



Early Learning Left Out: An Examination of Public Investments in Education and Development by Child Age

A report by:
Voices for America's Children and the Child and Family Policy Center

in partnership with:
Voices for Alabama's Children
Children's Action Alliance of Arizona
Colorado Children's Campaign
Connecticut Voices for Children
Kansas Action for Children
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About the Report – Acknowledgements

This report is the most comprehensive effort to date to track state, federal, and school district investments in children's education and development by child age. It was supported by a two-year grant from the Annie E. Casey Foundation and additional funding from the Ford Foundation, the Ewing and Marion Kauffman Foundation, and the David and Lucile Packard Foundation.

Voices for America's Children, formerly known as the National Association of Child Advocates, is a national organization committed to working at the state and local levels to improve the well-being of children. With member organizations in almost every state, Voices provides a voice for the voiceless – children – in city halls and statehouses across the country. The Child and Family Policy Center's mission is to "better link research and policy on issues vital to children and families." The Center works both at the local level, conducting an analysis of local spending in this report, and at a national level, managing the State Early Childhood Policy Technical Assistance Network (SECPTAN) and producing publications on a variety of child and family issues.

The state organizations that participated in this report are recognized in their states for their work on children's issues. All are members or associate members of Voices for America's Children, and most are their state's Kids Count grantees.

During the course of the development of this report, Voices for America's Children and the Child and Family Policy Center convened two meetings of national experts to comment on the methodology and the uses of the data. We would like to thank the following individuals for providing thoughtful comments at one or both of these meetings: Thabiti Anyabwile, Center for the Study of Social Policy; Jay Bainbridge, National Center for Children in Poverty; Joan Benso, Pennsylvania Partnerships for Children; Helen Blank, National Women's Law Center; Richard Brandon, Human Services Policy Center; Andrea Camp, Civil Society Institute, Carol Cohen, the Finance Project; Jasmine Danielle, New Jersey Head Start Collaborative; Janet Denton, National Healthy Start Association; Shyrelle Eubanks, National Education Association; Stephanie Fanjul, National Education Association; Mark Greenberg, Center for Law and Social Policy; Steve Heasley, Governor's Cabinet on Children and Families in West Virginia; Fred Klunk, Pennsylvania Partnerships for Children; Judy Langford, Center for the Study of Social Policy; Joan Lombardi, the Children's Project; Anna Lovejoy, National Governor's Association; Jana Martella, Council of Chief State School Officers; Matthew Melmed, Zero to Three; Kirsta Miller, Institute for Youth, Education, and Families; Cindy Oser, Zero to Three; Michael Petit, Every Child Matters; Adele Robinson, National Association for the Education of Young Children; Max Sawicky, Economic Policy Institute; Teresa Schooley, Kids Count in Delaware; Karen Schulman, National Women's Law Center; Ann Segal, Wellspring Advisors; and Phil Sparks, Communications

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The writing of the report itself was the work of Charles Bruner and Victor Elias at the Child and Family Policy Center and Debbie Stein and Stephanie Schaefer at Voices for America's Children. Vivian Day and Sheri Floyd of the Child and Family Policy Center did the formatting and editing. While many people contributed to the report, the final product is that of the two organizations and is not meant to reflect the views of the funders nor any advisors.

Early Learning Left Out: Executive Summary

This study, *Early Learning Left Out*, presents the most comprehensive picture, to date, of public investments in the education and development of children by three age groupings – the early learning years (roughly 0–5), the school-aged years (roughly 6–18), and the college-aged years (roughly 19–23). It is based upon detailed analysis of state, federal, and school district spending in 12 states across the country, conducted by organizations in those states with strong understanding of early childhood services and state budgeting. It is designed to give policy makers and the public a better understanding of overall public investments on education and development of children, in the context of the research on brain growth and child development and the research on potential returns on investment from early learning programs.

The key findings from the state analyses are:

- While 85% of a child's core brain structure is formed by age three, less than 4% of public investments on education and development have occurred by that time.
- On a per child basis, public investments in education and development are more than seven times greater during the school-aged years (\$5,410 per child) than during the early learning years (\$740 per child).
- On a per child basis, public investments in education and development are nearly five times greater during the college-aged years (\$3,664 per youth/young adult) than during the early learning years.
- This means that for every dollar society invests in the education and development of a school-aged child, society invests only 13.7 cents in that child during the earliest learning years – a major investment gap.
- This under-investment in young children also appears to be greatest for the very earliest and most formative years of life (the infant and toddler years – 0–2).
- The largest share of the funding for education and development during the earliest years comes from federal programs (particularly federal funding for child care and Head Start), although the reverse – predominately state/local source of funding—is true for school-aged children.
- State investments in education and development in the earliest learning years constitute a very small percentage of overall public expenditures, in many states less than 1%.
- While most states have a number of early learning programs, which may give the impression that a great deal is being done, most are small in scale and do not

reach a large segment of the young child population, nor provide very comprehensive services or supports.

- Although there are some variations in spending across the 12 states – which represent different regions of the country, size, and different population compositions – all show large investment gaps between investments made in the early learning years compared with those made in the school-aged and college-aged years.
- The study itself used state fiscal year 2001 for its analysis, which represents for many states a "high water mark" in funding, with several states reporting that some state funded early learning programs that existed in 2001 have since been eliminated or greatly reduced.

In addition to the analyses of state spending, the report also synthesizes existing research on early learning needs and potential returns on investments, providing evidence that:

- Families with young children are those who are most likely to struggle economically and are in the least position to be able to privately pay for additional educational and developmental services and supports.
- Comprehensive, high quality investments in education and development in the early years have demonstrated high monetary returns-on-investment – both to government and society in reduced social costs and increased economic activity and to the individuals served in improved educational and economic status.
- There is strong public support and advocacy for expanding investments in early learning and closing the investment gap, because there is evidence of need and the potential for societal gains from investments.

The study concludes that closing the investment gap will require increased commitments at both the national and state levels.

The study also offers a way to place the current Congressional discussions regarding Head Start and Child Care Development Block Grant funding expansions in context. A \$1.2 billion increase in the Child Care and Development Block Grant's annual appropriation would effectively increase investments in the early learning years by \$34.57 per young child in America, and therefore reduce the investment gap from 13.7 cents invested in young children per dollar invested in school-aged children by a little more than 6/10 of one cent, to 14.3 cents per dollar. A \$400 million increase in Head Start funding would translate to a \$17.29 increase in per young child funding, contributing a little more than 3/10 of one cent to closing the investment gap.

Early Learning Left Out: An Examination of Public Investments in Education and Development by Child Age

Introduction

How much does society invest in the education and development of our children? Where are these investments made, and how do they relate to different stages of children's growth and development? Where are there gaps or disparities, and where are there opportunities for further investment?

Society, through government programs and expenditures at all levels – federal, state, and local – invests in the education and development of children. These investments are made through a wide variety of programs and services, targeted for different purposes and to different age groups. The number and complexity of these programs and services easily can obscure whether the overall level of investment is sufficient to meet those education and development needs. This report begins to answer the question of how much, through what types of investments, and at what stages in a child's growth these investments are made. It further highlights a major area of under-investment, in children's early learning. It covers federal, state, and school district spending and federal and state tax expenditures to give a comprehensive picture of these investments, necessary within this country's overall approach to financing education and development.

The federal government provides the largest share of its programmatic support to serve children who otherwise would be vulnerable to learning failure, through Head Start, Title I education grants, and special education. The federal government also provides a variety of educational incentives for parents and students through grants, loans, and tax benefits, primarily to pursue higher education.

State and local governments provide the vast majority of the funding for elementary and secondary public school systems, with state governments usually providing the majority of the aid and local school districts providing the remainder through local property taxes. State governments also provide substantial support for higher education, through funding for public colleges and universities, community colleges, and in some instances funding to students and private institutions.

This report is based upon examinations in 12 states of public investments in the education and development of children by age – the early learning years (roughly 0–5), the school-aged years (roughly 6–18), and the college-aged years (roughly 19–23). Except where noted, the examination is for the 2001 state fiscal year, which in many respects represents a "high water mark" in state funding, as the recent recession

resulted in many states facing budget crises that resulted in almost no growth in state spending overall and cutbacks in many discretionary programs.¹

Learning begins at birth, and a major focus of this report is to determine how much is invested in a child's learning in the earliest, most formative years of life.

It is clear that achieving the First National Education Goal, that all students "start school ready to learn," is dependent upon the developmental support provided these youngest children and the supports available for their early learning.

This report is part of a two-year effort to organize the complex array of state, federal, and school district funding streams in a way that states can determine how much government invests on education and development and other services by child age. The work is being supported by grants from the Annie E. Casey Foundation, the Ford Foundation, the Ewing and Marion Kauffman Foundation, and the David and Lucile Packard Foundation. A description of the research methodology is provided at the end of the report.

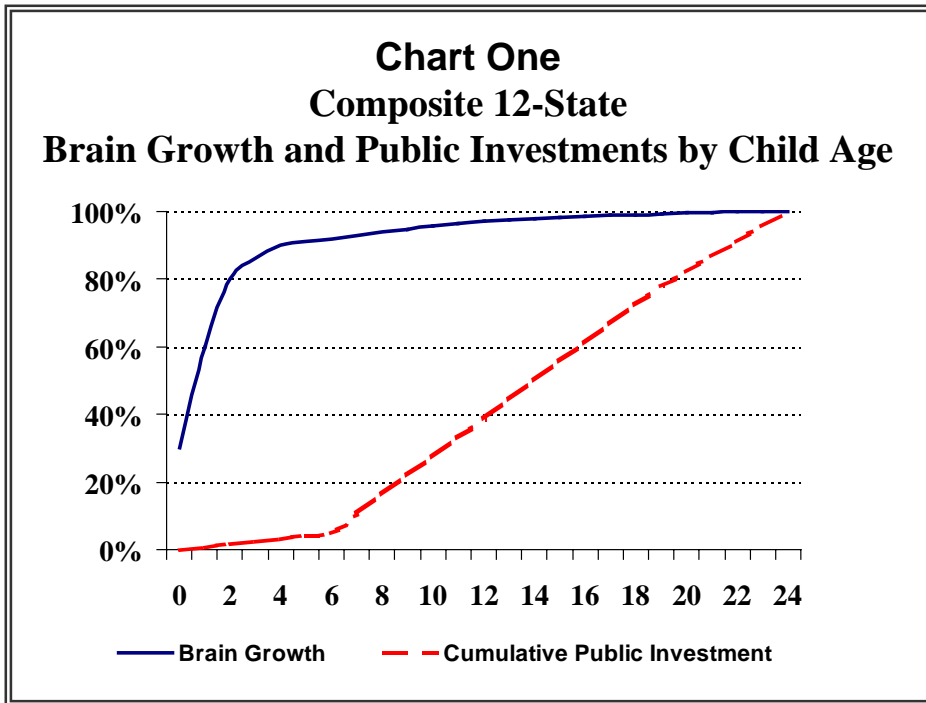
Findings

Brain research and child development research have focused increasing attention upon the importance of the earliest years of life (0–5) to lifelong growth and development. It is during these years that brain growth and development is most rapid and a child's orientation to the world is formed. Most of the actual physical growth of the brain itself occurs in these earliest years. The foundation for learning, including social and emotional disposition, develops very early.

Very young children learn with everything they do and from their interactions and play with parents and caregivers. Their learning does not entail formal classroom instruction, assignments, and homework, but it does involve listening and verbalizing, exploring and being guided in discovery, and practice, in using scissors and tying shoes and using sounds and learning numbers, colors, and the alphabet. This early learning period is a foundation for success in later, more formal education and instruction.

The fiscal analysis presented in this report shows, however, that the lion's share of public investments in education and development occur after, rather than during, these first years of life.

Charts One and Two provide graphic representations of a composite of the public investments in the 12 states on education and development by child age, broken down into three groupings – the early learning years (0–5), the school-aged years (6–18), and the college-aged years (19–23).² Chart One contrasts these public investments in child development and learning with physical brain growth and development.



As Chart One graphically illustrates, the cumulative public investments in education and development lag well behind the physical growth and development of a child’s brain. **While 85% of a child’s core brain structure is formed by age three,³ less than 4% of public investments in education and development have occurred by that time.**

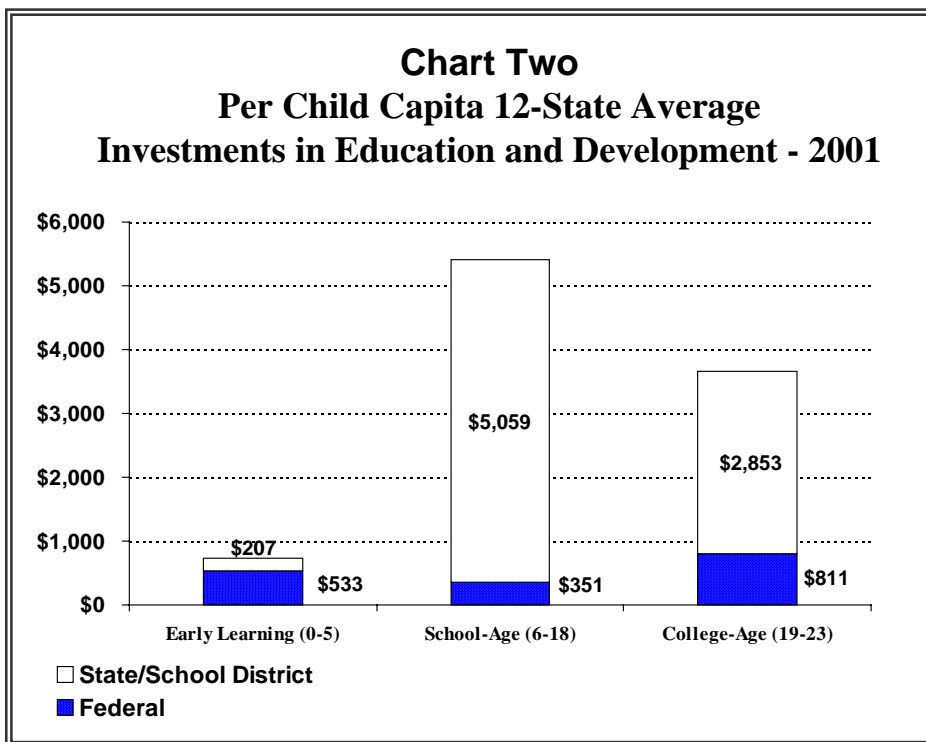


Chart Two presents this information in terms of per capita investments on education and development by child age, again based upon a composite of the information from the partner states (see Appendix for both composite state and individual state data).

