

Minnesota's one-child school readiness dividend

School readiness in Minnesota is worth \$56,000 per low-income child.

Numerous research studies have demonstrated the economic value of investing in effective early education and intervention programs that cognitively, socially, and emotionally prepare low-income children at risk of school failure for success in school. School readiness prevents or reduces needless public spending, starting with K-12 special education and lasting through adulthood in the social welfare and criminal justice systems.

Without early education and support for healthy development, an at-risk child is more likely to start school at a disadvantage and ultimately more likely to drop out of school, earn lower wages, depend on public assistance, or commit crimes. Conversely, those who start school healthy and prepared are more likely, as adults, to be employed, earn higher incomes, and contribute more in taxes.

The lifetime economic value of investing in healthy development and school readiness for each low-income child at risk of school failure in Minnesota is an estimated \$55,928.

This present value estimate is based on actual expenditure data from state agencies, high school graduation rates, crime rates, and other census data for Minnesota as a whole and the likely impacts of early education and intervention programs over an average lifetime from the existing research.

About 15 percent of these economic returns accrue to the children themselves and their families. Taxpayers (38%) and the rest of society (47%) gain the majority of the benefits. The details of where the benefits accrue are shown below.

TOTAL LIFETIME VALUE TO MINNESOTA PER LOW-INCOME CHILD ACHIEVING SCHOOL READINESS	\$55,928
Estimated K-12 savings due to increased school readiness	\$1,887
Savings in special education costs due to reduced incidence of non-cognitive disabilities	\$1,349
Savings in K-12 expenditures due to fewer students repeating a grade	\$538
Estimated savings and revenue for MN taxpayers due to increased school readiness	\$19,438
Savings in average incarceration costs (juvenile and adult justice system) due to fewer arrests	\$5,997
Savings in MFIP cash and medical assistance payments (fewer months + fewer participants who do not receive payments at all) and savings from reduced administrative costs	\$9,679
Additional income tax and sales state tax revenues from participant's lifetime income	\$2,298
Savings in reduced use of unemployment insurance due to increased employment	\$1,464
Estimated additional savings and benefits to individuals and society	\$34,603
Reduced costs to crime victims	\$10,623
Savings in treatment costs and value of increased productivity and lifespan associated with reduced substance misuse	\$15,361
Additional lifetime income (after taxes and netting out savings in cash transfers) for at-risk child who achieves school readiness	\$8,619

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These estimates are present values, discounted at a 4 percent discount rate.

For more information about the research studies, probabilities, program effect sizes and parameters, and other assumptions used in this analysis, please contact: Jose Diaz (jose.diaz@wilder.org) or Richard Chase (richard.chase@wilder.org)