

Working Paper 07-3

**PARALLEL PLAY –
Preschool and K-12 Finance
Reform in New Jersey and Texas**

**Bruce Fuller and Joseph Wright
July 2007**



**POLICY ANALYSIS FOR
CALIFORNIA EDUCATION**

PARALLEL PLAY – Preschool and K-12 Finance Reform in New Jersey and Texas

Bruce Fuller and Joseph Wright
Policy Analysis for California Education – University of California, Berkeley

Working Paper 07-3

Bruce Fuller is a professor of education and public policy at the University of California, Berkeley. His current work focuses on the dilemmas around decentralizing public projects and institutions, including contention around how to organize preschool and new forms of schooling. His recent book is, *Standardized Childhood* (Stanford University Press).

Joseph Wright recently completed the Master in Public Policy program at the University of California, Berkeley. While at Berkeley, Joseph conducted research with PACE on a wide range of topics, including No Child Left Behind as well as preschool financing. He currently lives in New York City.

Acknowledgments

Generous policy analysts and activists in New Jersey and Texas spent much time with us, explaining the local dynamics of preschool and public school finance. This included Sandi Borden, Ellen Boylan, Beth Ann Bryan, Catherine Clark, Harley Eckhart, Ellen Frede, Kaitlin Graham, Renee Graham, David Hinojosa, Kara Johnson, Reagan Miller, Sandy Kress, Susan Landry, Diane Rath, Jason Sabo, Larkin Tackett, Larry Temple, Mark Trachtenberg, and Jimmy Wynn. Others shared data and statistics which are summarized in this brief: Terri Buccarelli, Suzanne Burnette, Gina Day, Gary Frederick, Karin Garver, Jennifer Imazeki, Cami Jones, George Kobil, Cynthia Rice, K. Alejandra Rocha, Janét Spurgin, and Ellen Wolock. Daphna Bassok at Stanford University assisted with the data analysis. A related report on El Paso's innovative effort first appeared on New America Media's news website in May 2007. Any errors of fact or interpretation are solely those of the authors. Thank you all.



The Interplay of Preschool and K-12 Finance Reform

Gaps in early learning are starkly apparent among differing children even before they enter kindergarten. So, a rising number of states are trying to narrow initial achievement disparities by expanding access to quality preschool .

At the same time, recent findings show that preschool is not a lasting inoculation: its benefits fade if children move from preschool to dreary elementary schools. So, efforts to advance quality preschooling, especially for children from poor and blue-collar families, will be more effective when the quality of public schools climbs in parallel fashion.

Two states – New Jersey and Texas – offer laboratories for understanding how preschool and K-12 finance reforms can be interwoven over time and implemented in concert to raise quality at both levels. This PACE study yields three sets of lessons for California and other states –

Advancing simple and equitable finance mechanisms. In sharp contrast to states like California, both New Jersey and Texas have built comparatively simple funding streams to support preschool expansion. Texas folded support for four year-olds into the basic K-12 finance formula. New Jersey, aided by judicial mandates, moves a single stream of dollars to local school districts.

Other urban states, including California, have proliferated a variety of categorical funding streams for child care and preschool. This stems from important historical forces but has resulted in confusion for parents, complicated family eligibility rules, and administrative nightmares for local agencies. Federal and state governments in California, for instance, now spend over \$3.7 billion annually on at least five major early care and education (ECE) programs, each with its own regulatory structure.

As judges and legislators seek to make K-12 finance more equitable, rising support for ECE programs has signaled progress on adequacy and equity fronts in New Jersey and Texas. Other states, including California and New York, could better integrate preschool and K-12 financing to meet judicial and legislative policy goals and equity standards.

Unifying mixed-markets of preschool providers. New Jersey and Texas offer contrasting strategies for expanding and improving preschool organizations. New Jersey sets quality standards centrally within the education department, but then allows local districts to contract with community-based organizations (CBOs) to reach a wider array of families.

Over 70% of all participating families in New Jersey’s preschool program, situated within the court-monitored Abbott districts, are served by CBOs. The remaining 30% attend preschools operated by public schools.

Texas relies largely on decentralized policy mechanisms, including incentive grants for districts that agree to contract with CBOs, a dynamic professional development program that upgrades teacher skills without mandating staff credential levels, and limited

facilities dollars for preschool expansion in the schools, building up from the CBO infrastructure.

Widening access while improving quality. New Jersey and Texas focus public dollars on low-income communities, advancing state interests in more equitable education opportunities. Over two-thirds of four year-olds attend a preschool center of some kind in each state. Yet disparities in access persist, especially in poor Latino communities. This resembles California's current situation when it comes to early education infrastructure.

Both New Jersey and Texas continue to invest heavily in professional development activities to upgrade the skills of classroom staff. Texas has pioneered a university-based effort to track the academic growth curves of children – for pre-literacy and social-behavioral skills – as quality improvement efforts unfold through community partnerships.

Overall, this study details how two large states are simplifying funding streams, progressively expanding access, and improving classroom quality. In New Jersey these efforts stem from a specific mandate by the state courts to equalize opportunity, and the preschool sector is a key part. In Texas pro-equity groups have succeeded in widening support for preschool expansion, and these policy efforts are becoming one element in long-running efforts to more adequately fund the schools.

California's institutional foundations. California has put in place similar organizational elements, as recently discussed at a PACE conference. This includes a vibrant mixed-market of about 13,000 community-based preschool centers which serve families alongside elementary schools. County First 5 commissions are supporting wage incentives for in-service training, and Sacramento is implementing a statewide system for assessing preschoolers' cognitive and social-behavioral growth.

Children and families would benefit from the lessons that New Jersey and Texas provide. A comprehensive effort to integrate preschool and K-12 finance reforms might include consolidation of existing funding streams and regulatory strings, yielding a single and well understood way for parents to locate publicly supported preschool.

Investing in young children's development appears to be a cost-effective strategy for narrowing achievement gaps when resources are focused on lower-income families and parents are able to enter quality programs. California has accomplished much over the past four decades. But further progress will be difficult in California until the stakeholders come together to consolidate the \$3.7 billion in discrete funding streams that have proliferated and gains in preschool and elementary school quality are made in tandem.

Table of Contents

Section 1: Overview – Finance Reform in Two Contrasting States	1
Section 2: Demographic, Institutional, and Legal Contexts	3
Enrollment Patterns.....	4
Public Financing of ECE Options.....	5
Parallel Play – Policy Action on Preschool and K-12 Finance.....	13
Finance Reform in Texas.....	15
Lessons for California – Contexts for Finance Reform.....	19
Section 3: Building Infrastructure – Integrating Mixed Markets, Advancing Quality ...	20
New Jersey – Unifying Mixed Markets.....	20
Texas – Improving the Quality of Decentralized Preschools.....	21
Child Care Quality and Welfare Reform.....	26
Rules and Finance Incentives for Local Cooperation in Texas.....	27
Raising Quality through Centralized Rules.....	28
Lessons for California – Central Coordination of Mixed Markets.....	31
Section 4: The Evolving Political-Economy of Preschool	32
Finance Reform within Decentralized Institutions.....	33
Contention and Risks in Decentralized Markets.....	34
Progress and Pushback in New Jersey.....	35
How to Develop Children? The Persisting Question.....	36
Section 5: Lessons for California	36
Endnotes	39

Tables

1. Basic demographic characteristics 3
2. Preschool center enrollment rates, four year-olds in 1997-98 4
3. Child care reimbursement and market rates in New Jersey 12

Figures

1. Texas preschool enrollments under the Foundation School Program (FSP) 6
2. Texas children enrolled in subsidized child care via Workforce Commission programs
and Temporary Assistance for Needy Families (TANF) 8
3. Enrollment in New Jersey's Preschool Programs 10
4. State and federal funding of preschool options 10

Box

1. El Paso, Texas – A Mixed Market of Bilingual Preschools 23

SECTION 1.

Overview – Finance Reform in Two Contrasting States

Quality preschools can nurture the curiosity and cognitive growth of children from low-income families, aiding later success in school.¹ Yet sustaining this early head start depends on the child's ability to enter a high-quality public school.² Preschool alone offers no inoculation for youngsters who move into uninspiring elementary classrooms. "To expect effects to be sustained throughout childhood ... in the absence of continued high-quality schooling," Columbia University developmentalist Jeanne Brooks-Gunn said recently, "is to believe in magic."³

Policy makers in several states are simultaneously advancing the financing of preschool and the public schools. California is looking to build a more equitable preschool network, particularly after failed Proposition 82. To inform these efforts, this paper reports on initiatives in New Jersey and Texas where early educators – aided by the courts, legislators, and governors – are pushing to expand the public and private financing of early care and education (ECE). Over the past 25 years ECE finance reforms have intersected with wider efforts to equalize K-12 funding and the quality of educational opportunity.

In New Jersey the state supreme court – with striking confidence and specific remedies – ruled in 1998 that universal access to free and high-quality preschool, regulated by the state education department, must be a key ingredient in equitable school finance. This ruling applied to the so-called Abbott districts, the 31 jurisdictions serving the state's poorest children. Abbott funding in Fiscal Year 2006 averaged \$11,837 per child for a year-round, full-day preschool program.⁴

In Texas the state supreme court acknowledged the plaintiffs' argument that unequal access to preschool was a valid sign, among several indicators, that the Texas legislature had still failed to devise a fair K-12 finance system. But in 2005 the court, after striking down reliance on local property taxes to finance the schools, avoided specific remedies beyond requiring that the legislature lighten the burden of local property taxes by substituting state funds.

Local school superintendents appeared in the Texas courtroom to express a desire to spend fresh education funding on new preschool classrooms. Meanwhile, the education

department mandated that expansion occur via partnerships between school districts and community organizations.⁵ We examine below these policy developments.

Support for ECE programs among parents and voters has grown dramatically in New Jersey and Texas, going back to the 1970s. Over two-thirds of all four year-olds attended a preschool center by the late 1990s (83% in New Jersey; 70% in Texas). Preschool enrollments have grown steadily in New Jersey's Abbott districts since the court mandated universal access in the late 1990s. Recent polling in Texas shows widespread support for affordable, high quality preschool, although support for new taxes remains fragile.⁶

Activists and political blocs in both states are generally united, rallying behind diverse mixed-markets of ECE organizations, including those run by schools or community organizations. Texas now involves licensed family child care homes in its innovative effort to improve quality and access, led from the University of Texas, Houston. Neither state has pursued the idea of universally accessible preschool, although the Abbott court mandate requires free programs for all in poor school districts regardless of family income.

Organization of the paper. We begin by contrasting the demographic, legal, and institutional contexts found in New Jersey and Texas. These differing conditions help to explain the divergent pathways traveled by the two states. Second, we sketch how activists and policy makers in each state are enlarging the ECE infrastructure and attempting to improve quality, at times uniting with K-12 interest groups to advance more equitable financing. Other policy thrusts resemble parallel play: early education lobbies attempt to move forward independently of K-12 finance reform.

Third, we review how the political-economy of the ECE sector is evolving in New Jersey and Texas. This implies a more crisply defined role for state government, coordinating and enriching mixed-markets of ECE organizations. Political coalitions are evolving as well between K-12 and early childhood interest groups. In Texas, the university's emerging role has been a crucial piece of the puzzle, helping to shape a consensus around how to best widen access and improve quality. Finally, we articulate lessons learned for California policy activists. These stem from our discussions with the state's stakeholders in both the ECE and K-12 communities, and from

a recent conference with California policy makers, preschool leaders, and K-12 associations. These lessons are derived from just two states. But they prompt fresh thinking and policy options.

SECTION 2.

Demographic, Institutional, and Legal Contexts

Debates around ECE finance and governance continue to unfold differently in New Jersey and Texas, due largely to differing contexts and institutional histories. Table 1 sketches the contrasting demographic contours of these large and internally diverse states.