As Chart Two shows, **public investments in education and development are, on average, more than seven times greater for school-aged children (\$5,410) than they are for younger children (\$740).** They are almost five times greater for college-age youth (\$3,664) than they are for the youngest children. Put another way, that means that **for every dollar society invests in the education and development of a school-aged child, society invests only 13.7 cents in its youngest children – a major investment gap.** For every dollar invested in a college-aged youth, society invests only 20.2 cents in its youngest children.

Chart Two also shows that the majority of investments in the early learning years are the result of federal funding, while funding for the school-aged years is predominantly state and local and there is a mixture of federal and state support for higher education.

Table One in the Appendix breaks this composite information down further by subcategories. That Table shows that, on a 12-state average basis, direct appropriations or expenditures for the early learning years represent 3.94%, for the school-aged years represent 75.47%, and for the college-age years represent 18.21% of investments, with tax credits and deductions accounting for 2.38%.

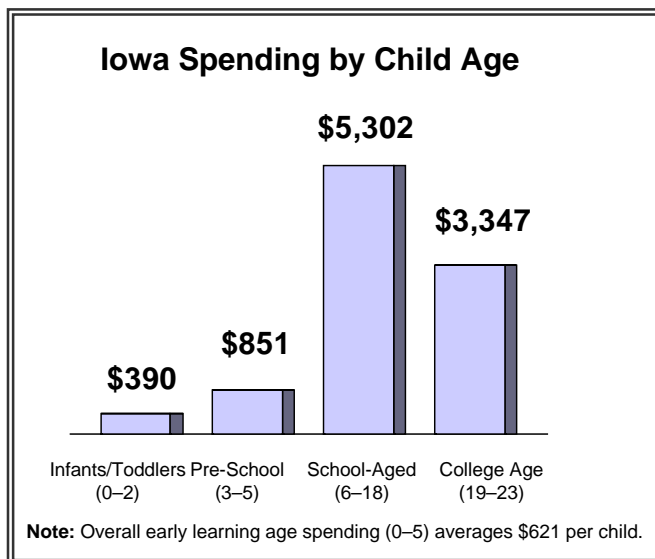
For the early learning years, pre-school represents the area of greatest relative spending, with the federal Head Start program the greatest part of that spending (approximately two-thirds of the total). Yet estimates indicate that Head Start currently reaches only six in ten children eligible for its services. Further, Head Start eligibility is limited to children in families below the poverty level or with disabilities, which constitutes only a portion of children who could benefit from enriched pre-school programs but whose parents are unable to afford them. Overall, Head Start serves approximately 725,000 three- and four-year-olds living at or below poverty, compared with 1,500,000 children of that age at or below poverty and 3,330,000 children at or below 200% of poverty.⁴

Child care funding, from both federal and state sources and primarily for subsidies, represents the second largest share of the funding in the early learning years. A substantial share of this funding, particularly the child care subsidy, has been used by states to enable families to leave welfare (TANF) for work. It has not necessarily focused upon child development, nor been used for care provided in a developmental setting. In fact, studies of child care in the United States have consistently found that only a portion of child care arrangements can be considered to truly foster child development and be educational in nature. Child care funding has not been sufficient either to ensure affordable or truly developmental care. If only that portion of child care financing that was developmentally appropriate were included in the analysis based on available surveys of child care arrangements, the per capita investment in this area would be substantially lower than represented here.⁵ Further, national estimates are

that only one in seven children receives a subsidy who would be eligible under maximum federal guidelines.⁶

For the earliest learning years, most states also had some funding directed to parenting education, home visiting, or family support programs designed to help parents in effective parenting. These included Missouri's statewide Parents as Teachers program, Iowa's Community Empowerment Board funding, and Connecticut's Family Resource Centers, as well as national models such as Healthy Families America and Nurse Home Visiting. While many of these have received a good deal of public and policy attention, on a composite basis they still represented a very small investment, equivalent to only \$35.69 per young child. Missouri was the leader among the 12 states in investments in this area, primarily because of Parents as Teachers. Even in Missouri, however, the per child investment was modest (0.60% of total investments) in comparison with child care subsidies (1.93%) or Head Start and pre-school (2.53%), and constituted an investment of only \$75.07 per young child. **On the 12-state average, investments in parent education and support to promote early learning constituted less than 2/10 of one percent of total public investments in children's education and development.**

While this report generally examined state investments by only three age groupings, Iowa did a further break-out of the early learning ages into infants and toddlers (0–2) and pre-schoolers (3–5). Iowa's analysis showed that more than two-thirds of the investments in the early learning years were for pre-schoolers rather than for infants and toddlers. On a per child basis, Iowa invested only \$390 per infant and toddler, compared with \$851 per pre-schooler. The brain research and child development literature, however, point to the particular importance of the earliest years to growth and development, particularly to establishing the social and emotional foundation for later learning. **The under-investment in young children appears to be greatest for the very earliest, and most formative, years of life (0–2).**⁷



Investments in school-aged children are largely the result of state and local support for public education, representing 70.6% of all spending on education and development in the 12-state average. The federal government's role is generally smaller for school-aged children than it is either for the early learning or college-aged years, with the largest single share of funding through Title I, designed for disadvantaged students. **While 72.0% of funding on the early learning years was through federal funds, only 6.5% of funding on school-aged children was through federal support.**

Investments in college-aged youth represent a mixture of state and federal funding. It is in this area that state and federal tax incentives (including deductions for the interest on student loans and other deductions and exemptions⁸ and the Hope Scholarship Credit and Lifetime Learning Credit) for investing in children's education, play the greatest role. Overall, these tax credits, deductions, and exemptions, on a per capita basis, amount to \$291.62 in support of a college-aged youth's educational advancement, based on the 12-state averages. This can be contrasted with the value of the federal (and where they exist, state) tax credits for child and dependent care of \$83.33 for the early learning years and \$20.74 for school-aged children.

State-by-state comparisons show that some of the states participating in this report have made relatively greater investments than others in early learning, but these are quite small in comparison with the differences in per capita investments across these three child ages in each state, and for the states as a whole. The discussion provided above holds for all the individual states, as well as for the states as a whole. Further, as shown in pie charts for each of the individual states, state investments in these early learning years constitute only a tiny fraction of overall state general fund expenditures, in all instances below 2% of total state fund expenditures.

While most states have a number of different individual programs serving young children and their families, collectively they add up to a relatively small investment in early learning. Many are small demonstration efforts, and none are provided on an entitlement basis, which is the case with K–12 education.

Discussion and Implications

The data presented here clearly show that there are relatively few public resources devoted to young children's education and development. This, in itself, cannot suggest what the level of investment should be. It merely points to an area of very limited investment.

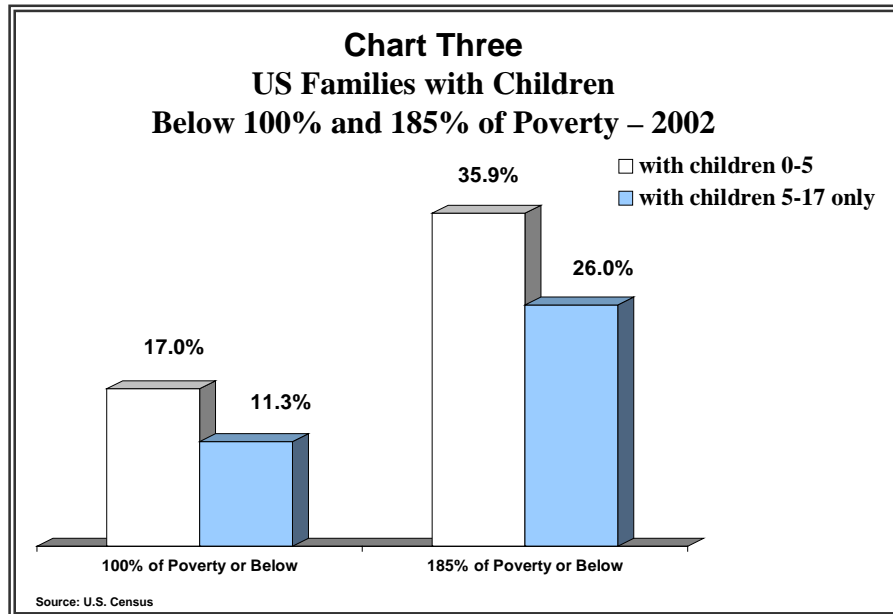
Determining what should be invested in young children's education and development requires other types of analysis, but there are three that are at least suggestive of the need for much greater investment.

The first relates to the general economic situation of families with very young children and their resultant lack of resources to make further investments in their children's early education and development, themselves. The second relates to the current status of children's development upon school entry, with implications for their long-term educational success. The third relates to cost-benefit analyses of selected high quality early childhood programs, suggesting the potential for substantial returns on investment from support of early learning programs.

Financial Status of Parents with Young Children. Families with very young children typically have less income and resources than families with only older children. They

are younger and have less experience in the workforce, less far into careers and therefore at lower salary levels. As Chart Three shows, families with children under the age of five are 50% more likely to live in poverty and 40% more likely to live at 200% or below poverty than are families with only older (6–17) children.

At the same time, the majority of families with young children are working, either with



both parents in the workforce or the only parent in the workforce (58.6% of all families with children under six). The percentage of women in the workforce with children under age six doubled between 1970 and 2000, from 30.8% of mothers to 61.9% of mothers.⁹ Often, this choice has been made out of economic necessity. Further, even with state child care subsidy programs, families are bearing the majority of the costs for child care, while they work.¹⁰

The Economic Policy Institute and Wider Opportunities for Women both have developed methods to establish self-sufficiency standards for families that better reflect the costs of raising a family than does the federal poverty level. These standards are based upon basic costs for making ends meet but not having discretionary income for spending or investment. For families with young children, they include child care costs associated with working. These self-sufficiency standards vary by state and community, to reflect local costs (particularly housing) usually are well above the 200% of poverty standard. They also are higher for families with very young children than those with older children, to reflect the costs of child care (which are drawn from market surveys and not from what it would cost to insure quality, developmentally appropriate care).¹¹

The studies suggest that **as many as half of all families with very young children have no capacity to make any significant investment in their children’s care and development in the earliest years, beyond what they currently have been able to do.** 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.¹²

Moreover, while families with children can take advantage of tax incentives allowing them to invest in their child's future education when they do have discretionary income, there is not an equivalent tax incentive to invest in early learning programs. Even if there were, most families would not be likely to be in a position to do so. In short, it is unlikely that greater investments can be made by families with young children in early learning, simply through greater awareness of its importance. If greater financing of early learning programs and services is to occur, it will require increased public, or public and private sector, investment.

Correlates and Consequences of School Unreadiness. Research has clearly established that a family's socioeconomic status is indicative of that child's later educational and economic success. In fact, maternal education represents the strongest single correlate of a child's educational success.¹³

Research also has shown that disparities in learning and achievement begin early in life, and are present at the time of entry into school. The national ECKS longitudinal study of children, starting at entry into kindergarten, shows substantial differences on measures of pre-literacy and cognition across children of different socioeconomic statuses. Analyses of these data suggest that a variety of malleable factors can explain many of these differences, including home learning environment and participation in pre-school programs.¹⁴ Additional research suggests that these differences in "school readiness" do not narrow, and for some clusters of children widen, during the first year of school.¹⁵

These analyses add confirmation to earlier studies of the dramatically lower working vocabularies of children entering kindergarten compared with their more advantaged peers as well as common sense that "children who start behind, stay behind." This is very important, as third grade reading scores, in particular, have been shown to be very strong predictors of school success. If a child is not reading on grade by the middle of elementary school, that child will have difficulty keeping up in all subjects, as reading comprehension represents an underlying basis for most future academic learning.

In short, the research is clear that, as learning begins at birth, disparities among children in learning also begin early and have a strong socio-economic element. **As foundation years for future learning, the early years are essential to achieving not only the First National Education Goal of "all children starting school ready to learn," but the other National Education Goals related to student achievement as well.**

Potential Returns on Investment from Early Learning Programs. The research cited above shows that disparities in early learning exist and that most families with young children (and particularly those most at risk) are not in a position to further invest in their children's development. This research does not in itself indicate that there are

investments that can be made to address these disparities and improve early learning. **There are, however, a growing number of evaluations of high quality early childhood programs that indicate the economic value of making additional investments.** These evaluations have drawn the attention of researchers in fields that extend beyond the child development and education communities.

