

How Sound an Investment? An Analysis of Federal Prekindergarten Proposals

By Robert Holland and Don Soifer



March 2008

Executive Summary

The question of increasing the federal government's investment in early childhood education and development programs has begun to factor prominently into recent public discussions of educational priorities. Proponents of such plans are quick to point to research findings bolstering their positions, and their support appears to have gained momentum.

This report analyzes several leading federal prekindergarten proposals, discussing plan details and rationales as well as insights by a range of prominent researchers. Among the topics discussed include:

- To what extent would the benefits of providing universal pre-K to children from middle- and upper-class families justify the costs?
- What evidence exists of possible negative behavioral effects that may outlast academic gains in pre-K programs?
- Is there a consensus among researchers linking specific teacher credentialing requirements with overall classroom quality?

Details follow.

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Support for universal prekindergarten schooling has been gaining momentum around the United States for several years, and proposals for federal programs are receiving broader consideration by policymakers.

The leading candidates for the Democratic Presidential nomination advocate what is called, in shorthand, universal pre-K. Several current plans discussed in this report, including some Congressional proposals, would dictate a major role for the federal government in spreading universal pre-K to all states. This movement has backers among both major big-business and education organizations, as well as both Democratic and Republican leaders in some states.

Advocates contend that subsidizing preschool for all will have seemingly boundless social and economic benefits, and nearly all of the plans cite research describing a sizeable return on investment for these programs. Let's begin with a look at how some chief proponents describe such a return on federal tax dollars expended.

What Proponents Say About the Benefits of Universal Pre-K

The National Education Association

The official position of the nation's largest teacher union is that, "all three- and four-year-old children should have access to high-quality, publicly funded, universal prekindergarten programs," and "states should mandate full-day kindergarten attendance for every five-year-old child."¹

The National Education Association's (NEA) position disregards the private sector, which currently provides more than 80 percent of early childhood education and day care services, according to an analysis by Marketdata Enterprises.² The NEA's leadership essentially seeks the addition of all 3-, 4-, and 5-year-olds to the existing public-school system.

The NEA states as fact several potential benefits from universal, government-funded and -operated pre-K: "Children who attend good prekindergarten programs are better prepared for kindergarten, have better language and math skills, better cognitive and social skills, and better relationships with classmates. Children who attend prekindergarten are less likely to drop out of school, repeat grades, need special education, or, at an older age, get in trouble with the law."

The NEA contended that such findings "hold true for all children," though disadvantaged children tend to benefit even more than those who come from more privileged backgrounds.

Interestingly, the NEA argues that while full-day kindergarten for 5-year-olds "should be mandated in every public school in this country," pre-K for 3- and 4-year-olds merely should be available to all in government schools, with enrollment remaining optional. A 2006 proposal by the NEA would have raised the compulsory school attendance age to 21 for those who have not earned a high school diploma or equivalent. Extending mandatory public schooling would, of course, mean a windfall for the teacher union in terms of new members paying mandatory dues.

The Joint Economic Committee

Congress is currently considering several plans (see analysis below) that would make the federal government a major player in advancing universal pre-K on a "voluntary" basis. Accordingly, the Joint Economic Committee chaired by Senator Charles Schumer in 2007 issued an Economic Fact Sheet that claimed numerous economic benefits that would flow from government funding of preschool. It stated:

1. National Education Association, "NEA on Prekindergarten and Kindergarten," Washington, D.C., June 2004. Available at <http://www.nea.org/presscenter/prek040910.html>

2. "Child Care Services, Nanny & Au Pair Agencies: An Industry Analysis," Marketdata Enterprises, Inc. (a Tampa, FL, a market research/consulting firm), October 2005.

Children who participate in high-quality preschools are more likely than their peers to graduate from high school and enroll in college. In addition, they are less likely to be in special education classes, become pregnant, engage in criminal activity as teenagers, or pursue other risky behaviors like smoking. The improved outcomes extend into adulthood, with higher earnings and employment rates, lower crime rates, and less reliance on public assistance compared with their peers.

The panel cited one program – High/Scope Perry Preschool – as the authority for those assertions. “A broader program would have smaller effects,” it conceded, “but would still have a significant positive impact on children’s outcomes.”³

The Committee also linked preschool to the long-term economic health of the nation, contending that early childhood education leads eventually to a more productive workforce. It cited one study contending that one effect of universal preschool would be a 3.5 percent increase in gross domestic product by 2080.

