

The cost burden to Minnesota K-12 when children are unprepared for kindergarten

Background

A number of studies document the long-term public and societal benefits of early childhood education, including the reduced costs associated with child welfare, public assistance, crime and incarceration, and the benefits related to increased education and earnings. Several studies specifically measure the cost-benefits of early childhood interventions on special education spending.

This study, commissioned by the Bush Foundation, focuses on the financial costs within the Minnesota K-12 system as a whole due to children entering kindergarten unprepared for school success. The study scope does not include costs or benefits for the child, family, or society. It charts what the benefits and cost savings would be for the K-12 system as a whole as a 3-year-old cohort moves through their K-12 education.

K-12 bears substantial costs when children start school unprepared

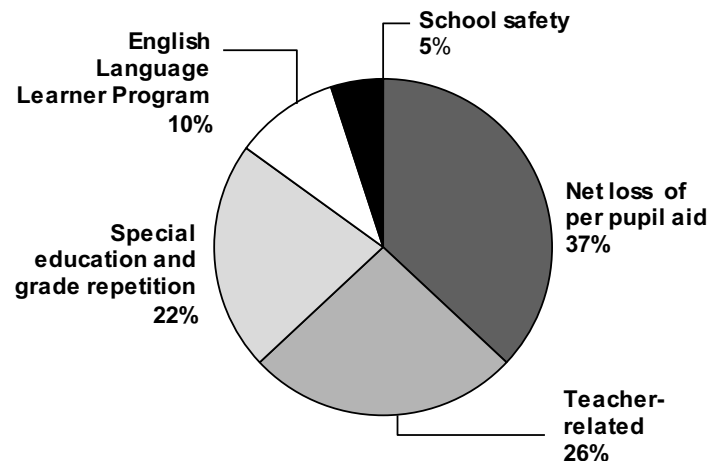
This study found the estimated cost burden to the Minnesota K-12 system due to children entering kindergarten unprepared for school success is about \$113 million annually. These estimated costs are as follows:

- \$42 million (37%) net loss of per pupil aid to school districts as a result of students dropping out before graduation.
- \$28.9 million (26%) teacher-related costs due to absenteeism, turnover, and extra pay to compensate teachers for unsatisfactory working conditions because of behavior problems and low achievement among students that could have been prevented if the students were better prepared for school success.

- \$24.4 million (22%) special education and grade repetition costs that can be attributed to children entering kindergarten not fully prepared.
- \$11 million (10%) to serve English language learners with no early education.
- \$6 million (5%) spent on school safety due to delinquent behavior in the schools that possibly could have been prevented if the students were better prepared for school success.

Costs are estimated for a preschool cohort in 2009 with spending over time adjusted to 2009 dollars (based on projections of the Consumer Price Index by Global Insight).

SOURCES OF \$113 MILLION COST BURDEN TO SCHOOL SYSTEM



continued

K-12 cannot afford to prevent these costs on its own.

These costs could potentially be prevented by providing an evidenced-based early education program for the estimated 13,000 low-income (at or below 125% of poverty) three-year-olds not now being served. The estimated cost for two years of quality, early education would be \$377 million, assuming an annual cost of about \$13,500 per child.

The potential cost savings of \$113 million brings the net cost of such a program to about \$264 million. After 15 years, pre-K through grade 12, the savings would offset about 30 percent of program costs for every year the program continues. (These estimates are based on 100 percent enrollment of eligible low-income three-year-olds in the two-year program and a constant number of children in succeeding cohorts. Lower usage rates or smaller cohorts would reduce estimated costs and savings proportionately.)

Thus, the benefits *within* the K-12 system associated with providing targeted, high quality early education are enough to cover only a portion of the costs of such a program. The bigger payoffs show-up *outside* the K-12 system, primarily in public and societal costs associated with reduced crime and incarceration, and benefits related to increased education and earnings.

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For more information

This summary presents highlights of *The cost burden to Minnesota K-12 when children are unprepared for kindergarten*. For more information about this report, contact Richard Chase at Wilder Research, 651-280-2706.

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