

Turning Streams Into a River: The Case for Integrating Preschool Into the School Funding Formula

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Abstract: The level of research and momentum behind early childhood education is reaching the critical mass necessary for state and local governments to consider full-scale implementation of universal preschool programs. Using Chicago's "non-system" of preschool funding streams as an example of the current nationwide system, this paper casts a vision for an ideal, statewide preschool funding model. It becomes evident that, in order to maximize the public's investment in not only preschool but the education system in general, the statewide school funding formula should be modified to include preschool.

In society, there exists a tipping point at which a service becomes so widely accepted as beneficial by the public that it becomes perceived as a need or even a right. Access to early childhood education currently sits atop this tipping point, pushed along so far by an ever-increasing body of research. A recent meta-analysis of 123 studies of U.S. preschool programs conducted from 1960-2003 found significant gains in cognition, school progress, and social-emotional development from age three to adulthood in children who attended preschool.¹ An individual study of two preschool programs found that participants experienced immediate, significant jumps in IQ that gave way to higher secondary school graduation rates, college attendance rates, and even lower tobacco use.² These benefits resulted in a monetary benefit-cost ratio of 9:1 for one preschool program and 2.5:1 for another.³ Our nation's leaders, particularly President Obama in his 2013 State of the Union address, have taken notice and have pushed the preschool debate over the edge.⁴ Thus, the time is ripe for a push to fully fund quality, proven preschool programs and expand early childhood education to its rightful size. Using Chicago's

¹ W.S. Barnett, *Effectiveness of Early Educational Intervention*, 333 SCIENCE 975, 976-77 (2011).

² W.S. Barnett & L.N. Masse, *Comparative benefit-cost analysis of the Abecedarian program and its policy implications*, 26 ECONOMICS OF EDUCATION REVIEW 113, 121 (2007).

³ *Id.* at 120.

⁴ See generally Sara Mead, *State of the Union Calls for Universal Pre-K*, EDUCATION WEEK (February 12, 2013), http://blogs.edweek.org/edweek/sarameads_policy_notebook/2013/02/state_of_the_union_calls_for_universal_pre-k.html.

“non-system” of preschool funding as an example, it becomes evident that in order to maximize the public’s financial and educational returns from preschool investment, uniform and full funding for universal preschool is warranted. Considering both cost and quality, the optimal funding model is to integrate universal preschool into states’ school funding formulas.

I. Now is the Time to Implement Early Childhood Education

The lives of three and four-year-olds look much different today than they did fifty years ago.⁵ Staying at home with a parent is much less of an option, as the labor force participation rate of mothers of preschool children has increased from 20% in 1960 to 62% in 1995.⁶ In recognition of this, as well as an increasing awareness of the value of preschool, governments at the state and federal levels have increasingly provided early childhood education services.⁷ With this investment has come even more research on the efficacy of preschool throughout a multitude of programs, big and small.

Statistics indicating a large return on investment and educational gains are relatively indicative of preschool programs nationwide.⁸ Additionally, years of rich data analysis has made it possible to determine the most effective program characteristics in order to maximize these gains.⁹ The stage is set to design and implement effective preschool programs. Even the political stars are starting to align for an increase in the rate of preschool expansion, a move that would almost certainly require a large investment in government programs that would normally push away conservatives. Not only does one of the strongest voices for the expansion of preschool come from a Nobel prize-winning professor from the historically arch-conservative University of

⁵ Barnett, *supra* note 2, at 114.

⁶ *Id.*

⁷ *Id.*

⁸ Barnett, *supra* note 1, at 977.

⁹ *See Id.*

Chicago economics department,¹⁰ prominent Republicans are often leading the charge for the expansion of preschool.¹¹ The Republican governors of both Alabama and Michigan have recently proposed large increases in funding for preschool, with the governor of Alabama declaring he is committed to use early childhood education “to change the lives of children in Alabama.”¹² Courts have also taken notice of preschool. New Jersey’s highest court, in *Abbott v. Burke (Abbott V)*, ordered the state to provide preschool to children in certain economically disadvantaged school districts.¹³ Primarily relying on research, the court found strong preschool programs consonant with the whole-school reform it ordered after holding that New Jersey’s education system was not fulfilling its state constitutional mandate to provide an adequate education.¹⁴ Along with *Abbott*, three other state courts have held that, for a state to adequately meet state constitutional mandates to an education, preschool must be provided.¹⁵ Although these trial courts were eventually overturned, these courts’ holdings do seem to indicate the beginning of a trend, and it follows that other state courts will follow the lead of New Jersey in considering preschool inherent in a state right to a quality public education.¹⁶