Democratic Presidential Candidates

Senator **Hillary Rodham Clinton**, long an advocate of universal pre-K, unveiled her campaign proposal on May 21, 2007, a day before the Joint Economic Committee’s release of its Fact Sheet. In her speech and campaign materials, she drew heavily on the work of Nobel Prize-winning economist **James J. Heckman** of the University of Chicago to support the idea of broad societal benefits. According to one Heckman study, she said, “you can close half the gaps in testing between African-Americans and white students that shows up at the end of high school if you have preschool. You can also begin to deal with a lot of behavior problems that kids come into school with; these early years do not preordain a child’s life.”⁴

Clinton also claimed that spending billions of federal tax dollars on universal pre-K would yield a return far exceeding that investment. The Senator cited a study by the Federal Reserve Bank of Minneapolis claiming an annual rate of return of between 7 percent and 16 percent.⁵ “In other words,” she said, “you put in a dollar in early childhood, you are going to get at least seven dollars back. And imagine if you could buy a stock with that kind of return.”

The Clinton plan calls for an initial federal expenditure of \$5 billion for states to start programs, with that amount rising to \$10 billion after the first five years. States would have to match the federal appropriation dollar for dollar in order to participate.

3. The Joint Economic Committee, “The Economic Benefits of Investing in High-Quality Preschool Education,” Washington, D.C., May 22, 2007. Available at <http://jec.Senate.gov/Documents/Reports/05.22.07PreschoolEducation.pdf>

4. “Hillary Clinton’s Plan for Universal PreKindergarten,” Speech, May 21, 2007. Available at www.hillaryclinton.com/news/speech/view/?id=3893

5. Rob Grunewald and Art Rolnick, “Early Childhood Development on a Large Scale,” Federal Reserve Bank of Minneapolis, June 2005. Available at <http://www.minneapolisfed.org/pubs/region/05-06/ecd.cfm>

Senator **Barack Obama** has endorsed a plan that, at least conceptually, is even more far-reaching than Clinton's: something he calls a comprehensive "Zero to Five" strategy. This is what his campaign says on its website:

Investing in early childhood education during the infant and toddler years is particularly critical. Though parents remain the first teachers for our children, an increasing number of infants and toddlers spend significant parts of their day with caretakers other than their parents. In addition to ensuring that child care is accessible and affordable, we must do more to ensure that it is high quality and provides the early experiences our children need.

This is how the Obama campaign asserts benefits to society:

Research shows that early experiences shape whether a child's brain develops strong skills for future learning, behavior, and success. Without a strong base on which to build, children, particularly disadvantaged children, will be behind long before they reach kindergarten. Investing in early learning also makes economic sense. For every one dollar invested in high quality, comprehensive programs supporting children and families from birth, there is a \$7-\$10 return to society in decreased need for special education services, higher graduation and employment rates, less crime, less use of the public welfare system, and better health.⁶

The Obama plan calls for a total federal expenditure of \$10 billion a year, of which an unspecified amount would go to help fund states' "Zero to Five" programs. One objective would be to "work to ensure all children have access to preschool."

As did Clinton's plan, Obama's prominently cites economist James Heckman showing that spending on early childhood "raises productivity of society as a whole."

Former Senator **John Edwards** (who withdrew from the race January 30, 2008) ran on a stated belief that "quality preschool education should be as common as kindergarten." He aspired to leading the way toward universal preschool, "starting with the children who need the help most." As for benefits, Edwards seemed to stress helping the children of poverty more than do the other Democratic candidates:

Half of the achievement gap between children from poor families and their more fortunate peers exists before they start school. Quality preschools compensate for the learning opportunities some children miss at home, reducing remedial education, welfare, and crime. Its benefits are strongly supported by academic research and the experience of universal pre-K programs in Georgia and Oklahoma. Children from poor families

6. "Barack Obama's Plan for Lifetime Success Through Education," BarackObama.com. Available at http://obama.3cdn.net/a8dfc36246b3dcc3cb_1em6bpxpgh.pdf

benefit most from high-quality preschool, but less than half of poor children attend preschool compared to two-thirds of other children.⁷

Called “Great Promise,” Edwards’ plan would give grants of an unspecified amount to states to help them offer universal pre-K; however, it states that “the federal commitment will begin in low-income neighborhoods where schools are struggling and expand to serve more communities over time.”

Republican Presidential Candidates

None of the major candidates for the Republican Presidential nomination included universal pre-K among their education proposals. They all advocated parental choice in one form or another.

The front-runner, Senator **John McCain** of Arizona, vowed that he “will place parents and children at the center of the education process, empowering parents by greatly expanding the ability of parents to choose among schools for their children.” He added his belief that “all federal financial support must be predicated on providing parents the ability to move their children, and the dollars associated with them, from failing schools.”⁸

The former Governor of Massachusetts, **Mitt Romney**, said (before suspending his presidential campaign and then endorsing McCain on February 14, 2008) that “competition and choice in educational opportunities – whether it comes from private schools, charter schools, or home schooling – makes traditional public schools better and improves the quality of education for all of America’s kids.” He also supported a federal tax credit for parents who home-school their children.⁹ As Governor, Romney vetoed a bill in 2006 that would have required the state to provide pre-K for all children aged 2-4 at an estimated annual cost of \$1 billion.¹⁰