Table 1. Basic demographic characteristics⁷

	New Jersey	Texas
Population, 2005 estimate (millions)	8.7	22.9
Population growth, 2000-2005	3.5	9.6
Percent population under five years-old, 2004 (percent)	6.7	8.2
Percent African American, 2004	14.5	11.7
Percent Latino, 2004	14.9	34.6
Median household income, 2003-2005 (three-year average in dollars) ⁸	59,989	41,959
Percentage of persons below the federal poverty line, 2003	8.9	16.2
Language other than English spoken in home, 2000 (percent of population at least 5 years-old)	25.5	31.2
Percent population, age 25 years or older, with bachelor's degree, 2000	29.8	23.2
Percent of population, age 5 or older, living in the same residence, 1995 and 2000	59.8	49.6

Source: U.S. Census Bureau

The population of Texas is growing far more rapidly than the count of New Jersey residents. Over the five-year period, 2000-2005, the Texas population grew at a rapid clip, 9.6%, compared with New Jersey, which grew 3.5% over the same period. This holds implications for the capacity of Texas schools to keep pace with enrollment growth.

The prospect of adding a preschool grade below kindergarten, as some national advocates would have it, is daunting in the Texas context.

The Texas demographic profile is far more Latino and non-English speaking, and economically worse off, compared with New Jersey. Just under 35% of all Texans were of Latino origin in 2004, compared with just under 15% in New Jersey. A language other than English is spoken in almost one-third of all Texas households, relative to about one-fourth in New Jersey. The Texas poverty rate is double the share of New Jersey residents living in poverty. And New Jersey’s median household income (\$59,989) is 42% higher than the median income in Texas (\$41,959).

Enrollment Patterns

ECE options – including preschool centers – have spread at differing rates in New Jersey and Texas and taken on varying institutional forms. Let’s look first at enrollment patterns and the range of ECE options.

Table 2 reports on the percentage of children who attended a preschool center in the year before kindergarten for 1997-98. Overall, enrollment rates were already quite high almost a decade ago. Non-Head Start centers – those run by nonprofit or for-profit organizations, or school districts – served the largest share of four year-olds. In New Jersey, for instance, 80% of all four year-olds attended a center-based program of some kind.

Table 2. Preschool center enrollment rates, four year-olds in 1997-98^o

	New Jersey [n=351]	Texas [n=772]
Percentage of four year-olds in:		
Federal Head Start preschools	3	7
All other center-based programs	80	63
Other nonparental care arrangements	6	12
Exclusively with parent(s)	11	18
	[100%]	[100%]
Percentage of four year-olds in preschool centers (any type)		
African American ¹⁰	83	76
Latino ¹¹	79	59
Whites (non-Latino)	86	73

Source: Early Childhood Longitudinal Study (ECLS-K), National Center for Educational Statistics. Analysis by Daphna Bassok, Stanford University.

Only another 3% of children were enrolled in federal Head Start preschools, as reported by mothers and verified by the National Center for Educational Statistics. In Texas, 7% of all four year-olds attended a Head Start program, a larger share than in New Jersey, likely due to a higher poverty rate in Texas.

Enrollment rates in center-based programs were higher for all ethnic groups in New Jersey, compared with Texas. Among four year-olds from Latino homes, 79% versus 59% attended a preschool center in New Jersey and Texas, respectively. For (non-Latino) white children these shares equaled 86% and 73%, again lower in Texas. Future research might extend enrollment numbers to three year olds.

Enrollment rates in New Jersey have ranged higher in the Abbott districts, compared with other areas of the state. Almost three-fourths (73%) of all three and four year-olds were attending a preschool center in the Abbott districts in 2003-04, according to the U.S. Government Accountability Office, compared with 57% of the same age cohort in all other New Jersey school districts.¹²

Public Financing of ECE Options

Texas. Public financing for ECE programs moves along three main channels. First, the regular school finance system – known as the Foundation School Program (FSP) – allows districts to claim within their average daily attendance (ADA) counts any eligible four year-old enrolled in a half-day preschool program. Until recently these preschool classes operated exclusively inside elementary schools.

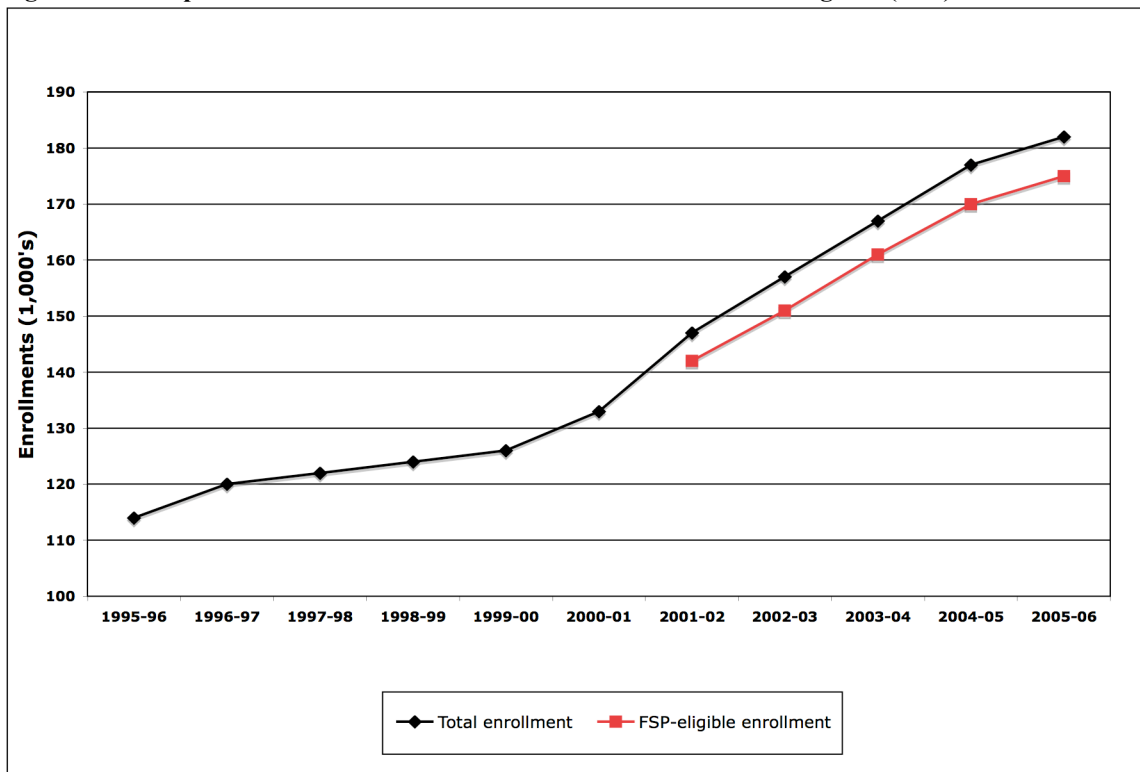
This funding stream was originally created by House Bill 72, the major finance legislation championed by H. Ross Perot’s reform commission in 1984. Today any local district serving 15 or more eligible four year-olds must offer “prekindergarten” classes. Districts are permitted, but not required, to extend the program to three year-olds. Eligible children include those with limited English proficiency, those deemed “educationally disadvantaged”, and children with homeless parents.¹³ Dependents of active military staff were also made eligible in 2006, independent of family income.

Figure 1 displays growth in preschool enrollments funded through the FSP channel. One innovative feature is that districts may enroll children from middle-class families who are charged fees. This is similar to the progressive fee structure used in Georgia

during that program's early years. The difference between FSP eligible enrollment and total enrollment in Figure indicates that the count of fee-paying parents is currently about 7,000 families.

In Texas, subsidized enrollments grew from 115,198 to 182,293 children between the fall of 1995 and 2005. State spending over this 11-year period, embedded within the financing formula, grew 88% in current dollars, from \$218 million in 1995 to \$409 million in 2005.

Figure 1. Texas preschool enrollments under the Foundation School Program (FSP)



Source: Texas Legislative Budget Bureau.¹⁴

In 2004 the legislature also approved \$185 million in Prekindergarten Expansion Grants, spread over two years. The Texas Education Agency estimates that 46,272 children benefited in 2006-07 from these grants. This supplementary funding now goes to districts that (a) form partnerships with CBOs or private center-based programs, and (b) use the Texas Early Education Model (TEEM) for quality assessment and improvement.

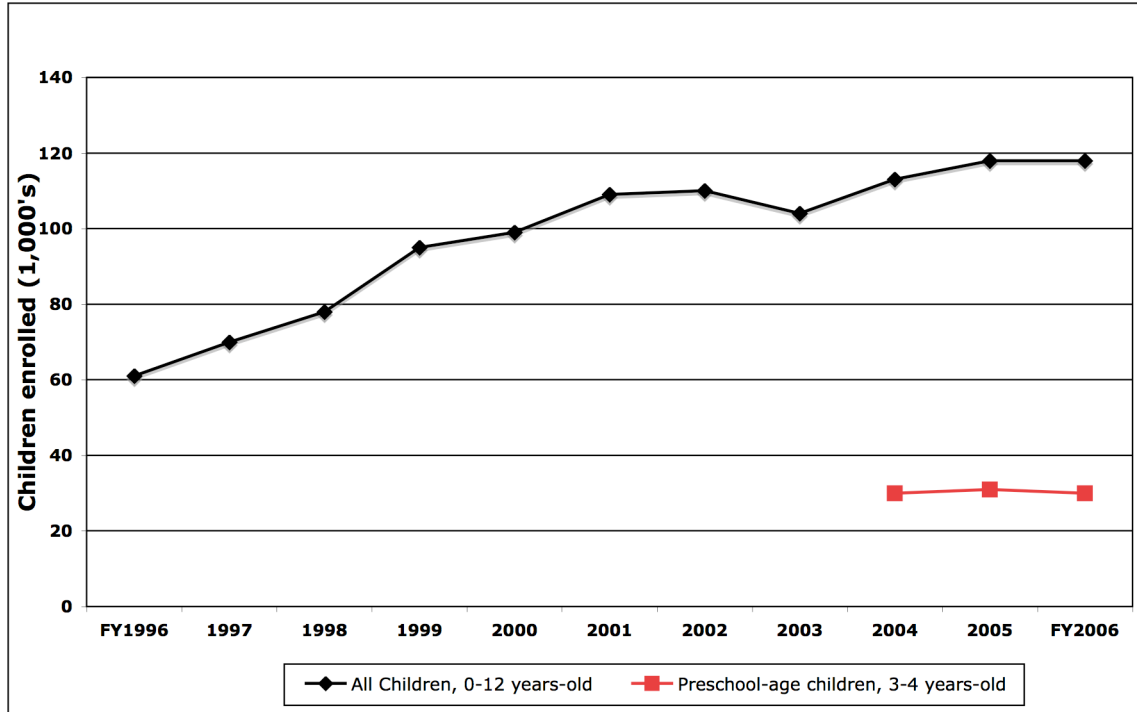
The state education department mandated in 2005 that school districts must work with nonprofit and for-profit organizations as they draw down expansion grants. We will return to this innovative, mixed market strategy for advancing local infrastructure, led by the state-designated Center for Early Childhood Development at the University of Texas, Houston.

