

Universal Preschool in Virginia? There Is a Better Way

By Robert Holland

January 2007



1600 Wilson Boulevard, Suite 900

Arlington, VA 22209

Tel : 703.522.5828 Fax : 703.522.5837

www.lexingtoninstitute.org mail@lexingtoninstitute.org

Universal Preschool in Virginia?

There Is a Better Way

By Robert Holland

Executive Summary

Governor Tim Kaine wants Virginia to hop aboard the universal-preschool bandwagon. At the recommendation of his blue-ribbon Start Strong Council, he proposes to start a pilot project this fall that would be a prelude to state-subsidized enrollment of 4-year-olds from all levels of household income.

Citing universal preschool systems in Georgia and Oklahoma, the Start Strong Council argued in its December 2006 initial report that evidence exists to show that formal pre-kindergarten schooling helps the future achievement and social progress of not only children from low-income homes but those from affluent families. However, the Council failed to take note of credible studies establishing that reading scores of elementary pupils in those states have not improved since the advent of universal preschool.

More recently, *Education Week's* annual "Quality Counts" report unveiled a new ranking of states in the form of a Chance-for-Success index. It collates data showing how each state does on indicators spanning life from "Cradle to Career." Virginia ranked No. 1 of the 50 states, while states with universal preschool offered as models for the Old Dominion scored in the bottom one-fourth.

Given strong evidence that preschool benefits at-risk children more than privileged ones, Virginia should consider better alternatives than universal preschool. A good option would be a corporate tax credit such as Pennsylvania's that could raise millions for preschool scholarships for needy children. Details follow.

Universal Preschool in Virginia? There Is a Better Way

By Robert Holland

From the national stage to local podiums, Governor Timothy M. Kaine has made it clear that establishing universal preschool in Virginia is among his top priorities. Given the opportunity shortly after his election to deliver the Democrats' response to President Bush's 2006 State of the Union Address, Kaine plugged for preschool as part of a "Better Way" for America. "Many states," he declared, "are working to make high quality pre-kindergarten accessible to every family."

There is no doubt that many states indeed are buying into the philosophy that formally schooling 4-year-olds and even 3-year-olds will increase the likelihood that children will learn at a high level throughout school and then become productive workers. The *Harvard Education Letter* has reported that 40 states and the District of Columbia now fund pre-kindergarten programs. The advent of Project Head Start in 1965 as part of President Lyndon Johnson's War on Poverty kick-started the preschool trend. Since that year, attendance of U.S. 4-year-olds in preschool/daycare has soared from 16 percent to 67 percent.

On December 6, 2006, near the end of Kaine's first year in office, the Governor's Start Strong Council, a blue-ribbon panel of educators, politicians, and business executives, issued its initial report. The Governor's group proposed to start implementation of universal preschool in Virginia with a pilot project starting in fall 2007 for 1,000 children in six localities. Approval of start-up money is now before the 2007 General Assembly.

Kaine struck a bold note: "The needs of at-risk kids will be paramount, but early childhood education benefits all kids." However, in the next breath, he cautioned: "I don't think you do something like this in a big rollout all at once. I think you do something that builds on best practices."

Pilot Project or a Done Deal?

The idea of starting slowly with a pilot to consider objectively the pros and cons of universal preschool has merit. Unfortunately, the Start Strong report suggests that, in the minds of the Governor's policy advisers, the pre-K case is already made.

Consider the following assertions from the December 6 report:

- “Much of the evidence regarding the broad benefits of preschool originates in carefully designed studies of comprehensive, high-quality programs for low-income children. However, with the inception of voluntary universal preschool programs in several states, there is growing evidence that properly designed large-scale efforts can achieve comparable results for children from all income groups.”
- “Documented benefits include improved academic achievement throughout the educational system, from kindergarten readiness to college enrollment; reduced incidence of teen pregnancy, lower crime and delinquency; higher earnings and employment rates; and lower dependence on welfare and public health services.”
- “In the long run, the educational and workforce benefits lead to higher tax revenues and savings in safety-net programs. Federal Reserve Bank researchers have pegged the return on investment for a model preschool program at 16 percent annually, and a study of a different model program yielded an estimated return of \$7 for every \$1 invested.”
- “The Start Strong Council finds that increasing investment in early childhood education through expanded access to high quality preschool for four-year-olds holds the potential for desirable returns including greater school readiness, higher school achievement, and stronger employment opportunities, resulting in impressive benefits for the Commonwealth.”