Mike Huckabee, former Governor of Arkansas, has said he strongly supports the right of parents to home-school their children, the creation of more charter schools, and public-school choice.¹¹

7. “Edwards Announces Bold Education Agenda to Restore the Promise of America’s Schools,” September 21, 2007. Available at <http://www.johnedwards.com/issues/education/20070921-education-agenda/>

8. JohnMcCain.com, <http://www.johnmccain.com/Informing/Issues/19ce50b5-daa8-4795-b92d-92bd0d985bca.htm>

9. MittRomney.com, <http://www.mittromney.com/Issues/education>

10. “Romney Vetoes Universal Prekindergarten in State,” The Associated Press, *Boston Globe*, Aug. 5, 2006. Available at http://www.boston.com/news/education/k_12/articles/2006/08/05/romney_vetoes_universal_prekindergarten_in_state/

11. MikeHuckabee.com, http://www.mikehuckabee.com/?FuseAction=Issues.View&Issue_id=7

Adopting a Cost-Benefit Approach

While universal pre-K plans differ somewhat in details, they all tout benefits for all children, while few suggest any mixed or adverse effects, or acknowledge those found in current research. An informed discussion of public policy should include that side as well. What follows are some points worthy of consideration.

By the spring of first grade, the academic effects have “largely dissipated,” while “the negative effects on classroom behavior persist and actually have increased in size...”

The Persistence of Negative Behavioral Effects

A 2004 study by Katherine A. Magnuson of the University of Wisconsin/Madison, and her colleagues explored the question, “Does Prekindergarten Improve School Preparation and Performance?” Drawing on a wealth of data from the Early Childhood Longitudinal Study, they found that pre-K “boosts children’s reading and math scores at school entry, but also increases classroom misbehavior.”

By the spring of first grade, the academic effects have “largely dissipated,” while “the negative effects on classroom behavior persist and actually have increased in size...” On a positive note, the study did find “larger and longer-lasting academic gains” for disadvantaged children.¹²

The researchers measured children’s classroom behavior by looking at teachers’ reports of kids’ aggressive behavior – *i.e.*, “how frequently the child fights, argues, gets angry, acts impulsively, or disturbs ongoing activities.” Self-control was gauged by “how frequently the child respects the property of others, controls [his or her] temper, accepts peer ideas for group activities, and appropriately responds to peer pressure.”

This study did find that “behavior problems were not apparent among children attending prekindergarten in the same school as kindergarten (or among private school children attending preschool), suggesting that such adverse impacts are not a necessary consequence of attending prekindergarten or other early education.” However, the researchers said there needs to be further exploration: “We need to learn more about what happens inside the ‘black box’ of pre-kindergarten.”

Among the findings with potential relevance for the universal pre-K debate was this: “The initial benefits of prekindergarten and preschool on reading and math scores are particularly large for disadvantaged children, and they exhibit greater persistence than for the full sample. The adverse effects on behavior are not immediately larger for

12. Katherine A. Magnuson, Christopher Ruhm, and Jane Waldfogel, “Does Prekindergarten Improve School Preparation and Performance?”, National Bureau of Economic Research, Working Paper No. 10452, April 2004. Available at <http://www.nber.org/papers/w10452>

disadvantaged children but are again longer lasting.”¹³

The possible negative behavioral effects of government pre-K programs drew attention in the national media in 2005 when the Yale Child Study Center released a study by Walter S. Gilliam entitled “Prekindergarteners Left Behind: Expulsion Rates in State Prekindergarten Systems.” In summary, it found that the expulsion rate for kids in prekindergarten was more than 3 times higher than the rate for K-12 students. Boys were four times likelier than girls to be expelled from pre-K, while African-Americans were twice as likely as whites to be asked to pack up their crayons and go home.¹⁴

No consistent link between education credentialing and “classroom quality or other academic gains for children.”

The study did not delve into the reasons, and it concluded the likelihood of expulsion decreases significantly when classrooms have ready access to mental health professionals. However, the data raise reasonable questions as to whether universal pre-K designed to jump-start academic success puts excessive pressure on very young children.

After release of the Yale study, *The New York Times* ran an article provocatively headlined, “Maybe Preschool Is the Problem.”¹⁵ It quoted, among other authorities, psychologist and child development consultant Adele Brodtkin, who observed that “the notion of standards [is] coming down almost to the embryo. We are not allowing normal, creative, interactive play. We are wanting kids to sit down and write their names at 3 and do rote tasks that are extremely boring at a young age.” Such pressure on very young children can lead to frustration and bad behavior, Dr. Brodtkin said.

Dr. Gilliam has followed up with a new study recommending that instead of expelling pre-K children, educators work harder to find solutions.¹⁶ Among those that he advocates: reduction of class sizes, giving teachers ready access to mental-health professionals for advice, and providing teachers regular breaks throughout the day. As meritorious as those ideas might be, they raise the question of how much additional price tag the taxpayers would be asked to bear for universal pre-K.