II. Paying for Pre-K: Challenges and Solutions in Funding Models

a. The Chicago “Non-System”

The preschool landscape in the city of Chicago provides an example of the preschool funding situation in much of the country. In the city of Chicago, parents can select from five

¹⁰ See James J. Heckman, *Schools, Skills, and Synapses 3-5*, Institute for the Study of Labor (IZA) Discussion Paper No. 3515, (2008).

¹¹ See generally E.J. Dionne, Jr., *Early education, a chance for Republicans to be problem solvers*, SEATTLE TIMES (February 18, 2013), http://seattletimes.com/html/opinion/2020369496_dionnecolumnrepsarlyxml.html.

¹² *Id.*

¹³ *Raymond Abbott, et al. v. Burke (Abbott V)*, 153 N.J. 480, 528 (N.J. 1998).

¹⁴ See *Id.*

¹⁵ James E. Ryan, *A Constitutional Right to Preschool?*, 94 CALIFORNIA LAW REVIEW 49, 52 (2006).

¹⁶ *Id.*

different preschool programs.¹⁷ Of these, each family may only be eligible for some of the programs, depending on income.¹⁸ Programs range from federal programs (Head Start and Child-Parent Centers) to state programs (Preschool for All) to grant-funded local programs (Community Partnership Program and Tuition Based Preschool).¹⁹ The requirements for each program vary and depend on the regulations set forth by the funder.²⁰ Nevertheless, Illinois as a whole has made it a priority to set high quality guidelines, and all programs are staffed by teachers possessing a Bachelor's Degree and a state certificate in preschool education.²¹ Additionally, in 2006, the state of Illinois passed Preschool for All, which provides block grants to school districts and private organizations to provide preschool services.²² The program prioritizes low-income students, and provides services for as many students as possible until funds are exhausted.²³ As of 2012, 88% of children in publicly funded preschool qualify for free and reduced lunch;²⁴ thus, it can be inferred that block grants have not been able to cover preschool costs even for middle income families in Chicago. Out of about 71,000 three-and-four-year-olds in Chicago,²⁵ there are spots for 37,000 students, which is being expanded under Mayor Rahm Emanuel's new Ready to Learn initiative to 42,000 slots by the 2015-16 school year.²⁶

¹⁷ CHICAGO PUBLIC SCHOOLS OFFICE OF EARLY CHILDHOOD EDUCATION, *AT A GLANCE* (2012) (hereinafter *At a Glance*).

¹⁸ CHICAGO PUBLIC SCHOOLS OFFICE OF EARLY CHILDHOOD EDUCATION, *HIGH QUALITY PROGRAMS AND INITIATIVES* (2012) (hereinafter *Programs and Initiatives*).

¹⁹ *See generally At a Glance.*

²⁰ *Id.*

²¹ *Programs and Initiatives.*

²² 105 Ill. Comp. Stat. 5/2-3.71 (2010).

²³ ILLINOIS STATE BOARD OF EDUCATION, *PRESCHOOL FOR ALL IMPLEMENTATION MANUAL 8* (2011).

²⁴ *At a Glance.*

²⁵ U.S. CENSUS BUREAU, *SINGLE YEARS OF AGE AND SEX: 2010* (2010).

²⁶ Maudlyne Ihejirika, *Emanuel on early childhood programs: 'I'm tired of studies. Let's get going,* 'CHICAGO SUN-TIMES (August 3, 2012), <http://www.suntimes.com/news/cityhall/14216562-418/rahm-emanuel-on-early-childhood-programs-im-tired-of-studies-lets-get-going.html>.