In spring 2006 the legislature inserted into its omnibus school finance and tax reform legislation (House Bill 1) a \$6.3 million extension of preschool eligibility to military families. These policy steps may be recognized by the Texas courts as notable moves toward greater finance equity, according to some observers. This becomes more likely as the preschool funding is fully integrated into the K-12 finance formula. In addition, it's a clear indication of the bipartisan support that has grown in the Texas capital to expand and improve preschool.¹⁵

The second major channel of ECE funding flows from the Texas Workforce Commission. Historically, the social welfare system has funded a wide range of ECE options, including licensed family child care homes (FCCHs) and individual caregivers, as well as preschools run by school districts. Federal welfare reforms in 1996 yielded new dollars for child care, as the welfare-to-work push intensified (See Figure 2). And federal child care dollars continue to be distributed as portable vouchers to parents, as first directed by President George H. W. Bush's reform legislation in 1990.

Still, only a small slice of eligible families is served by the local workforce commissions in Texas. Austin policy makers made families eligible if their income was under 85% of the state median, although counties can press more restrictive eligibility cutoffs. Overall, this implied that about 1.2 million children under 13 years of age were eligible for child care subsidies in fiscal year 2001.¹⁶ Yet only about 109,000 low-income families benefited from this support (9% of eligible families), rising to about 118,000 in 2006. This included 39,582 preschool-age children. Child care for another 38,484 infants and toddlers was supported in FY2006 via this funding stream.

Figure 2. Texas children enrolled in subsidized child care via Workforce Commission programs and Temporary Assistance for Needy Families (TANF)



Sources: Sabo, Bresette, & DeLuna Castro (2002).¹⁴ Texas Workforce Commission.¹⁷

Further expansion is constrained by static federal funding of the Temporary Assistance for Needy Families (TANF) program. Annual enrollment growth equals less than 2% a year, below the child population growth rate for low-income families. Among children aged 3-4 years, four-fifths were enrolled in center-based programs, 5% in FCCs, and 15% with kin caregivers supported through child care vouchers in FY2006.¹⁵ Total child care spending by local workforce development boards equaled about \$190 million in FY1996, climbing to \$426 million in FY2004 in current dollars. But this spending level has leveled-off over the past three years, except for a special appropriation to support Hurricane Katrina victims.¹⁸

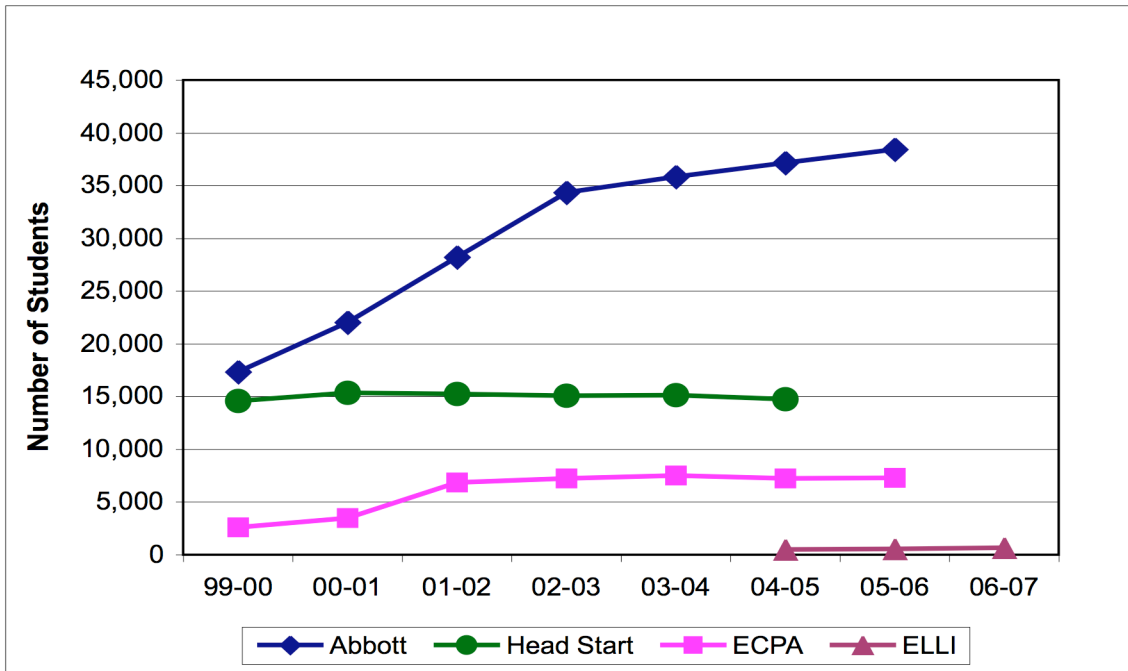
Federal Head Start provides the third funding channel for ECE in Texas, focused exclusively on half-day programs in centers for poor families. Head Start enrollments have fluctuated between 67,300 and 67,800 in recent years. Yet the fact that enrollments have drifted downward since 2003 is worrisome, given the state's growing child population.

New Jersey. Let's walk through similar enrollment and budget data for New Jersey. We separate data for the Abbott districts and statewide patterns when data are available. The state department of education (DOE) finances most preschool options and manages the court-mandated preschool initiative in the Abbott Districts. The Department of Human Services (DHS) manages Head Start and TANF programs with federal funding. The DOE-initiated preschool initiatives include:

- *Abbott districts.* The landmark *Abbott v. Burke* decisions prescribe free and universally accessible preschools for the state's most impoverished districts as a necessary component of a "thorough and efficient" education, explicitly designed to redress the disadvantages experienced by poor children.¹⁹ Rigorous quality standards and increased funding resulted from the court decision, such as requiring that preschool teachers attain a bachelor's degree, salaries linked to K-12 wage scales, and state run professional development.
- *Early Childhood Program Aid (ECPA).* Local districts receive ECPA assistance if 20% to 40% of their students are from low-income families. Just over one hundred non-Abbott school districts qualify for this funding stream in addition to the 31 Abbott districts. In 2005-06, non-Abbott districts funded through ECPA provided enrollment slots to about 13,100 kindergarteners and 7,270 preschoolers, 25% of whom were attending full-day programs.²⁰
- *Early Launch to Learning Initiative (ELLI).* In its second year, ELLI is a small program that aims to further expand preschooling throughout New Jersey. Currently 28 districts participate in the program, enrolling about 600 children from low-income families, costing \$2 million annually.²¹

Current enrollment in the Abbott districts represents 75% of all resident three and four year-olds. Advocates are pushing to enroll all young children, although enrollment growth has leveled-off, similar to the experiences of other states advancing "universal" preschool. Figure 3 displays enrollment growth in these publicly funded efforts.

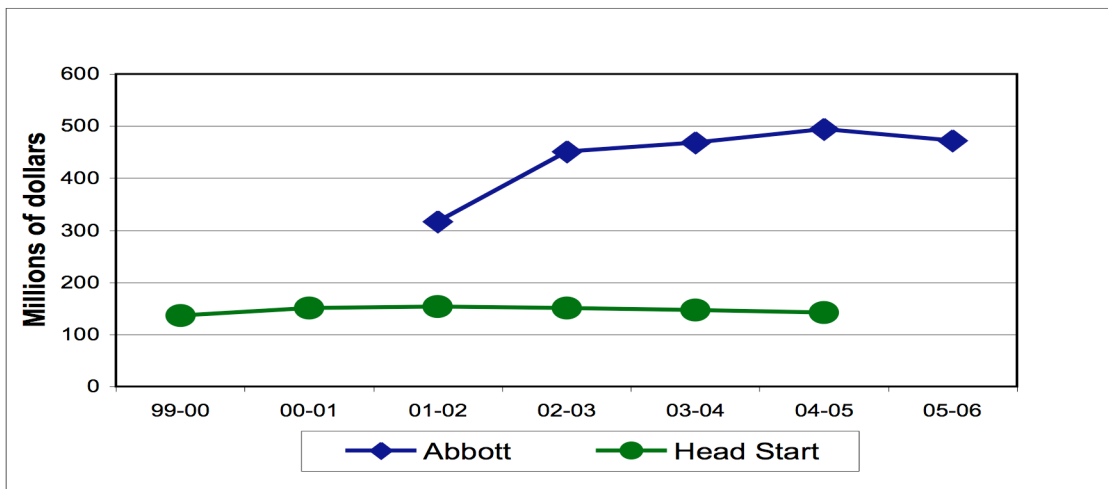
Figure 3. Enrollment in New Jersey's Preschool Programs



Source: New Jersey DOE, Office of Early Childhood Education²²

State preschool spending remains concentrated in the Abbott districts, given the court's overall framework and its mandate to provide free preschool for all. Costs are estimated each year by districts. The state must, by and large, meet these budgets from its general fund. About 70% of preschoolers enrolled in Abbott districts are served by CBOs, which contract with local districts to operate enrollment slots.²³

Figure 4. State and federal funding of preschool option



Source: NJ DOE²⁴ and U.S. DHS²⁵ Note: Budget dollars are adjusted for inflation (2006 dollars)

Abbott-related spending for preschools climbed to \$455 million in the 2006 fiscal year, as shown in Figure 4. Abbott preschools are full-day, year-round programs. The average yearly cost per child equaled \$11,837 in FY06, and the average teacher earned \$44,140.²⁶

In contrast to the flexible and more costly Abbott finance mechanism, the state Department of Human Services (DHS) must juggle eligibility and funding rules under federal and state programs.²⁷ Preschools in Abbott districts, for example, do not have a family income cap, nor can they require co-payments.²⁸ Moreover, Abbott preschools operate 10 hours per day, 245 days a year, which requires substantial funding.²⁹ But federal restrictions on TANF funds prevent New Jersey from using these dollars to co-finance Abbott preschools.

DHS is charged with financing Abbott preschools during the summer months and with providing wrap-around care in early mornings and afternoons to assist working parents. This requires state dollars. About \$95 million of the \$97.6 million in state funds earmarked for preschool were distributed to the Abbott districts in FY06. On the other hand, about \$90 million in TANF funding and corresponding \$124 million in Child Care Development Fund (CCDF) monies are disproportionately awarded to non-Abbott districts or non-preschool-age Abbott children.³⁰

DHS does not currently track individual children it supports and instead must rely on estimates of overall enrollment. As such, DHS served approximately 75,000 non-Abbott children in FY06, which translates to about 50,000 enrollment slots for children, 0-13 years of age, due to care arrangements of short duration. In Abbott districts, DHS supports child care places for another 30,000 preschool-age children.

The Resource and Referral (R&R) Network of New Jersey manages the reimbursement contracts for both Abbott and non-Abbott preschool programs. DOE reports preschool capacity data in Abbott districts to the Network, and then DHS reimburses child care centers with state funds. In contrast to California and other states, reimbursement rates in New Jersey are not tied to market rates; instead they are specified in the state budget by the legislature. New Jersey reimburses providers at well below market rates, in part due to the state budget squeeze stemming from Abbott-related costs (See Table 3).

Table 3. Child care reimbursement and market rates in New Jersey

	Reimbursement Rate (weekly)	Median Market Rate (weekly)	Percentage of Median Market Rate
Centers	\$129	\$150	86%
Family child care homes	\$97	\$110	88%

Source: New Jersey Child Care Market Rate Survey (2004).³¹

Federal and state governments also attempt to balance federal Head Start spending against the more ample resources flowing to Abbott districts. Head Start offers preschool slots in all school districts, serving 14,700 children in FY05 at an average cost of \$9,600 per child.³² In response to a 2002 court ruling, DHS began to implement an *Enhanced Head Start* program that aims to equalize salaries, benefits, and teacher quality standards between Abbott preschools and Head Start centers. This effort focuses largely on CBOs which are financed through state and federal funding streams.

But mixing federal funds with Abbott monies has resulted in problems of “great magnitude,” according to Suzanne Burnette, the DHS director of state-Head Start collaboration.³³ First, state funding is typically slow to arrive to Head Start centers, forcing local directors to use federal dollars to implement Abbott-derived quality standards and staff salaries, in violation of federal requirements.