The Question of Credentials

Several current proposals for federal pre-K programs require that all pre-K teachers be required to have a bachelor’s degree in early childhood education. However, a 2006 study

13. *Ibid.*

14. Walter S. Gilliam, “Prekindergarteners Left Behind: Expulsion Rates in State Prekindergarten Systems,” Yale University Child Study Center, May 4, 2005. Available at http://www.fcd-us.org/resources/resources_show.htm?doc_id=464280

15. Jennifer Steinhauer, “Maybe Preschool Is the Problem,” *The New York Times*, May 22, 2005.

16. Walter S. Gilliam, “Implementing Policies to Reduce the Likelihood of Preschool Expulsion,” Foundation for Child Development, January 2008. Available at http://www.fcd-us.org/resources/resources_show.htm?doc_id=636702

drawing on extensive data from the National Center for Early Development and Learning's in-depth analysis of six states with well-established state-funded pre-K programs found no consistent link between education credentialing and "classroom quality or other academic gains for children."¹⁷

*"It is foolish to try to substitute for what the middle-class and upper-middle-class parents are already doing."
- Dr. James Heckman*

Their finding of no link between teachers' degrees/credentials and quality of pre-K classrooms contradicted much of previous early-childhood research, the scholars acknowledged. They said one possible explanation is that the pre-K programs in these states paid well enough, in comparison to regular child-care jobs, that they drew the best and brightest teachers who had less than a bachelor's degree (for example, an associate's degree).

But they also noted that the findings were consistent with studies by the National Council on Teacher Quality and others indicating that teacher credentials in early elementary grades likewise are "largely unrelated" to classroom quality.

Their bottom line: "As in elementary schools, these findings indicate that a bachelor's degree for every teacher may not be sufficient for ensuring high-quality in every classroom."¹⁸

Another significant study in 2007 found, among other things, that quality parenting more strongly affects child development for the good than does early child-care experience. The study looked at the effects of early child care on individuals' functioning from age 4 ½ through the sixth grade. It pointed out the potential for interventions to improve the quality of parenting instead of just focusing on what happens in child-care centers.¹⁹

While parenting was the strongest and most consistent predictor of a child's success, the study did find that high-quality pre-K resulted in higher vocabulary scores. However, extensive exposure to center care yielded more teacher-reported bad behavior. The study reported this about parenting quality:

In marked contrast to the child-care effects just described, parenting quality significantly predicted all the developmental outcomes and

17. Diane M. Early, Donna M. Bryant, Robert C. Pianta, Richard M. Clifford, Margaret R. Burchinal, Sharon Ritchie, Carollee Howes, and Oscar Barbar, "Are Teachers' Education, Major, and Credentials Related to Classroom Quality and Children's Academic Gains in PreKindergarten?," *Early Childhood Research Quarterly* 21 (2006). Available at <http://linkinghub.elsevier.com/retrieve/pii/S0885200606000226>

18. *Ibid.*

19. Jay Belsky, Deborah Lowe Vandell, Margaret Burchinal, K. Alison Clarke-Stewart, Kathleen McCartney, Margaret Tresch Owen, and the NICHD Early Child Care Research Network, "Are There Long-Term Effects of Early Child Care?" *Child Development*, March/April 2007. Available at <http://www.blackwell-synergy.com/doi/abs/10.1111/j.1467-8624.2007.01021.x?cookieSet=1&journalCode=cdev>

much more strongly than did any of the child-care predictors. Higher levels of parenting quality . . . predicted greater tested reading, math, and vocabulary achievement in fifth grade and lower levels of teacher-rated externalizing problems and conflict and higher levels of social skills, social-emotional functioning, and work habits in sixth grade. The magnitude of parenting effects on math and vocabulary achievement weakened over time, as revealed by a significant interaction with age, but nevertheless remained significant even at the final time of measurement.

The Heckman Perspective

Nearly all recent proponents of universal pre-K cite the work of Nobel-Prize-winning economist James Heckman as bolstering their case. It would therefore be a good idea for policymakers to take a closer look at his body of work. Dr. Heckman indeed has done seminal work on the value of early intervention to help children from underprivileged backgrounds. In a paper funded by the Committee for Economic Development and presented in January 2006, Heckman presented a strong case that aiding children from disadvantaged backgrounds is an “economically efficient policy.”²⁰

It does not follow, however, that his work makes the case for universal pre-K – that is, subsidizing preschool not just for the poor and at-risk but for middle- and even upper-income families as well.

In a June 2005 interview published by the Federal Reserve Bank of Minneapolis, Heckman was asked, point-blank: “Should public funding go for universal early childhood programs, or should funding be targeted for at-risk children?”

