

Funding Early Childhood Education: The President's Plan for the Future and States' Current Actions

by Jane Best and Courtney Cohen

The heightened national attention placed on early childhood education (ECE) has sparked a debate on what the future holds for state-funded ECE systems. Although expanding access to high-quality preschool has received bipartisan support (Samuels, 2013a), funding is a central point of contention for state and federal policymakers on both sides of the aisle (Barnett, 2013a; Emma, 2013).

Research has shown that children who have access to high-quality preschool may reap future developmental, social, and economic benefits from these programs (Carolan, 2013; Duncan, 2013.) Furthermore, many economists agree that universal preschool could generate long-term economic benefits with an estimated return of eleven dollars for every one dollar invested (Heckman, 2008; White House Office of the Press Secretary, 2013).

Although education stakeholders have acknowledged the benefits of ECE, the U.S. still lags behind its international counterparts in ECE funding and program enrollment (Organization of Economic Cooperation and Development [OECD], 2013). The U.S. is fifth in the world in overall education spending rates, yet ranks among the worst in funding ECE programs.¹

Reports on the status of ECE systems nationwide as well as global statistics have education stakeholders calling for improvements in ECE program access, funding, and quality, and have been cited to support President Obama's proposed Preschool for All Program. Preschool for All, an initiative introduced in the 2013 State of the Union Address, is a federal funding program that will partner with states to make universal preschool a reality (Office of the Press Secretary, 2013a).

This brief will explore how the goal of universal preschool is being shaped by the federal agenda and examine state programs in various stages of development.

President Obama's Preschool for All Program

If Preschool for All is passed by Congress, the federal government will share costs with states to provide preschool for children from low- and moderate-income families first, and grow to eventually include all four-year-olds as well as high-needs three-year-olds. States will be incentivized to continually expand programs and provide access to additional middle-class families (Barnett & Carolan, 2013; Office of the Press Secretary, 2013a). The voluntary program will provide grants to existing high-quality ECE programs, building on successful state efforts and improving on those that fall short (Barnett & Carolan, 2013; Waldron, 2013).

The president's initiative will allocate \$90 billion in funding nationwide over a 10-year period. Seventy-five billion will be dedicated to expanding access to preschool services, with the remaining funds used for services for children ages 0–3 such as Early Head Start, new child care partnerships, and home visiting. To participate, states will be expected to match approximately 10 percent of the federal funding, which will gradually diminish from 90 to 25 percent over 10 years (Barnett & Carolan, 2013; Waldron, 2013).

State allocations will be based on the number of four-year-olds in families living at or below 200 percent of the federal poverty level (Office of the Press Secretary, 2013a). Data from the Early Childhood Longitudinal Study indicates that this demographic includes upwards of 1.67 million four-year-olds—including 365,000 African American children and 565,000 Hispanic children—who would benefit from enhanced access to high-quality ECE programs (National Center for Education Statistics, 2013). The president's plan could increase the number of four-year-olds attending high-quality preschool programs from less than one million to an estimated four million nationally (Barnett & Carolan, 2013).

Tobacco Tax

President Obama plans to finance Preschool for All through a \$0.94 increase in cigarette and tobacco taxes, projected to raise \$8 billion a year over the next decade (Leonhardt, 2013). This announcement has received mixed reviews.

Supporters of this funding method, such as congressional Democrats and the National Conference of State Legislatures, find the tax acceptable because it can be positively perceived as an anti-smoking policy instead of merely a new and burdensome tax (Barnett, 2013a; Bennett, 2013). Supporters also note that taxes on tobacco, alcohol, and luxury items are already being used to fund state ECE programs in 30 states (Barnett, 2013a; National Institute for Early Education Research [NIEER], 2005).

¹ The U.S. spends 7.3% of its gross domestic product on education from pre-kindergarten through higher education levels (OECD, 2013).

Critics of the tax include many congressional Republicans, tobacco lobbyists, and policymakers generally opposed to new taxes and revenue-raising tax policies. Opposing policy analysts assert that taxes imposed on products and activities deemed harmful are inequitable, inadequate, and unstable because they are regressive in nature and are felt the most in lower income brackets (Connecticut Voices for Children [CVC], 2005; Lav, 2002). They also argue that these taxes often fail to produce the reliable revenue needed to sustain large-scale social programs. If these taxes do serve as effective anti-smoking measures, it stands to reason that eventually consumerism of these products will decline and revenue will dwindle (Connecticut Voices for Children, 2005; NIEER, 2005).