Second, state funding has helped to boost Head Start salaries but cannot be used to cover health and retirement benefits. When school districts fall short in their contractual arrangements with CBOs, Head Start is obliged to bear the additional costs. In response, Head Start can no longer support additional benefit costs and must reallocate funds from junior staff members to more expensive, senior staff members.³⁴

Third, Abbott preschools are required by DOE to have no more than 15 children per teacher in a minimum classroom space of 950 square feet. Head Start centers average 17-18 children per class and are frequently situated within dense urban areas where this space requirement cannot be met. To more efficiently manage Head Start centers in Abbott districts, DHS is considering a court challenge to the DOE standards.³⁵ Finally, some Head Start providers straddle more than one Abbott school district, each of which

may require different curriculum packages. Some Head Start directors have been required to implement multiple curricula and retrain their staff to meet conflicting mandates.

While these contradictory rules may be settled, perhaps in the courts, some Head Start providers have pulled out of the state's enhanced program. We also heard concerns expressed over the disparity in staff benefits between school- and CBO-based preschools operating in the same district. Both Head Start and the Abbott program are committed to serving poor families, but separate administrative structures have led to competing requirements. This may contribute to the wider political backlash unfolding in New Jersey, as Abbott districts are treated differently and command a disproportionate share of public resources.

Parallel Play – Policy Action on Preschool and K-12 Finance

New Jersey's effort to expand and improve preschools within the Abbott districts stems from the supreme court mandate to adequately fund the public schools. Progress on providing universal preschool is one indicator of the school system's presumed equity, a highly constrained remedy drawn by the court. In Texas, the court has avoided specificity when it comes to remedies. And while the notion of finance adequacy was endorsed in its 2005 decision, the ruling focused on shifting school revenues from the local property tax to state sources.

The New Jersey supreme court's *Abbott v. Burke* decision is actually a series of thirteen separate court decisions that stretch over 20 years and address all levels of public education in these districts. The mandate for universally available preschool came relatively late in the *Abbott* saga (1998). Total funding allocated to Abbott districts for pre-K and K-12 education now accounts for 57% of state spending for education and averages over \$16,000 per pupil.³⁶ About 23% of all elementary and secondary students in New Jersey attend school in an Abbott district.

According to some analysts, such as Margaret Goertz at the University of Pennsylvania, the Abbott decisions continue to refine the definition of a constitutionally required "thorough and efficient" education.³⁷ The string of *Abbott* decisions has prompted specific standards and remedies for providing an adequate education for children in impoverished communities. At issue in the early decisions was the state's

inequitable finance system, which resulted in vast discrepancies in funding between high- and low-wealth districts. Of primary importance, according to Goertz, is the court's position that a thorough and efficient education provides "disadvantaged students the opportunity to compete with children in property rich districts, or contribute to the society entered by relatively advantaged children."³⁸

The New Jersey supreme court has repeatedly reprimanded the state for not adequately financing the system since its initial decision in 1985. The court in 1993 mandated that certain cost and spending targets be met, along with specific educational goals for the Abbott school districts.³⁹ Curricular content standards were delineated in addition to quality indicators believed to help boost student achievement, including smaller class sizes, lower child to staff ratios, and adequate classroom supplies.

The court again criticized the state in 1998 for failing to create supplemental programs for disadvantaged students and ordered the implementation of universal preschool. It was ordered as part of a longer list of supplemental programs, including full-day kindergarten, new art and music programs, and new positions for social workers and parental liaisons. Each of these new "inputs" was presumed by the court to be predictive of higher, more equal levels of student learning.

The specific ingredients of high quality preschools were left to the education department to determine, which arrived at several indicators:

- A certified teacher with a bachelor's degree and assistant teacher for each class;
- Maximum class size of 15 children;
- Adequate facilities;
- Transportation, health, and related services;
- Developmentally appropriate preschool curriculum; and
- Adequate state funding for all preschool centers.⁴⁰

The *Abbott* review and judgment in 2002 further specified institutional features of universal preschool. For example, the court required that federal Head Start programs follow the DOE quality standards set for the Abbott program, and that the state provide additional funding, leading to the *Enhanced Head Start* initiative. The supreme court has repeatedly shown strong confidence in the specific remedies that it has ordered. We detail

below how signs of progress are clear when it comes to elementary students, in part linked to children's experience in preschool. However, little is known about the discrete effects of the various elements of quality ordered by the court.

Finance Reform in Texas

In contrast, the Texas state supreme court has avoided delineating specific remedies when it comes to K-12 finance reform. Over the past four decades, finance litigation has recurrently cited the maldistribution of early childhood programs as one indicator of institutional disparities. And at the same time, ECE activists have worked to embed preschool and kindergarten funding within the normal, ADA-driven finance formula, targeted on low-income families.

The Texas story begins in the mid-1960s, as Title I dollars began to flow, one piece of President Lyndon Johnson's Great Society initiative. A young education bureaucrat in Austin, William Kirby, with a freshly minted Ph.D. in early childhood education began to direct Title I dollars into new kindergarten classrooms that enrolled poor children. (He would become the Texas education commissioner two decades later.) Districts were not required to provide kindergarten until 1984.⁴¹

Texas had become a major battle ground over school finance disparities, following the *Serrano* case in California. Demetrio Rodriguez and fellow parents filed a suit in 1968 on behalf of Texas families residing in property-poor districts, arguing that the state's heavy reliance on property taxes denied them "equal protection" under the federal constitution. This violation stemmed from the fact, the plaintiffs argued, that per pupil spending depended upon a district's property wealth.

Rodriguez won in the federal district court but, after going before the U.S. Supreme Court, lost on a 5-4 decision in 1973. The court ruled that education was not a "fundamental interest," given that the right to equal educational opportunity is not stipulated in the federal Constitution. The justices also argued that the plaintiff failed to substantiate the argument that property-poor districts could not provide an adequate education for students. And since family poverty and property wealth were not closely correlated among districts (given variability in commercial property values), the court said that the financing system did not discriminate against poor children.⁴²

Yet the weak funding and poor performance of Texas public schools moved a study commission headed by Ross Perot to push through House Bill 72 in 1984. It provided for a healthy boost in state spending for education, along with an aggressive school accountability program. In addition, school districts were required to offer voluntary half-day kindergarten (five year-olds) with, for the first time, state money folded into the regular finance formula for four year-olds. This was accompanied by new dollars for a half-day prekindergarten program focused on four year-olds with limited English proficiency and children eligible for federal lunch subsidies.

The state, with support from the business community, took a strong stand to improve teacher quality and establish ECE programs as a legitimate element of the public schools. Initially the new preschool funding appeared as a line item in the state budget, providing categorical aid to districts that created preschool classrooms. Then in 1991 the program was folded into the finance formula, driven by the average daily attendance (ADA) of four year-olds.

School finance in Texas continued to rely on property tax revenue throughout the 1990s, yielding lower per pupil spending in property-poor districts, compared with property-rich districts that could tax themselves at lower rates. Even as the Perot-White reform bill was moving through legislative committees in 1984, the Mexican American Legal Defense and Education Fund (MALDEF) filed a suit which became known as *Edgewood Independent School District v. Kirby*. And in 1989 the Texas court ruled in favor of the plaintiffs, this time founding their decision on the equal protection and basic education clauses of the state, not the federal, constitution.

In response to the court's mandate for finance reform, the legislature approved a \$500 million increase in state education spending in 1990 (Senate Bill 1). But it did nothing to alter the heavy reliance on local property tax revenue. MALDEF and the plaintiffs went back to court, and in 1991 the supreme court ruled (in *Edgewood II*) that the finance system must be fixed.

Pumping more state dollars into the schools had helped to equalize per pupil spending, but only slightly. So, the legislature created a uniform property tax rate, captured a large share of local dollars, and allocated them back to districts at an equal level of \$2,800 per pupil. But the supreme court responded by throwing out this

legislative remedy. The Texas constitution prohibits a statewide property tax, which the legislation resembled, and requires that property tax levies for schools be approved by the voters.

Landmark legislation was then approved in 1993 (Senate Bill 7) which expanded the state's equalization device, "recapturing" local property tax revenue raised in property-rich districts and reallocating these dollars to low-wealth districts. SB-7 also created one of the nation's first and most aggressive school accountability programs, expanding testing and setting achievement targets for students from major ethnic groups. This became the policy strategy after which the *No Child Left Behind Act* would be modeled a decade later in Washington.

The latest episode – yielding modest implications for the ECE sector – involves the 2005 supreme court decision in *West Orange-Cove v. Neeley*. This case brought the issue of unequal access to preschool to the outer edge of the K-12 finance debate. It also served to confirm that the Texas courts are unlikely to specify spending remedies.

The West Orange-Cove case involved bringing together MALDEF and high-wealth districts to back a common cause. Earlier legislation had capped the "maintenance and operations" tax rate, levied by school districts, at \$1.50 per \$100 of assessed valuation. In recent years, however, over three-fourths of all school districts in Texas had raised property taxes up to the \$1.50 ceiling.⁴³ The plaintiffs argued that districts had faced increased costs due to state-mandated programs, including the ambitious accountability and testing initiative, and that the cap effectively created a statewide property tax, earlier found unconstitutional in *Edgewood*.

The plaintiffs also argued that even when taxing at the \$1.50 cap, revenues were insufficient to provide an adequate education for their students. The district court agreed to "findings of fact," concurring that, "To provide special needs/LEP students a meaningful opportunity to meet state standards... increased funding is needed for a variety of purposes, including among other things... for preschool programs and full-day kindergarten to give a 'head start' to low-income and 'at risk' students."⁴⁴

The Texas supreme court, in a 7-1 opinion, struck down the finance system but reversed the lower court's ruling that current spending levels represented a constitutionally inadequate level. The court did indicate that persistent disparities in per

pupil spending, despite the advent of the equalization mechanism, bordered on being unconstitutional, what the justices called, an “impending constitutional violation.”⁴⁵

The court also rejected the state’s argument that local districts lacked the standing to bring an adequacy claim and should not be subjected to judicial review. The court cited “wide gaps in performance among student groups differentiated by race, proficiency in English and economic advantage,” along with high school dropout rates. But again, the justices endorsed no specific remedies on the spending side, with one exception: the legislature could not maintain, *de facto*, a statewide property tax.

The legislature convened a special session in early 2006 to respond to the West Orange-Cove decision, agreeing on \$2.2 billion in property tax relief, funded by the state’s budget surplus and tougher rules for collecting corporate taxes. This is lowering property taxes by an estimated 17 cents on average in 2007 (e.g., a reduction down from the \$1.50 cap to \$1.33), cutting property taxes by a third in 2008, and raising the burden on state coffers to \$6.6 billion annually.⁴⁶ But the legislature actually reduced the yield from the recapture mechanism by \$700 million annually, shaving revenues in many low-wealth districts.

Business taxes were raised and loop-holes closed, generating \$3.4 billion in additional state revenues, necessary to finance the buy-out of property taxes. The net short-term effect for schools will be minimal: the state is swapping property tax revenue with state funds. But the 2006 reforms will open-up significant room under the \$1.50 cap in many districts; these school boards can then ask voters to raise property taxes to yield additional revenues. Over time the state’s share of total financing will climb vis-à-vis local sources, perhaps leading to stronger equalization.

Several observers of these developments indicated that prekindergarten programs will likely benefit. MALDEF entered a deposition given by Professor W. Steven Barnett from Rutgers University, arguing that additional preschool spending could help meet the court’s concern with more equitable school outcomes. Many superintendents testifying at the trial phase linked revenue equities to the uneven funding of ECE efforts. Once local districts approved fresh property tax revenue, *West Orange-Cove* counsel Mark Trachtenberg told us, “a lot will spend it on prekindergarten... to expand access.”