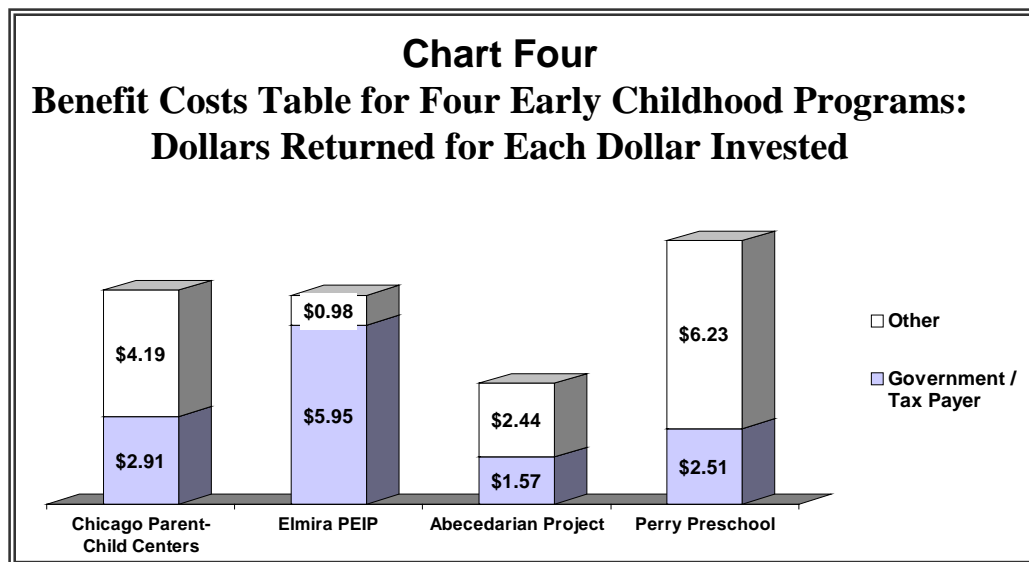
Nobel laureate economist James Heckman, comparing the potential returns on investment from early learning programs with human capital investments in the later years (particularly education and training programs), has concluded that the opportunity for positive returns are greatest in early learning and that society should “invest in the very young.”¹⁶ Art Rolnick, senior researcher for the Minneapolis Federal Reserve Bank, comparing such investments with those made by government for economic development, has come to a similar conclusion:

Early childhood development programs are rarely portrayed as economic development initiatives, and we think that is a mistake. Such programs, if they appear at all, are at the bottom of the economic development lists for state and local governments. They should be at the top.¹⁷

The RAND Corporation, known for its business orientation and its defense research, similarly has identified high quality early childhood programs as cost effective in averting future social problems and costs, with positive returns to society as well as the individuals served.¹⁸

These conclusions are drawn from a growing number of well-researched, high quality early childhood programs. Chart Four provides the findings, in terms of rates of return, from four of the most studied early childhood programs.¹⁹ These programs have additional strength in representing diverse strategies (home visiting, enriched pre-school programs, programs working with children and families at a very early age, and programs coupled with transition strategies into school) and operating across several decades.

As Chart Four shows, all four programs have positive returns simply in terms of direct benefits to the taxpayer, in reduced government costs or increased earnings and an expanded tax base. They also have societal benefits that accrue either to the individuals served, in improved earnings, or to others, in reduced victimization costs from averted criminal activity. This Chart should not be used to contrast the different approaches, as each examined different subsets of areas for potential long-term cost savings, and some consider them as conservative estimates of overall potential gain. The chart does show that each has a net positive, long-term impact of at least \$4 for every dollar invested.²⁰



As well as there being effective programs to improve young children’s education and development, there is also strong evidence of unmet need. As stated earlier, Head Start serves only six in 10 eligible children, and this does not include all children who could benefit from enriched pre-school experiences, which could represent over 2,000,000 additional children to the 725,000 currently served, if a 200% of poverty eligibility standard were employed.²¹ Child care subsidies provided by state and federal spending reach only one in seven of those eligible under maximum federal guidelines,²² and a majority of child care is not supported with the funding necessary to be of high quality and to further children's education and development.²³

Conclusion. The fiscal analysis in this report was not designed to produce estimates of the overall investment need and opportunity in early learning. Other reports, however, suggest that, to date, **public investments have only touched the surface of possible investments in young children’s learning and development.**

America prides itself on providing opportunity for everyone, with much of that opportunity reflected in the country’s educational system. Government makes major investments in assuring universal education through elementary and secondary education. Through a combination of government funding and tax expenditures, government provides substantial support for higher education, as well. At the same time, however, children and their families can take advantage of this higher education only if they have been educationally successful in their earlier years. Currently, children from low-income families are much less likely to take advantage of post-secondary educational experiences, although their tax dollars contribute to supporting higher education. Investing in early learning can play a significant role in raising achievement for all, and for better realizing the American dream of advancement through education and hard work, particularly for those starting with the fewest resources.

Public opinion polling also suggests that the timing is right for investments in early learning. A recent poll showed that the public has extremely strong support for the most recognized early learning program in the country, Head Start, with over nine in 10 people (92%) supporting retaining Head Start's current structure, and over eight in 10 (82%) favoring expansion to reach more children.²⁴ A 2001 poll conducted by Peter D. Hart Research Associates and Market Strategies Incorporated showed that voters believe state government is not doing enough to make pre-school and child care programs available to parents (58% too little, 5% too much, 25% right amount, and 12% not sure).²⁵

The fiscal analysis provided here offers state-specific and composite state information indicating the relative under-investment in early learning. This can be used as a basis for developing early childhood policy. **Investments in the earliest years of life are more than simply another children's or human service issue. These investments represent human capital development that can contribute to future economic growth and development at both the state and national levels.**

At a national level, the Business Roundtable and Corporate Voices for America's Children, prominent business-led organizations, have made early childhood services a major call to action, from an economic development perspective.²⁶ The law enforcement community, through Fight Crime: Invest in Kids, has made early learning a policy priority in terms of crime control and public safety.²⁷

This analysis and report on state investments by child age adds essential, additional data on the status of current investments. These should give rise to discussions and action in establishing much greater public financial commitments to education and development in the earliest years of life, where the investment gap is greatest.

Methodology

Through a request for proposal process, the Child and Family Policy Center and Voices for America's Children partnered with 12 Kids Count or child advocacy organizations to collect federal, state, and school district level expenditure information on education and development. These organizations were selected for their knowledge and expertise on state budgets as they relate to children, and for geographic, size, political configuration, and diversity considerations. All were experienced in working with state agencies and had contacts that enabled them to track down and verify different pieces of data. This also meant that state comparisons often are not strictly comparable, as the methodology approved in one state for determining a particular expenditure or investment might differ from that in another. Some of these special considerations are noted at the bottom of each state page.

The Child and Family Policy Center and Voices for America's Children identified specific federal funding sources, including both federal grants and tax expenditures, that were directed to the education and development of children, in most instances on a state-by-

state basis for the 2001 federal fiscal year. State partners were responsible for collecting state and school district expenditures for their state's 2001 fiscal year²⁸, as well as verifying or adapting (where state data more accurately reflected spending for the state fiscal year) the federal figures provided from national sources. In many respects, the 2001 state fiscal year represents a "high water mark" for state funding, as the recession resulted in many states facing budget crises that resulted in almost no growth in state spending overall and cutbacks in many discretionary programs.

Both state and national partners sought relevant breakdowns of specific public expenditures by child age. In some instances, this required making reasoned estimates, based upon utilization rather than expenditure data or available reports of samples of participants that were broken down by age. National partners provided some default options for use by states, where their data systems did not have state-specific information. National partners also developed specific default options for apportioning spending by child age (early learning, school-aged, college-aged) for all federally-funded expenditures, based upon the best available evidence.

In order to provide apples-to-apples comparisons across the three child ages, education and development was defined broadly and included more than support for educational programs, alone. For early learning, it included parenting education and support for parents as well as specific child care and pre-school programming for their children. This is consistent with one of the subgoals of the First National Education Goal, that "parents serve as their child's first teacher." For older children, education and development included youth development activities and employment and training programs that focused upon the acquisition of skills, as well as direct schooling.

Also, in order to provide apples-to-apples comparisons across the three child ages, programs designed to provide remediation or rehabilitative treatment to special populations were not included. Special education services, child welfare and juvenile justice services (and for young adults correctional programs), and mental health and mental retardation services were not included in this year's report, although the goal is to include these expenditures as an additional category in next year's report. Programs that focused primarily upon or had means-tested eligibility bases for low-income or at-risk children and youth, such as Head Start and Title I, were included. The purpose of the report was to show the general investment in children's education designed to ensure all children are ready for and successful in school, and that was the reason for drawing this distinction.

Although special education was not included, many special education services, particularly Part C under the Individuals with Disabilities Education Act (IDEA), which supports identification and early intervention for infants and toddlers to address developmental issues, do constitute important, preventive services. That is one reason that next year's report will examine these additional special education, child welfare, child mental health, and juvenile justice services as a separate category (covering the age range from 0–18 only).

Early learning years. For the early learning years, programs that supported parents as their child's "first teacher" were included as part of this category. These include broad-based public education campaigns, universally available voluntary home visiting and other parenting education programs, and programs targeted to low-income or vulnerable families, as preventive services. While most of these programs have been developed at the state level (although sometimes through TANF or other federal funding), the federal Community Based Family Resource Center program was also included here as supporting parents as their child's first teacher.

Child care and pre-school funding were also included. At the federal level, this included Head Start and Early Head Start, and Even Start under the Title I program. This also included the federal (and where applicable state) tax credits for the child and dependent adult tax credit. At the state level, this included child care subsidies and quality enhancements provided through the federal child care and development block grant and any transfers of funds from the temporary assistance to needy families (TANF) and social services block grant (SSBG) for this purpose. This also included any state funds that supported child care. Since some of these child care funds are used for after-school care, as well as pre-school care, the investments in child care were apportioned accordingly (the default option was two-thirds for the early learning years and one-third for the school-aged years). While a variety of state, regional, and national studies have shown that much child care provided under public funding is primarily for the purpose of enabling parents to be in the workforce (particularly those seeking to leave welfare) and does not necessarily provide strong developmental support, all public support for child care was included, as it constitutes a funding base for providing developmental and educational services. Additional funding, particularly directed to improving quality, could increase the developmental nature of current subsidies.

School-aged years. For the school-aged years, federal Title I funding (except Even Start) and a variety of other U.S. Department of Education funds to schools were included. The bulk of the funding of K–12 education, however, comes from state and local sources, and this funding was identified by states, with any special education funding (including the federal Individuals with Disabilities Education Act (IDEA) funding) separated out. In addition, state youth development programs and federal Workforce Investment Act (WIA) funding for youth programs were included as developmental services in these years. Federal and state support for vocational education was also included, with apportionment made between the school-aged, college-aged years, and post-college aged years. State expenditures for private schools and any state and federal tax credits for private or public schools were also included.

College-aged years. For the college-aged years, state funding of institutions of higher education were included, with a default apportionment of two-thirds applying to the college-aged years and one-third to the post college-aged years (graduate school or older students). Apportionments were also made for federal and state tax expenditures in the form of tax credits such as Hope Scholarship Credits, Lifetime Learning Credits, and the value of other deductions and exemptions for higher education such as deducting interest payments from student loans. Community colleges were included,

with a different apportionment schedule reflecting, where possible, state experience, as some states' community college systems serve as alternative education for school-aged youth who have dropped out of public school systems and most community colleges serve many adult learners as well as college-aged students. Federal research grants to universities, which represent a significant amount of funding, generally were not included, as they were seen as primarily supporting research rather than undergraduate teaching functions.

These criteria insured a good measure of comparability in state data collection across the states, while still enabling states to incorporate the unique characteristics of their states. Clearly, there are activities that states and the federal government finance that include developmental and educational features that are not represented here. The nutritional counseling and assessment that is included in the Women, Infant, and Children (WIC) program could be considered part of parent education and support, as could a number of other case management services that states provide to families with young children, some with targeted case management under Medicaid. Local governments other than school districts may provide funding for educational and developmental programs, such as youth programs offered by parks and recreation departments in cities and counties.

Such services and supports should be considered and integrated into state and community planning initiatives, particularly those focusing on "school readiness" or "school success." At the same time, however, they generally constitute relatively small investments overall and would not be expected to significantly affect the statistics provided in this report.