Despite opposition, supporters of the tobacco tax maintain it is a viable funding method. John Burbank, executive director of the Economic Opportunity Institute, and other tax advocates are confident that by the time tobacco sales decrease and resulting tax revenues can no longer finance ECE programs, support for ECE will have grown enough to secure the votes needed to sustain the program (NIEER, 2005).

State Preschool Programs

Since 2001, state-funded preschool programs have doubled in size and capacity to serve 28 percent of four-year-olds (NIEER, 2011). This number is expected to grow, with 14 Republican and 13 Democratic governors highlighting the importance of ECE in their 2013 State of the State addresses (Duncan, 2013). To date, 39 states have state-funded ECE programs, but only eight of those states—Florida, Georgia, Iowa, Oklahoma, Texas, Vermont, West Virginia, and Wisconsin—have been able to provide ECE to more than half of their four-year-olds (Barnett, 2013b).

Several states have demonstrated an exceptional capacity to fund and expand high-quality, state-funded ECE programs. The state-supported ECE programs in the following examples are in various stages of development and implementation, but all have successfully demonstrated the use of innovative strategies.

Minnesota

Recent legislation supporting public education and promoting ECE programs in Minnesota has received attention and praise from U.S. Secretary of Education Arne Duncan. In May 2013, Governor Mark Dayton signed a new state budget into law which will invest an additional \$485 million in preK–12 education, bringing the state’s total commitment to \$600 million. Two hundred million will support early learning and all-day kindergarten (Minnesota Department of Education [MNDE], 2013; Office of Governor Mark Dayton, 2013).

The state legislature has appropriated \$40 million for the Early Learning Scholarships Program, which will fund ECE scholarships for over 8,000 students based on family income, child poverty, and geographic region (MNDE, 2013; Office of Governor Mark Dayton, 2013).

The appropriated funds will also build upon successful ECE initiatives supported by local business groups and upon early education reform activities resulting from the Race to the Top – Early Learning Challenge Grant. In December 2011, Minnesota was awarded \$45 million from the competition and used those funds to lay the infrastructure for a state-supported ECE system (Child Care Aware of America, 2011; U.S. Department of Education, 2013).

If the Preschool for All proposal passes, Minnesota could also receive ECE funds of \$38.7 million. To participate, Minnesota would agree to contribute a state match of \$3.9 million. In year one, this program will serve an estimated 4,736 children from low- and middle-income families (Office of the Press Secretary, 2013b).

Hawai‘i

In June 2013, Governor Neil Abercrombie signed into law S.B. 1093, which will provide an additional \$6 million in subsidies to low-income families, helping to pay for an estimated 1,000 children to attend preschool in 2014. These legislative changes and other efforts are part of a statewide school readiness program (Executive Office on Early Learning [EOEL], 2013; Kalani, 2013).

Hawai‘i is one of 11 states without state-funded preschool. However, Governor Abercrombie and the state legislature have led recent efforts, including the establishment of an Executive Office on Early Learning, in hopes of implementing the first phase of a state-supported program in the 2014–2015 school year. In year one, the program will incorporate the private, public, and parochial ECE providers currently operating in the state to serve approximately 3,500 four-year-olds, a quarter of whom will come from low-income families (EOEL, 2013; Kalani, 2013).

Hawai‘i is also one of six states selected by the National Governors Association (NGA) to participate in an early learning “policy academy.” The 15-month academy will focus on improving educator effectiveness and aligning preK–3 assessments while also building awareness of the importance of high-quality ECE programs. NGA officials and ECE experts will offer participating states technical assistance and guidance. Funding for this initiative is provided by a partnership with private foundations (National Governors Association, 2013; Samuels, 2013b).²

If Preschool for All passes and Hawai‘i participates, the state will receive \$7 million in the first year and is expected to contribute \$700,000. In the first year of the program, approximately 853 children from low- and middle-income families would be served (Office of the Press Secretary, 2013b).

² Funding is provided by the Alliance for Early Success, the Annie E. Casey Foundation, the Heising-Simons Foundation, the Robert R. McCormick Foundation, and the David and Lucile Packard Foundation (National Governors Association, 2013).

