

AROOSTOOK REPUBLICAN

AND NEWS

By James Conlon,
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As business leaders we are pleased to join the growing ranks of our peers who are committed to greater investments in high-quality early care and education as not only the right thing to do for Maine's youngest children, but also because such wise investments will strengthen our economic futures. We are also pleased to be three of 10 private sector executives leading the efforts of the Maine Early Learning Investment Group, a group of business leaders who know the success of Maine's economy depends on well-educated, skilled and innovative workers.

Scientists have shown us that children's early experiences provide the foundation for success in school and work. That's why we have chosen to invest in the healthy development of Maine's

youngest children and their families as the surest way to improve student achievement and the quality of Maine's workforce.

And now we have concrete Maine data to guide our investment. Recently, University of Maine Economics Professor Philip Trostel conducted a fiscal cost-benefit analysis of the impact of increased early childhood education investments in Maine.

Specifically, Dr. Trostel estimated the costs, benefits, and return on investment of a high-quality early childhood education system that serves children from Maine families between 100 percent to 200 percent of the federal poverty level (with 100 percent to 175 percent being between \$19,553 to \$34,177 for a family of three and 200 percent being \$36,996 for a family of three and \$46,566 for a family of four).

These children were targeted to promote greater equality of opportunity and to increase the fiscal payoff through increased economic productivity and public savings.

To conduct the cost-benefit analysis, Dr. Trostel assumed a proposed integrated system of high-quality early childhood education from birth through age 4 that includes comprehensive services, and the availability of high-quality full-day, year-round programming.

Using U.S. Census data, Dr. Trostel reports that almost 47 percent of Maine's children under age 5 — or about 32,600 children — live in families with incomes below 200 percent of the federal poverty level, and assumes that 70 percent of the eligible children (approximately 22,800) could be expected to participate annually.

Dr. Trostel's cost-benefit

analysis is impressive. He projects that the additional investments needed for each child over the course of five years is \$26,100 but that those costs are outweighed by the savings — first \$6,100 in government savings per child prior to kindergarten, then \$25,700 in savings

per child during K-12 and later savings as an adult. These savings are accumulated though reduced costs for special education, juvenile and late adult corrections, welfare services and child protective services. Added benefits are that grade retention

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would decrease, fewer students will drop out, and graduation rates will increase. Plus, as wage earning adults, each participant will pay thousands of dollars in federal, state and local taxes that in turn support our communities, critical government functions and private sector growth.

The cumulative lifetime fiscal savings and tax benefit to government would be \$125,400 per

child — 4.8 times greater than the initial fiscal cost.

The initial public cost of the program would be fully recovered through cost savings by the time a child reaches age 14. After that point, the program would pay for itself many times over.

This report shows us that the real fiscal internal rate of return for investing in a high quality early education system in Maine is, conservatively, 7.5 percent. In

any of our businesses, a 7.5 percent internal rate of return is viewed as a very good investment and would not sit long on the offering table. But even with this strong data, the rate of return pales by comparison to the primary benefit of investing in high quality early childhood education: the healthier and more productive, prosperous and fulfilling lives for all of Maine children.

Dr. Trostel's report makes the

case supported by many other economists across the nation, including Nobel prize-winning economist James Heckman, former senior vice president and director of research at the Federal Reserve Bank of Minneapolis Arthur Rolnick and Federal Reserve Bank Chairman Ben Bernanke. Rolnick said it best when he said, "Research has shown that investment in early childhood development programs brings a real (that is, inflation adjusted) public return of 12 percent and a real total return, public and private, of 16 percent. We are unaware of any other economic development effort that has such a public return."

Maine-specific data should help guide our lawmakers as they consider universal pre-K legislation in the coming year and establish early education funding priorities in the state and federal budgets. It will also help inform our members of Congress as they consider the proposed state-federal early learning proposal designed to provide new federal funding for states to strengthen and expand high-quality early learning. The economics of high-quality early education are hard to ignore.

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