End Notes

- ¹ Reports from the National Governors Association and the National Association of State Budget Officers show that the average growth in state budgets in fiscal year 2002 was 1.3%, the average growth in fiscal year 2003 was 0.3%, and the average growth in fiscal year 2004 was -0.1%, well below the rate of inflation during these years. Most states have some built-in cost increases in their budgets (allowable growth in school budgets, collective bargaining agreements with state employees, utility costs, increases in health insurance costs, etc.) that mean that they have had to reduce discretionary spending to balance their budgets. No states in this study reported any major increases in funding in the early learning years over this period, and some reported cuts to and elimination of programs. Therefore, the findings from the report regarding the under-investment in the early learning years probably underestimate the under-investment that exists today. National Governors Association and National Association of State Budget Officers. (2004). *The fiscal survey of the states*. Authors: Washington, DC.
- ² To provide a denominator to determine expenditures by child age, the early learning, school-aged, and college-aged years were translated into numerical ages. At the same time, children start kindergarten at different ages, generally between five and six years of age. Most graduate from high school when they are 17 or 18. If they go to college and complete a degree, they generally do so in four to five years. In addition, some investments for the pre-school years really go back prenatally, in providing parenting education support, as well as prenatal care, nutritional services, and family planning. Therefore, the denominators used for constructing both Charts One and Two were: early learning years (0–5 or six years); school-aged years (6–17, or 13 years); and college-aged years (18–24, or five years). The 2000 census was used to determine the number of children in each state in each of these age categories, for constructing Chart Two. While some K–12 school expenditures may go to 5- or 19-year-olds (or even younger or older children), these were included as school-aged expenditures, unless they were explicitly for pre-school programs, which some schools provide. The determination of where to place expenditures was made on the basis of whether they focussed upon the early learning, school-aged, or college-aged population, and not on the strict basis of the age of the children and youth they served.
- ³ Learning occurs throughout life, and the brain is remarkably elastic in its ability to learn or relearn; but the brain's core structure of neurons and synaptic links are created early. The brain is most actively growing and developing in the earliest years. Moreover, the first years are the period where the foundation for later learning occurs, and where social and emotional bonds are established. Shore, R. (1997). *Rethinking the brain: New insights into early development*. New York: Families and Work Institute. Shonkoff, J., & Phillips, D.A. (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington DC: National Academy of Sciences Presses.
- ⁴ Children's Defense Fund. (2002). *Child care basics*. Washington, DC: Author. In FY2001, Head Start's enrollment was 905,235, 89% of whom were three or four and 13% of whom consisted of children with disabilities, who were not subject to the 100% of poverty limitation. Administration for Children and Families (2003). *Head Start Fact Sheet*. www.acf.hhs.gov/programs/hsb/research/factsheets/02_hsf.htm. This translates into 700,000 to 750,000 three- or four-year-olds meeting the poverty definition. According to the Current Population Survey, in 2002 there were 8,171,000 three- and four-year-olds in the country. Of these, 18.3% were at or below the poverty level, 30.2% at or below 150% of the poverty level, and (by some extrapolation and cross-comparisons) 40.7% at or below 200% of the poverty level. This translates to 1,496,000 three- and four-year-olds at or below the poverty level and 3,333,000 at or below 200% of poverty. Current Population Survey. (2003). *Annual Demographic Survey: March Supplement*. ferret.bls.census.gov/macro/032003/pov/new34_100_01.htm.
- ⁵ All child care funding is included in the analysis, however, as it represents core funding for developing an early care and education system to promote early learning. Most states, including all in this study, have some programs in place to upgrade the quality of their child care systems, including tiered reimbursement systems, training opportunities, incentives for accreditation, and technical assistance through resource and referral systems and cooperative extension.
- ⁶ U.S. Department of Health and Human Services Press Release. (2000). *New statistics show only small percentage of eligible families receive child care help*. Washington, DC: Author. Federal guidelines allow states to provide eligibility up to 85% of the state median family income, a level generally above 200% of poverty and fairly equivalent to many calculated self-sufficiency standards. See note 9.

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- ⁷ Nationally, 91% of Head Start's funding goes for the pre-school years, with Early Head Start making up 7% of program participants and 9% of overall Head Start expenditures. Head Start and state pre-school funding constitutes the largest single share of funding in the early learning years. In general, child care subsidies are higher for infants and toddlers than they are for pre-schoolers, but parents of older children are more likely to use subsidies than those for younger children, particularly in the first year of life (when parents often still remain at home). This constitutes the second largest share of funding. Therefore, the break-out developed in Iowa is likely to be representative of that which would be found in other states.
- ⁸ Those include: (1) deduction for interest on student loans, (2) deduction for higher education expenses, (3) exclusion of earnings of trust accounts for education, (4) exclusion of earnings of qualified tuition programs, (5) exclusion of scholarship and fellowship income, (6) parental personal exemption for students age 19 to 23, and (7) exclusion of interest on state and local government student loan bonds. According to the Joint Committee on Taxation, they had a cost to the federal treasury of \$4.8 billion in 2002. There is no state-by-state breakout for these expenditures, but approximations were made to derive state figures, based on the deduction for interest on student loan information that was available on a state-by-state basis. Joint Committee on Taxation. (2002). *Estimates of federal tax expenditures for fiscal years 2002-2006*. Washington, DC: U.S. Government Printing Office.
- ⁹ United State Census. Data on both parents or the only parent in the workforce is available only for the 1990 and 2000 censuses. Data on women with children under six in the workforce is available for each of the last four censuses. That is why this information is provided here.
- ¹⁰ Families pay approximately 60% of the costs for child care, with government paying 39% and business and philanthropy 1%. In contrast, government pays the plurality of higher education costs, at 45%, with tuition and fees covering 35% and other sources of support (private gifts, grants, contracts and endowments) paying the remaining 20%. The child care figure takes into account the tax credit, but the higher education expenditures do not. Mitchell, A, Stoney, L., & Dichter, H. (2001). *Financing child care in the United States: An expanded catalog of current strategies*. Kansas City, MO: Ewing Marion Kauffman Foundation, Kansas City, MO.
- ¹¹ Bernstein, J., Brocht, C., & Spade-Aguilar, M. (2000). *How much is enough? Basic family budgets for working families*. Washington, DC: Economic Policy Institute.
- ¹² Tout, K., Zaslow, M., Papillo, A.R., & Vandivere, S. (2001). *Early care and education: Work support for families and developmental opportunity for young children*. Assessing the New Federalism Occasional Paper 51. Washington, DC: Urban Institute.
- ¹³ Haveman, R., & Wolfe, B. (1994). *Succeeding generations: On the effects of investments in children*. New York, NY: Russell Sage Foundation.
- ¹⁴ Lee, V. & Burkham, D. (2002). *Inequality at the starting gate: Social background differences in achievement as children begin school*. Washington, DC: Economic Policy Institute.
- ¹⁵ Halle, T., Haire, E., Terry-Human, E., & Calkins, J. (2003). *School readiness: Naturally occurring patterns in kindergarten and predictions to later achievement*. Child Trends presentation at the State Early Childhood Policy Technical Assistance Network National Conference on Kindergarten Assessment. www.finebynine.org. Conferences and Workshop proceedings section.
- ¹⁶ Heckman, J. (2000). *Invest in the very young*. Chicago, IL: Ounce of Prevention Fund.
- ¹⁷ Rolnick, A., & Grunewald, B. (2003, January 23). "Early childhood development: Economic development with a high public return," *Fedgazette*. Federal Reserve Bank of Minneapolis, Minneapolis, MN.
- ¹⁸ Karoly, L., Greenwood, P., Everingham, S., Hoube, J., Kilbrun, R., Rydell, P., Sanders, P., & Chiesa, J. (1998). *Investing in our children: What we know and don't know about the costs and benefits of early childhood interventions*. Santa Monica, CA: RAND Corporation.
- ¹⁹ Bruner, C., Floyd, S., & Copeman, A. (2003). *Seven things legislators (and other policy makers) need to know about school readiness*. Des Moines, Iowa: State Early Childhood Policy Technical Assistance Network. The Chart was taken from this publication, which provides a matrix that describes the four programs, their costs in today's dollars, and the returns they have produced, by types of returns.
- ²⁰ For a longer discussion of this return on investment analysis, see: Bruner, C. (2002). *A stitch in time: Estimating the costs of school unreadiness*. Washington, DC: The Finance Project.
- ²¹ Children's Defense Fund (2002). *Child care basics*. Washington, DC: Author. See prior footnote.

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- ²² U.S. Department of Health and Human Services. (Press Release). (2000). *New statistics show only small percentage of eligible families receive child care help*. Washington, DC: Author.
- ²³ Kagan, S.L. & Cohen, N. (1997). *Not by chance: Creating an early care and education system for America's children*. New Haven, CT: Yale Bush Center in Child Development and Social Policy. Groak, C., Mehaffie, K., McCall, R., & Greenberg, M. (2002). *From science to policy: Research on issues, programs and policies in early care and education*. Harrisburg, PA: Governor's Task Force on Early Childhood Care and Education.
- ²⁴ Pax World Funds and National Head Start Association. (News Release). (2003). *More than 9 out of 10 Americans support existing head start program*. www.paxworld.com/newscenter03/nr090403.htm. The poll was conducted by Opinion Research Corporation August 7-10, 2003 of 1038 adults in the United States.
- ²⁵ National Institute for Early Education Research. (2001). *Voter's attitudes toward early childhood education*. Washington, DC: Author. The survey was conducted among 3,230 voters nationwide (with over-samples in selected states) by Peter D. Hart Research and Market Strategies, Inc.
- ²⁶ The Business Roundtable and Corporate Voices for America's Children. (2003). *Early childhood education: A call to action from the business community*. Washington, DC: Author.
- ²⁷ Newman, S., et.al. (2000). *America's child care crisis: A crime prevention strategy*. Washington, DC: Fight Crime: Invest in Kids.
- ²⁸ Washington was an exception to this practice, actually using state FY2002 data.

Appendices

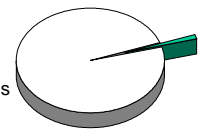
Table One
12-State Average Spending by Program Area as a
Percentage of Total Education and Development Spending

Program Area	12-State Average %
<i>Early Learning Expenditures (0–5)</i>	
Head Start/Even Start/Title I — Federal	1.50 %
Pre-School (Head Start supplement, pre-school, transition programs) — State	0.47 %
Child Care (TANF, CCDBG, and SSBG for early learning years) — Federal	1.32 %
Child Care (for early learning years) — State	0.46 %
Parenting Education/Family Support (CBFRP) — Federal	0.02 %
Parenting Education/Family Support (Healthy Families, Parents as Teachers, HIPPY, Family Resource Centers, etc.) — State	0.17 %
Total Early Learning Direct Expenditures	3.94 %
<i>School-Aged Expenditures (6–17)</i>	
Public Education Funding (Title I, various programs) — Federal	3.97 %
Public Education Funding (excl. special education) — State/School District	69.72 %
Child Care (school-aged/before/after school) — Federal	0.61 %
Child Care (school-aged/before/after school) — State	0.22 %
Youth development, vocational education, employment and training — Federal	0.20 %
Youth development, vocational education, employment and training, community college focused upon 6–17 year olds — State	0.75 %
Total School-Aged Direct Expenditures	75.47 %
<i>College-Aged Expenditures (18–23)</i>	
University and colleges — State	12.18 %
Community colleges — State	2.59 %
Tuition assistance (Pell grants, etc.) and vocational education — Federal	2.90 %
Tuition assistance and vocational education — State	0.55 %
Total College-Aged Direct Expenditures	18.21 %
<i>Tax Credits and Deductions</i>	
Child and Dependent Care Tax Credit, Early learning years — Federal/State	0.48 %
Child and Dependent Care Tax Credit, School-aged years — Federal/State	0.25 %
Education Credits/Deductions (see note 8) — Federal	1.55 %
Other Tax Credits/Deductions — State	0.10 %
Total Tax Expenditures	2.38 %
TOTAL	100.00 %

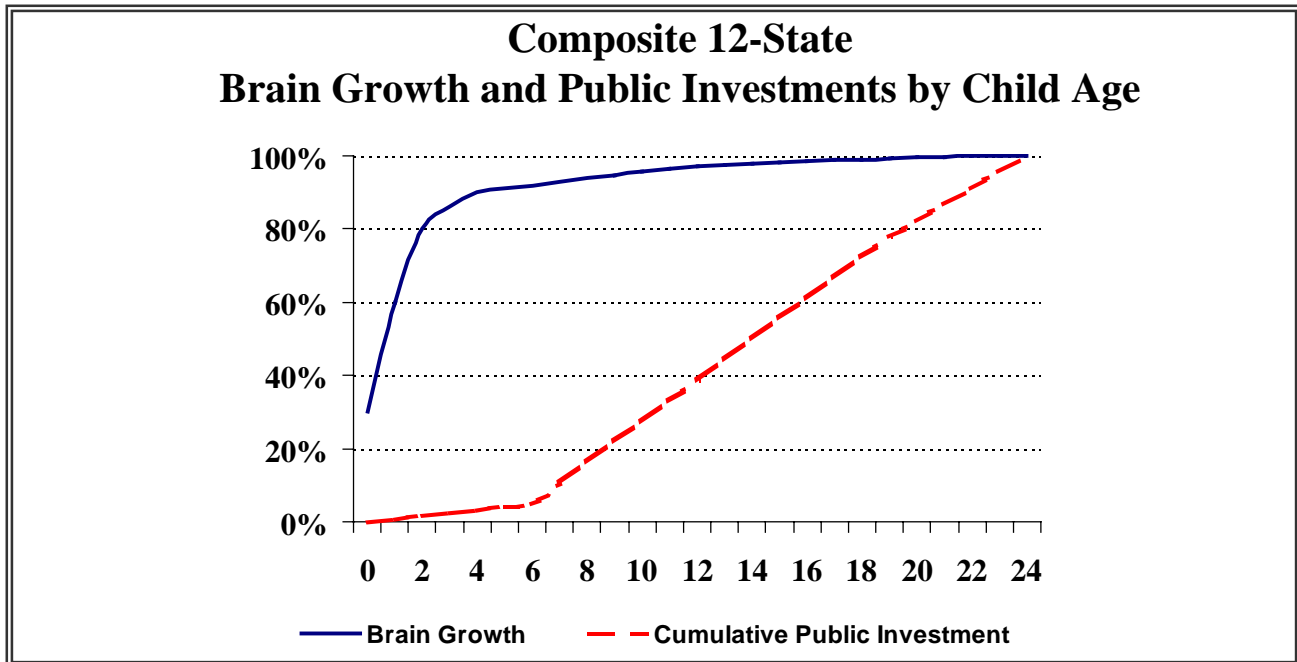
Note: All expenditures and tax expenditures are apportioned, based upon use by age. More details on the methodology are available through the Child and Family Policy Center.