Heckman did not equivocate. In the course of his answer, he said, “It is foolish to try to substitute for what the middle-class and upper-middle-class parents are already doing.”²¹

20. James J. Heckman, “Investing in Disadvantaged Young Children is an Economically Efficient Policy,” Presentation at Committee for Economic Development Forum on “Building the Economic Case for Investment in Preschool,” New York, January 20, 2006. Available at http://www.ced.org/docs/report/report_2006prek_heckman.pdf

21. “Interview with James J. Heckman,” Federal Reserve Bank of Minneapolis, June 2005. Available at <http://minneapolisfed.org/pubs/region/05-06/heckman.cfm>. In the interest of not taking what he said out of context, here is his full answer:

“There’s been a lot of discussion about this point. I think the evidence is very strong that family background is a major predictor of future behavior of children. So a disproportionate number of problem kids come from disadvantaged families. The simple economics of intervention therefore suggests that society should focus its investment where it’s likely to have very high returns. Right now, that is the disadvantaged population.

“Unfortunately, in discussions of early childhood interventions, people often bundle political issues with economic issues. Part of the appeal of universal early childhood intervention is that it provides universal day care, so some groups favor universal early childhood education because it effectively subsidizes women’s working. But bundling in this way also creates an opposition group saying, ‘Why should we subsidize affluent working women?’ I’m not going to get into that debate. But I do think the issues of support for working women and early childhood development need to be separated analytically.

“Functioning middle-class homes are producing healthy, productive kids. We don’t measure their output very well in the national income and product accounts, but it’s very well documented that professional working women spend an enormous amount of time after work in child development.

So even though the political proponents of universal pre-K almost always cite Heckman as their authoritative source, Heckman himself clearly believes in targeting the disadvantaged for the assistance. Advocates may calculate that the universal approach would have greater popular appeal, given that it would provide day care for well-to-do families in which mothers are working. However, the cost would be enormous while government day care would provide little benefit not already realized through the private sector.

Finally, a word is in order regarding the frequent claims of advocates that universal pre-K would provide taxpayers a return of \$7 (or more) on the dollar. They contend that such a return would result from long-term reductions in crime and welfare dependence, increases in earning and commitment to marriage, and other positive characteristics of preschool “graduates.”

One long-term study – the **High/Scope Perry Preschool Project** – provides a prime basis for assertions of enormous social and economic benefits of pre-K.

It is true that this experiment that began in the 1960s has been impressively followed up, most recently with a look at where the 3- and 4-year-olds of yesteryear and a control group now stand in life at age 40. However, it is important to note that there were only 58 preschoolers in the experimental group (and 123 in all, including the control group), and all were not only disadvantaged but deemed at risk for “retarded intellectual functioning and eventual school failure.”²² They received one or two years of half-day preschool and home visitations.

This was certainly not a large or representative group, not even of the disadvantaged populations, and it is a real stretch to generalize results into a rationale for pouring billions of dollars into public pre-K for all, including the children of affluent families. As Reason Foundation scholars Darcy Olsen and Lisa Snell noted in a 2006 study, it is possible that the home visitation component was responsible for the positive results, rather than the short stints in preschool care.²³ That would be consistent with the previously cited study showing that the quality of parenting is the most powerful influence on a child’s development.²⁴

“It is foolish to try to substitute for what the middle-class and upper-middle-class parents are already doing.

“I think that the evidence suggests that we can target pretty well, and we can certainly deal with the major problems, by starting first with children from disadvantaged families. As an economist, I would argue, go where the returns are highest. At some point, diminishing returns will set in, and you might want to fund early childhood education for other groups. Right now, there’s plenty of room for intervention in disadvantaged families.

“Now you say, Do I have really hard evidence on this? The answer is *no*. Do we need it? *Yes*. Am I trying to develop it? *Yes*. And it’s a tough but not impossible empirical problem. And I think I can pull it off by putting together different data sources on different types of interventions with children of different degrees of disadvantage to see which inputs are truly effective, which interventions are effective and which are not.”

22. “The High/Scope Perry Preschool Study Through Age 40,” High/Scope Educational Research Foundation. Available at <http://www.highscope.org/Content.asp?ContentId=219>

23. Darcy Olsen and Lisa Snell, “Assessing Proposals for Preschool and Kindergarten: Essential Information for Parents, Taxpayers, and Policymakers,” Reason Foundation, May 2006. Available at http://www.reason.org/ps344_universalpreschool.pdf

24. Belsky, *op. cit.*

In December 2006, Virginia Governor Timothy Kaine's Start Strong Council lauded the impacts achieved by two states with long-established programs – Georgia and Oklahoma. (Kaine subsequently scaled down his proposal to one targeting expanded aid to disadvantaged children only.) The Council in its initial report even compared Oklahoma's positive results to those achieved in the Perry Preschool project.²⁵ However, the Reason analysts closely examined state scores on the National Assessment of Educational Progress (NAEP), the "nation's report card," and found a quite different picture.²⁶

Given that both states' pre-K systems have been in place for more than a decade, one would expect that they would have produced significant gains in elementary-school academic outcomes. To the contrary, reported Olsen and Snell:

In a recent analysis of the 10 best and worst state performers, based on the percentage point change in fourth-grade reading tests between 1992 and 2005 on NAEP, both Georgia and Oklahoma were in the bottom 10 performers. In fact, Oklahoma was the worst performer of all states in terms of fourth-grade reading between 1992 and 2005, actually losing 4 percentage points.

