

The Early Childhood Center Universal Preschool Series: Briefing Paper 3

State-Funded Prekindergarten Programs: How States Fund Their Programs

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Overview

Universal preschool is receiving state and national attention. It has been discussed by the Governor of Indiana, Indiana legislators, the Indiana Education Roundtable, policy makers, higher education, the media, and the public. This series of briefs provides information that can support effective decision making.

The series includes:

Briefing Paper 1: Universal Preschool Defined

Briefing Paper 2: Prekindergarten Programs Offered by Indiana School Corporations

Briefing Paper 3: Universal Preschool Funding Models

*A November 2004 report from the National Institute for Early Education Research indicates that **38 states** have established state-funded prekindergarten programs and **4 other states** contributed funds to supplement Head Start.*

Indiana is not one of the 42 states that provide state-funded early education (Barnett, Robin, Hustedt, & Schulman, 2004).

State-funded prekindergarten programs come about through the ability of the public, legislators, and government agencies to see three things:

1. The needs of the state's children;
2. Benefits to the state; and
3. Possible funding mechanisms to address the needs.



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1. The needs of the state's children

Young Children Need Adult Support to Get Ready for Kindergarten

School readiness is defined as children's attainment of cognitive skills in the areas of language and literacy, mathematics and reasoning, general knowledge about the world, and social skills related to interaction and communication with peers and adults. Research has shown that children's language development is influenced by the number, kinds and uses of words they hear and how often books are read to them (Shonkoff & Phillips, 2000).

Research in neuroscience has shown that the prekindergarten years are a critical time of brain development. As a result, there are windows of opportunity for young children when development and learning are easiest. One factor that influences brain development during this time is the quality of early learning experiences. Participating in high quality early learning experiences has a positive influence on children's cognitive development (Shonkoff & Phillips, 2000).

Young Children Need Equal Access to Early Education

Disadvantaged children as well as children from families with middle income levels begin kindergarten with fewer cognitive skills (Barnett, Brown, & Shore, 2004; U. S. Department of Health & Human Services, 2003b). Head Start is just one federally-funded program designed to meet these early education needs. However, "various surveys, as well as the most recent Census, have shown that, even with such programs as Head Start, the majority of three- and four-year-olds from lower income families have not participated in pre-school programs" (Bruner, Elias, Stein, & Schaefer, 2004, pp. 9-10).

Young Children Need High Quality Early Education Programs for Improved Kindergarten Readiness

Evidence increasingly shows that children who have attended high quality early education programs have stronger kindergarten readiness skills than children who do not attend high quality programs (Barnett, Brown, & Shore, 2004). The U. S. Department of Health and Human Services implemented a 2003 review of the research on specific state-funded prekindergarten programs. The analysis found that for the reviewed programs, "children who attended state-funded prekindergarten programs [had] higher scores in several areas [cognition and language]

compared to children who did not attend the programs" (U. S. Department of Health and Human Services, 2003a, p. 9).

2. Benefits to the State

A Sizable Cost Savings Results from Investing in High Quality Programs

Investment in high quality early childhood programs has shown savings of \$7.00 for each \$1.00 invested. Long term analysis of the impact of High/Scope, Abecedarian, and Chicago Parent-Child Centers found a reduction in social services, incarceration, remedial education costs, plus increased earnings and tax revenue for children who participated (Schweinhart, 2004). The National Institute for Early Education Research (NIEER) "estimates the average benefits from a universally accessible program at ages 3 and 4 to be at least \$25,000 per child, substantially more than the costs" (2004).

3. Mechanisms for Funding State Prekindergarten Programs

Braided Funding

At this time the only clear model used for funding state prekindergarten programs is braiding. "Braided funding is the pooling and coordination of resources from various agencies to provide needed services, while maintaining the integrity of each agency's funding stream" (National Clearinghouse on Child Abuse and Neglect Information, 2004).

Looking across the states, there are many ways in which funding streams are braided. Funding may be braided at the program level or at the individual level. For example, Title 1, special education funds through the Individuals with Disabilities Education Act (IDEA), Even Start, and a state budget line item may be combined in a state-funded prekindergarten program. Braiding funds is complex, since the tuition or cost of attendance for children enrolled in one classroom may be provided by several programs. Furthermore, special education funding might support the morning portion of a child's daily attendance, while the afternoon might be provided by Temporary Assistance to Needy Families (TANF). The following paragraphs and text box on page 3 illustrate how a variety of funding sources may be braided.

