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Early Childhood Education: Federal Policy Issues

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Summary

Between 1990 and 2000, the percentage of 3 to 5 year olds in the United States enrolled in some kind of preprimary (center-based or kindergarten) education increased from 59% to 64%. At the same time, data indicate that some children need more assistance to be ready to learn effectively when they enter kindergarten, and that many school-age children are having difficulty becoming proficient readers.

Research on the effects of quality early childhood education and care programs indicates positive *short-term* effects in terms of cognitive functioning, school readiness, and social behavior; and also supports positive *long-term* effects for children from "model" early intervention. *Long-term* results from more "typical" programs, such as Head Start, are less conclusive.

Most researchers have found high-quality early childhood programs to have several factors in common: low teacher-child ratios, well-trained and well-paid teachers, and low staff turnover rates.

The principal federal programs presently providing funding for early childhood education and care are: Head Start; Title I, Part A of the Elementary and Secondary Education Act (ESEA); the William F. Goodling Even Start Family Literacy Programs; the Individuals with Disabilities Education Act; the Early Reading First Program, the Child Care and Development Block Grant; the Social Services Block Grant; and the Early Learning Fund.

State investments in preprimary education have grown dramatically in the last decade. According to the Children's Defense Fund, spending by states on prekindergarten increased from approximately $700 million in 1991-1992 to approximately $1.7 billion in 1998-1999. Participation increased from approximately 290,000 children in 1991-1992 to almost 725,000 children in 1998-1999.

Congress is considering what role is appropriate for the federal government in providing and setting standards for early childhood education and care, and how to best enhance the supply of quality early childhood care and education. At the same time, issues have been raised about what form federal aid for early childhood education and care should take, how to coordinate new federal initiatives with existing federal programs, and how to avoid supplanting or discouraging state initiatives for early childhood education and care. This report will be updated periodically.

Contents

List of Tables

Early Childhood Education: Federal Policy Issues

Between 1990 and 2000, the percentage of 3 to 5 year olds in the United States enrolled in some kind of preprimary (center-based or kindergarten) education increased from 59% to 64%.[1] At the same time, data indicate that some children need more assistance to be ready to learn effectively when they enter kindergarten; and that many school-age children are having difficulty becoming proficient readers. National Assessment of Education Progress (NAEP) data for 2000 indicate that only 32% of 4th graders are at or above the proficient level in reading. For 4th graders eligible for free/reduced-price lunches, only 14% are at or above the proficient level.[2]

In addition, the scientific community has fueled interest in early childhood with research indicating that the early years are crucial for brain development; and, that there is a connection between the stimulation young children receive from their preschool teachers or care givers, and success in later learning and intellectual growth. This research has altered the way scientists see the development of the brain; most now believe that the neural circuitry of the brain is not fixed at birth but develops in response to early experiences. Research has shown that the first 3 years of life are the period of most rapid brain growth, and that there are certain "windows of opportunity" for certain kinds of learning (language, for example). Scientists have discovered that beginning in early adolescence, brain development occurs through the "pruning" of unnecessary synaptic connections. Those synapses that receive the most use in childhood are the likeliest to become permanent; those that are unused are the most likely to be eliminated.[3] However, researchers also caution that early intervention should not be viewed as a panacea; people continue to learn, and the human brain continues to incorporate new information, throughout life.

This report examines what we currently know about preprimary programs including numbers of children served and their family characteristics; as well as data on the efficacy of preprimary programs in enhancing later learning and other life

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[1] U.S. Department of Education. Office of Educational Research and Improvement. National Center for Education Statistics. *The Digest of Education Statistics 2001*. p. 116.

[2] U.S. Department of Education. Office of Education Research and Improvement. National Center for Education Statistics. *The Nation's Report Card: Fourth-Grade Reading 2000*, NCES 2001-499, by P. L. Donahue, R. J. Finnegan, A. D. Lutkus, N. L. Allen, and J. R. Campbell. Washington, D.C. 2001. Proficiency is defined as: "solid academic performance for each grade tested — 4, 8, and 12. It reflects a consensus that students reaching this level have demonstrated competency over challenging subject matter and are well prepared for the next level of schooling." The National Education Goals Panel. *Reading Achievement State by State, 1999*. Washington, U.S. Govt. Print. Off., 1999. p. 131.