Certainly before accepting the premise that government-funded preschool is going to produce a "Great Society," policymakers should carefully and objectively analyze *all* available evidence.

A Choice-Based Alternative

Given the reality that the vast majority of early childhood care and education is provided in the private sector, creating a universal, government-funded system of pre-K that supplants such market-oriented solutions seems dubious, at best. On grounds of cost-efficiency and consumer choice, it makes far more sense for states interested in expanding access to pre-K to leverage the resources of the private sector. In many states, there are empty desks and classrooms in private facilities. Why not seek to fill them instead of allowing tax dollars to fund expensive new construction programs?

One size does not fit all in child care. In some families, one parent prefers to stay at home to care for toddlers. In some, both parents work and there is a need to find quality care. However, working hours may differ – day, night, or swing shifts – and so flexibility is at a premium. The schedules of older siblings may also have to be factored in the equation.

For a lot of reasons, including individual family needs, it makes sense to emphasize parental choice in early care and education. Much more choice currently exists in pre-K than in K-12 education. Parents may choose full-day or part-day arrangements. They can choose among providers that are non-profit, for-profit, religious, secular, home-based, center-based, or school-based. Government mandated universal pre-K in public-school systems would subtract from the range of options available to families.

25. Initial Report of the Start Strong Council, Office of Virginia Gov. Timothy Kaine. December 6, 2006. Available at <http://www.education.virginia.gov/Initiatives/EarlyChildhood/StartStrong/StartStrong-InitialReport.pdf>

26. Olsen and Snell, *op. cit.*

As researchers for the Minneapolis Federal Reserve observed, “A market-oriented approach would directly involve the parents with their children’s education; research shows this is vital.”²⁷

Private providers could be given incentives to participate in quality ratings, which could be given as part of an online profile. The availability of this knowledge could help parents make informed choices.

Given the body of evidence showing that subsidized pre-K can help disadvantaged children who lack access to quality care, a sensible approach would be to help their parents have the range of choices that more privileged families enjoy. A publicly funded pre-K voucher (scholarship) program could help accomplish that, in lieu of universal pre-K.

Again, though he is frequently cited by proponents of universal pre-K, Chicago economist James Heckman is on record regarding the advantages of vouchers. He had this to say in a major presentation on investing in disadvantaged children:

“Vouchers for use in privately run programs might allay the concerns of many parents who want to determine the values held by their children and yet who want to enrich their children’s early cognitive and noncognitive stimulation.”
- Dr. James Heckman

Children from advantaged environments by and large receive substantial early investment. Children from disadvantaged environments more often do not. There is a strong case for public support for funding interventions in early childhood for disadvantaged children although the interventions do not have to be conducted in public centers. Vouchers for use in privately run programs might allay the concerns of many parents who want to determine the values held by their children and yet who want to enrich their children’s early cognitive and noncognitive stimulation.²⁸

Precedents exist for a state-level voucher approach to expanding access to preschooling. Indeed, researchers at the National Center for the Study of Privatization in Education, located at Teachers College, Columbia University, have noted that Georgia’s universal pre-K program “is voucher-like in that parents may choose among public or private providers in any district, but the state pays providers directly rather than issuing entitlements to parents.” Furthermore, they found that even with its high degree of regulation, Georgia’s use of the marketplace “generates more differentiated alternatives and greater freedom of choice than strictly government provision of pre-school services.” The report concluded, “The available evidence on productive efficiency when comparing the results of the Georgia pre-K marketplace with the government-run Head Start centers suggests that Georgia pre-K model has lower costs and educational results that are equal

27. Grunewald and Rolnick, *op. cit.*

28. Heckman, “Investing in Disadvantaged Young Children”, *op. cit.*

or superior. . .”²⁹ While the impact of Georgia as a universal program may be in doubt, it could offer one model for a more modest, targeted approach.

New Jersey has a targeted pre-K voucher program to help needy children in its low-income urban districts. This approach came about as a result of a series of state Supreme Court decisions mandating equitable school funding. The state did not have the space or teachers available in its public schools to carry out the order, so it included private preschools in the range of publicly funded choices parents could have. About 70 percent of participating preschools are privately operated.

