



NATIONAL HEAD START ASSOCIATION

## Head Start's Return On Investment

Head Start generates a Return On Investment (ROI) that could make hedge fund managers envious. For every \$1 invested in Head Start, America reaps a ROI ranging from \$7 to \$9.<sup>1</sup> James Heckman, a Nobel Laureate in Economics at the University of Chicago, recommended to the National Commission on Fiscal Responsibility and Budget Reform, "Early Head Start and Head Start are programs on which to build and improve—not to cut."<sup>2</sup> Investing in early childhood education programs, such as Head Start, yields a higher rate of return to society than spending money on secondary education and job training programs (see Chart 1).

While in the short-run Head Start programs provide a range of education, health, nutrition, and family support services that benefit children and their families, Head Start yields its Warren Buffett-like ROI from its long-term educational, health, economic, and social impacts on vulnerable children and families. These impacts contribute to a better economy, improved government finances, and health care savings for small businesses and hardworking Americans. At the same time, Head Start is an efficiently run program.

### **Head Start Improves the Economy**

Head Start graduates are more likely to graduate from high school. High school graduates contribute more to federal, state, and local economies than high school dropouts do because these graduates earn \$9,000 more each year than dropouts.<sup>3</sup>

### **Head Start Improves Federal, State, and Local Budgets**

Head Start saves our hard-earned tax dollars by decreasing the need for children to receive special education services in elementary schools.<sup>4</sup> For example, data analysis of a recent Montgomery County Public Schools evaluation found that a MCPS child receiving full-day Head Start services requires 62 percent fewer special education services. This saves taxpayers \$11,000 annually for every child in special education.<sup>5</sup> States can save the \$29,000 per year for each prisoner that they incarcerate because Head Start children are 12 percent less likely to have been charged with a crime.<sup>6</sup>

### **Head Start Generates Health Care Savings**

Head Start programs reduce health care costs for employers and individuals because Head Start children are less obese,<sup>7</sup> more likely to be immunized,<sup>8</sup> and 19 to 25 percent less likely to smoke as an adult.<sup>9</sup>

### **Head Start Is an Efficiently-Run Program**

Compared with other early childhood programs that have generated high ROIs, a Harvard economist calculated that Head Start provides 80 percent of the benefits of small model early childhood programs at 60 percent of the cost. In other words, Head Start is operated more efficiently than these model early childhood programs.<sup>10</sup>

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The National Head Start Association, an independent membership organization, advocates on behalf of the entire Head Start community and provides training and resources to Head Start programs nationwide.

<sup>1</sup> Ludwig, J. and Phillips, D. (2007). The Benefits and Costs of Head Start. *Social Policy Report*, 21 (3: 4); Deming, D. (2009). Early childhood intervention and life-cycle skill development: Evidence from Head Start. *American Economic Journal: Applied Economics*, 1(3): 111-134; Meier, J. (2003, June 20). Interim Report. Kindergarten Readiness Study: Head Start Success. Preschool Service Department, San Bernardino County, California; Deming, D. (2009, July). Early childhood intervention and life-cycle skill development: Evidence from Head Start, p. 112.

<sup>2</sup> Heckman, J. (2010). Letter submitted to the National Commission on Fiscal Responsibility and Budget Reform.

<sup>3</sup> U.S. Department of Labor. Bureau of Labor Statistics. (2011). Employment projections: education pays. Available at [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm) on January 21, 2011.

<sup>4</sup> Barnett, W. (2002, September 13). The Battle Over Head Start: What the Research Shows. Presentation at a Science and Public Policy Briefing Sponsored by the Federation of Behavioral, Psychological, and Cognitive Sciences.

<sup>5</sup> NHSA Public Policy and Research Department analysis of data from a Montgomery County Public Schools evaluation. See Zhao, H. & Modarresi, S. (2010, April). *Evaluating lasting effects of full-day prekindergarten program on school readiness, academic performance, and special education services*. Office of Shared Accountability, Montgomery County Public Schools.

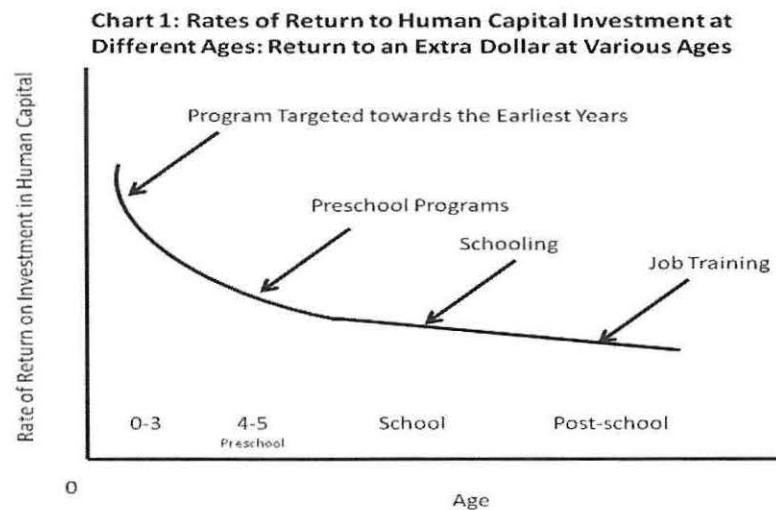
<sup>6</sup> Reuters. (2009, March). Cost of locking up Americans too high: Pew study; Garcés, E., Thomas, D. and Currie, J. (2002, September). Longer-term effects of Head Start. *American Economic Review*, 92 (4): 999-1012.

<sup>7</sup> Frisvold, D. (2006, February). Head Start participation and childhood obesity. Vanderbilt University Working Paper No. 06-WG01.

<sup>8</sup> Currie, J. and Thomas, D. (1995, June). Does Head Start Make a Difference? *The American Economic Review*, 85 (3): 360.

<sup>9</sup> Anderson, K.H., Foster, J.E., & Frisvold, D.E. (2009). Investing in health: The long-term impact of Head Start on smoking. *Economic Inquiry*, 48 (3), 587-602.

<sup>10</sup> Deming, D. (2009, July). Early Childhood Intervention and Life-Cycle Skill Development: Evidence from Head Start. *American Economic Journal: Applied Economics*, 1 (3): 111-134.



Source: Adapted from Dr. James Heckman's PowerPoint Presentation at New York University, October 5, 2007