[3] Shore, Rima. *Rethinking the Brain*. Families and Work Institute. New York, NY. 1997.

skills. Current federal programs that serve preschool age children are described, and policy issues which may arise as the federal role in early childhood education is debated, are discussed.[4]

Children Served

In examining the number and growth of preprimary education programs, we immediately confront the question of how to conceptually and empirically separate education from child care in programs for young children. While the focus of this report is on early childhood education, it is difficult to empirically differentiate between early education and child care because in early childhood settings the two are often intertwined. Many experts believe that both are required for a quality environment for young children:

> ... care and education cannot be thought of as separate entities in dealing with young children. Adequate care involves providing quality cognitive stimulation, rich language environment, and the facilitation of social, emotional and motor development. Likewise, adequate education for young children can occur only in the context of good physical care and of warm affective relationships.[5]

Available national-level data on early childhood education does not delineate time spent in education activities versus child care. Existing data do differentiate between center-based versus other settings (relative care and family day care centers) for child care and early childhood education. This discussion of national data focuses on center-based programs, broadly defined, because program names (day care center versus preschool for example) do not necessarily correlate with whether a program has an academic component or not.[6] Some day care centers contain an academic component, while some preschools, for example, may not. Center-based programs include day care centers, nursery schools, prekindergarten programs, preschools, and Head Start programs.

For these reasons the data on children's participation in early childhood education is based on center-based preprimary programs, broadly defined.[7] These

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[4] For a complete list of current legislation see CRS Report RL30944, *Child Care Issues in the 107th Congress*, by Melinda Gish.

[5] National Research Council. *Eager to Learn: Educating Our Preschoolers*. Washington, National Academy Press, 2000. p. 2.

[6] In this report, the terms preschool, prekindergarten and preprimary care and education programs are used interchangeably. Because existing national data are based on parental responses, and an academic program may call itself a day care center, a preschool or a prekindergarten, parental responses on whether their child's care includes an academic component often simply reflect the title of the program their child attends. State data, which are available for prekindergarten (including Head Start programs) programs, are discussed in the text of the report below.

[7] NCES Early Childhood Birth Cohort Longitudinal Study is scheduled to collect its first round of data (on children 9 months old as of September 2001). The first follow up (at 18 months) will directly ask child care staff (rather than parents) questions about the academic

(continued...)

data indicate that, in 1999, 59.7% of 3, 4, and 5 year olds, not yet in kindergarten, were enrolled in some kind of center-based program (see **Table 1**). Children in poverty were less likely (51.4%) to be in center-based programs than were children not in poverty (62.3%). There is a clear correlation between rising income and participation of children in center-based care. Almost 75% of children in households with more than $75,000 in income participated in center-based care, compared to 51.1% of children in households with incomes of $10,001-$20,000.[8] Additionally, 3, 4, and 5 year olds whose mother graduated from college were much more likely (73.9%) than were 3, 4, and 5 year olds whose mother didn't graduate from high school (42.4%) to attend a center-based program.

Older children were more likely to be in a center-based program than were younger children. Four and 5 year olds (69.6% and 76.5%, respectively) were more likely to attend a center-based program than were 3 year olds (45.7%).

Table 1. Child Care Arrangements of Preschool Children, by Child and Household Characteristics: 1999[a]

(number in thousands)

			Percent in non-parental arrangements							
	Children[b]		Relative care		Non-relative care[c]		Center based program[d]		Parental care only	
Characteristic	No.	%	No.	%	No.	%	No.	%	No.	%
Age, total (3-5)	8,525	100.0	1,947	22.8	1,369	16.1	5,091	59.7	1,968	23.1
3 years old	3,814	44.7	929	24.4	619	16.2	1,744	45.7	1,175	30.8
4 years old	3,705	43.5	815	22.0	588	15.9	2,577	69.6	656	17.7
5 years old	1,006	11.8	203	20.2	162	16.1	770	76.5	136	13.5
Race/ethnicity										
White, non-Hispanic	5,389	63.2	1,012	18.8	1,047	19.4	3,232	60.0	1,251	23.2
Black, non-Hispanic	1,214	14.2	405	33.4	90.0	7.4	889	73.2	166	13.7
Hispanic	1,376	16.1	365	26.5	175	12.7	609	44.2	460	33.4
Other	547	6.4	165	30.2	57	10.4	362	66.1	91	16.6
Household income										
$10,000 or less	1,064	12.5	293	27.5	141	13.2	595	55.9	293	27.5
10,001-20,000	1,342	15.7	395	29.4	184	13.7	685	51.1	372	27.7
20,001-30,000	1,333	15.6	362	27.1	167	12.5	685	51.4	398	29.8
30,001-40,000	1,098	12.9	247	22.5	162	14.7	609	55.4	272	24.8
40,001-50,000	848	9.9	180	21.3	116	13.6	511	60.2	196	23.1

[7] (...continued)
component of programs, and will potentially provide helpful data on this issue.