12-STATE AVG

State Spending on Early Learning – 0.98% State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children – U.S. Total						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	15,771,635	8,395,126	53.2%	Families with Child 0-5	17.0%	35.9%
Children 0-5 with One Parent	6,061,978	4,392,375	72.5%	Families with Child 6-17 Only	11.3%	26.0%
All Children 0-5	21,833,613	12,787,501	58.6%			
Children under 6 in Paid Child Care while Parents Work			26%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		49.3%

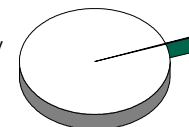
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Total and Per Capita Spending by Child Age					
Child Age	Per Capita State and Local	Per Capita Federal	Per Capita State and Federal Total	Percent State and Local	Percent Federal
Early Learning (age 0 to 5)	\$ 207	\$ 533	\$ 740	27.97%	72.03%
School Age (age 6-18)	\$ 5,059	\$ 351	\$ 5,410	93.51%	6.49%
College Age (age 19-23)	\$ 2,853	\$ 811	\$ 3,664	77.87%	22.13%

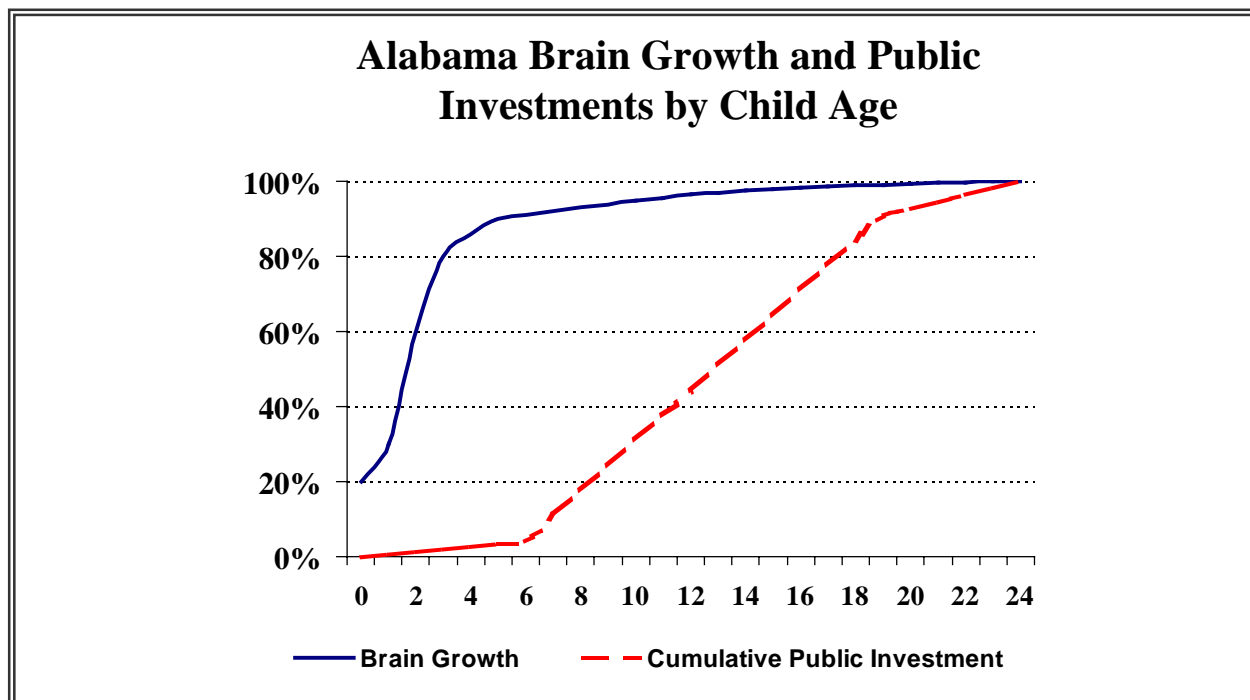
The composite average has been constructed to weight all states equally, and not by population or budget size. The accompanying table starts with actual state expenditure figures and creates percentages of total spending (including tax expenditures) on education and development by different ages, types, and sources of expenditures, with the composite figures representing averages from those tables. It also is possible to provide an estimate of what changes in federal funding by the number of children in the country in the particular age bracket. The Snowe Amendment to the TANF reauthorization bill would increase child care and development block grant funding by \$1.2 billion annually nation-wide. If one-third is used for school-aged children and two-thirds for children in the early learning years, that translates into increased federal spending in the early learning years of \$34.57 per child and in the school-aged years of \$5.05 per child. The Senate Head Start reauthorization bill increases Head Start by \$400 million in FY 2005, or \$17.12 per child, up to \$1.2 billion in FY 2007.

ALABAMA

State Spending on Early Learning – 0.26% of State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185 % of Poverty
Children 0-5 with Two Parents	227,911	121,339	53.2%	Families with Child 0-5	21.9%	43.4%
Children 0-5 with One Parent	108,239	74,821	69.1%	Families with Child 6-17 Only	15.9%	33.4%
All Children 0-5	336,150	196,160	58.4%			
Children under 6 in Paid Child Care while Parents Work			27%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		48.9%

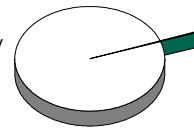
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Total and Per Capita Spending by Child Age							
Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 13.64	\$ 193.95	\$ 207.58	356,676	\$ 38	\$ 544	\$ 582
School Age (age 6-18)	\$ 4,043.53	\$ 255.44	\$ 4,298.97	831,598	\$ 4,862	\$ 307	\$ 5,170
College (age 19-23)	\$ 1,477.43	\$ 267.35	\$ 1,744.78	317,908	\$ 4,647	\$ 841	\$ 5,488

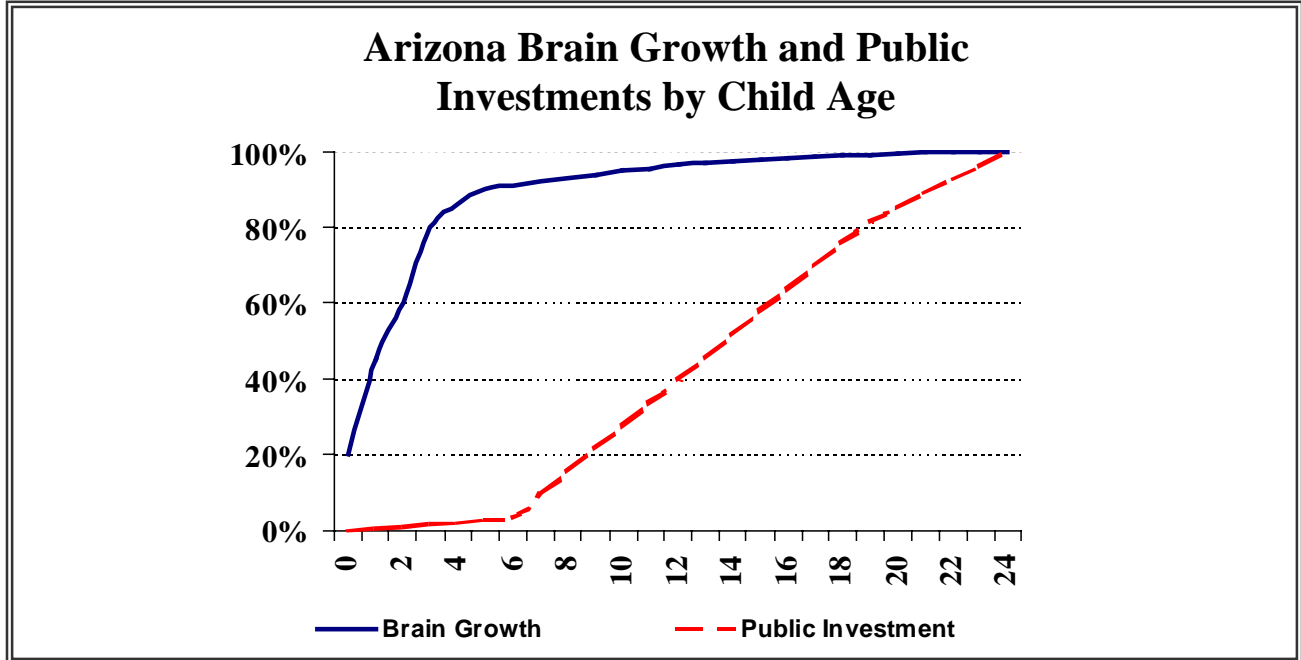
Alabama's state education and development dollars used in this report include both the state general fund and the education trust fund. State dollars for K–12 schools and community colleges also include local tax dollars. The pie chart at the top of the page compares development and education spending during the early learning years with the total amount expended by the state general fund and the education trust fund for SFY 2001.

ARIZONA

State Spending on Early Learning – 0.18% of State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% < 185% of Poverty
Children 0-5 with Two Parents	304,407	139,962	46.0%	Families with Child 0-5	19.3%	42.0%
Children 0-5 with One Parent	124,634	89,083	71.5%	Families with Child 6-17 Only	21.1%	28.9%
All Children 0-5	429,041	229,045	53.4%			
Children under 6 in Paid Child Care while Parents Work			22%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		40.0%

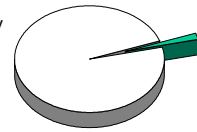
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 11.50	\$ 218.67	\$ 230.17	459,141	\$ 25	\$ 476	\$ 501
School Age (age 6-18)	\$ 5,076.95	\$ 441.26	\$ 5,518.21	982,098	\$ 5,169	\$ 449	\$ 5,619
College Age (age 19-23)	\$ 1,003.71	\$ 284.37	\$ 1,288.09	368,440	\$ 2,724	\$ 772	\$ 3,496

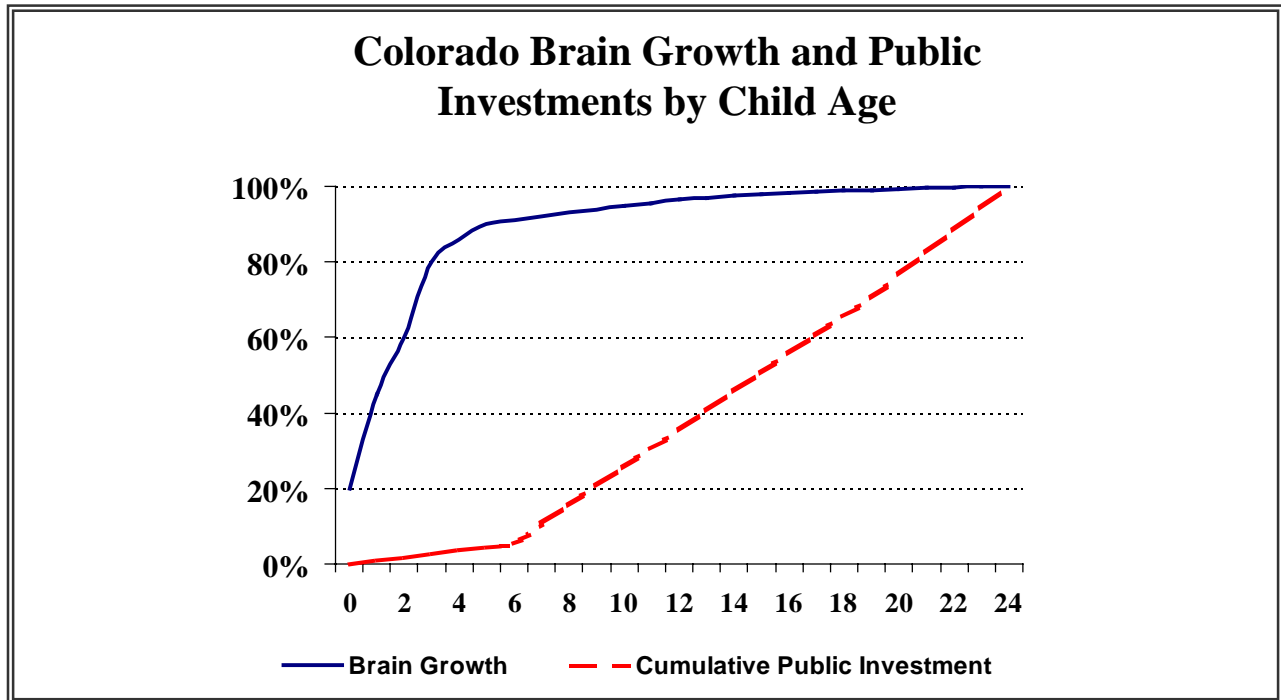
Arizona data includes county and local funding sources where appropriate and available, such as K–12 education and community college expenditures. (It is our understanding that some of the other states participating in this project did not include local information.) However, tribal expenditures were generally excluded. For purposes of this analysis, kindergarten students in schools were considered school age. National partners provided most breakdowns of federal funds, with the exception of child care subsidies (which are based on 2002 age data).

