

# Early Years

## What is known about the long-term economic impact of centre-based early childhood interventions?

### What do we want to know?

We want to know whether money invested to pay for the cost of centre-based early years childhood interventions results in a positive or negative financial return in the longer term. Or, put more plainly, how much does society get back (if anything) for each dollar invested in such schemes?

### Who wants to know and why?

It is widely assumed, and widely quoted by politicians, policy makers and early childhood development (ECD) activists, that early childhood interventions are effective and bring returns in the order of seven dollars saved for every one dollar spent.

### What did we find?

- The samples in these three studies were overwhelmingly African-American families in US inner cities, and were defined as living in poverty. Given this context, it is argued that the results of the three studies are not easily transferable to modern contexts in countries such as England. The results indicated should therefore all be read with the caveat of 'for the specific population in these studies'.
- Centre-based early years interventions do have a positive effect on educational and cognitive outcomes.
- Centre-based early years interventions probably reduce the risk of involvement in crime for those who are at a high risk of becoming involved in criminal activity, but the results suggested there are limits to this 'protective effect'.
- Economic analysis suggest that the money invested in the interventions yielded a positive rate of return: that is, the economic benefit is greater than the initial investment over the long term. However, the magnitude of the return is very sensitive to the assumptions made in the cost estimates. The cost-benefit ratio of centre-based early years interventions may well be lower than that suggested by the headline figures used in the individual study reports.

### How did we get these results?

The review question was:

*What is known about the long-term economic impact of centre-based early childhood interventions?*

We identified studies published in English after 1950 which reported outcomes and financial costs and benefits at least 10 years after the intervention (i.e. when child was a minimum of 15). The review identified three studies reported in 58 papers. These studies were three well known longitudinal studies of early childhood centre-based interventions: Perry High/Scope, the Abecedarian and the Chicago Child-Parent Centers. All three were carried out with African-American children in ghettoized urban areas in the USA.

### What are the implications?

These studies provide evidence for the beneficial effects of centre based early years interventions for very poor black children living in deprived inner city areas of the USA in the late 1960's and early 1970's. There also appear to be some positive financial returns for this investment. However these findings cannot be assumed to be generalisable elsewhere. The findings from these studies should not be used as justification for investment in similar enterprises in different populations and locations and time periods.

Considerable thought should be given to the utility and design of long term cost-benefit analysis of such interventions given the difficulty and high cost of such exercises and the likely problems of generalizability across contexts. For these reasons it may be worth considering alternative approaches to cost-benefit analysis. The lack of measures of children's wellbeing in the here and now is a major gap in our understanding of early childhood interventions.

Care should be taken in the reporting of cost-benefit analysis. Headline figures given as point estimates (e.g. \$7 saved for every \$1 spent) can be misleading.



## Where to find further information

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The results of this systematic review are available in three formats:

#### SUMMARY

Explains the purpose of the review and the main messages from the research evidence

#### TECHNICAL REPORT

Includes the background, main findings, and full technical details of the review

#### DATABASES

Access to codings describing each research study included in the review

These can be downloaded or accessed at <http://eppi.ioe.ac.uk/reel/>

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