Mississippi

Although Mississippi currently has the nation's highest child poverty rates, noteworthy progress has been made on ECE initiatives in the state. In January, the state legislature approved the Early Learning Collaborative Act of 2013, establishing the first state-supported voluntary preschool program (Mader, 2013; Mississippi Department of Education [MSDE], 2013; Mississippi Legislature, 2013).

The Act allots \$33.9 million for the creation of a program that will ultimately provide access to state-funded preschool for 12 percent of the state's four-year-olds. Program participation is voluntary for all public, private, and parochial schools currently operating in the state. If a school or community wishes to participate, they are required to provide local matching funds, which may come from federal money, parent tuition, local tax dollars, or donations (MSDE, 2013).

The legislature also voted to reserve an additional \$3 million for Mississippi Building Blocks, a privately-funded ECE program started by state business leaders in 2009. State policymakers hope that recent legislative actions and other efforts to enhance the quality of state-funded ECE programs will build successfully upon the existing private sector contributions (Mader, 2013; Mississippi Building Blocks, 2013).

If the President's Preschool for All program is passed and Mississippi participates, it would receive \$21.4 million in the first year and would be expected to contribute \$2.1 million. This funding would serve an estimated 2,608 children from low- and middle-income families in the program's first year (Office of the Press Secretary, 2013b).

New Jersey

New Jersey's commitment to high-quality ECE has also received praise from Secretary Duncan. The state's flagship program, the Abbott Preschool Program (APP), was founded in 1999 and is administered through the New Jersey Department of Education and Department of Human Services (New Jersey State Department of Education [NJDE], 2013; Teacher's College, 2010).

The program employs private, federal, public, and religious settings to provide full-day preschool, before and after school care, and summer programs in 31 of New Jersey's poorest urban school districts. APP maintains small class sizes staffed by highly qualified and certified teachers, provides social and health services, and ensures that students are school-ready by creating age-sensitive and developmentally appropriate standards aligned with the New Jersey Common Core State Standards (NJDE, 2013; Teacher's College, 2010).

The APP is funded through the formula outlined in the School Funding Reform Act of 2008. Although many school districts have faced recent budget cuts, in early 2013 Governor Chris Christie announced plans to increase state school funding by \$97 million. As a result, all 31 APP districts will receive either flat or increased funding over 2012 levels (Arco, 2013; NJDE, 2013; New Jersey State Legislature, 2009).

If the President's Preschool for All program passes, New Jersey will receive \$50.6 million in the first year and would be expected to contribute \$5.1 million. The program would service approximately 6,186 children from low- and middle income families in the first year alone (Office of the Press Secretary, 2013b).

Conclusion

Increasing and stabilizing ECE funding sources may allow preschool programs to provide high-quality, intensive education to many more children, potentially improving the nation's international ranking in preschool enrollment rates, school readiness, and academic performance. Although the states mentioned in this brief, as well as many others, are making noteworthy progress towards this goal, the Preschool for All proposal and other federal efforts could serve also as a critical support for state efforts.

While the president's plan awaits congressional backing, policymakers at the state and federal level are treading carefully before fully endorsing the Preschool for All proposal or the accompanying tobacco tax. Although many Republican and Democratic state leaders support expanding and improving upon ECE programs, funding concerns remain paramount for both parties (Emma, 2013; Kirp, 2013). Secretary Duncan, who has spent recent months meeting with members of Congress and state leaders to tout the benefits and necessity of universal preschool, remarked that concrete bipartisan support for universal ECE must be established before program funding is even considered (Emma, 2013).

Recommendations

Build upon existing ECE infrastructure

- Explore the incorporation of preexisting private, public, and parochial programs into new state-supported programs
- Coordinate all providers to maximize system's efficiency and effectiveness
- Build on existing programs' best practices and lessons learned
- Identify current obstacles to ECE enrollment and mitigate these issues
- Continue focused recruitment, training, and outreach to current and potential ECE workforce

Make state-supported ECE programs a comprehensive investment

- Consider an uncapped statewide funding formula that allows communities to move forward as fast as local conditions permit
- Create professional development opportunities to build and retain a highly effective ECE workforce
- Prioritize necessary resources and consider their quality and accessibility
- Invest in longitudinal data systems that can accurately track students, show trends, and guide future policy changes