Education leaders in Illinois, and particularly Chicago, thus must coordinate across multiple federal and state funding sources, each with their own regulations.²⁷ Implementation is made difficult by the fact that these regulations often conflict.²⁸

This is representative of the nationwide preschool situation, as “...it remains the case that ‘preschool and other services for young children are delivered through what is widely recognized as a non-system, with programs operating in separate policy silos.’”²⁹ Thus, a preschool using Title 1 federal funds, along with state Pre-K block grants, in a federally-funded Head Start building would face considerable administrative challenges.³⁰ Especially in large cities, such braiding together of funds is often necessary to keep preschools open.³¹ However, it should be noted that the Ready to Learn program does take steps to augment this problem by collaborating among different government and private agencies. As the program rolls out over the next few years, many working in early childhood education will be closely watching to see how Ready to Learn will affect funding streams and resulting regulation.

b. You Have to Spend Money to Make Money

The dream program, returned to again and again by proponents of expanding access to preschool, is the 1962-1965 Perry Preschool Program. The Perry Program extended early childhood education services to 123 African-American three and four-year-olds born into poverty in Ypsilanti, Michigan.³² The program provided a 2.5 hour daily class session for the young

²⁷ Jason T. Hustedt & W. Steven Barnett, *Financing Early Childhood Education Programs: State, Federal, and Local Issues*, 25 EDUCATIONAL POLICY 167, 177 (2011).

²⁸ *Id.*

²⁹ *Id.*

³⁰ *See Id.*

³¹ *See generally Id.*

³² Lawrence J. Schweinhart, *Benefits, Costs, and Explanation of the High/Scope Perry Preschool Program 3*, Meeting of the Society for Research in Child Development (April 26, 2003).

students as well as a weekly visit by a teacher to the mother and child in their home.³³ The teacher-student ratio was a remarkably low 1:6, and curriculum was designed around the idea that “children are intentional learners, who learn best from activities that they themselves plan, carry out, and review afterwards.”³⁴ In 2001 dollars, the average annual cost of the two-year program was \$8,287 per student.³⁵ However, by 1993, the program *yielded* \$105,324 per student, a benefit-cost ratio of 7.16:1.³⁶ The program provided a spectrum of benefits per student, such as money saved by potential victims of crimes never committed (\$68,584), increased taxes paid from participants having higher incomes (\$10,537), and money saved in participants’ future schools due to the reduced need for special education services (\$7,488).³⁷ However, the Perry School Program was a model program, “run under the watchful eyes and with the active support of scientists and expert program developers.”³⁸ It can be inferred that the program received all of the money that it needed.

Raising funds to adequately fund preschool is often a politically touchy issue, especially in today’s hyper-partisan climate. Funding sources that once seemed secure or steady may not hold up over multiple years’ budgets. Forms of state funding currently in use can be reduced to two categories, dedicated revenue and general revenue.³⁹ Dedicated revenue sources, including tobacco and other sin taxes, lotteries, and gambling taxes, are popular forms of raising revenue for preschool.⁴⁰ Alternatively, a general revenue method places preschool directly in the state

³³ Schweinhart, *supra* note 32, at 3.

³⁴ *Id.*

³⁵ *Id.* at 5.

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.* at 7.

³⁹ Anne W. Mitchell, *Models for Financing State-Supported Prekindergarten Programs*, in *THE PROMISE OF PRE-K* 51, 60-61 (2009).

⁴⁰ *Id.* at 54.

budget.⁴¹ There are advantages and disadvantages to each; however, if preschool is truly a priority, a general revenue method of funding is usually the most secure form.⁴² Dedicated funding sources, although easier to politically maneuver through a legislature, are often declining funding sources.⁴³ For example, when using tobacco and sin taxes to fund preschool, governments will often also fund programs to discourage those very same activities.⁴⁴ Indeed, California, at one point, used the same tobacco sin taxes to fund marketing campaigns against smoking as it did to fund preschool.⁴⁵ Additionally, a form of psychological stasis often sets in with dedicated funding sources that causes them to be “perceived as the only revenue needed to address the programs that they are funding.”⁴⁶ Thus, it is optimal to fund preschool using general revenue dollars.⁴⁷

However, once preschool is in the state budget, money is distributed in one of two ways to preschools. It either passes to school districts or private education centers through block grants or contracts, or, in a minority of states, is integrated into the regular education aid formula.⁴⁸ Whereas both are more conducive to stability than dedicated funding streams, the Chicago funding model is an example of what can happen when block grants are used to fund preschools. Although states have created offices and departments to unify early childhood services,⁴⁹ it stands to reason that if a state is spending additional money simply to coordinate how it is already spending money, the system is not working efficiently.