Notwithstanding a few reservations (such as the phrase “holds the potential”), the Council is arguing the proposition that universal preschool is a known cure-all for a wide range of societal ailments, and no one need examine the conflicting evidence. Others have examined the whole body of evidence and reached a different conclusion. Before embarking on a predetermined course, Virginians should know (in the words of famed broadcaster Paul Harvey) “the rest of the story.”

Californians Thought Long and Hard

California provides one informative model for Virginia policymakers. In June 2006, Californians had before them a ballot initiative, “Universal Preschool for All,” Proposition 82, that called for a new tax on wealthy citizens in order to spread state-subsidized preschool to middle- and upper-class children. (Governor Kaine insists his plan will require no tax increase but critics aren’t so sure.) Currently, California

spends \$3 billion annually for preschool for children from low-income families. The initiative would have added at least another \$2.4 billion a year.

Proposition 82 had backing from a powerful coalition of interests led by Hollywood movie director Rob Reiner. Much as Virginia's Start Strong Council has done, the Golden State's preschool boosters cited research supposedly showing a fabulous rate of returns in social benefits (such as reduced criminal activity) for every dollar spent on preschool.

As Californians focused on this issue (and ultimately rejected Prop 82 by a 61-39 margin), they received the benefit of critical analyses of the research claims. Two studies in particular – one by Darcy Olsen with Lisa Snell for the Reason Foundation; one by Lance T. Izumi and Xiaochin Claire Yan for the Pacific Research Institute – carefully examined the major pro-preschool-for-all research findings and in many cases found flaws. (At the end of this paper, we provide information on how interested persons may obtain copies of these two reports. We recommend that they be introduced into a balanced Virginia debate on pros and cons of universal preschool.)

Oklahoma and Georgia as Preschool Paragons

Of special interest is what is happening in two states that have universal preschool – Oklahoma and Georgia. Governor Kaine's Council approvingly cited both states as leaders for Virginia to follow. With regard to Oklahoma, the Council suggested that evidence from there goes beyond that of national studies showing high-quality preschool benefits at-risk children. It stated that “a rigorous study of Oklahoma's universal high quality preschool program, serving 65 percent of that state's four-year-olds and **not targeted solely to at-risk students** [boldface in the report]” found an impact on achievement at the point of kindergarten entry similar to that found in a major national study of low-income preschoolers (Perry Preschool study). Asserted Virginia's Council: “These outcomes behoove states to design and offer high quality programs that can deliver exceptional returns for all children.”

As for Georgia, the Start Strong Council touted its “universally accessible preschool program,” which was initiated in 1993 and is supported by state lottery revenues. It currently serves about 70 percent of Georgia's 4-year-olds. “In 2001, a study showed that more than 80 percent of children in Georgia's preschool program went on to rate average or better on third-grade readiness when compared to national norms.” The Council did not say which study produced that result.

The Olsen and Snell study for *Reason* showed a quite different picture for the two states cited by Virginia's Council as exemplary. It notes that Georgia State

University began in 1999 a longitudinal study that compared kindergarten readiness of those who had participated in preschool with those who had not. By 2003, the fifth and final year of the study, there were no significant differences between the two groups. Since the inception of universal preschool in 1993, scores on Georgia's test of kindergarten readiness had changed barely at all.

With regard to Oklahoma, which initiated universal preschool in 1998, both the Rob Reiner forces in California and Governor Kaine's Council approvingly cited research by Georgetown University professor William Gormley. However, the Pacific Research Institute (Izumi and Yan) found a much more mixed picture from looking at the entirety of Gormley's Oklahoma data. In a 2003 study, Gormley and his colleagues looked at children who

had "gone through preschool in the Tulsa Public Schools system."

Reviewing results of a test of language skills, general knowledge, social development, and motor

The Gormley team reported that for students from the higher socio-economic group, 'no net gain was apparent.'

skills, the Gormley team reported that for students from the higher socio-economic group, there were "no effects" - that is, "no net gain was apparent." While it is true that a 2005 Gormley study found positive one-year results for the more privileged Oklahoma children, the overall picture is ambiguous. Izumi quoted a 2005 RAND Corporation analysis as emphasizing that any short-term association between preschool enrollment and higher test scores for middle- and upper-class children "does not necessarily translate into gains in eventual educational attainment or other economic outcomes in adulthood as it appears to do for more disadvantaged children."