Implement a state-supported ECE program in phases

- Plan the budgetary requirements to establish an effective and sustainable ECE infrastructure
- Target low-income and high-needs populations in initial phases to ensure children who can benefit most are served first
- Create an implementation plan and milestones for each phase and for the plan as a whole
- Set realistic but firm deadlines for implementation

Questions for Policymakers and Educators to Consider

Policy Issue	Questions for Policymakers to Consider
Funding a state ECE program	<ol style="list-style-type: none">1. Is ECE a priority, among other legislative topics? If so, can legislative proposals build political will for a state-funded ECE system?2. Can resource concerns for funding a state ECE program be addressed within the school funding formula for K-12?3. Will the state be interested in pursuing federal funding opportunities (ECE initiatives, grant competitions, Preschool for All Program)?
Implementing a state ECE program	<ol style="list-style-type: none">1. What are the challenges of aligning the pipeline for a state ECE program to K-12? Are there ways for program implementation to be done in phases to best address these transition years? What resources are required for successful initiation?2. Are there communities that will be considered first when implementing an ECE program? How many children will be served in those target populations? What obstacles may prevent these children from enrollment?3. What partnerships would best facilitate program implementation? Are there non-state ECE providers who would likely participate? Are these partnerships presently coordinated or will new relationships need to be forged?
Building an effective ECE workforce	<ol style="list-style-type: none">1. What ECE expertise is available in the state?2. In what ways will the early childhood expertise need to grow and change as the state's ECE system expands? Are professional development opportunities currently available?3. What are the barriers to recruiting, hiring, and retaining highly effective ECE professionals? How can these barriers be mitigated?4. What other professional opportunities and resources are made available to the ECE workforce (instructional materials, webinars, coaching, professional networks)?

References

- Arco, M. (2013). Christie's newest school funding formula a mixed bag for Abbott districts. Retrieved from <http://www.politickernj.com/63653/christies-newest-school-funding-formula-mixed-bag-abbott-districts>
- Barnett, S. (2013a). Federal proposal would build on state efforts. Retrieved from <http://preschoolmatters.org/2013/02/26/federal-proposal-would-build-on-state-efforts/>
- Barnett, S. (2013b). Fulfilling the promise of universal pre-K. Retrieved from <http://preschoolmatters.org/2013/03/07/fulfilling-the-promise-of-universal-pre-k/>
- Barnett, S., & Carolan, M. (2013). (Almost) everything you wanted to know about pre-K in the federal budget. Retrieved from <http://preschoolmatters.org/2013/04/12/almost-everything-you-wanted-to-know-about-pre-k-in-the-federal-budget/>
- Bennett, C. (2013). Proposed 'sin tax' on cigarettes sparks hope for preschools. Retrieved from <http://www.nationaljournal.com/daily/proposed-sin-tax-on-cigarettes-sparks-hope-for-preschools-20130411>
- Carolan, M. (2013). State funded preschool in America in a "state of emergency." Retrieved from <http://preschoolmatters.org/2013/04/29/state-funded-preschool-in-america-in-a-state-of-emergency/>
- Child Care Aware of America. (2011). Minnesota's Race to the Top Early Learning Challenge grant. Retrieved from <http://ow.ly/n6G5a>
- Connecticut Voices for Children. (2005). Sin taxes: what are they and what are the benefits and harms from imposing them? Retrieved from <http://ow.ly/oo789>
- Duncan, A. (2013). The early learning field's turning point. Retrieved from <http://www.ed.gov/news/speeches/early-learning-fields-turning-point>
- Emma, C. (2013). Arne Duncan presses GOP to back universal pre-K. [Blog]. Retrieved from <http://www.politico.com/story/2013/07/arne-duncan-universal-pre-kindergarten-94364.html>
- Executive Office on Early Learning. (2013). Blueprint of the early learning program: report to the twenty-seventh legislature of the state of Hawai'i. Retrieved from <http://earlylearning.hawaii.gov/more/reports/>
- Kalani, N. (2013). Governor signs scaled-down preschool funding bill. Retrieved from http://www.staradvertiser.com/news/breaking/20130624_Governor_signs_scaleddown_preschool_funding_bill.html?id=212825531
- Kirp, D. (2013). Does Obama's early education proposal have a chance? [Blog]. Retrieved from http://www.huffingtonpost.com/david-kirp/obama-early-education_b_3581421.html
- Lav, I. (2002). Cigarette tax increases: cautions and considerations. Retrieved from <http://www.cbpp.org/files/7-3-02sfp.pdf>
- Leonhardt, D. (2013). Obama likes some sin taxes more than others. [Blog]. Retrieved from http://economix.blogs.nytimes.com/2013/04/10/obama-likes-some-sin-taxes-more-than-others/?_r=0
- Mader, J. (2013). New pre-kindergarten bill moves quickly in Mississippi. Retrieved from http://hechingerreport.org/content/new-pre-kindergarten-moves-quickly-in-mississippi_11017/
- Minnesota Department of Education. (2013). Early learning/kindergarten readiness. Retrieved from <http://education.state.mn.us/MDE/JustParent/EarlyLearnKReadi/index.html>
- Mississippi Building Blocks. (2013). Economics of early childcare. Retrieved from <http://www.msbuildingblocks.com/mx/hm.asp?id=MississippiNumbers>
- Mississippi Department of Education. (2013). 2013 Preschool PowerPoint. Retrieved from <http://ow.ly/n6vdL>
- Mississippi Legislature. (2013). Senate Bill 2395. Retrieved from <http://billstatus.ls.state.ms.us/2013/pdf/history/SB/SB2395.xml>
- National Center for Education Statistics. (2013). Early Childhood Longitudinal Program. Retrieved from <http://nces.ed.gov/ecls/birth.asp>
- National Governors Association. (2013). States selected to improve early learning outcomes. Retrieved from <http://www.nga.org/cms/home/news-room/news-releases/2013-news-releases/col2-content/states-selected-to-improve-early.html>
- National Institute for Early Education Research. (2005). More states find virtue in 'sin taxes', new way to pay for early education. *Preschool matters*, 3(1), 3-9. Retrieved from <http://ow.ly/oo8Tc>