[8] Children in households in the two lowest income categories had slightly elevated participation rates due to Head Start participation. Additionally, because children may participate in more than one kind of care many children are counted more than once. (For example, a child may attend Head Start in the morning, and then attend a center-based program or family day care center in the afternoon.)

Characteristic	Children[b]		Percent in non-parental arrangements						Parental care only	
			Relative care		Non-relative care[c]		Center based program[d]			
	No.	%	No.	%	No.	%	No.	%	No.	%
50,001-75,000	1,397	16.4	242	17.3	293	21.0	930	66.6	249	17.8
More than $75,000	1,443	16.9	229	15.9	307	21.3	1,076	74.6	189	13.1
Poverty status[e]										
In poverty	2,004	23.5	518	25.9	249	12.4	1,030	51.4	626	31.2
Not in poverty	6,522	76.5	1,429	21.9	1,119	17.2	4,061	62.3	1,342	20.6
Mother's highest education level										
Less than high school	1,255	14.7	330	26.3	127	10.2	532	42.4	459	36.6
High school/GED	2,188	25.7	571	26.1	293	13.4	1,147	52.4	612	28.0
Vocational/technical or some college	2,596	30.5	606	23.4	455	17.5	1,632	62.9	526	20.3
College graduate or higher	2,213	26.0	315	14.3	440	19.9	1,635	73.9	328	14.8
No mother in household	273	3.2	124	45.4	53	19.5	144	52.9	42	15.5

Source: U.S. Department of Education, National Center for Education Statistics, Early Childhood Program Participation Survey of National Household Education Survey (NHES), 1999.

[a] Children may participate in more than one type of care; therefore row numbers may sum to more than totals. Numbers also may not sum to totals due to rounding.
[b] Estimates are based only on children 3-5 years who have not entered kindergarten or who are enrolled in school but are ungraded.
[c] Non relative care includes family day care and nanny care.
[d] Center based programs include day care centers, nursery schools, prekindergarten, preschools, and Head Start programs.
[e] Poverty was defined as a household income of $17,029 for a family of four in 1999.

And black, non-Hispanic children were more likely (73.2%) than either white non-Hispanic children (60%) or Hispanic children (44.2%) to be in a center-based program. This is largely attributable to greater participation in Head Start programs by black children than by white or Hispanic children.

Research on Efficacy

There is an extensive and growing body of research examining the effectiveness (usually measured by cognitive functioning, school readiness and/or social adjustment in the shorter-run; and by subsequent wages, high school graduation rates, criminal activity and welfare use in the longer-run) of early childhood programs. The conclusions of four major surveys of the literature on early childhood program outcomes are discussed below.

In December 2000, a study titled *Eager to Learn* was released by the Committee on Early Childhood Pedagogy.[9] The Committee was established by the National Research Council in 1997 to review and synthesize the theory and research on early

[9] *Eager to Learn*. Executive Summary. National Research Council. National Academy Press. Washington, D.C., 2000.

childhood pedagogy, and to make recommendations, based on the present state of knowledge, for early childhood education programs and public policy. *Eager to Learn* included 19 specific recommendations in four major areas: (1) teacher training; (2) teaching materials; (3) public policies to support quality preschools; and (4) dissemination of information on preschool development.

The Committee made recommendations in all four of these areas that it argued would significantly improve the U.S. system of preschool education and care. The Committee agreed that "the case for a substantial investment in a high-quality system of child care and preschool on the basis of what is already known is persuasive."[10] One of the strongest recommendations made in *Eager to Learn* was regarding teacher training. The committee recommended that all children in early care programs be provided with a teacher who has a bachelor's degree and specialized education in early childhood. The Committee on Early Childhood Pedagogy stated,

> The professional development of teachers is related to the quality of early childhood programs, and program quality predicts developmental outcomes for children. Formal early childhood education and training have been linked consistently to positive caregiver behaviors. The strongest relationship is found between the number of years of education and training and the appropriateness of a teacher's classroom behavior.[11]

The importance of teacher education and training runs throughout the literature on early childhood education. Another major study, *The Cost, Quality and Outcomes Study*, begun in 1993, examines the impact of "typical" center-based as opposed to "model" early childhood programs, by tracking children from preschool through their early elementary years. This study considered two broad measures of quality: classroom practices and teacher child relationships. Based on the latest update (June 1999),[12] which includes 4 years of data tracking individual children from preschool through second grade, the researchers have found that the quality of care provided is key.