Lessons for California – Contexts for Finance Reform

After completing our field work, PACE convened California policy makers and activists, along with state leaders from New Jersey (Ellen Boylan) and Texas (Susan Landry), to discuss lessons that can be distilled from the past generation of reform in these two states.

One major lesson is that local context matters in terms of demographic forces and resulting pressure on K-12 as enrollments continue to grow or reach a steady state. The judiciary's aggressiveness in specifying finance remedies that may include preschool also matters, as well as local institutional conditions.

Additional lessons – varying between New Jersey and Texas – include:

- As judges and legislators consider the adequacy and equity of K-12 finance, support for preschool has been viewed as a sign of progress, especially when resources are focused on children from lower-income families.
- Funding for preschool can be regularized within school finance formulae.
- The state can certainly mandate or offer incentives for local partnerships between schools and CBOs. But parity in financing between these subsectors requires fair access to facilities dollars and support of comparable staff benefits.
- The fragmentation of public programs – run through state preschool, welfare, and Head Start agencies – is inefficient and confusing for parents. Selling legislators and voters on spending more on ECE programs may be difficult without a clear plan for consolidating existing efforts, which in California presently cost \$3.7 billion annually.
- Better-off families can be served by public institutions, such as the coordinated network of ECE programs funded through user fees, as implemented in Texas. Both states target public dollars on low-income families, either through stimulations attached to the K-12 finance formula (Texas), or through categorical grants to school districts (New Jersey).

SECTION 3.

Building Infrastructure –Integrating Mixed Markets, Advancing Quality

As political will and public funding continue to grow, how are New Jersey and Texas moving to expand and improve local ECE organizations? How do their institution-building strategies differ?

New Jersey has taken a more centralized tack, armed with the court mandate to deliver universal preschool to all three and four year-olds in the Abbott districts. The court also directed the education department to raise credential levels for preschool teachers and to improve classroom practices. On other fronts, the state is advancing a mixed-market of preschool organizations, many of which operated long before *Abbott*. About 70% of all Abbott preschoolers attend a CBO-based program, and the education department allows local centers to select from a range of curricular programs.

The Texas legislature, in contrast, integrated preschool support into the K-12 finance formula 15 years ago, but never vested any state agency with much regulatory or leadership capacity.⁴⁷ In 2003, however, the legislature designated a UT-Houston child development center as the official agency to improve quality. The state also appropriated the \$190 million to expand enrollment slots and improve quality. The aim is to unite around shared interests the colorful array of school-based, nonprofit, faith-based, and for-profit preschools operating in local communities. This decentralized, yet professionally guided, approach to institution-building has avoided central mandates of “quality” inputs that sometimes hold symbolic utility but little empirical relation to children’s growth.⁴⁸

New Jersey -- Unifying Mixed Markets.

The prior supply of preschool facilities in New Jersey’s Abbott districts was insufficient to match the demand spurred by the court mandate for universal access. The scarcity and costs of facilities in urban centers further constrained the ability of school districts to serve additional three and four year-olds. And demanding facilities requirements pressed by DOE, such as 950 square feet for all classrooms and 100 square feet of outdoor play space per child, boosted the cost of facilities for schools and CBOs alike.

Despite these difficulties, New Jersey school districts, acting as local fiscal agents, have rapidly expanded preschool opportunities, frequently via CBO providers. Correspondingly, state preschool funding in the Abbott districts has climbed by 50% since 2002 (in constant 2006 dollars), rising from \$305 to \$455 million in FY 2006.

As the court mandate sparked greater demand for preschool, most districts have relied on CBOs of modest size. Across the 567 CBOs that provide Abbott-funded preschool slots, just 16% run six or more classrooms, while 44% operate one to two classrooms and 40% operate three to five, according to the Association of Children of New Jersey.⁴⁹ This network of neighborhood organizations has been ramped-up to create additional enrollment slots and improve quality since 1998, under the standards set by DOE.

To increase the supply of qualified preschool teachers, DHS currently finances the New Jersey Professional Development Center which offers inservice training for preschool teachers, including annual scholarships of \$5,000 for college students enrolled in an early childhood degree program.⁵⁰ The *Abbott* decision required all teachers to have a bachelor's degree; currently 95% of Abbott preschool teachers have attained a BA degree, compared with less than one-third prior to *Abbott*.⁵¹ Rising credential requirements have been matched by improved salaries and benefits. The salary schedule is pegged to K-12 pay scales, although the capacity of CBOs to offer competitive health and retirement benefits continues to lag behind, as mentioned earlier.

Disparities remain in the quality of facilities in the Abbott districts, especially among CBOs.⁵² The legislature approved a \$6 billion bond in 2000 to advance Abbott school facilities, but CBOs are only eligible if they own their facility.⁵³ Less than two-thirds meet this criterion. In addition, school district administrators are charged with distributing the funds and reportedly prioritize public school facilities over CBOs. "Principals are not going to spend precious dollars to support CBO facilities when they need a new science lab to satisfy NCLB requirements," said Cynthia Rice at the Association of Children.

Texas – Improving the Quality of Decentralized Preschools

Texas, in vivid contrast to New Jersey's more centralized design, has historically experienced growth in enrollments with little leadership from Austin. But this is

changing. In a recent discussion, a leading reform thinker, Sandy Kress, said, “We in Texas are just less utopian, we are a practical lot. We’ll take baby steps, rather than having some solve-it-for-all kind of solution.”⁵⁴ Another participant said, “The idea of foisting universal pre-k on a broken system, where the quality is inconsistent, doesn’t make sense to us.”

One analyst writing for the Casey Foundation’s *Quality Counts 2002* bulletin, complained of “a fragmented system of child care” that stymied efforts “to get the youngest Texans ready for school.” Still, about 70% of all four year-olds in Texas already attended a preschool center by the late 1990s, as reported above. Focusing on four year-olds eligible to attend a state-funded preschool – those from low-income families – almost three-quarters were enrolled in 2001, according to one estimate.⁵⁵ Fully 85% of these children were economically disadvantaged and 39% were English learners. Four year-olds enrolled in the formula driven Foundation Program out number three year-olds by almost 11 to one.⁵⁶

Several activists in Texas emphasize that state and federal preschool programs manifest differing eligibility requirements and widely varying levels of quality. But the state’s response – accented by passage of SB-76 in 2003 – is quite innovative, departing from New Jersey’s more centralized policy approach. The Texas strategy resembles developments in New Jersey, attempting to simultaneously widen access while improving classroom quality. And strong incentives for CBO-school district partnerships have been funded, due to close collaboration between the Texas Education Agency (TEA), legislative leaders, and Gov. Perry. In El Paso and elsewhere, the Texas strategy has produced a vibrant mixed market of preschools. (See Box 1 on page 23)

Box 1. El Paso, Texas -- A Mixed Market of Bilingual Preschools

They grow up inside a fort name Bliss, set on the brown flatlands of El Paso, but few children from its blue-collar families will reach educational nirvana.

Still, the expansion of preschooling across Texas is reaching children like Sydney Walters. She timidly reports that she especially likes her “toys and my friends” at her preschool classroom situated in Logan Elementary School. Sydney was really proud of recently completing a 58-piece dinosaur puzzle.

The El Paso public schools have long supported classes for four year-olds, stretching back to Austin’s early financing of such pre-kindergarten programs. Fort Bliss also runs two preschools for military families, within the Defense Department’s high quality network of programs operating worldwide.

Sydney also “likes the singing, dancing... the stories they do in preschool,” according to her mother, Sandy Walters. “They do a lot of learning through play, and the academic part, the letters,” Walters said.

A second preschool classroom, right next to Sydney’s, serves Spanish-speaking children. “The main core is taught in their native tongue,” lead teacher Elizabeth Hout told us, “their letters, shapes, and colors.”

Hout then advances oral English proficiency when address “motor skills, the fine arts, music,” in this state which has long encouraged quality bilingual teaching. “By first grade they are speaking English,” Hout said.

Sydney’s preschool teacher, Joan Williams, worries that all the testing and accountability pressure has led to kindergarten classrooms that are “a whole lot more structured.” She complains that “all the testing, they even start at kindergarten. The stress is there.”

This mixed-market of preschool organizations continues to expand in El Paso, thanks to Austin’s incentive grants, but not without some growing pains.

When the school district expanded the count of fully subsidized preschool slots, many Fort Bliss families jumped ship: leaving the fort’s own centers on, where modest fees are charged, to enter the school-based programs. Logan Elementary is “right across the street,” one military center director said. “So they went to the public schools to look for free programs.”

Still, public support for bilingual preschooling continues to grow. The state requires that school districts respond to language preferences of local communities without giving short shrift to English proficiency.

This creative set of early education policies isn’t necessarily motivated by altruism or a sudden political alliance with Latino voters. “In Texas it’s a business argument,” says Sandy Kress, an Austin lawyer and former education advisor to President Bush. “If we don’t get these kids up to snuff, we’re gonna be dead in the water.”

The creation of the Texas Early Childhood Education Coalition in 2003 marked a political milestone, allowing key stakeholders to rally around core principles:

- “Parents should be given the choice of enrolling their children or not, and of selecting the specific early education and development service facility of their preference.”
- “All currently operating types of early care and education service entities will be included” (in the integrated “system”, ranging from home-based to Head Start to schools to corporate-sponsored).
- The development of a “quality assessment system should be routinely and equitably applied at each site.”
- “Family charges should be scaled to family income.”
- One single, seamless reimbursement rate is urged “for all provider types.”⁵⁷

In short, key stakeholders are advancing, with bipartisan support, a strategy to expand and improve a mixed-market of ECE providers. Part of the push behind this partnership strategy goes back to the state’s rapid growth in child population, a trend that will likely persist for decades to come. Several observers reported that the public schools will be struggling to keep up with growth for traditional age cohorts. And many districts are moving toward full-day kindergarten.

Given these competing demands for public dollars and facilities, little appetite is reported in Texas for creating competition among existing preschool centers. As one legislative aide said, “we always refer to Linda’s Little Angels,” a long established center located in Midland, home of the current House speaker. The center’s director reportedly travels to Austin to sing praise for community-based programs.

Few data exist on the mix and quality of the diverse range of preschool centers that operate across urban and rural parts of Texas. Yet as the State Center works with a widening circle of programs, led by Susan Landry at UT-Houston, more is being learned about the existing stock of preschool centers. The State Center presently works in 32 cities or communities statewide, advancing what’s called the Texas Early Education Model (TEEM). Beyond nurturing enrollment growth through school-CBO partnerships,

the TEEM model also represents an inventive strategy in raising quality. It departs from New Jersey's more conventional reliance on central regulation as the main policy device.

Defining what *preschool quality* means in Texas does vary among key actors. The issue turns on the extent to which preschool should advance children's curiosity and broad development, or focus on academic skills and social behaviors expected in classrooms. With the rising count of Latino youngsters and English learners, moving children toward English proficiency is a related concern.

Beth Ann Bryan has been a key player in pulling together the once-disparate child care and preschool groups, before and after her service in the Bush White House. "We hear from the developmentally appropriate folks, this worry that we're sitting with kids, getting them to write between the lines." But, Wynn added, "Everything is focused (in the classroom) on being plan-full, purposeful, and playful." In addition, Landry emphasized that "there has been a great deal of effort... regarding how important it is not to dichotomize social and emotion-focused programs versus cognitively focused ones."

The state advisory council mandated under SB-76 adopted a balanced definition of quality that guides state efforts, aiming to nurture children "able to function competently in a school environment in the areas of early literacy, early math, and social skills as objectively measured by State Center approved assessments." The implementation issue is how to implement these goals within elementary schools and independent preschools that organize classrooms along differing philosophies of child developmental.