- National Institute for Early Education Research. (2011). The state of preschool 2011. Retrieved from <http://ow.ly/oorPB>
- New Jersey State Department of Education. (2013). Division of early childhood education. Retrieved from <http://www.nj.gov/education/ece/>
- New Jersey State Legislature. (2009). Senate No. 2466. Retrieved from http://www.njleg.state.nj.us/2008/Bills/S2500/2466_I1.HTM
- Office of Governor Mark Dayton. (2013). Budget for a better Minnesota: Education. Retrieved from <http://ow.ly/n6F4e>
- Office of the Press Secretary. (2013a). Fact sheet President Obama's plan for early education for all Americans. Retrieved from <http://www.whitehouse.gov/the-press-office/2013/02/13/fact-sheet-president-obama-s-plan-early-education-all-americans>
- Office of the Press Secretary. (2013b). Increasing access to high-quality early childhood education. Retrieved from <http://www2.ed.gov/about/inits/ed/earlylearning/increasing-access/index.html>
- Organization of Economic Cooperation and Development. (2013). Education at a glance 2013. Retrieved from http://www.keepeek.com/Digital-Asset-Management/oced/education/education-at-a-glance-2013_eag-2013-en#page1
- Samuels, C. (2013a). Polls reveal bipartisan support for early learning. [Blog]. Retrieved from: http://blogs.edweek.org/edweek/early_years/2013/07/poll_findings_reveal_support_for_early_learning.html
- Samuels, C. (2013b). Six states selected for early learning 'policy academy.' [Blog]. Retrieved from http://blogs.edweek.org/edweek/early_years/2013/06/six_states_selected_for_early_learning_policy_academy.html
- Teacher's College. (2010). New Jersey Abbott Preschool Program. [Blog]. Retrieved from <http://ow.ly/nqgDt>
- U.S. Department of Education. (2013). Race to the Top – Early Learning Challenge. Retrieved from <http://www2.ed.gov/programs/racetothetop-earlylearningchallenge/awards-phase-1.html>
- Waldron, T. (2013). Obama budget includes \$75 billion to fund 'preschool for all' initiative. Retrieved from <http://thinkprogress.org/education/2013/04/10/1846061/obama-budget-includes-66-billion-to-fund-preschool-for-all-initiative/>