



## Valuing early childhood education programs

Preschool programs in the year before school have long been a feature of the Australian early childhood sector. We know that engagement with quality early childhood education and care (ECEC) programs such as preschool can improve children's early development. By providing stimulating and rich learning environments, ECEC provides a significant opportunity to promote children's healthy development and support successful transitions to school.

However, not all children arrive at school ready to take advantage of the opportunities that schools provide. This is a concern because vulnerability at school entry is predictive of poorer educational outcomes. To address this problem, state and federal governments have been expanding the availability of preschool programs for children in the year before full time school, and some state governments have been adding a second year of preschool for 3 year olds from families experiencing vulnerability or disadvantage.

The Australian government is well aware of the value of investing in the early years, and has explored ways of improving school readiness and school participation among families with children aged 3-4 years experiencing vulnerability or disadvantage. In 2021, the Department of Social Services (DSS) commissioned the Centre for Community Child Health to provide an overview of existing evidence relating to the long-term impacts of school readiness on health and wellbeing outcomes. DSS was also interested in financial implications of improved school readiness and school participation, specifically:

- what were the potential savings for state and federal governments in avoided costs and revenue?
- what increases in revenue can the government expect as a result of improved lifelong outcomes for children who have greater school readiness and increased school participation?

## Educational benefits of early years investments

The [Tasmanian Play2Learn+ Trial: Evidence Review](#) outlines existing evidence relating to the long-term impacts of school readiness on health and wellbeing outcomes, with a focus on potential savings in avoided government costs and revenue.

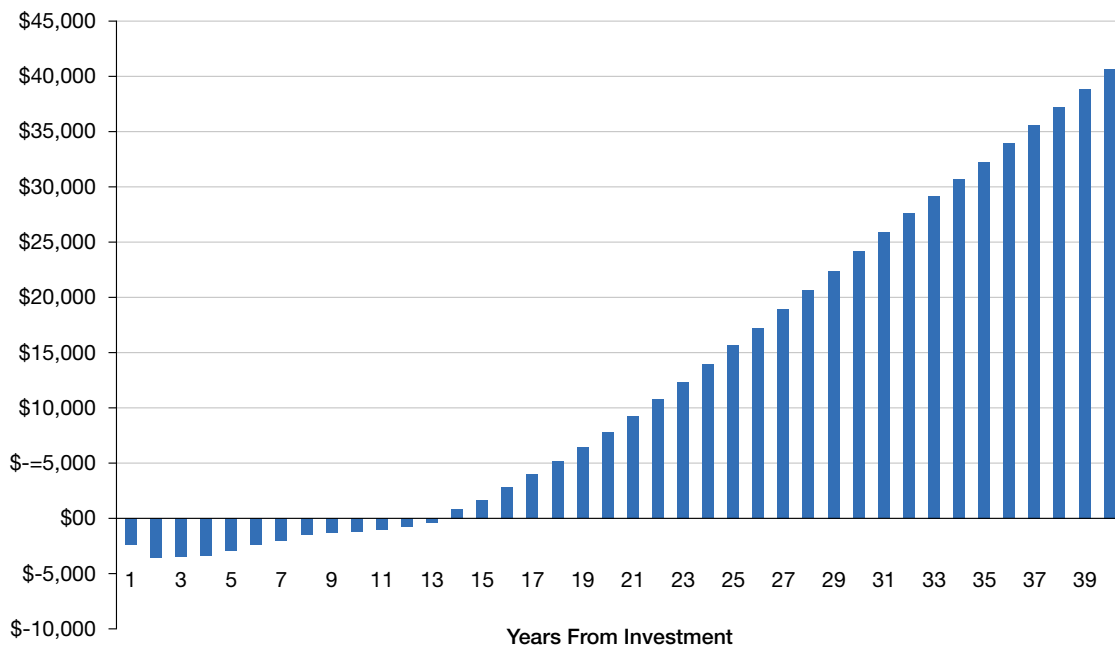
There is strong evidence that high-quality early childhood education (ECE) programs can improve school readiness and contribute to children's wellbeing and educational achievements. These benefits are long-lasting and wide-ranging, and affect the individuals themselves, as well as the wider society and government. We know that two years of high-quality ECE provides greater benefits than one and that starting earlier yields higher benefits. We also know that children from families experiencing vulnerability or disadvantage benefit most from attending high-quality ECE programs, but gain little and may even be harmed by attending low-quality programs. These children also benefit from attending ECE with a range of children from diverse backgrounds.



## Economic returns on early years investments

Our review found many cost-benefit analyses of ECE programs, but these varied so much in the settings where they have been conducted, the populations involved and the methods of calculating costs that it is tricky to draw firm conclusions. However, while there are some inconsistencies in the findings, most studies find that high-quality universal preschool education programs yield economic benefits beyond the cost of the programs themselves. These benefits are experienced both by children who attend the programs as well as by governments.

The economic benefits for governments take different forms, the two main ones are increased government revenue and decreased government expenditure. The evidence indicates that, during the early stages of the investment, the costs outweigh the economic benefits, but after a period the benefits begin to outweigh the costs. Estimates of how long it takes before the benefits outweigh the costs vary. **What is clear is that the benefits keep on growing indefinitely**; studies of children who received high-quality early childhood programs and have been followed into adulthood have found that the benefits persist, and are also evident in their children. In general, the economic returns of investments in the early years are higher than those in later years and are greater for children experiencing disadvantage.



Economic costs and benefits of early years investments. (Lee et al., 2012).



## Amplifying the benefits for children and families

While the economic and educational benefits of ECE programs are clear, there are limits to how much they can achieve on their own. The benefits gained from such programs are limited by two key factors. One is that child outcomes are strongly shaped by the social and material conditions under which families are raising their children. These conditions have a major influence on the capacity of the family to provide their children with nurturing care and safe and stimulating home learning environments. These conditions can have a greater impact on child and family outcomes than the services they receive. Services will always struggle to overcome these variable outcomes as long as the underlying factors that produce them are not addressed as well.

The second limitation concerns the age at which the intervention starts. There is a strong case for starting earlier than 3 years to provide support for early parenting and family functioning. What happens during the very earliest stages of development, from conception to the end of the second year, can have life-long consequences. All of this occurs well before the 3 and 4-year-old programs start, and raises questions about what forms of support should be provided to families during these crucial early years. The value of attending 3 and 4-year-old preschool would be greatly enhanced if they built upon effective childcare and family support programs during the first 1000 days and beyond.

### The benefits of investing in the early years

Investing in high-quality early years programs and services promotes immediate and enduring health, development and wellbeing. The benefits include greater social cohesion and prosperity, improved education participation and achievement, better wellbeing and health, lower crime, increased workforce participation and productivity, stronger communities, and reduced inequity and poverty.

With a focus on prevention and early intervention, investing in the early years can:



generate higher economic returns than investments in later years and economic benefits that outweigh the costs



reduce the need for services addressing more complex issues in later years (such as remedial education and criminal justice)



deliver significant and persistent social and economic benefits for individuals, families, communities and governments



provide substantially better outcomes for children experiencing disadvantage or vulnerability



deliver benefits that continue to grow indefinitely.

The Tasmanian Play2Learn+ Trial: Evidence Review was prepared by Dr. Tim Moore and Noushin Arefadib for the Australian Government Department of Social Services.

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