In discussing the TEEM model, Landry expressed concern that certain curricular packages remain too constructivist for children, insufficiently structured to address pre-literacy and oral language skills. "They don't have the scope and sequence (components)... which we know kids need," she said. The pilot testing emphasized measurement of "early literacy and language for both English and Spanish speaking children." Social skills are mentioned as a domain that the TEEM model addresses in its work with preschool teachers.⁵⁸ The Early Childhood Education Coalition has urged a broader approach, calling for classroom teaching, parent engagement, and statewide standards related to child health and nutrition, social and emotional development, and "learning skills and habits".⁵⁹

Landry's team is collecting detailed data from teachers and their classrooms, selected for a random-assignment experiment with a true control group. Participating teachers frequently assess children's cognitive and social skills, entering data into hand-held devices, which are easily aggregated and tracked over time. Following steady professional development activities with Landry's staff, including in-class coaching with a TEEM member, various elements of classroom organization, child activities, and teacher behaviors are recorded. These rich features of quality can then be related to children's growth in cognitive and social-developmental domains, and compared across different types of preschool organizations and family child care homes (FCCHs).

Child Care Quality and Welfare Reform

The state Workforce Commission and TANF funding streams also support quality improvement efforts, although funding fell from \$23.4 million in FY2001 to \$10.7 million in FY2003.⁶⁰ Chair Diane Rath has been deeply involved in the discussion over how to improve quality. She stresses "the necessity of safety" among the variety of child care and preschool providers that her agency supports. But the commission's child care providers intersect with the TEEM initiative as well: local workforce commissions contract out to CBOs and FCCHs to offer services to families receiving cash aid and those moving from welfare to work.

Rath's priority is to move ECE aid to "the truly disadvantaged, those entering school with a huge deficit." She worries about spending too much on indicators of quality that may not effectively boost child development. "You don't need a four-year degree, take the people who are loving and caring," she said. One critic of this viewpoint responded by saying, "their attitude is that the most important thing is that parents are working, getting mothers off welfare, it doesn't leave much room for anything else."

The legislature pushed in 1993 and again in 1999 to move toward a tiered reimbursement program, providing modest incentives to preschool centers or FCCHs that upgrade their quality, as signaled to parents by what's called the *Texas Rising Star* certification process. The state Workforce Commission has implemented these graduated levels of quality, although differences in reimbursement rates remain small. More broadly, several ECE activists expressed concern over the static level of state

reimbursements to preschool centers. This keeps teacher salaries low, as well as the educational attainment of classroom staff.

As dollars moving through school districts rise incrementally, two parallel networks of local programs may widen disparities in quality: those preschools funded through schools and those dependent on workforce commission financing. The work of TEEM staffers does focus on uniting diverse organizations at the community level, mitigating the threat of segmentation. Yet the Workforce Commission has faced static federal spending for child care and preschool in recent years, along with the disappearance of TANF savings that had previously been directed to child care.

A second, empirically-grounded rating system is now being developed by Houston's State Center, recently mandated by the legislature under SB-23. It attempts to correlate features of preschool quality – center by center in local communities – to children's reading and social development “screeener scores.” This approach tries to inform parents about the discrete effectiveness of particular preschools, according to Landry.

Rules and Finance Incentives for Local Cooperation in Texas

The 2003 legislation and implementing regulations require that school districts – in order to draw down the new expansion dollars – must create partnerships with local CBOs to advance preschool efforts and then work with UT-Houston to improve quality via the TEEM model. Beyond the mandate for collaboration, quality improvements (linked to higher teacher salaries and training levels) strengthen incentives for schools and community organizations to work together.

TEEM training staff currently offer assessment and professional development services for staff situated in 1,823 preschool classrooms across Texas. Just under half are located in public schools, 28% are operated by Head Start, and 27% are situated in nonprofit or for-profit centers, or family child care homes.⁶¹ As Landry told us, the aim is “to work together in partnership... we want to stop building buildings, to stop taking away business from child care centers. Ideally, we're headed toward a mixed delivery system.” Some call this “the integration model,” referring to the legislature's interest in knitting together existing preschool organizations and avoiding costly competition. In contrast, universal preschool “would wipe out a lot of businesses, who are employers,” said Larkin

Tackett, policy aide to state senator Judith Zaffirini. “Why not allocate dollars to the existing infrastructure, as long as we have quality.”

Little support is currently voiced for renovating or building new facilities. The scarcity of facilities dollars stems from the guiding assumption that the current infrastructure is adequate. Texas does offer tax credits to companies that design and build preschool centers, although little is known about the extent to which this has led to additional supply.

Local districts report employing 27,776 prekindergarten and kindergarten teachers in the 2006-07 school year, up from 21,001 in 2000-01. A portion of these teachers are posted in CBO-based programs but follow credentialing and compensation levels required of K-12 teachers. Prekindergarten enrollment – funded through the State Foundation and TEA programs – equals about 182,000 three and four year-olds in the current year. Just under two-thirds of the children are Latino, 17%, African American; 15%, white; 3%, Asian and Pacific Islander.⁶²

Several analysts worry about the limitations of half-day preschool programs, as well as eligibility requirements that may discourage maternal employment. School districts are permitted to operate full-day programs, and now may draw incentive-grant dollars to expand to full-day programs. But Head Start remains a half-day program, a bone of contention among local workforce development boards that are trying to move low-income parents from welfare to work.

The bulk of child care spending under TANF and the federal Child Care and Development Block Grant goes to parents who are working at least part-time. But when family income rises, children become ineligible for Head Start preschools. Unless the local community has removed some of the ragged seams that separate preschool agencies, moving one’s child to a new program may be difficult. The local patchwork of programs remains far from seamless for parents, as Rath emphasized .

Raising Quality through Centralized Rules

Returning to New Jersey, demanding quality standards are woven into the state’s role in overseeing universal preschool in the Abbott districts. The legal requirements of a “thorough and efficient education,” including parity with wealthy districts, argued for a

more centralized, regulated approach. The court also was convinced that high quality programs, with prescribed indicators and programs, would result in real gains for young children.⁶³

Several institutional rules and structures have been embedded in the Abbott program to spur higher quality, including rising credential requirements, a choice of curricular options for classrooms, and the appointment of “master teachers” who provide ongoing professional development. In response, DHS has begun to adopt some of the Abbott quality standards for its subsidy programs in non-Abbott districts. And DHS is currently financing a pilot program to provide an infant care credential for new caregivers.⁶⁴

New Jersey has been tracking progress in student achievement trends. The share of fourth-graders testing proficient on state reading tests rose from 29.5% in 1999 to 66% in 2005 in the Abbott districts.⁶⁵ This lags behind the state average of 86% proficient at the fourth grade, but the growth curve is notable, provided that proficiency levels can be compared over time in New Jersey.⁶⁶

Direct assessments of young children’s progress offer stronger gauges of effects from the Abbott preschool investment. Since 2000 the DOE has conducted annual evaluations of classrooms, including direct assessment of over 3,500 children, age 3-5 years, who attended an Abbott preschool. Analysis by DOE’s research branch, the Early Learning Improvement Consortium (ELIC), utilized what’s called a regression-discontinuity design that compares growth curves from two groups of children who are of quite similar ages. For example, those who just met the cutoff for starting kindergarten are compared with children who did not and thus spent a year in preschool. The question is whether the growth curve of preschool attendees jumps up, compared with youngster who did not attend preschool. This helps to minimize the risk of selection bias, a common problem when preschool (or other treatment) effects are falsely inferred without controlling on family background characteristics that likely influence both the probability of entering a preschool and the child’s development.⁶⁷

ELIC assessed preschoolers’ growth on phonological understanding, vocabulary in English and Spanish, print awareness (familiarity with children’s books), and simple mathematical concepts. They found significant effects on language and print-related knowledge among children attending Abbott preschools but no effects on mathematical

learning.⁶⁸ A more recent study by the National Institute of Early Education Research, based at Rutgers University and financed by the Pew Charitable Trusts also detected significant gains for children's vocabulary and math development but not for phonological awareness.⁶⁹

The DOE, under the direction of Ellen Frede, implemented a variety of teacher and classroom assessment tools – aimed at improving classroom processes and collecting evaluation data. The Support for Early Literacy Assessment (SELA) and the Preschool Classroom Mathematics Inventory (PCMI) have been used to track quality improvements.⁷⁰ The evaluation tools include measures of language development, phonological awareness, numeracy, and parental involvement. Mean scores on the SELA evaluation have climbed by 11% annually since 2002, indicating that classroom quality is rising. Data for the PCMI are only reported for years 2004 and 2005, but the single year increase equaled 14%.⁷¹

Frede and DOE colleagues also measured overall classroom quality by using the Early Childhood Environment Rating Scale (ECERS), which gauges classrooms on a seven-point scale along several dimensions of facilities quality, richness of language used, organization of activity centers, and responsiveness and warmth of classroom staff.⁷² The average ECERS composite score among sampled Abbott preschools has risen significantly from 3.9 in 2000 to 4.8 in 2005.⁷³

Two unknowns remain. Despite the solid gains made in preschool quality, it's not known which investments help to explain children's steeper growth trajectories. For example, these gains could perhaps have been realized by advancing more structured curricula and professional development, rather than investing in the bachelor's degree mandate (closer to the Texas strategy).

Second, the extent to which the significant gains realized from preschool are sustained through elementary school remains a mystery. Relying on state exams to track student progress is insufficient, since New Jersey's state exam scores have been erratic over time. Gains by the fourth grade appear to be discernable, although the magnitude remains unknown. And the extent to which preschool exposure is a contributing factor remains hazy.

Ideally, quality preschools and more effective elementary programs would interact to sustain the early boost experienced in preschool. Could the gains in fourth-grade proficiency have been realized by only advancing preschool without elementary school investments, or vice versa? We simply don't know. But these empirical questions become more pressing as costs accrue from the massive Abbott investment.

Lessons for California – Central Coordination of Mixed Markets

When it comes to building preschool infrastructure, one core lesson from New Jersey and Texas is that differing policy tools can be wielded. Which tools prove politically attractive and technically effective depends on the historical forces that are driving preschool expansion, along with the institutional and ideological soil in which this new sector is being nurtured.

In New Jersey, due to the specificity of the court's remedy, centralized regulation, facilities requirements, and credentialing mandates are being used. In Texas, a much different history has led to institutionalizing preschool support in the school finance formula, while infusing local partnerships with financial incentives, guided by a coherent professional development effort.

Both states have witnessed steady gains in preschool enrollment rates, at least among four year-olds. Yet attendance among particular groups of children remains low, especially those from low-income Latino families, and quality indicators remain uneven. This requires simultaneous attention to expanding supply while improving quality. New Jersey has moved aggressively on the supply side, thanks to the focus and facilities dollars accompanying the *Abbott* case. Yet disparities still hamper CBOs, as school districts reportedly hang onto bond revenues that were intended for preschools. In Texas, rapid child population growth means that school districts must rely on CBOs simply to keep pace with child population growth.

Both states are pursuing a mixed-market approach in expanding access and improving quality. Just over 70% of preschoolers attend a CBO-based center in New Jersey's Abbott districts. This has created some tension, especially when state and federal program requirements are contradictory and costly, or when districts hold back facilities dollars.⁷⁴

We must be careful to avoid over-generalizing about the degree of centralization or decentralization as the preschool infrastructure expands and grows stronger. In New Jersey, the education department offers local programs a choice of curricula, ranging from a traditional pre-literacy emphasis to programs that attempt to address child development more broadly. In Texas, despite the decentralized history of ECE governance, the University of Texas professional development effort appears to center on pre-literacy and numeracy development, given the backdrop worry over the growth of non-English speaking families.

SECTION 4.