Tom Moran, a staff writer for *The Star-Ledger* newspaper in Newark, recently reported the results of the first decade of pre-K vouchers as follows: “. . . The first wave of these kids has reached grammar school, and they are showing markedly higher scores on their reading and math tests. Fewer are landing in expensive special education programs. And teachers say these students tend to be better behaved.”³⁰

Indeed, as Stephen Goldsmith and Nina Shokraii Rees noted in a 2007 analysis, the federal government already furnishes aid that enables every state to provide struggling families with what amounts to vouchers that they can redeem for early childhood education services from the private or public provider of their choice. Providers may be for-profit, non-profit, faith-based, community-based, or in public-school systems. “According to data from the Child Care and Census Bureaus,” they wrote,

in 2005, approximately 4 percent of all families with children age 12 and under benefited from \$9 billion in vouchers through the Child Care and Development Fund and \$3 billion in subsidies provided by the federal Temporary Aid to Needy Families program. The federal government also awarded almost \$7 billion in grants annually to the 2,700 public and private Head Start programs across the country, which offer one million low-income children and their families education, health, and nutrition services. Middle-class parents received \$3 billion in tax credits through the Child and Dependent Care Tax Credit provision.³¹

At the state level, another alternative to the government stepping in and running one-size-fits-all pre-K is a tax credit program to raise scholarship money for needy families. In 2003, Pennsylvania adopted a corporate tax incentive to start just such a program. The pre-K plan awards a corporation a 100 percent tax credit for its first \$10,000 in contributions to a non-profit scholarship-awarding organization and up to a 90 percent credit for additional

29. Henry M. Levin and Heather L. Schwartz, “Educational Vouchers for Universal Pre-Schools,” *Economics of Education Review*, Elsevier, February 1, 2007. Available at <http://www.amazon.com/Educational-vouchers-universal-pre-schools-Economics/dp/B000PDSIQU>

30. Tom Moran, “New Jersey Preschool Vouchers Show Value of Public-Private Choice,” *The Star-Ledger* (Newark, N.J.), reprinted in *School Reform News*, February 2008. Available at <http://www.heartland.org/Article.cfm?artId=22697>

31. Stephen Goldsmith and Nina Shokraii Rees, “Pre-K 101,” *Education Next*, Hoover Institution, Summer 2007. Available at <http://www.hoover.org/publications/ednext/7559112.html>

contributions up to \$100,000. In the first three years, the program generated more than \$12 million in pre-K scholarships.

A national, universal government-run preschool/day care could easily cost tens of billions of tax dollars annually, drive many private child-care providers out of business, drastically decrease options for parents, and, ultimately, likely impair the social development of many children. Turning all 4-year-olds and possibly even 3-year-olds over to the public-school system would be good news for teacher unions and school bureaucracies, adding to their ranks, budgets, and power. But research has demonstrated that returns on such an investment, while widely discussed, may be substantially overstated.

Policymakers ought to look to ways to build on the strengths of the existing diverse system by ensuring that disadvantaged families have the same range of viable options that more fortunate families enjoy.

Appendix: Summary of Major Congressional Proposals

Providing Resources Early for Kids (Pre-K) Act

HR 3289, Representative Mazie Hirono

Overview

This proposal authorizes \$1 billion per year to enhance state-funded preschool programs, administered by the U.S. Secretary of Education. It sets up two tiers of states – qualified and selected states – with different program and funding requirements. Selected states must meet certain requirements, and must have a plan to meet the remaining ones and to become qualified states within two years.

Who can enroll?

Funds can be used for preschool programs for children from birth through age 5. Up to 10 percent of funds can be set aside for programs for children aged 3 or younger.

Program Requirements

States must prioritize “children from low-income families,” and follow nationally-established best practices for group size and teacher-to-student ratios, appropriate to the ages being served.

States must carry out state-funded preschool programs that are developmentally appropriate and include language development, literacy, mathematics, science, creative arts, social and emotional development, approaches to learning, physical and health development.

Funding

Each state receives base funding allotment based on number of children up to age 5 from families with incomes below the poverty line. Federal funding must be matched by nonfederal funds, and depending on state status in the two-tier structure, nonfederal funds must meet minimum requirements.

States must also ensure that funds under this title support equal or greater per-child expenditures to the previous year, and that these funds must supplement, not supplant, current government funding.

It also requires that 2.5 percent of funds be set aside for grants to Indian tribes and tribal organizations.

Teacher Requirements

States must require that each teacher hold an associate degree, or higher, in early childhood education or a related field, and must have a plan for moving toward a requirement for state-funded preschool programs that each teacher hold a baccalaureate degree in early secondary education within 5 years after the state first receives a grant under this section.