⁴¹ Mitchell, *supra* note 39, at 52.

⁴² *Id.* at 61.

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.* at 60.

⁴⁷ *See Id.*

⁴⁸ *Id.* at 53.

⁴⁹ *See Id.* at 61.

c. Large-Scale Implementation

Thus, a preschool program, in order to be most effective, must reconcile the need for a research-proven, fully-funded program with the reality of current economic and political conditions. Arguably, no state has expanded—and adequately funded—a program as well as Oklahoma. 71% of Oklahoma four-year-olds attend preschool funded by the state, with another 16% in Head Start or preschool special education programs funded by the federal government.⁵⁰ This is notwithstanding the fact that Oklahoma ranks 45th among the 50 states in median household income⁵¹ and that Oklahoma is a stronghold of conservative politics—the state hasn't voted Democratic in a presidential election since Lyndon B. Johnson.⁵² Oklahoma's program is not only expansive, it is also high quality. Teachers in the Pre-K program have Bachelor's Degrees and are certified specifically in early childhood education.⁵³ They teach in classrooms with low student-teacher ratios that are supplemented by wrap-around social programs.⁵⁴ To ensure success, the entire program is monitored by the state for adherence to program standards.⁵⁵ The program is working. Researchers from Georgetown University, studying the program in Tulsa, have found that students from every socioeconomic group benefitted from the program.⁵⁶ In the Georgetown study, researchers found that the program resulted in a 52% increase in Letter-Word identification, 26% in Spelling, and 17% in Applied Problems.⁵⁷ Whereas teachers at a low-income school in Tulsa used to celebrate when students simply knew

⁵⁰ Hustedt & Barnett, *supra* note 27, at 181.

⁵¹ *Id.* at 182.

⁵² David Leonhardt, *Bridging Gaps Early on in Oklahoma*, N.Y. TIMES (February 7, 2007), <http://www.nytimes.com/2007/02/07/education/07leonhardt.html>.

⁵³ Hustedt & Barnett, *supra* note 27, at 182.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ Leonhardt, *supra* note 52.

⁵⁷ William T. Gormley Jr. et al., *The Effects of Universal Pre-K on Cognitive Development*, 41 DEVELOPMENTAL PSYCHOLOGY 872, 878 (2005).

the alphabet, entire classes of their kindergarteners are now able to write whole sentences.⁵⁸

Oklahoma's early childhood education success firmly speaks to the possibility that a large-scale Pre-K program can be implemented and provide results.

Oklahoma stands out from the vast majority of state preschool programs not only in results and implementation, but in funding. To make its program possible, Oklahoma added Pre-K to the school funding formula in 1990, providing early childhood education only for low-income families.⁵⁹ In 1998, the program was expanded in a bipartisan bill to include all four-year-olds in the state funding formula.⁶⁰ Specifically, Oklahoma's current school funding formula provides a constant, reliable stream of funding subject to a weighting formula that provides more Pre-K money for low-income, bilingual, or special needs students.⁶¹ Thus, schools in Oklahoma do not need to braid together or search for multiple funding sources, only to be bound by the varying requirements of grantors. The program is funded adequately and is statutorily infused with quality controls.⁶² Placing preschool in the state funding formula removes the education of three and four-year-olds from the rough and tumble world of the state budgeting process⁶³ and ensures a place in the budget for such an important societal interest.

Oklahoma's preschool program began in 1980 and has been expanding ever since.⁶⁴ However, the stars aligned in Oklahoma's expansion, as since 1998, Oklahoma's public schools have experienced declining K-12 enrollment.⁶⁵ This opened more room in public schools for

⁵⁸ Leonhardt, *supra* note 52.

⁵⁹ Hustedt & Barnett, *supra* note 27, at 181.

⁶⁰ *Id.*

⁶¹ *Id.* at 182.

⁶² Gormley, *supra* note 57, at 874.

⁶³ See generally Hustedt & Barnett, *supra* note 27, at 185 (explaining the current situation in New York, where, despite promises to do fund preschool for all children, funding is continuously pushed back as political leaders and priorities shift from year to year).