The Evolving Political-Economy of Preschool

Many early educators – nested in their particular programs – may worry little about the colorful spectrum of preschool organizations that sprout or die-off over time. These practitioners and activists are embedded in the institutional habits of Head Start, or elementary schools, or their work inside neighborhood nonprofit.

Yet one notable facet of the current generation of Texas activists is that they actively mull-over what might be called the *political-economy* of early childhood programs. The expansion and improvement of preschool has become a popular cause in Texas, and the movement is led with enthusiasm by rather odd bedfellows, united in their commitment to poor families and their children.

When we inquired about this emergent mix of ECE constituencies, the United Way's Jason Sabo told a short story about a beer distributor up in Amarillo who said, "If we don't get these kids ready for school, they aren't gonna be buying much beer in twenty years." Or, as Sandy Kress, President Bush's former education advisor, put it, "In Texas it's a business argument. If we don't get these kids up to snuff, we're gonna be dead in the water." For a rapidly growing state with an unevenly developed labor force, school reform and preschool expansion have come to be viewed as pressing economic issues.

Finance Reform within Decentralized Institutions

But why not pursue a centralized, welfare-state strategy to expand ECE opportunities, especially if the aim is to help poor families? After all, this is how school finance reform and accountability measures have been pursued.

First, the decentralized nature of school governance in Texas has been largely upheld after three decades of finance litigation, with incremental movement toward equalizing per pupil spending. Texas doesn't have a history of proliferating categorical-aid programs, as in states like California or New York. The 1984 program to support preschools in poor communities was soon folded into the K-12 finance formula, rather than run from Austin in centralized fashion.

Second, support for preschool expansion among conservative leaders has grown in recent years by preserving and enhancing the mixed-market of ECE providers. After all, it was George H.W. Bush who created the federal block grant in 1990, offsetting low-income parents' child care costs but requiring states to distribute aid in the form of portable vouchers. The early childhood sector in Texas has supported policy makers who hold faith in market-oriented remedies, rather than creating a uniform system inside the public schools. Indeed, school districts are preoccupied with keeping pace with K-12 enrollment growth for years to come. And every legislator has a bevy of community organizations that have long operated preschools.

There's the related issue of how to expand the supply of teachers – as schools inch toward full-day kindergarten, enrollments expand overall, and the state remains committed to recruiting bilingual teachers. Under these demographic and institutional conditions, most analysts agree that it would be foolish to shrink the existing ECE infrastructure, then build new classrooms inside schools for three and four year-olds.

Third, ECE politics in Texas involve boosting public investment and fusing institutional interests across public *and* private organizations. The notion of local partnerships makes for prudent government; it's also in the interest of CBOs, for-profit preschools, churches, and home-based providers to become a partner. The Texas Education Agency put the fiscal incentive in place, mandating that school districts work with CBOs to receive expansion grants. As more children are supported through the K-12 finance formula, better trained teachers can be attracted and paid more inside a variety of

school- and CBO-based programs. So, the state acts inventively to advance crisp incentives for local collaboration.

The contracting out of preschooling to community groups, while pressing stronger quality standards from Austin and the State Center in Houston, is similar to the tack taken in Oklahoma and Georgia. The state supports the mixed market financially while moving to advance the quality of preschool teachers and classrooms. Then, as the resource base expands, education associations, nonprofit and for-profit preschool networks acquire the resources necessary for hiring lobbyists and building stronger political organizations. Depending on political conditions, legislatures then move toward a centralized regulatory regime or employ policy tools to enhance a mixed market of preschool organizations.

Fourth, the UT-Houston center promises to enhance and monitor the quality of the state's diverse preschool organizations. This policy focus in Austin emphasizes the importance of professional leadership and working with teachers at the grass roots, rather than trying to affect quality through centralized regulation. The steady use of evaluation data holds appeals for fiscal conservatives in the capitol, as well. "Legislators like efficiency," as senate aide Tackett told us. "It's important to have quality preschool, (and) we're doing it in a fiscally conservative way."

Contention and Risks in Decentralized Markets

The Texas model remains a work in progress. Contention persists over the core developmental aims of preschool, ranging from simple safety, to hammering on pre-literacy and academic skills, to enhancing a broader developmental approach. This debate persists within the Head Start community, among school officials under pressure to raise test scores, as well as within CBO-based programs that remain rooted in Latino or non-white communities.

In this light, the state's emphasis on a localized, mixed-market of preschools is strengthening a political-economy of "firms" which features a variety of developmental aims and pedagogical methods. The idea of universal preschool has gained little traction among top policy activists. As TEA official Gina Day said, "We have not gotten to the point where we could fund universal preschool, and there's debate over whether we

should. But we want to keep everyone at the table. We don't want to put anyone out of business.”

At the other end of the political spectrum, a few observers worried out loud that the Texas approach could lead to a voucher system. “When you look at the system we’re talking about,” one seasoned analyst said, “it looks a lot like school vouchers... faith-based, nonprofit, through the back door, and the conservatives say, ‘ya-hoo’.”

Progress and Pushback in New Jersey

Returning to New Jersey, the political-economy of preschooling at times has evolved in contentious ways. This may have more to do with the broader backlash that has begun to swell outside the Abbott districts. While accounting for 23% of preschool and K-12 students in New Jersey, the Abbott districts receive 57% of all state education funding.⁷⁵ According to Abbott’s detractors, the property tax burden in middle income districts has risen in tandem with ballooning Abbott budgets. Some remember that when Gov. James Florio raised taxes to help pay for the Abbott remedies, he promptly lost his 1993 re-election bid.

Escalating dissatisfaction among middle-income families, coupled with state budget shortfalls in recent years, have caused politicians including current Gov. Jon Corzine to take a second look at the Abbott financing structure.⁷⁶ A joint legislative committee examining school finance recently emphasized that state aid should be based on characteristics of the student population and a district’s ability to pay.⁷⁷ Each district’s funding should equally weigh per capita income and property wealth, the study panel argued.

Much of this push-back on Abbott stems from political pressure to lower property taxes. Historically high property taxes currently relieve pressure on the state general fund.⁷⁸ The joint legislative committee is currently advancing a statewide cost formula that would average \$8,500 per pupil, approximately 22% less than average per pupil funding in the Abbott districts.⁷⁹ Abbott advocates have challenged and continue to resist these policy developments.

How to Develop Children? The Persisting Question

Debates persist within the preschool sector over how best to improve quality and organize classrooms. Concerns over access have abated in most Abbott districts since the enrollment rate climbed dramatically, then leveled-off at just above 70%. But with the new focus on quality conflict has arisen between the developmental approach, widely accepted in the ECE community, versus the “school readiness” and standardized testing perspective stemming from the K-12 sector. The relative balance between these perspectives holds implications for how preschool teachers are prepared and inservice training is organized – not to mention how the state aims to help raise young children.

A related issue is how kindergartens and elementary schools are adapting to five year-olds who enter school with stronger skills and social competencies, according to Ellen Wolock at DOE in New Jersey. Similarly, Suzanne Burnette at DHS said that “the emphasis should not be on preparing children for school; instead we should be preparing ourselves for the children.”

We saw above how quality standards pressed by Abbott managers versus those advanced by Head Start help to fuel this debate over how young children are to be “developed”. Abbott partisans criticize Head Start preschools for failing to meet the Abbott-defined quality standards. Yet Head Start advocates continue to highlight the “whole child,” which includes keen attention to children’s social and emotional characters, health services, and parental involvement. Still, New Jersey’s reliance on a mixed market of providers – incorporated through more centralized rules, compared with Texas – does allow local preschools to pursue differing developmental goals and pedagogical practices.

SECTION 5.

Lessons for California

Californians have witnessed a spirited debates in recent years over how to best equalize access to high-quality preschool. The experiences of New Jersey and Texas offer fresh perspectives on policy options and institutional developments.

Both states have devised ways to regularize preschool financing, mechanisms that are variably sensitive to enrollment demand. In Texas, school districts simply fold eligible

four year-olds into their regular average daily attendance (ADA) counts. Districts also coordinate state expansion grants, but dollars must be distributed to CBO-based preschools to strengthen the existing mixed market of local programs.

In California, many districts face a disincentive to enroll more preschoolers, since reimbursement rates fail to meet costs in many cases. And while facilities dollars are increasingly available, Sacramento's financing mechanism does not respond to enrollment demand. The state's contracting mechanism, while supporting a variety of preschool organizations, is sluggish in responding to enrollment shifts.

New Jersey also places school districts at the center of the funding system, while the state education department plays a centralized regulatory role. Risks persist for CBO-based programs, even though over two-thirds of all preschoolers enroll in this subsector, not in the public schools. Districts continue to hold back facilities dollars from CBOs, according to several observers, while providing stronger fringe benefits to teachers. This competition for teachers is also reported in California. The state or a quasi-public authority could help to equalize compensation for CBO-based early educators.

As California policy makers return to the question of how to build a simpler, more equitable K-12 finance system, the preschool sector could become a pivotal element. We saw how the New Jersey supreme court has come to view quality preschool as a basic pillar of equal educational opportunity. Even the less assertive Texas courts have endorsed the legal argument that unequal preschool access is symptomatic of an unjust finance system. These policy and legal lessons could help to inform California's emerging strategies for closing achievement gaps, including policy efforts aimed at ensuring fairer allocation of public dollars.

Finally, equity minded school reformers habitually turn to central regulations to dictate quality standards or to specify what all children are to learn, even how all teachers are to teach. Texas offers another policy model: elevating preschool quality not through mandates or a K-12 monopoly, but instead through intensive professional development and local partnerships between school districts and CBOs. This approach avoids costly and empirically questionable dictates, such as requiring that all preschool teachers obtain a bachelor's degree. It aims to strengthen the existing preschool infrastructure, rather than

shifting programs to the public schools. It builds from the principles of parental choice and organizational diversity.

Overall, such lessons from New Jersey and Texas highlight the importance of local history and the strengths (or weaknesses) of present institutional arrangements. California's early education community—often fragmented and speaking with divergent voices—will carve-out its own particular pathway to reform. Yet by learning from other states fresh policy options come into focus. And the potential advantages of weaving together preschool and K-12 finance reforms become clearer.

Endnotes

¹ For example, Karoly, L., Greenwood, P., Everingham, S., Houbé, J., Kilburn, R., Rydell, P., Sanders, M., & 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: RAND Corporation. Schweinhart, L., Montie, J., Xiang, Z., Barnett, W.S., Belfield, C., & Nores, M. (2005). *Lifetime Effects: The High/Scope Perry Preschool Study through Age 40*. Ypsilanti, Mich.: High/Scope Press. Reynolds, A., Temple, J., Robertson, D., & Mann, E. (2001). Long-term effects of an early childhood intervention on educational achievement and juvenile arrest,” *Journal of the American Medical Association*, 285, 2339-2349. Loeb, S., Fuller, B., Kagan, S. L., & Carrol, B. (2004). Child care in poor communities: Early learning effects of type, quality, and stability. *Child Development*, 75, 47-65. For a review of this literature, and more limited findings regarding preschool benefits for children from middle-class families, see chapter 6 in: Fuller, B. with Bridges, M. & Pai, S. (2007). *Standardized Childhood: The Political and Cultural Struggle over Early Education*. Stanford, Calif.: Stanford University Press.

² Magnuson, K., Ruhm, C., & Waldfogel, J. (2004). Does pre-kindergarten improve school preparation and performance? Cambridge, Mass.: National Bureau of Economic Research (working paper 10452).

³ Edweek, “Gauging Student Learning”

⁴ This number is simply derived by dividing the total Abbot preschool budget by the total enrollment for fiscal year 2005-06. The Education Law Center’s *Starting at 3* (www.startingat3.org) contains links to this information.