Allowable Uses of Funds

- ✦ Increase the number of teachers in state-funded preschool programs who hold a baccalaureate degree in early childhood education, or in a related field if specialized training in early childhood education has already been completed.
- ✦ Increase the number of teacher aides who hold an associate degree in early childhood education.
- ✦ Increase the compensation or benefits provided to teacher, program directors and teacher aides.
- ✦ Decrease group size in classrooms and improve student-to-teacher ratios.
- ✦ Renovate existing facilities, limited to minor rehabilitation or remodeling.
- ✦ Provide: vision and hearing referrals, health and mental health screenings and referrals, parent involvement opportunities, nutrition services.
- ✦ Extend the number of hours per day, and weeks per year, program services are provided.
- ✦ Improve state monitoring.
- ✦ Provide research opportunities.
- ✦ Funds MAY NOT be used for “assessments that provide rewards or sanctions for individual children or teachers.”

Ready to Learn Act

S 1823, Senator Hillary Rodham Clinton

Overview

Federal funding for voluntary programs, through competitive grants to states administered by the U.S. Secretary of Education, with the goal of establishing universal preschool for all 4-year-olds.

Who Can Enroll

Programs receiving subgrants must serve 4-year-olds, with priority given to those from families with incomes not exceeding 200 percent of the poverty line, and English learners. Once initial requirements are met, they may also serve other children.

State applications must indicate how and when they expect to provide voluntary prekindergarten for every 4-year-old in the state.

Program Requirements

Within two years of receiving a grant, teacher-child ratio must be not more than 1 to 10, and group size not more than 20 children. Also, programs must utilize a curriculum, aligned with state early learning standards and assessments, that is also developmentally, culturally, and linguistically appropriate.

Funding

Federal share shall be 50 percent of costs. Grant funds must supplement and not supplant other government funds currently being expended. Authorizes “such sums as may be necessary” for 5 years without listing specific amounts.

Teacher Requirements

Within two years of receiving a grant, all teachers in grantee programs must have baccalaureate degree or advanced degree in early childhood education or early childhood development.

Allowable Uses of Funds

- ✦ Construction and renovation of facilities.
- ✦ Professional development for teachers and staff.
- ✦ Increase salaries.
- ✦ Additional comprehensive services as needed.

Prepare All Kids Act of 2007

S 1374, Senator Robert Casey
HR 2859, Representative Carolyn Maloney

Overview

Establishes a Prekindergarten Incentive Fund, administered by the U.S. Secretary of Health and Human Services in consultation with the U.S. Secretary of Education, which makes grants to eligible states. States, in turn, award subgrants to qualified program providers.

Who Can Enroll

Programs can serve all children age 3-5, but must be targeted to children from families with incomes below 200 percent of the poverty line, who will participate in these programs free of charge.

Program Requirements

Programs receiving grants must have a minimum of 6 hour schedules per day, a maximum class size of 20 children, and a maximum children-to-staff ratio of 10 to 1.

At least 25 percent of subgrants must be for providers of community-based programs. At least 10 percent of funds for each state shall be set aside for programs for infants and toddlers (ages 0-3). At least 10 percent of grant funds must be used for expanding the hours and days existing programs are offered. A maximum of 5 percent of funds may be used for administrative expenses.

Programs receiving funds under this act must utilize a curriculum that is research- and evidence-based, developmentally appropriate, and designed to support children's cognitive, social, emotional, and physical development.

Funding

Authorized federal funding of \$5 billion for first year, increasing by \$1 billion per year for 4 years. Federal share of costs shall be 50 percent.

Teacher Requirements

Teachers must have bachelor of arts degree with a specialization in early childhood education or development, or be working toward that degree.

Allowable Uses of Funds

Funds may be used to purchase equipment, transportation, and to provide professional development for teachers and aides.

Early Childhood Investment Act

S 1573, Senator Christopher Dodd
HR 2616, Representative Rosa DeLauro

Overview

The U.S. Secretary of Health and Human Services, in consultation with the U.S. Secretary of Education, awards not more than one 3-5 year grant per state. Grants are awarded to eligible partnerships, which must be governed by a majority of private-sector membership on their boards. They are to strengthen financing of early childhood development services including Head Start, Early Head Start, state or local prekindergarten programs, child care centers and home visiting and other parent education programs.

Who Can Enroll

Funded programs provide services for children of any age from birth to entry into kindergarten.

Program Requirements

Partnerships funded shall “reflect the diversity of the state served.” One percent of funds to be reserved for grants to eligible partnerships serving Indian tribes.

Funding

Authorized funds of \$8 billion for first program year, \$10 billion for second, and “such funds as may be necessary” for three additional years. Federal share of costs to be 50 percent first year, 40 percent second year, 30 percent third and subsequent years. Grants may spend a maximum of 3 percent on administrative costs.

Teacher Requirements

Not specified.

Allowable Uses of Funds

Allowable uses include quality parenting support, professional development and improved compensation to teachers and staff, support to full-day, full-year programs, construction (not more than 10 percent of funds), developmental, health, and mental health screening.



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