COLORADO

State Spending on Early Learning – 1.83% of State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	262,194	140,531	53.6%	Families with Child 0-5	12.2%	29.4%
Children 0-5 with One Parent	77,359	59,565	77.0%	Families with Child 6-17 Only	7.3%	18.9%
All Children 0-5	339,553	200,096	58.9%			
Children under 6 in Paid Child Care while Parents Work			20%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		49.8%

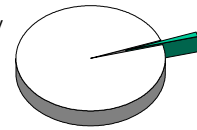
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 124.40	\$ 189.15	\$ 313.55	357,202	\$ 348	\$ 530	\$ 878
School Age (age 6-18)	\$ 3,558.46	\$ 165.90	\$ 3,724.36	804,942	\$ 4,421	\$ 206	\$ 4,627
College (age 19-23)	\$ 1,466.10	\$ 216.18	\$ 1,682.28	307,198	\$ 4,772	\$ 704	\$ 5476

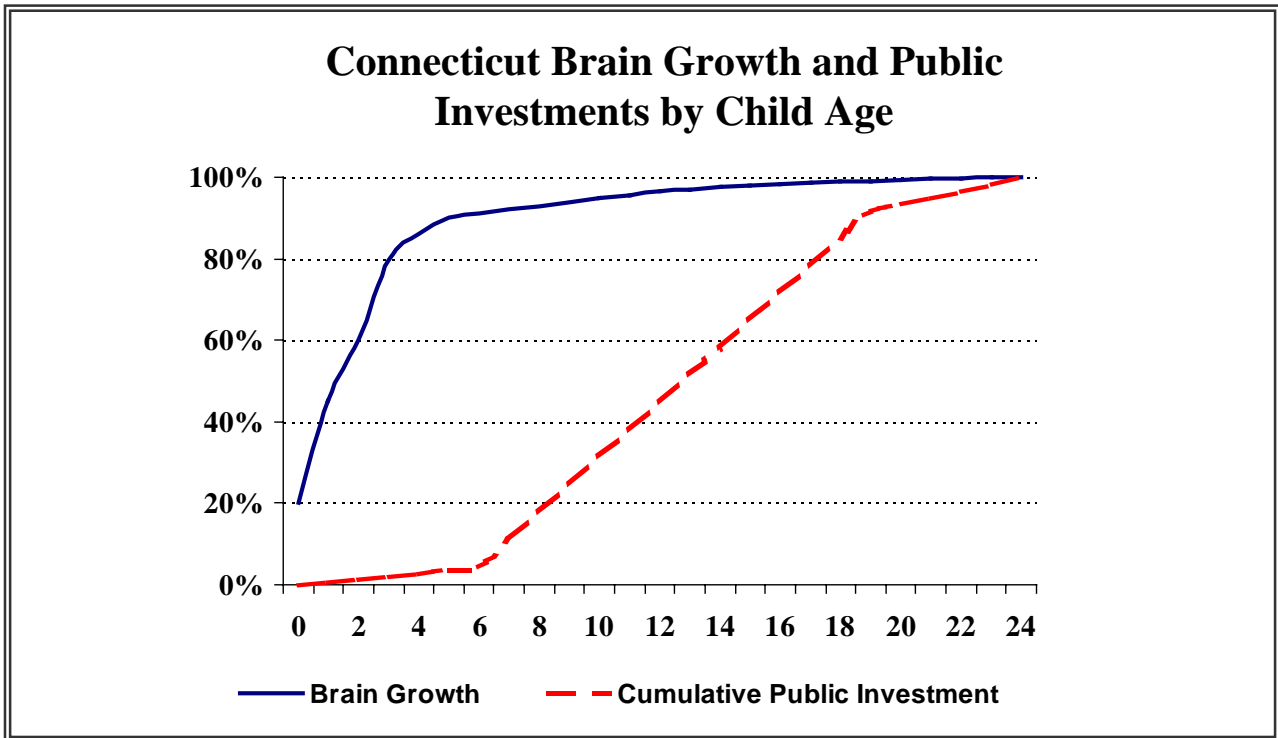
Colorado data includes appropriated state and local funding for the Colorado Pre-School Program, early childhood special education, the Colorado Child Care Assistance Program, and nurse home visitor programs funded through the tobacco settlement. Totals may not reflect all local investments in these programs. Public education funding includes state and local sources and does not include funding for special education, transportation, or capital construction. Tax credit data includes the Colorado child-related income tax credits only.

CONNECTICUT

State Spending on Early Learning – 1.26% of State General Fund Expenditures



Spending by Child Age on Education and Development

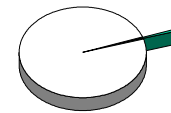


Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	194,418	111,413	57.3%	Families with Child 0-5	10.9%	22.9%
Children 0-5 with One Parent	63,964	48,463	75.8%	Families with Child 6-17 Only	7.2%	16.7%
All Children 0-5	258,382	159,876	61.9%			
Children under 6 in Paid Child Care while Parents Work			25%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		61.1%

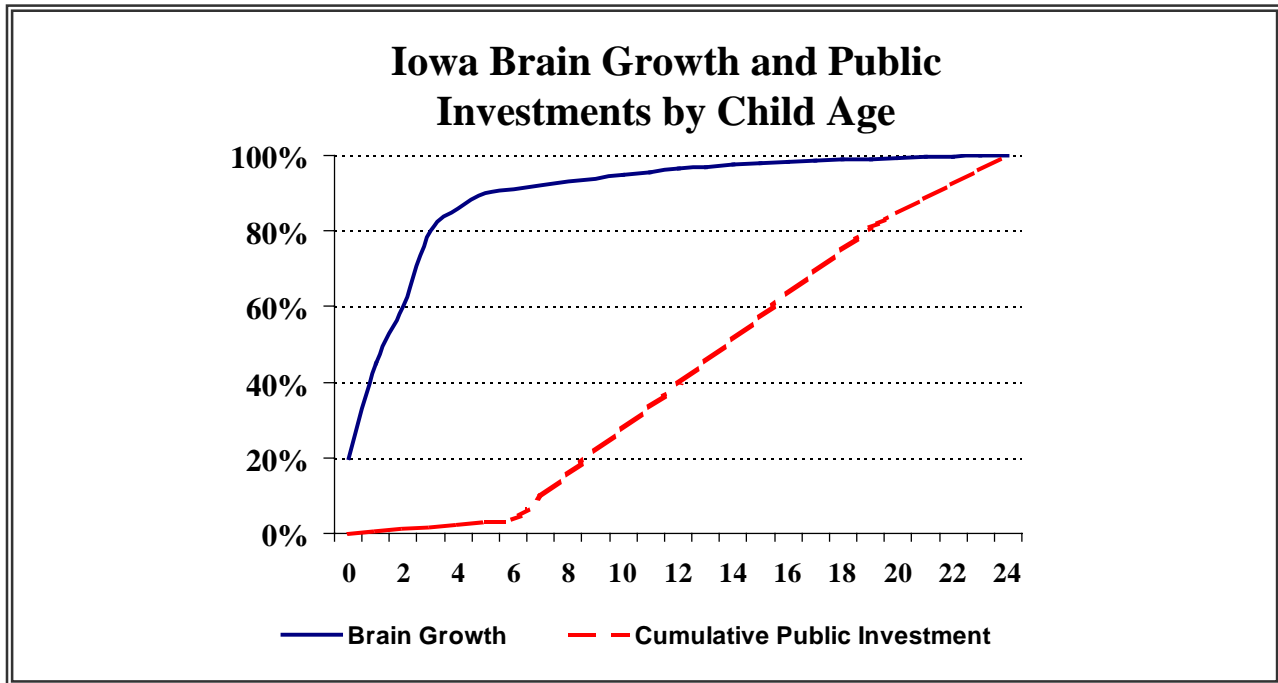
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 152.80	\$ 119.88	\$ 272.68	270,187	\$ 566	\$ 444	\$ 1,009
School Age (age 6-18)	\$ 5,304.00	\$ 185.42	\$ 5,489.42	614,143	\$ 8,636	\$ 302	\$ 8,938
College Age (age 19-23)	\$ 377.70	\$ 142.02	\$ 519.72	193,419	\$ 1,953	\$ 1,014	\$ 2,967

Connecticut data include town funding sources for K-12 education. State expenditures supported through bonding are not included here. Connecticut community colleges are not supported through local tax dollars. Breakdowns of expenditure data by age typically followed methodology provided by national partners.



Spending by Child Age on Education and Development

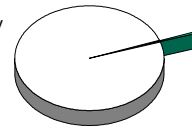


	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% < 185% of Poverty
Children 0-5 with Two Parents	170,336	117,827	69.2%	Families with Child 0-5	12.7%	31.4%
Children 0-5 with One Parent	49,103	38,888	79.2%	Families with Child 6-17 Only	7.1%	20.6%
All Children 0-5	219,439	156,715	71.4%			
Children under 6 in Paid Child Care while Parents Work			36%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		44.5%

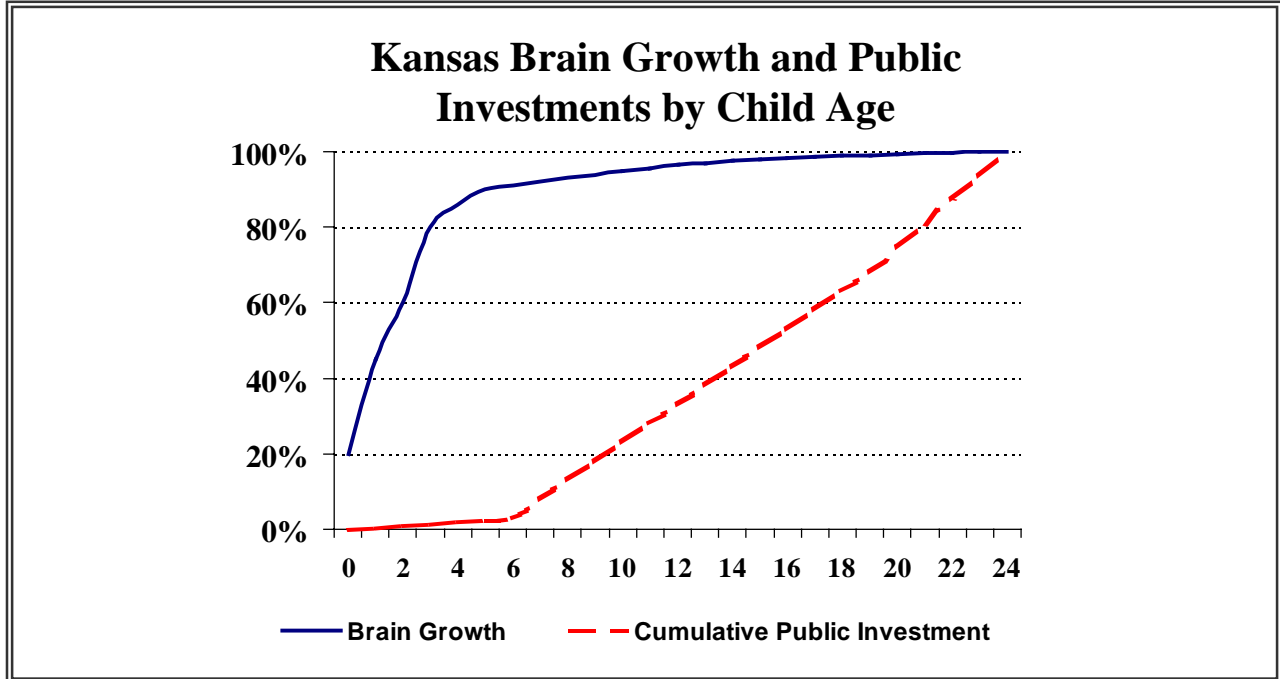
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 34.94	\$ 106.03	\$ 140.97	227,062	\$ 154	\$ 467	\$ 621
School Age (age 6-18)	\$ 2,810.51	\$ 120.89	\$ 2,931.40	552,903	\$ 5,083	\$ 219	\$ 5,302
College Age (age 19-23)	\$ 536.89	\$ 186.89	\$ 723.78	216,220	\$ 2,483	\$ 864	\$ 3,347

The Child and Family Policy Center benefited in its Iowa analysis from a legislative fiscal bureau report that broke down many state expenditures by child age, including spending on mental health, child welfare, and mental retardation services. This enabled the production of a companion Iowa report to the national report that examined spending on remediation, treatment, and special needs services in child welfare, special education, juvenile justice, and mental health, as well as on education and development (the analyses of these special needs services only covered the 0-18 population). That report showed similar disparities in spending by child age, with much greater investments made in the school-aged years than in the early learning years, although the early years are where more preventive and early intervention services might be developed to address those needs early and avert the need for later remediation and treatment services. For more information, contact the Child and Family Policy Center at info@cfpciowa.org or by calling 515-280-9027.



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	169,315	98,511	58.2%	Families with Child 0-5	13.5%	33.6%
Children 0-5 with One Parent	48,586	38,042	78.3%	Families with Child 6-17 Only	7.7%	21.6%
All Children 0-5	217,901	136,553	62.7%			
Children under 6 in Paid Child Care while Parents Work			32%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		47.3%

Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

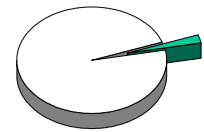
Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 25.71	\$ 92.42	\$ 118.12	226,862	\$ 113	\$ 407	\$ 521
School Age (age 6-18)	\$ 2,452.22	\$ 152.82	\$ 2,605.05	528,131	\$ 4,643	\$ 289	\$ 4,933
College Age (age 19-23)	\$1,130.82	\$ 144.67	\$ 1,275.50	198,849	\$ 5,687	\$ 728	\$ 6,414

School-aged expenditures for public education includes only General State Aid, Supplemental State Aid, and local funding. It does not include general aid attributable to special education - \$132,000,000. The allocation for kindergarten is included in school-age spending.