What the Nation's Report Card Shows

An examination of state scores on the National Assessment of Educational Progress (NAEP), the "nation's report card," also cast much doubt on universal preschool's being a magic wand to produce student achievement. Remember, Georgia has had preschool open to all children since the mid-1990s, and Oklahoma's program has been rolling since 1998. "Yet," report Olsen and Snell, "the overall performance of these states on the NAEP in terms of reading achievement calls into question the lasting value of universal preschool on academic outcomes. 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 the NAEP, both Georgia and Oklahoma were in the bottom 10 performers. In fact, Oklahoma was the worst performer of all states in terms of gains in fourth-grade reading between 1992 and 2005, actually losing 4 percentage points."

If a state taxpayer investment in universal preschool were the magical potion that its proponents claim, then surely fourth-grade reading scores in Oklahoma and Georgia should have soared. Sadly, that was not the case.

Indeed, the *Reason* analysts observed this seeming anomaly: “. . .none of the states in the top 10 best performers in terms of gains in fourth-grade reading on the NAEP between 1992 and 2005 had implemented universal preschool.”

Chance for Success: Guess Who’s No. 1?

More recent and voluminous data from a source supportive of the preschool movement show even more vividly that Georgia and Oklahoma should **not** be models for Virginia in preparing young children for the rigors of life. The 2007 edition of *Education Week’s* annual “Quality Counts” report on the 50 states’ progress with K-12 standards-based education took a new tack. Financed by the Pew Center on the States, the report unveiled a Chance-for-Success Index intended to gauge how well each state is helping children progress from cradle to career. (Indeed, the title of the report is: “From Cradle to Career: Connecting American Education From Birth Through Adulthood.”) The Quality Counts editors said their new idea is that “children’s chances for success don’t just rest on what happens from kindergarten through high school. They are also shaped by experiences during the preschool years and opportunities for continued education and training beyond high school.”

“Smart states, like smart companies, try to make the most of their investments by ensuring that young people’s education is connected from one stage to the next – reducing the chances that students will be lost along the way or will require costly remedial programs to acquire skills or knowledge they could have learned right from the start.”

To measure a child’s “chance for success” in each state, the researchers used the following 13 indicators to show if young children start strong, if elementary and secondary pupils progress smoothly, and if adults achieve key economic and educational outcomes:

“The early years: Percent of children in families with annual incomes at least 200 percent above the federal poverty line; percent of children with at least one parent with a postsecondary degree; percent of children with at least one parent working full-time and year-round; percent of children whose parents are fluent English-speakers; percent of 3- and 4-year-olds enrolled in preschool; percent of eligible children enrolled in kindergarten programs.

“The school-age years: Percent of 4th grade public school students who read at the “proficient” level or above on the National Assessment of Educational Progress; percent of 8th grade public school students who perform at the proficient level or higher in mathematics; percent of public high school students who graduate with a diploma in four years.

“The adult years: Percent of 18- to 24-year-olds enrolled in postsecondary education or with a degree; percent of 25- to 64-year-olds with a postsecondary degree; percent of adults with incomes at or above the national median; percent of adults with steady employment (full time and full year).”

So the Quality Counts’ numbers-crunchers fed all this data to their voracious master computer. *Whrrrrrrrrrrrrrrrrrrrr!* And the winner, the state that ranked No. 1 in preparing people for success, cradle to college, is . . . **Virginia!!!**

“Since all states start at zero,” the editors stated, “the {Chance for Success} index can capture the cumulative effect of education experienced by residents of a state from birth to adulthood and pinpoint the chances for success at each stage.

“When state populations are viewed from this perspective, it’s clear that it matters where children live. At almost every stage, for example, a child born in Virginia is significantly more likely to experience success than the average child born in the United States, while a child born in New Mexico is likely to face an accumulating series of hurdles that puts him or her further and further behind.”

Guess Who Ranked 40th?

What about other states where a young child’s chances of success are not nearly as good as a Virginia child’s? Surely Oklahoma and Georgia would not be in that unfortunate company, given that Governor Kaine’s Start Strong Council showcased Oklahoma and Georgia for their universal preschooling and the learning boosts children from all economic strata are supposedly receiving.

Well, guess again.

Oklahoma ranks **No. 40** on the Chance for Success Index.