⁶⁴ *Id.* at 181.

⁶⁵ *Id.*

preschoolers,⁶⁶ an advantage that few states have. Thus, in most places across the country, private providers of preschool have played a vital role in expanding access to preschool.⁶⁷ However, providing funding to private providers does have its challenges, as private providers are often viewed as lower quality by parents, there are pay disparities between teachers of public and private preschools, and uneven regulation between public and private preschools can result in lower educational outcomes.⁶⁸ These can be overcome. Quality can be equalized across the system by maintaining the same educational standards in both public and private preschools.⁶⁹ Compensation should be the same for preschool teachers in both public and private settings so that experienced teachers don't leave private schools for public ones.⁷⁰ Lastly, the state must adequately fund private and public preschools so these policies can be implemented.⁷¹ New York and New Jersey act as models for public-private partnerships, and in each state, more than 50% of preschoolers attend privately run facilities.⁷² Additionally, New Jersey mandates that all preschools meet the same rigorous standards regardless if they are private or public.⁷³ Not only do private-public partnerships allow for quick expansion of preschool, in many instances, the state can benefit by funding private providers already experienced in providing preschool.⁷⁴

⁶⁶ Hustedt & Barnett, *supra* note 27, at 181.

⁶⁷ Jason T. Hustedt and W. Steven Barnett, *Private Providers in State Pre-K: Vital Partners*, *YOUNG CHILDREN*, November 2011, at 42, 42.

⁶⁸ *Id.* at 43.

⁶⁹ Hustedt & Barnett, *supra* note 67, at 48.

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.* at 46.

⁷³ *Id.*

⁷⁴ *See Id.* at 48 (where a successful private-public partnership in New York City, University Settlement, allowed the state to capitalize on a non-profit's already-developed expertise in child care).

III. Conclusions: A Pre-K System that Maximizes the Public's Investment

Implementing preschool has never been a more popular subject in state legislatures. Enrollment of four-year-olds in state-funded preschool has risen from 17% in 2005 to 25% in 2009.⁷⁵ Just between 2008 and 2009, enrollment increased 81,593, and now over one million four-year-olds have access to public and free preschool.⁷⁶ To boot, this large, single-year increase was made in the middle of a recession. These numbers manifest the fact that the political will does exist to further expand access to preschool. States that have taken the lead, such as Oklahoma, demonstrate that preschool can be expanded quickly while maintaining quality.⁷⁷ The stage is set for expansion of preschool across the country.

Combing the experience of states and research, the ideal funding model for statewide, universal preschool employs a consistent, secure, and uniform funding system while maintaining high quality standards. The school funding formula, the framework of which already exists in all states, provides the most efficient and reliable vehicle for distributing funding in this way. Additionally, using the school funding formula does not preclude the use of private facilities to quickly expand access to preschool.⁷⁸ States such as New York and New Jersey have demonstrated that private providers can play an integral part in expanding access to quality preschool programs.⁷⁹ It is true that public school culture is strong, and by using the school funding formula to distribute funding, the use of private-public partnerships may find resistance in a community not accustomed to contracting out educational services.⁸⁰ Hopefully, concerns about private providers receiving public dollars will be outweighed by the need for quick

⁷⁵ W. Stephen Barnett et al, THE STATE OF PRESCHOOL 2009: STATE PRESCHOOL YEARBOOK 4 (2009).

⁷⁶ *Id.*

⁷⁷ See Hustedt, *supra* note 27, at 182.

⁷⁸ See generally Hustedt and Barnett, *supra* note 67, at 42.

⁷⁹ See *Id.* at 46.

⁸⁰ Mitchell, *supra* note 39, at 61.

expansion and the successes other states have experienced by making these partnerships. Additionally, private partnerships in preschool are easily differentiated from privatization efforts in K-12 education, as there is little to no infrastructure already in existence for universal preschool. Private providers aren't replacing public providers; they are simply working alongside them.

The benefits that preschool provide are undeniable. It isn't very often that politicians come across public programs that almost universally benefit communities, all the while paying for themselves many times over. States need to find consistent, secure funding sources for preschool, and nothing does this better than adding preschool to state funding formulas.