will be compulsory, at least some of the families that don't sign on today will not do so tomorrow, either because they're too disorganized or because they truly don't want it for their kids.

To be sure, non-participation would reduce the price tag, and some offsetting savings would result from offsetting scale-backs of other programs and services. But it would be wrong to think of the cost as a wash. Many of the existing programs and services would still be needed for child-care purposes; even Perry Preschool tended its participants less then three hours a day. The financial relief bestowed on millions of families that currently pay out of pocket would not flow back to government; neither, obviously, would the windfall to parents who currently pay nothing for child care but instead rely on the free services of family members, friends, neighbors, churches, and others. For them, one might say, the state would begin to hire staff to do for Junior and Sis what Grandma presently does gratis. (We may wonder if the paid staff will be as attentive, affectionate, and adaptable as Grandma, or as apt to read stories, take walks, and converse.) Because universal programs are by definition not means-tested, the windfall effect would include the families of professors, neurosurgeons, and trust-fund beneficiaries as well as waitresses, bus drivers and migrant workers.

The other side of pre-K economics is the gnarly business of trying to calculate cost-benefit relationships. As in most education studies, some of the benefit from a preschool program or other intervention accrues to individual participants. They may be happier and less apt to drop out of school later; they may earn more

money and/or not wind up in jail. Other possible benefits, however, flow to society in general, which may reduce the need for remedial programs in school and college as well as for the maintenance of people on welfare, in prison, etc.

How to sort that out, and especially over what period of time to calculate it, adds up to an analytic nightmare. Is it right to count the costs of a one- or two-year, part-time program against the putative private and societal benefits over half a century? How reasonable is it to attribute, let's say, a positive earnings differential at age forty to a preschool program that one took part in at age four?

The most dramatic claims for "investing in young children" have been made by economist James Heckman, who argues that this is a fundamentally important national strategy for building human capital, enhancing workforce productivity, and reducing welfare-type outlays. His analyses have been widely cited by pre-K advocates and, we read, taken seriously by President Obama (presumably not just because they're both from Chicago). It's crucial to note, however, that Heckman actually confines himself to *disadvantaged* children—not the full range embraced by universal pre-K programs—and that the evidence he cites is based on analyses from the "hothouse" Perry Preschool, Abecedarian, and Chicago Parent-Child Center programs. Although this may strengthen the case for highly targeted, high-intensity intervention programs for severely disadvantaged preschoolers, it does little to advance the "universal" argument.

On the grounds of economic returns, in fact, Heckman plainly states that his analysis has led him to favor funding for targeted pre-K programs for disadvantaged youngsters, not those that enroll everyone. Writing in the *Wall Street Journal* in 2006, he acknowledged that, because "Children from advantaged environments received substantial early investment" from their families, "there is

little basis for providing universal programs at zero cost." Doing the latter would be inefficient, costly, wasteful of public dollars, and probably not effective in helping poor kids.[81]

This clarification by Heckman proved awkward for such partisans of the universal approach as Kirp, Zigler, and NIEER's Steve Barnett, who have since sought out less eminent economists to buttress their case and turned to different kinds of arguments on behalf of universality (e.g., the evils of "segregating" poor kids).

Bruce Fuller dismisses attempts to generalize from boutique efforts like Perry Preschool when deriving cost-benefit estimates for universal pre-K programs. He compares that to "looking at the cognitive acumen or earnings of Harvard graduates, and then using this rate of return to justify building more community colleges."[82]

It also stands to reason that the broader the population served, the smaller the effects and returns one will detect, at least through conventional evaluations. But in this regard, there *is* evidence that targeted or means-tested programs are more effective than universal programs. After a careful review of numerous cost-benefit studies, the University of Wisconsin's John Witte concluded that pre-K "programs that are targeted at 200 percent of the poverty line or less have more than double the rate of return of universal programs."[83]

Clive Belfield of Queens College (CUNY) struggled to estimate the costs and benefits of a universal program in New York by trying to calculate the later savings to the state's K–12 system resulting from pupils who have been through preschool. He asserts that these youngsters are less apt to repeat grades, less likely to be routed into special education, and generally prone to be "more productive" as learners. Inevitably, though, much of his evidence is also drawn from targeted programs like Perry rather than broad-based endeavors. After making innumerable assumptions and analytic leaps, he concludes that, for New York State, the medium-term cost savings

from a universal pre-K program would offset between 41 percent and 62 percent of the total expenditures. In other words, the net cost over time of such a program would be roughly half of the initial price tag. But what does that mean in actual dollars?

According to NIEER, Georgia spent about $300 million on its pre-K program in 2006-07. Belfield's analysis—if correct and generalizable to other states—would suggest that the true cost to Georgia (after later education savings are factored in) was closer to $150 million.[84] Of course, state budget directors and legislators—not to mention taxpayers—are more likely to worry whether they can afford a program for which they must write checks today.[85]