Georgia ranks **38th**.

In the scoring for each of the 13 indicators, states received one point if they exceeded the national average by a significant margin. If they excelled by a particularly wide

margin, they got two points. When states fell below the national average, they lost one or two points, depending on how far they lagged.

No. 1-ranked Virginia scored at plus-22 points, one point ahead of Connecticut and two points ahead of Minnesota.

Oklahoma scored a minus-11, and Georgia a minus-9.

In his January 10 State of the Commonwealth address, delivered to the General Assembly at historic Jamestown, Governor Kaine proudly mentioned Virginia's No. 1 ranking in the Quality Counts assessment of cradle-to-career chances for success, as well he should have. However, the unanswered question is how his drive to subsidize universal preschool can further improve educational and economic outcomes, when the states that have already embarked on that course are not achieving good results.

Of course, advocates may argue that Virginia would do even better on the Chance for Success measure if its preschool enrollment were higher. Virginia received no points – either plus or minus – for having 46.5 percent of its 3- and 4-year-olds in preschool enrollment. That means Virginia was just average in that category.

However, it is

interesting to note that Oklahoma had only 41.6 percent of 3- and 4-year-olds enrolled, despite offering preschool to

How can subsidized universal preschool further improve educational and economic outcomes, when the states that have already embarked on that course are not achieving good results?

all 4-year-olds – and received a minus-one on this indicator. Thus, the Old Dominion, where most preschools are privately run, had a higher percentage of 3- and 4-year-olds enrolled than Oklahoma, where parents of 4-year-olds can use state-subsidized programs if they want.

Preschool Based on Need

Virginia does provide state-aided preschool for 27,000 children from disadvantaged backgrounds. The Governor believes such “free” (that is, taxpayer-subsidized) services should be available to all 100,000 4-year-olds in Virginia, although enrollment would be voluntary.

The three most widely cited studies of early childhood programs all deal with the effect on children of poverty. They are: the Abecedarian Project in North Carolina, in which academic progress was traced for almost two decades; the High/Scope Perry

Preschool Study, done 1962-67 in Ypsilanti, Michigan; and The Chicago Longitudinal Study, which tracked participants for 21 years.

As have other true believers in universal preschool, Governor Kaine's Start Strong Council lauded these three studies for documenting not only improved academic and cognitive outcomes for disadvantaged children but such virtues as less teen pregnancy and participation in criminal activity. The Perry Preschool Study originated the oft-repeated claim that preschool for the poor yields a \$7 return on a \$1 investment of tax dollars. Olsen and Snell, among other critics, have pointed to weaknesses in methodology that throw such claims into doubt, or at least render them extravagant.

Nevertheless, it is fair to conclude that a case exists for high-quality preschool being widely available for disadvantaged children. However, it does not follow that the best way to expand such opportunities is to create universal preschool and extend state subsidies to wealthy families as well. In California, Izumi and Yan suggested that children from higher-income backgrounds were included in Proposition 82 not as a matter of sound public policy but rather because of political calculations: "It is simply easier to pass a ballot initiative if it hands out government goodies to higher-income groups." Could the same political consideration be at work in the drive for universal preschool in Virginia?

A Truly Better Way

The Governor and Virginia General Assembly could expand the availability of preschool for needy families in Virginia without going down the expensive and unjustified path of universal preschool. It could do so by creating a tax credit that would raise money for thousands of scholarships to help families afford early childhood education and have choices among a variety of providers.

Pennsylvania offers an excellent model. In 2003, the state created a spin-off from its K-12 corporate tax incentive - the Educational Improvement Tax Credit (EITC) -in order to raise scholarships for children needing help to enroll in pre-kindergarten programs. The pre-K plan awards a corporation a 100 percent tax credit for its first \$10,000 in contributions to a nonprofit Pre-Kindergarten Scholarship Organization (PKSO) and up to a 90 percent credit for additional contributions up to \$100,000.

In less than three full years of operation, the pre-K EITC has yielded brisk returns in early educational opportunity. Here are the numbers:

- In 2004-05, the program generated \$3,023,258 to fund 2,629 scholarships.

- In 2005-06, those numbers grew to \$5,387,043 for 4,684 pre-k scholarships.
- With the books still open in 2006-07, another \$4,164,923 has been generated for 3,622 more scholarships.

