

Chairman of “The Fed” weighs in on early childhood education

Excerpt from speech by Federal Reserve Bank Chairman Ben S. Bernanke, *Challenges for State and Local Governments*, March 2011, New York, NY

*“...Budget balance and budget stability are important fiscal issues. In the long run, though, the most important fiscal issue is whether the structure and composition of the government budget best serves the public interest. Certainly, most people would support the goal of fostering healthy economic growth. Government can contribute to this objective in a number of ways. One critical means is by ensuring an adequate investment in human capital--that is, in the knowledge and skills of our people. No economy can succeed without a high-quality workforce, particularly in an age of globalization and technical change. Cost-effective K-12 and post-secondary schooling are crucial to building a better workforce, but they are only part of the story. **Research increasingly has shown the benefits of early childhood education and efforts to promote the lifelong acquisition of skills for both individuals and the economy as a whole. The payoffs of early childhood programs can be especially high.** For instance, preschool programs for disadvantaged children have been shown to increase high school graduation rates. Because high school graduates have higher earnings, pay more taxes, and are less likely to use public health programs, investing in such programs can pay off even from the narrow perspective of state budgets; of course, the returns to the overall economy and to the individuals themselves are much greater....”*