

BRIEFINGS

Center for Educational Performance & Accountability



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What Are Cost Consequences of Not Implementing a Quality Universal Prekindergarten (UPK) Program?

Child brain development research demonstrates that, if the physical foundations of the brain aren't developed by age 5 or 6 the learning potential of the child will be greatly diminished and he/she will continually lag behind developmentally. Language skills, for instance, depend critically on verbal input in the first few years or certain skills, particularly grammar and pronunciation, may be permanently impacted. The critical period for language-learning begins to close around five years of age and ends around puberty. Children much more readily learn a new language before puberty than subsequently. This is why the earlier a child learns a new language and other skills, the more fluent and accomplished they can become. (*Brain Development* <http://www.zerotothree.org/brainwonders/FAQ.html>)

It also is important during a child's formative years that their cognitive, social, emotional, and motor development is complementary and mutually supportive. It is critical, moreover, that every child receive active and attentive care during his/her early development years, and this is unlikely to happen unless they have responsive interpersonal relationships with teachers, parents, and other adults such as those provided by a high quality Universal Prekindergarten (UPK) program. (*Implementing a Quality Universal Prekindergarten Program in Florida*, Policy Brief: Publication 2004-B001, March 2004)

A landmark, long-term study of the effects of high-quality early care and education on low-income three- and four-year-olds shows that adults at age 40 who participated in a preschool program in their early years have higher earnings, are more likely to hold a job, have committed fewer crimes and are more likely to have graduated from high school. Overall, the study documented a return to society of more than a \$17 for every tax dollar invested in the early care and education program (*High/Scope Perry Pre-school Study*: <http://www.highscope.org/PressRoom/PressRelease/PerryP-Age40.htm>)

The economic impact of not implementing UPK has been explored with regard to a number of costs incurred by the state in 2002-2003. A sizeable portion of these costs likely could have been spared if Florida had a quality, cost-effective UPK program:

• the cost of school non-promotion	\$336,534,323¹
• the cost of high school drop-outs	\$81,138,501²
• the cost of future earnings of dropouts	\$4,843,825,000³
• the cost of juvenile offenders	\$7,701,440 (in 2004)⁴
TOTAL COST	\$5,269,199,264

¹ Only Prekindergarten through 3rd grade

² Only 10th, 11th, and 12th grades

³ Opportunity cost of reduced/lost wages for those without a high school diploma

⁴ This is a very conservative and limited estimate of direct costs

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Cost of School Non-Promotion. For each year a student is retained in-grade, the state has to fund the instruction for that student again, *i.e.*, the state of Florida has to pay out an additional amount equal to the Florida Education Finance Program (FEFP) per each child retained in-grade. The 2002-03 unweighted FEFP of \$5,217.91 per student has been increased each year since, to \$5,764.40 for 2004-05 (State Budget Allocations for 2004-05). School enrollment data that should be released by Florida Department of Education (DOE) later this month are likely to show an increase in the number of students retained in-grade during 2003-2004. Calculating the FEFP invested into all of the years a student has been retained in-grade (FEFP X grade level = Loss Total) reveals an annual loss of \$336,534,323 for 2002-03.

Non-Promotions by Race: 2002-03

2002-03	White Total	Black Total	Hispanic Total	Total Enrollment	Total Retained	Cost \$5,217.91
PK	123	75	45	48,805	243	\$1,267,952
KG	5,179	4,307	3,239	172,483	12,725	\$66,397,905
1	5,706	4,890	4,042	175,889	14,638	\$76,379,767
2	3,439	3,491	3,081	177,863	10,011	\$52,236,497
3	7,887	10,942	8,050	183,225	26,879	\$140,252,203
* FEFP 2002-03 = \$5,217.91			Total	758,265	64,496	\$336,534,323

Source: Florida DOE Bureau of Education and Accountability
(FEFP amount from State Budget Allocations for FY 2002-03)

Cost of High School Dropouts. If the current trend continues, we will lose at least \$85,460,312 per year on FEFP spent on students who dropout by 2005 (State Budget Allocations for 2004-05). For the students who dropout in grades 10, 11, and 12, the taxpayers made a cumulative investment of as much as \$800,000,000 toward graduations that did not occur.