The grand total in less than three full years: \$12,575,224 million raised for 10,935 scholarships - and counting. Pennsylvania decided to pursue this course on a bipartisan basis instead of jumping on the universal preschool bandwagon. The decision is paying off by addressing need without expanding a state education bureaucracy.

To be sure, Pennsylvania's progress did not occur until after a political donnybrook. Governor Ed Rendell (D) pushed hard for starting universal preschool. A coalition of family and parental-choice advocates (see the REACH Alliance at www.paschoolchoice.org) fought back with a proposal for publicly funded vouchers to let needy children go to the preschool of their families' choice - public, private, or parochial. This clash of ideas contributed to an impasse that delayed approval of the state budget for many months. Finally, a bipartisan agreement was reached to add a preschool element to the EITC program.

Pennsylvania's original tax-credit program for K-12 came into being in 2001. All told, the Keystone State now has 184 non-profit scholarship organizations to help needy children who want to go to private schools, plus 306 Educational Improvement Organizations that help public schools implement promising innovations, plus (since 2003) 90 pre-K scholarship organizations, and counting. More than 2,200 companies have pledged more than \$260 million to scholarship and educational improvement organizations, and more recently to the pre-K scholarship organizations.

The average pre-K scholarship under Pennsylvania's tax credit program is \$1,150.

While many are faith-based, the pre-K scholarship organizations are a diverse group as indicated by this sampling: Business Leadership Organized for Catholic Schools, Crispus Attucks Association, Foundation for Jewish Day Schools of Greater Philadelphia, French International School of Philadelphia, Heritage Health Foundation, Mennonite Foundation, Lower Bucks Family YMCA, New Horizons Montessori School Association, Pennsylvania Catholic Conference Scholarship Foundation, Volunteers of America Children's Center, Young Scholars Foundation, and dozens more.

One of the most dynamic leaders in this movement is Dr. Ted Clater, executive director of the Harrisburg-based Keystone Christian Education Association (KCEA). The problem with universal preschool, he said, is that it "displaces parents and the

private sector, the two entities that currently work with these children with good success overall, and with little or no government money.” What’s good about the EITC approach, he said, is that it “is a major help to parents who need assistance with pre-K child rearing.”

The mean household income of a child receiving a scholarship through KCEA in the first three years is \$26,374. The largest need-based scholarship awarded so far was \$1,680. The average size of a scholarship has been \$495. It is not uncommon for a needy family to receive additional help from the school or church. (Statewide, the average pre-K scholarship is \$1,150.)

For a small business owner with a \$10,000 tax obligation to the state, the program provides a choice: (1) Write a check to the State Treasurer as usual, or (2) Write the check to one of the local pre-K charities and receive a dollar-for-dollar reduction in state taxes.

Plus, get to see the happy faces of a disadvantaged family whose dreams of better educational opportunity have come closer to realization.

Enlightened business leaders want to be involved in improving their communities’ schools. Several are members of Governor Kaine’s Start Strong Council. A corporate tax credit would reward them for supporting local charities as they burgeon across Virginia, as opposed to sending their tax money to Richmond, where much of it is consumed in overhead.

Kaine has contended that offering taxpayer-funded preschool to all 100,000 Virginia 4-year-olds would cost \$300 million a year. However, assuming (1) that 70 percent of families would accept the offer (an estimate consistent with other states’ experiences) and (2) that the cost of a “quality preschool” such as envisioned by the Start Strong Council would exceed \$7,000 per child, the Thomas Jefferson Institute for Public Policy has calculated that the probable annual cost would be more than \$425 million. Some analysts believe the tab would be even higher. Of course, the history of governmental social programs is one of costs far exceeding original estimates or outlays.

Instead of a pilot project for universal preschool, Virginia leaders would do well to set up a trial with education tax credits, and then just watch it stimulate private charity across the Old Dominion. That could be the “Better Way” for which the Governor has called.

Resources:

“Cradle to Career: Connecting American Education From Birth Through Adulthood,” *Quality Counts 2007, Education Week*, January 4, 2007.
<http://www.edweek.org/ew/toc/2007/01/04/index.html>

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

Izumi, Lance T. and Xiaochin Claire Yan, “No Magic Bullet: Top Ten Myths about the Benefits of Government-Run Universal Preschool,” San Francisco: Pacific Research Institute, May 2006.
http://www.pacificresearch.org/pub/sab/educat/2006/Magic_Bullet.pdf

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