⁵ Appearing on behalf of the plaintiffs in *Neeley v. Orange Cove*, several local superintendents argued that new dollars were necessary to widen and equalize access to full-day kindergarten and quality preschool programs. The brief filed by the Mexican American Legal Defense and Education Fund (MALDEF) presented the fact situation relative to preschool access. This was agreed to by the district court in November 2004, John Deitz, presiding judge (“Findings of Fact and Conclusions of Law,” Travis County, Texas, 250th Judicial District, 2004). Both Catherine Clark (Texas Association of School Boards) and David Hinojosa (MALDEF) mentioned the desire by local superintendents to expand preschool offerings.

⁶ Impact Texas Communications (2006). Pre-K education in Texas: A survey of voter attitudes. Austin: United Way.

⁷ Data are from U.S. Census Bureau, <http://quickfacts.census.gov/qfd/states/34000.html>, unless otherwise noted.

⁸ U.S Census Bureau, <http://www.census.gov/hhes/www/income/income05/statemhi3.html>.

⁹ Percentages are for sampled children who were enrolled in a center-based program the year before starting kindergarten. A very small share were five years of age.

¹⁰ This subsample equals only 59 four year-olds.

¹¹ This subsample equals only 58 four year-olds.

¹² Government Accountability Office (2004). Prekindergarten: Four selected states expanded access by relying on schools and existing providers of early education and care to provide services. Washington, DC (GAO-04-852).

¹³ Jones, Cami (2004). Frequently asked questions and answers – Prekindergarten. Austin: Texas Education Agency, Division of Curriculum.

¹⁴ Special thanks to Janöt Spurgin, Texas Legislative Budget Bureau, November 2006.

-
- ¹⁵ Hailey, Mike (2006). Pre-K bandwagon rolls with solid support from Texans regardless of partisan stripes. *Capitol Inside*, May 23, Austin.
- ¹⁶ Sabo, J., Bresette, P., & DeLuna Castro, E. (2002). The Texas child care experience since 1996: Implications for federal and state policy. Austin: Center for Public Policy Priorities.
- ¹⁷ Tabulation by Texas Workforce Commission, dated November 3, 2006, courtesy of Diane Rath and staff.
- ¹⁸ A detailed overview of the Workforce Commission's program appears in: Texas Workforce Commission (2005). Evaluation of effectiveness of subsidized child care program: Report to the 79th Texas legislature. Austin.
- ¹⁹ *Abbott v. Burke*, 153 N.J. 480, 710 A.2d 450 (1998). Ed. Law Rep. 258. For a thorough review see www.edlawcetner.org and www.gse.harvard.edu/hfrp/pubs/onlinepubs/advocacy/preschool.html.
- ²⁰ New Jersey Department of Education, Office of Early Childhood Education, Annual Report 2005-06.
- ²¹ New Jersey Department of Education (2005-06)
- ²² Special thanks to Karin Garver at New Jersey DOE for providing this historical data.
- ²³ Office of Legislative Services, Office of the State Auditor, State Audit of Department of Education, Early Childhood Education Program (2006).
- ²⁴ Office of Legislative Services (2006).
- ²⁵ Administration for Children and Families, US Department of Health and Human Services, <http://www.acf.hhs.gov/programs/hsb/budget/index.htm>, last accessed November 2006.
- ²⁶ Office of Legislative Services (2006).
- ²⁷ Special thanks to George Kobil of New Jersey DHS for elucidating the complex funding system, phone interview 2006.
- ²⁸ Education Law Center, www.startingat3.org, accessed November 2006.
- ²⁹ Frede, Ellen (2005), Giant Steps for the Littlest Children: Progress in the Sixth Year of the Abbott Preschool Program, Early Learning Improvement Consortium.
- ³⁰ Kobil, G. (2006)
- ³¹ Riesser, G. & Colvard, C. (2004), New Jersey Child Care Market Rate Survey, New Jersey Department of Human Services.
- ³² Administration for Children and Families, US Department of Health and Human Services, <http://www.acf.hhs.gov/programs/hsb/budget/index.htm>, accessed November 2006.
- ³³ Special thanks to Suzanne Burnette for her explanation of Head Start financing, phone interview 2006.
- ³⁴ Burnette (2006).
- ³⁵ Burnette (2006).
- ³⁶ Gewertz, C. (2006), New Jersey Panel Eyes Changing School Funding, *Education Week*, November 29.

-
- ³⁷ Goertz, M. (2006), Educational Adequacy in New Jersey, n.p.
- ³⁸ Goertz, M. (2006).
- ³⁹ Goertz, M. (2006).
- ⁴⁰ Education Law Center, www.startingat3.org, accessed November 2006.
- ⁴¹ This history is detailed in: Gordner, Ruth. (n.d.). Ready for success: Expanding effective early childhood education: Texas case study. Washington, DC: Council of Chief State School Officers.
- ⁴² For an historical brief: Imazeki, J., & Reschovsky, A. (2003). School finance reform in Texas: A never ending story? San Diego: Department of Economics, San Diego State University.
- ⁴³ This figure was reported in an October 2006 interview with Mark Trachtenberg, an attorney at Haynes-Boone, the firm representing the high-wealth districts. The *Austin Centrist* reported that in 2004 “about half” of all districts had capped out (History of school finance in Texas, March 26, 2006).
- ⁴⁴ Dietz, John (presiding judge, 2004). Findings of fact and conclusions of law, *West Orange-Cove et al. v. Neeley et al.* Travis County, Texas: District Court of Travis County, 250th Judicial District. p.20.
- ⁴⁵ Quoting from the decision within a summary brief prepared by: Bramblett, G., Cortell, N., Trachtenberg, M., Thompson, D., & Fraissant, P. (2006). Analysis of the Texas supreme court’s opinion in *Neeley et al. v. West Orange-Cove et al.*, 176 S.W.3d 746 (Tex. 2005). Houston: Haynes-Boone.
- ⁴⁶ Lavine, Dick. (2006). Digging a hole: Special session tax and school-finance package creates a \$10.5 billion deficit in 2008-09 budget. Austin: Center for Public Policy Priorities (no. 266).
- ⁴⁷ Voluntary prekindergarten curricular guidelines were developed in 1999 by the Texas Education Agency and the Dana Center at the University of Texas, Austin (Gordner, n.d.).
- ⁴⁸ For a review of the empirical relationship between the bachelor’s degree requirement and child development, see chapter 6 in: Fuller, B. with Bridges, M. and Pai, S. (2007). *Standardized Childhood: The Political and Cultural Struggle over Early Education*. Stanford, Calif.: Stanford University Press.
- ⁴⁹ Rice, C. & Ponessa, J. (2004), Planning for Quality: Ensuring the Educational Adequacy for All Abbott Preschool Facilities, Newark: Association for Children of New Jersey.
- ⁵⁰ New Jersey Professional Development Center, <http://www.NewJerseyfdc.org/1/Abbott.htm>, accessed November 2006.
- ⁵¹ Ellen Frede, telephone interview, 2006.
- ⁵² Rice, C. & Ponessa, J. (2004), Planning for Quality: Ensuring the Educational Adequacy for All Abbott Preschool Facilities, Newark: Association for Children of New Jersey.
- ⁵³ Rice & Ponessa (2004).
- ⁵⁴ Conference call discussion from Austin, November 3, 2006.
- ⁵⁵ This estimate by Gordner (n.d.) for the Council of Chief State School Officers appears to include all slots funded through the School Foundation Program, Title I streams, and dollars from the Texas Workforce

Commission. It's not clear, however, how she took into account possible double-counting of children locally.

⁵⁶ In 2003-04, public schools (often through contracts with CBOs) enrolled 14,283 three year-olds and 151,630 four year-olds. See: Texas Early Childhood Education Coalition and James A. Baker III Institute for Public Policy (2005). *The Texas Plan: A Statewide Early Education and Development System, Second Edition*. Austin, p.18

⁵⁷ Major policy positions articulated in: Texas Early Childhood Education Coalition and James A. Baker III Institute for Public Policy (2005). pp.7-8.

⁵⁸ Landry, Susan. (2004). The report of the State Center for Early Childhood Development Advisory Committee on Senate Bill 76. Houston: University of Texas, Health Science Center, p.1.

⁵⁹ Texas Early Childhood Education Coalition and James A. Baker III Institute for Public Policy (2005). pp.35-38.

⁶⁰ Texas Workforce Commission (2004). Report on child care quality expenditures in Texas. Austin.

⁶¹ Data provided by Susan Landry and Yingchu Velasquez, State Center for Early Childhood Development, University of Texas, Houston, dated November 30, 2006.

⁶² Texas Education Agency, posted at www.tea.state.tx.us/cgi/sas/broker?_service=marykay&prog.html, accessed October 22, 2006.

⁶³ Education Law Center, www.startingat3.org, accessed November 2006.

⁶⁴ Terri Bucarrelli, Director, DHS Office of Early Childhood Education, telephone interview, 2006.

⁶⁵ Hu, W. (2006), In New Jersey, System to Help Poorest Schools Faces Criticism, *The New York Times*, 10/30/2006.

⁶⁶ Questions have been raised about how New Jersey sets cut-points for defining "proficiency". The share of fourth-graders deemed proficient in reading jumped from 61% to 86% in one year, between 2000 and 2001. In 2005, the DOE claimed that 87% of all fourth-graders were proficient readers, while the National Assessment of Educational Progress put that share at 38% Fuller, B., Gesicki, K., Kang, E., & Wright, J. (2006). Is the No Child Left Behind Act working? The reliability of how states track achievement. Berkeley and Stanford: Policy Analysis for California Education (working paper 06-1).

⁶⁷ Fuller et al. (2006)

⁶⁸ Peabody Picture Vocabulary Test-III (PPVT-3) (Dunn & Dunn, 1997); Test de Vocabulario en Imágenes Peabody (TVIP) (Dunn, Padilla, Lugo & Dunn, 1986) ; Print Awareness subtest of the Preschool - Comprehensive Test of Phonological and Print Processing (Pre-CTOPPP; Lonigan, Wagner, Torgeson & Rashotte, n.p.) & Woodcock-Johnson Tests of Achievement, 3rd Edition (Woodcock, McGrew & Mather, 2001), Subtest 10, Applied Problems.

⁶⁹ Lamy, Barnett & Jung (2005), The Effects of New Jersey's Abbott Preschool Program on Young Children's School Readiness, *National Institute for Early Education Research*.

⁷⁰ Lamy, Barnett & Jung (2005). SELA; Smith, Davidson & Weisenfeld (2001) & PCMI: Frede, Dessewffy, Hornbeck & Worth (2001).

⁷¹ Smith et al. (2001) & Frede et al. (2001).

⁷² Smith et al. (2001), Frede et al. (2001), Harms, Clifford & Cryer (1998), *The Early Childhood Environment Rating Scale – Revised* (ECERS-R).

⁷³ Frede et al. (2001). Finally, DOE also requires school districts to monitor their local programs to ensure that they are meeting the Abbott quality standards. The self evaluation program – *Self-Assessment Validation System for Abbott Preschool Programs* (SAVS) – is conducted by all districts. According to ELIC, 10% of districts report they have insufficiently instituted Abbott requirements in 2004, while 90% report they are in progress or in accordance. See: Frede, Ellen (2005), *Giant Steps for the Littlest Children: Progress in the Sixth Year of the Abbott Preschool Program*, Early Learning Improvement Consortium.

⁷⁴ Tensions among New Jersey state authorities, schools, and CBO leaders are examined in Fuller, Bridges, & Pai (2007).

⁷⁵ Gewertz, C. (2006).

⁷⁶ Hu, W. (2006).

⁷⁷ Joint Legislative Committee on Public School Reform, cited in Gewertz, C. (2006).

⁷⁸ Gewertz, C. (2006).

⁷⁹ Gewertz, C. (2006).