	Dropout Counts				Lost FEFP 2002/03
	White	Black	Hispanic	State Total	
Grade 10	2,589	1,741	1,261	5,591	\$29,173,335
Grade 11	2,188	1,323	1,033	4,544	\$23,710,183
Grade 12	2,276	1,946	1,193	5,415	\$28,254,983

* FEFP 2002-03 = \$5,217.91

Totals	15,550	\$81,138,501
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Source: Florida DOE Bureau of Education and Accountability
(FEFP amount from State Budget Allocations for FY 2002-03)

The Cost of Future Earnings of Dropouts. The future earnings lost to Floridians, based on the number of dropouts for only 2002-03, is \$4,843,825,000. The Census Report pegs lifetime wages for those with less than a high school education at \$23,000 per year and high school graduate wages at \$30,400 in 2002 (<http://www.census.gov/prod/2002pubs/p23210.pdf>). It also estimates that individuals work between 24 and 61 years, averaging 44.5 years over their lifetime. If lifetime earnings difference (\$311,500) is multiplied by the number of dropouts in 2002-03 (15,550), the total loss to Floridian's lifetime earnings would be \$4,843,825,000 (subject to annual adjustments in dropout rates).

Lifetime Earnings (Less than High School Education):	\$1,041,300
Lifetime Earnings (High School Graduate):	<u>\$1,352,800</u>
Difference:	\$ 311,500

Additionally, unemployment data suggest that non-graduates have almost twice the unemployment rate as do high schools graduates. Thus, beyond the losses of the potential personal earnings of dropouts, Floridians also pay for unemployment “benefits” to school dropouts.

The Cost of Juvenile Prison Admissions. There are approximately 388 juvenile prison admissions in Florida each year (2004). The cost of incarcerating “youthful offenders” should be included as an incidental, if not direct, cost of students dropping out of school. While the cumulative costs for incarceration are sizeable (total \$7,701,440 for 2004), the costs to the victims, and to the state overall, must be considered as all the more monumental, even though no uniform figures are available on a statewide basis.

Youthful Offenders (= <17 yr.)		Imprisoned 2004	
Gender	Count	Cost per year	Cumulative Cost
Male	349	\$19,367	\$6,759,083
Female	39	\$24,163	\$942,357
			\$7,701,440

Source: Florida Department of Corrections (<http://www.dc.state.fl.us/pub/annual/0304/youthful.html>)

Approximating the cost of UPK implementation in the first year. The Florida Office of Economic and Demographic Research projects that by fall of 2005 there will be 213,331 4-year-olds in Florida. Assuming a 70% participation rate (149,332 4-year-olds), the expected cost of UPK implementation in the first year would be approximately \$358,400,000 (based on an inadequate \$2,400 being allocated per child under the vetoed HB 821). Assuming that 56% of Florida 4-year-olds (119,465) would participate—Georgia had a 56% participation rate in their UPK program—the total annual cost would be \$286,716,000 (PCS/HB 821 Early Learning).

Even doubling that annual cost amounts to only 9.6% of the total \$6 billion costs attributed earlier in this *Briefings* to school non-promotion, high school dropouts, future earnings of dropouts, and costs of juvenile offenders. Implementing a quality UPK program clearly would be a good return on investment.

Of course, the final participation rate and resulting costs will depend on the contents of the new bill that the Legislature, in its wisdom, will craft during the 2004 Special Session.

Notwithstanding the cost of implementing a quality UPK program for Florida, the Florida TaxWatch Center for Educational Performance and Accountability (CEPA) would reiterate its clarion call for a quality, affordable, and cost-effective UPK program befitting the needs of Florida’s 4-year-olds. In its next *Briefings*, the Florida TaxWatch Center for Educational Performance and Accountability will present explicit recommendations for the contents of a high quality UPK program.

Aside from the foundation that a quality program would provide them as they advance through their K-12 years and beyond, Florida’s children are the seed corn of the state’s future workforce and they should not be denied the best platform possible for their future success.

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