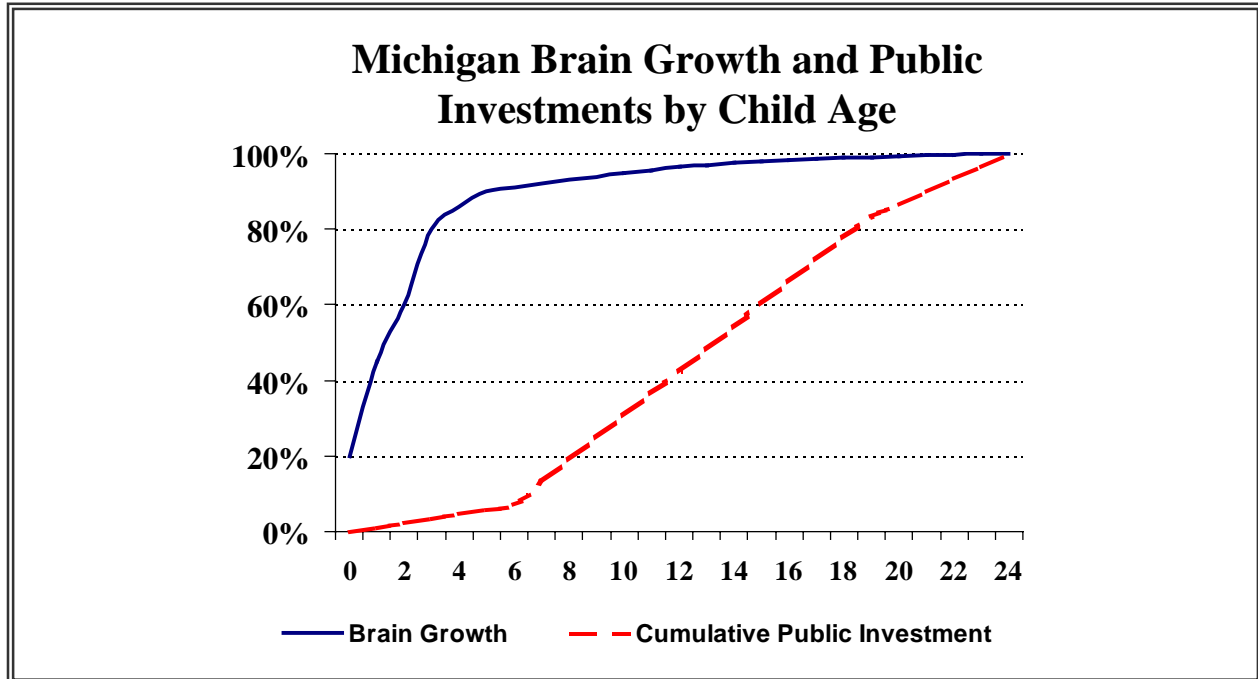
State funding for early learning and pre-school includes Smart Start Kansas, Four-Year-Old At-Risk, Parents as Teachers, Healthy Start Home Visitor, Child Care Assistance, Child Care Licensing, and Early Learning grants.

MICHIGAN

State Spending on Early Learning — 2.54% of State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	550,126	299,681	54.5%	Families with Child 0-5	14.7%	31.1%
Children 0-5 with One Parent	225,612	173,059	76.7%	Families with Child 6-17 Only	9.2%	21.6%
All Children 0-5	775,738	472,740	60.9%			
Children under 6 in Paid Child Care while Parents Work			28%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		48.9%

Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

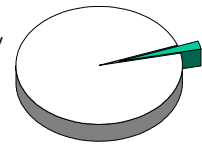
Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 253.47	\$ 530.31	\$ 783.78	814,505	\$ 311	\$ 651	\$ 962
School Age (age 6-18)	\$ 7,617.28	\$ 723.53	\$ 8,340.82	1,924,817	\$ 3,957	\$ 376	\$ 4,333
College Age (age 19-23)	\$ 1,326.15	\$ 484.15	\$ 1,810.29	668,508	\$ 1,984	\$ 724	\$ 2,708

Capital expenditures and local municipality and school funds, such as local tax mileages that support K-12 education and community colleges, were not included in the calculation of Michigan's data figures. It was not possible to capture this information for all age categories, especially at the local level.

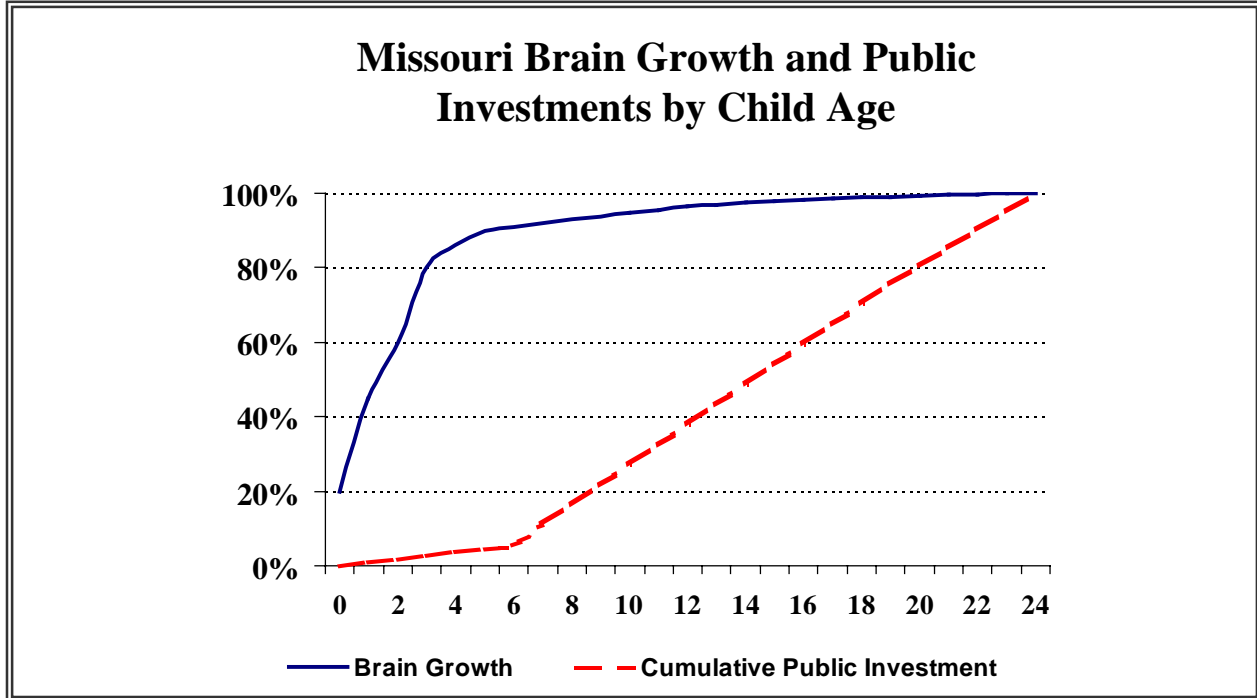
There have been significant reductions in state support for programs and services that serve children and families since FY 2001 as a result of budget shortfalls. For instance, through past budget processes and Executive Order cuts to balance year-end shortfalls, \$45 million was cut from the ASAP-PIE program in FY 2002 and most recently, before- and after-school programs were eliminated in the first quarter of FY 2004. Also to note in the Michigan data, there were several programs that had carry over funds in FY 2001 that inflated the dollars for that fiscal year.

MISSOURI

State Spending on Early Learning – 2.20 % of State General Fund Expenditures



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% 200% of Poverty
Children 0-5 with Two Parents	305,038	181,628	59.5%	Families with Child 0-5	16.5%	36.3%
Children 0-5 with One Parent	121,451	92,363	76.0%	Families with Child 6-17 Only	10.6%	26.4%
All Children 0-5	426,489	273,991	64.2%			
Children under 6 in Paid Child Care while Parents Work			33%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		47.2%

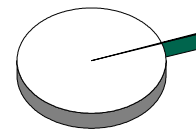
Source: United States Census Bureau, Census 2000
(except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Total and Per Capita Spending by Child Age							
Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (0 to 5)	\$ 102.15	\$ 209.07	\$ 311.22	445,566	\$ 229	\$ 469	\$ 698
School Age (age 6-18)	\$ 3,511.22	\$ 376.97	\$ 3,888.19	1,064,602	\$ 3,298	\$ 354	\$ 3,652
College Age (age 19-23)	\$ 1,061.40	\$ 294.57	\$ 1,355.97	384,985	\$ 2,757	\$ 765	\$ 3,522

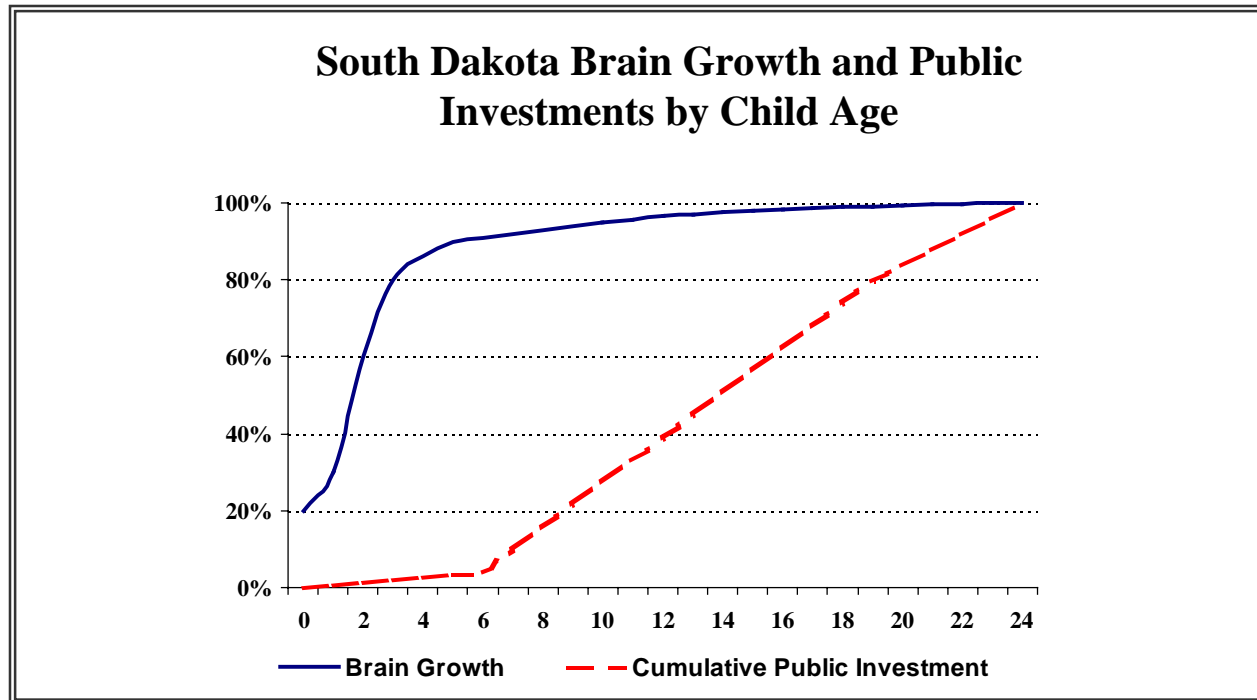
Missouri data does include state funds that are not considered General Revenue because they are earmarked in statute. Gaming funds earmarked for public education and gaming admissions fees earmarked for the Early Childhood Development and Care fund are examples of this type of state expenditure.

Missouri data does not include local spending because it was not possible to capture this information for all age categories. In FY 2001, local revenues from real and personal property taxes contributed \$3.6 billion dollars to public schools. Local contributions to early learning and to higher education are likely to be significantly less than the local contribution to public schools.

There has been some reduction in state support for public schools as a result of budget shortfalls.