Funding Sources

State

States most often fund their prekindergarten programs by allocating funds from general revenues. General revenue comes from sales tax, individual and corporate

taxes, inheritance tax, utility tax, insurance, gaming and other sources. Another approach to funding prekindergarten programs is designating revenue from specified sources. For example, two states have designated funds from sin taxes on cigarettes (California) and alcohol (Arkansas). Lotteries provide funding for the Kentucky, Tennessee, and Georgia prekindergarten programs.

Federal

States combine their funding with federal funding from various programs. Federal funding comes from Child Care and Development Fund (CCDF) and TANF, Even Start, Head Start, IDEA, and Title I (see text box, page 4). State prekindergarten programs most often target specified groups of children because of the eligibility requirements of the federal programs. As a result, the federal dollars influence the purpose and characteristics of the state program. For example, a state may contribute funds to Head Start projects to expand the number of eligible children enrolled, but enrollment criteria do not change. In addition, CCDF and TANF vouchers are child-specific. Low-income parents who are working or going to school may be eligible to use vouchers to pay for their children's early care and education.

Local

Local funding may be involved when states require a local match (Barnett, Robin, Husted, & Schulman, 2003). The match might be in-kind, such as administrative support, space in an existing facility, or food, transportation, or janitorial services. Funds might also be required for the local match that could come from philanthropies or even federal project grants.

Private Funding

Universal prekindergarten implies that the program is universally available to all children at no cost to families. However, children's participation in some state-funded prekindergarten programs requires parents to pay a portion of tuition based on a sliding fee scale. Other states have accessed grants from philanthropies to help with start-up costs and/or tuition support.

Conclusions

The research evidence clearly documents the benefits of high-quality early education for children and the state. Investment in programs such as state-funded prekindergarten, which yield a significant savings, is a fiscally-sound decision. Among the 38 states with prekindergarten programs, a common approach to funding is to braid state dollars with federal funds to maximize resources.

Examples of State-Funded Prekindergarten Programs

Oklahoma Early Childhood Four-year-old Program and Head Start Supplement

Enrollment: Open to all four-year-old children; 64% of all four-year-olds were in the state prekindergarten program in 2003-04

Start-up Date: 1980

Funding Sources:

- **State General Revenues:** \$66,439,200 in 2002-03 (state spending per child: \$2,368); plus \$3,000,000 to supplement Head Start (state spending per child: \$1,406)
- **Federal:** Federal Head Start, IDEA, Even Start, Title 1
- **Local:** Head Start, local school districts amount unknown; No match required

Governance: Department of Education

Distribution: Funds are distributed to school districts by a formula based on the number of children served and whether half- or full-day programs

Schedule of Operations: Hours set locally; academic year

Teacher Requirements: Bachelor's degree with early childhood certificate

Locations: Mostly public schools, but also Head Start, and community settings (Denton, 2003; NIEER, 2004)

Kentucky Preschool Program

Enrollment: Open to all four-year-old children eligible for free lunch and three- and four-year-old children with disabilities; 28% of all four-year-olds were in the state prekindergarten program in 2002-03

Start-up Date: 1990

Funding Sources:

- **State General Revenues:** \$46,900,000 in 2002-03 (state spending per child: \$2,484)
- **Federal:** IDEA, Title 1, Federal Head Start, Even Start
- **Local:** \$19,300,000 by school districts but no match required
- **Private:** Parent fees amount unknown

Governance: Department of Education

Distribution: Funds are distributed to school districts by a formula based on the number of children served and whether half- or full-day programs

Schedule of Operations: Hours set locally; academic year

Teacher Requirements: Child Development Associate (Bachelor's degree with early childhood certificate in 2004-05)

Locations: Mostly public schools; also Head Start, and community settings (Denton, 2003; NIEER, 2004)

FEDERAL SOURCES USED TO FUND PREKINDERGARTEN

Child Care and Development Fund (CCDF) and Temporary Assistance to Needy Families (TANF)

= Funds that assist families with acquiring child care. Flows from the federal Department of Health and Human Services to the designated state agency for vouchers to families. States allocate a portion of the CCDF for quality improvement which can be used for state-determined projects such as prekindergarten.

Even Start = Funds programs that promote literacy for low-income parents and their young children. Flows from the federal Department of Education to state departments of education to local education agencies in concert with community agencies.

Head Start = Funds early education and services for children ages three through five with eligibility based on family income compared to definitions of poverty. Flows from the federal Department of Health and Human Services, bypassing the state, to local grantees.

Individuals with Disabilities Education Act (IDEA)

= Funds education for children with disabilities, including those birth through five. Flows from the federal Department of Education/Office of Special Education Programs to state departments of education to local education agencies.

Title I = Funds comprehensive school improvement projects which may include prekindergarten education. School corporations apply for funding based on the percentage of children receiving free or reduced lunches (income-based). Flows from the federal Department of Education through the state departments of education to local school corporations.

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