

Economics of Pre-K in Alabama: Results and Analysis

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Prepared for VOICES for Alabama's Children
October 2007

Final Words

- The rate of return for pre-k, especially the rate estimated for at-risk children, is comparable to the state's recent economic development investment in the automobile industry and its mega projects.
- Analysis of both the regular economic development projects and pre-k were based on similar time horizons and overall methodology.
- More specifically, both analyses involved a sizeable upfront investment and aggregation of smaller streams of income over a longer period of time in the future.
- Both analyses involved present value application of future potential income.
- Both were estimated in extremely conservative fashion.
- In our opinion, an investment in pre-k can produce, at least in part, as strong, if not stronger, a return on the state's investment as other recent economic development projects.

Does this make the case for state's investment in pre-k?

- On a purely objective criterion, the answer is a resounding "**YES.**" The investment in pre-k will pay and the return will be as favorable as any recent public investment by the state.
- This investment compounds in a fashion unlike any other public investments.
- The at-risk children who will be given a chance to succeed will most likely become parents with an income above the threshold federal poverty level. The probability of their children, this later generation of children, to excel in their education attainment will increase exponentially and can reach new highs.
- However, the children are more than future factors of production; they **are** our future.
- In this light, investment in pre-k is not only an excellent economic investment; it is also a morally correct and an ethically imperative investment.
- In order to educate all of Alabama, all Alabamians must be given a level opportunity at the start.
- In conclusion, the investment in pre-k not only produces a comparably competitive rate of return, it also ensures the availability of future labor, assists with reducing the economics of crime, and is the most morally correct of all public investments.