Spending by Child Age on Education and Development

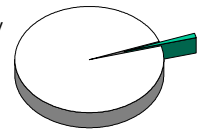


Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	43,668	30,860	70.7%	Families with Child 0-5	19.0%	40.5%
Children 0-5 with One Parent	15,155	12,070	79.6%	Families with Child 6-17 Only	10.6%	27.0%
All Children 0-5	58,823	42,930	73.0%			
Children under 6 in Paid Child Care while Parents Work			47%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		39.9%

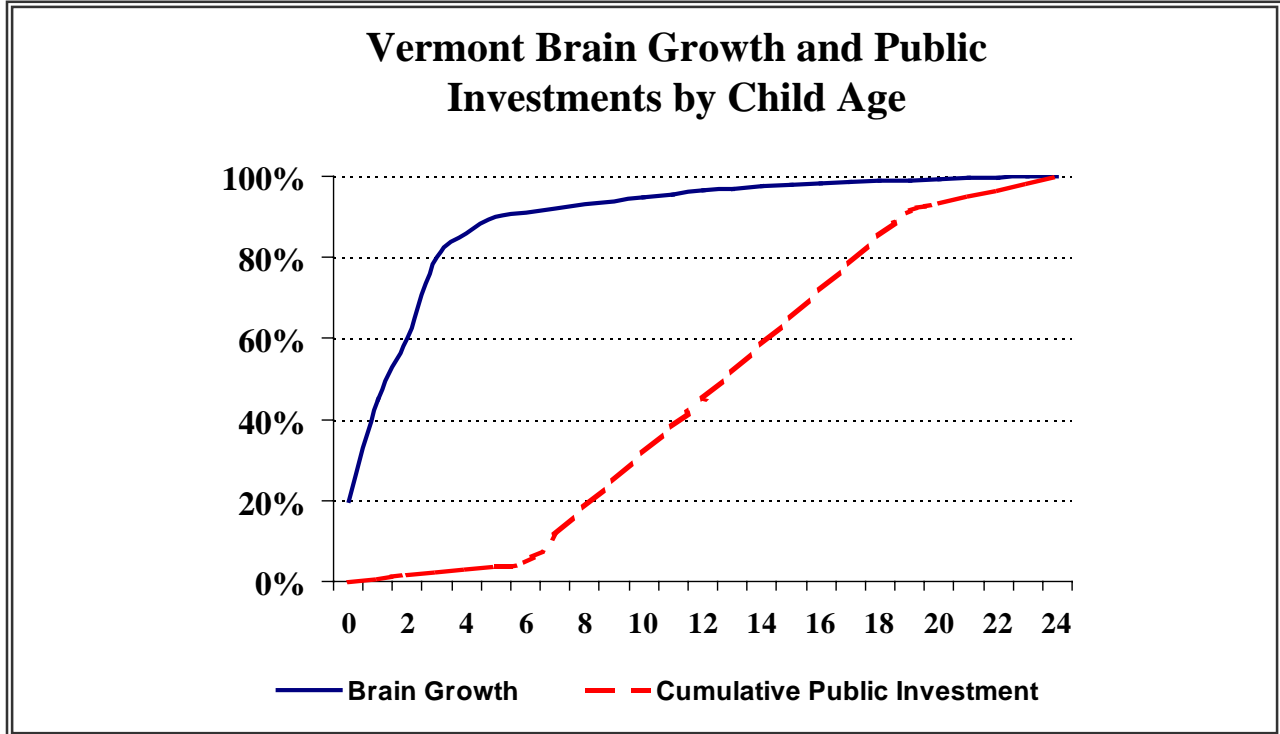
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita		
					State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 1.82	\$ 33.24	\$ 35.06	61,352	\$ 30	\$ 542	\$ 571
School Age (age 6-18)	\$ 592.44	\$ 73.40	\$ 665.84	153,856	\$ 3,851	\$ 477	\$ 4,328
College Age (age 19-23)	\$ 115.83	\$ 62.40	\$ 178.23	55,823	\$ 2,075	\$ 1,118	\$ 3,193

South Dakota data includes federal, state, and local funding sources where appropriate and available. The following categories of expenditures were excluded: capital outlay and bond redemption expenditures, Native American tribal expenditures, and federal funds distributed directly to tribes or tribal organizations. For more information, contact the South Dakota Coalition for Children at www.sdccchildren.org or by calling 605-367-9667.



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% <185% of Poverty
Children 0-5 with Two Parents	30,960	20,489	66.2%	Families with Child 0-5	12.9%	31.6%
Children 0-5 with One Parent	9,601	7,145	74.4%	Families with Child 6-17 Only	8.1%	22.9%
All Children 0-5	40,561	27,634	68.1%			
Children under 6 in Paid Child Care while Parents Work			28%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		49.1%

Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
	Early Learning (age 0 to 5)	\$ 12.14	\$ 28.32		\$ 40.46	41,709	\$ 291
School Age (age 6-18)	\$ 703.15	\$ 47.84	\$ 750.98	114,848	\$ 6,122	\$ 417	\$ 6,539
College Age (age 19-23)	\$ 24.93	\$ 45.74	\$ 70.67	41,271	\$ 604	\$ 1,108	\$ 1,712

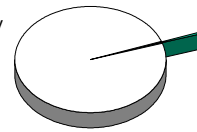
State public education funds include both state appropriations and local funds.

The national partners provided most of the data on federal funding, with the exception of Even Start, child care (including not only CCDBG but also TANF and SSBG monies), Title I, other federal formula funds, and federal grant funds as part of funding for the Vermont Children’s Trust Fund.

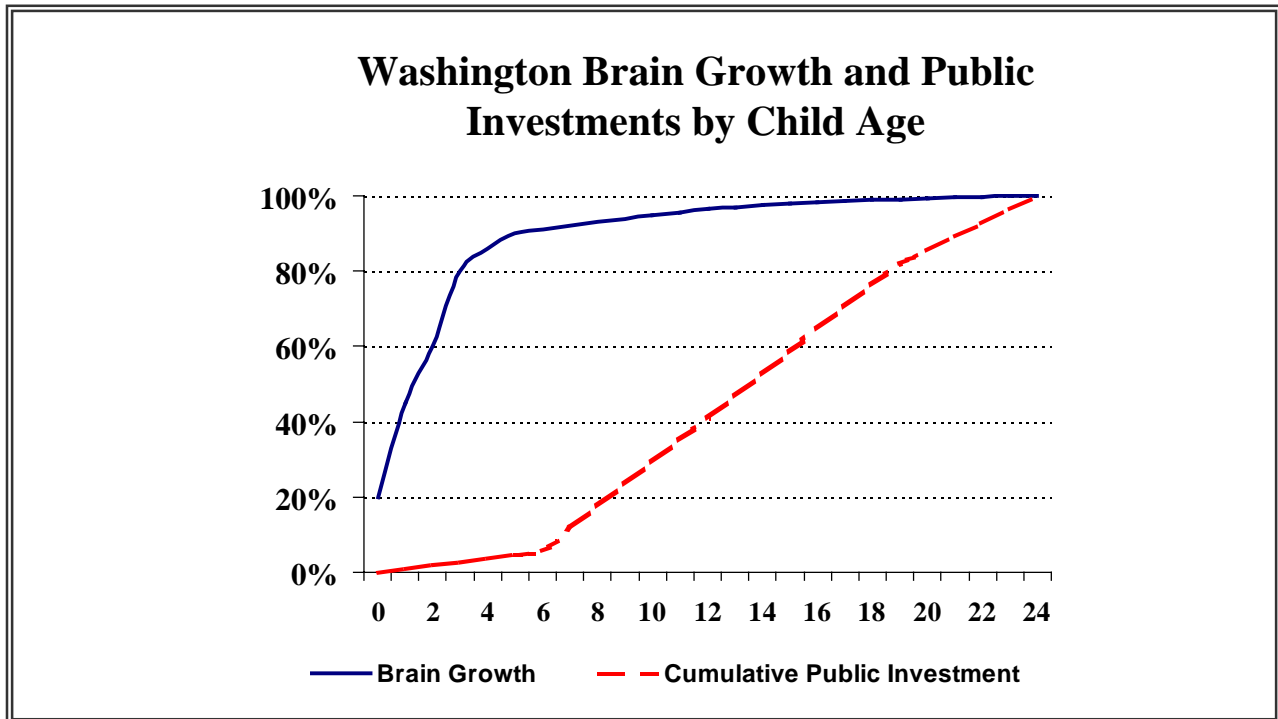
Since FY 2001, Parent Child Center core funding has been reduced by 10%.

WASHINGTON

State Spending on Early Learning – 0.57% of State General Fund Expenditures



Spending by Child Age on Education and Development

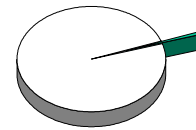


Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% 200% of Poverty
Children 0-5 with Two Parents	344,485	177,518	51.5%	Families with Child 0-5	14.9%	32.8%
Children 0-5 with One Parent	109,680	84,042	76.6%	Families with Child 6-17 Only	8.8%	21.1%
All Children 0-5	454,165	261,560	57.6%			
Children under 6 in Paid Child Care while Parents Work			28%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		45.2%

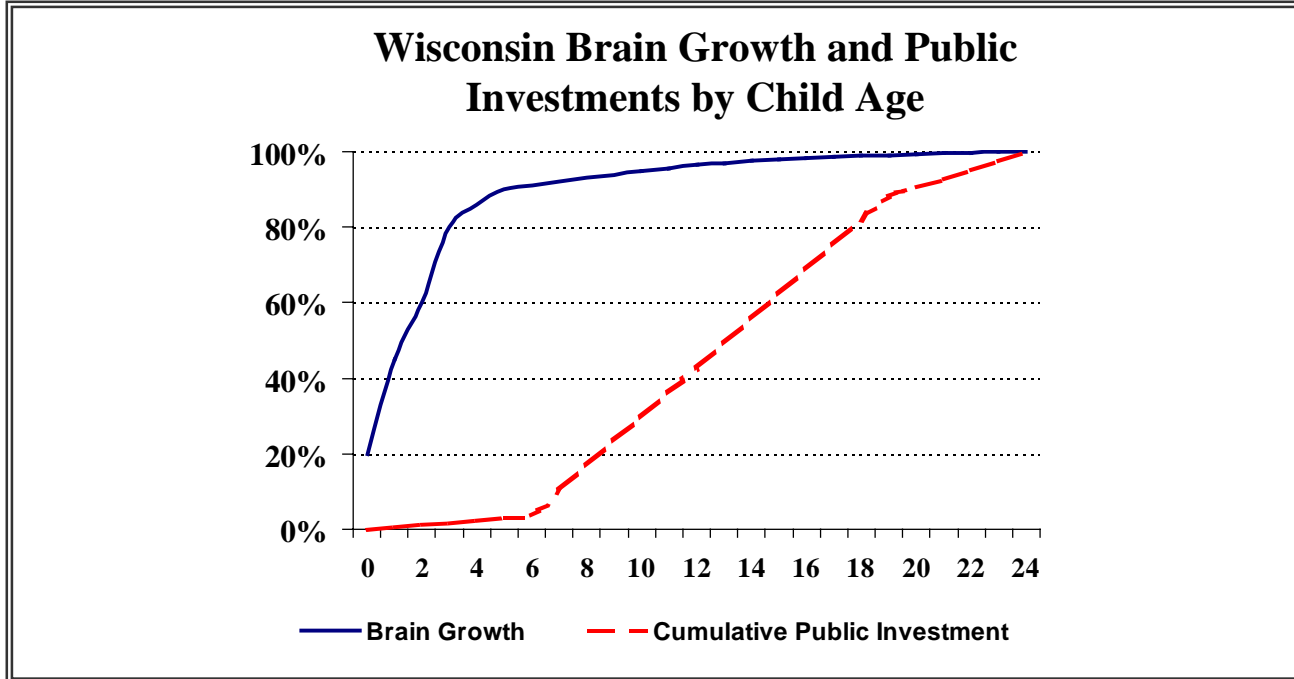
Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 61.69	\$ 313.98	\$ 375.67	475,456	\$ 130	\$ 660	\$ 790
School Age (age 6-18)	\$ 4,564.38	\$ 380.13	\$ 4,944.51	1,123,327	\$ 4,063	\$ 338	\$ 4,402
College Age (age 19-23)	\$ 873.17	\$ 290.92	\$ 1,164.09	399,035	\$ 2,188	\$ 729	\$ 2,917

Data for Washington State represent operating appropriations or expenditures for State FY 2002 (July 2001 through June 2002). In general, dollars listed for public education, higher education, and community and technical colleges represent appropriated funds. Local school district levies and state funds appropriated for special education were excluded. Other figures (child care, for example) represent actual state expenditures for the fiscal year. With some exceptions (primarily child care) national partners provided information on federal spending and estimates of the percentage of state funds attributable to the age categories represented in the report.



Spending by Child Age on Education and Development



Characteristics of Young Children and Families with Young Children						
	Total	Both/Only Parent Working	% Parents Working		% in Poverty	% < 185% of Poverty
Children 0-5 with Two Parents	303,324	197,872	65.2%	Families with Child 0-5	12.2%	28.0%
Children 0-5 with One Parent	95,752	75,149	78.5%	Families with Child 6-17 Only	6.7%	18.1%
All Children 0-5	399,076	273,021	68.4%			
Children under 6 in Paid Child Care while Parents Work			37%	3- and 4-Year-Olds Enrolled in Preschool or Pre-K		44.9%

Source: United States Census Bureau, Census 2000 (except children <6 in Paid Child Care – Current Population Survey, March 2000-2002)

Total and Per Capita Spending by Child Age							
Child Age	in millions			Number of Children	in dollars		
	State and Local	Federal	Total		Per Capita State and Local	Per Capita Federal	Per Capita Total
Early Learning (age 0 to 5)	\$ 102.78	\$ 219.79	\$ 322.57	414,337	\$ 248	\$ 530	\$ 779
School Age (age 6-18)	\$ 6,873.70	\$ 454.94	\$ 7,328.65	1,035,304	\$ 6,639	\$ 439	\$ 7,079
College Age (age 19-23)	\$ 885.56	\$ 139.04	\$ 1,024.60	375,488	\$ 2,358	\$ 370	\$ 2,729

The spending figures for K-12 education and vocational education include local expenditures as well as state revenue. Both of those spending categories combine capital costs with other spending. For the University System, on the other hand, capital expenditures are separate and not available. The spending figures for the vocational and university systems are lower than those more commonly referenced because we estimated the portion of spending for students under age 24, rather than using total expenditures. Estimated spending for four-year-old kindergarten were counted in the 0-5 age group; but virtually all other K-12 expenditures were counted in the age 6-18 category. Spending by tribal governments was not included.