Children who attended quality childcare programs (those programs ranking in the 75th percentile or better) when they were 3-4 years old, were reported to have subsequently scored better on math, language and social skills in early elementary school than children who attended poor quality childcare programs (those programs ranking in the 25th percentile or less). Furthermore, better classroom behavior and social skills were reported in children who had closer relationships with their childcare teachers. These positive effects in math skills, thinking/attention skills, and problem behaviors remained through second grade, but the differential diminished over time. In addition, the researchers found that the positive effects of quality childcare, and the negative effects of poor quality childcare, are most pronounced for

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[10] *Ibid*., p. 322.

[11] *Ibid*., p. 7.

[12] FPG Child Development Center, University of North Carolina. *The Children of the Cost, Quality and Outcomes Study Go To School*. June 1999.

children at risk of not doing well in school.[13] Furthermore, the researchers found teacher pay and qualifications to be linked with quality programs:

> Our research indicated that the quality of child care was related to both the formal education levels and the specialized early childhood training of the classroom teachers. Similarly, teacher compensation was closely linked to the quality of services in child care. The findings reported here further underline the need to raise quality, indicating that these child care experiences continue to influence children's development through the early elementary years.[14]

A 1998 Rand study, *Investing In Our Children*, authored by Lynn Karoly and seven colleagues, examined the costs and benefits of early childhood interventions (specifically those promoting the development of "at risk"[15] children, including Head Start, Individuals with Disabilities Education Act (IDEA) programs, parenting classes, home visit, preschool and prekindergarten programs). Karoly et al. conclude that well-designed programs can produce tangible benefits for children and their families in one or more of four broad domains: cognitive development, education, economic self-sufficiency, and health.[16]

Karoly, *et al.* conducted a cost-benefit study of the two programs included in their research that had an experimental design including control groups and, had long follow-up periods for tracking participants. They concluded (for these two studies only) that there were tangible benefits, but the benefits may accrue over a long time period, while the costs occur in the short term. Karoly et al. also note that the question of how best to target participants to obtain the highest benefit to cost ratios is uncertain. They state that existing scientific research is insufficient to discern why some programs succeed and others don't; or whether some program designs work best, i.e., by focusing on: children or parents; infancy or preschool years; one or multiple independent programs; or individually tailored programs that serve a smaller pool in comparison to larger programs that serve more children.

A survey conducted by Janet Currie, titled *Early Childhood Intervention Programs: What Do We Know?*, examined four studies that used random assignment, had low rates of participant attrition, and followed children's progress at least through middle school.[17] In addition, Currie looked at large scale publicly funded programs, primarily Head Start programs. Currie found that well-funded, well-designed programs can have a long term impact on children's outcomes, especially for disadvantaged children.

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[13] Mother's level of education was used as a proxy for risk of not doing well in school.

[14] *The Children of the Cost, Quality Outcomes Study Go To School*, June 1999. p. 13.

[15] Karoly, Lynn, *et al. Investing in Our Children*. Rand, 1998. p. 110. At risk children, according to Karoly *et al.*, are those exposed to one or more stressors in the arenas of cognitive, emotional or resources deficiencies.

[16] *Ibid.*, p. 9.

[17] Currie, Janet. *Early Childhood Intervention Programs: What Do We Know?* UCLA and NBER, April 2000.

The four studies Currie examined were: the Early Training Project; the Carolina Abecedarian Project; the Perry Preschool Project; and the Milwaukee Project. Currie found only one of the four had a long term impact on IQ (the Milwaukee Project), although all four showed a positive effect on long term scholastic success. Sixty-eight percent of the children who participated in the Early Training Project graduated from high school compared to 52% of the control group. At age 21, the children who participated in the Carolina Abecedarian Project were twice as likely to still be in school or to have attended a 4-year college. Positive effects were twice as large for the most disadvantaged children in this study. The Perry Preschool project found that as of age 27, children who participated in the project experienced positive effects on achievement tests, grades, high school graduation rates, and earnings, in addition to lower rates of crime and welfare use. Children in the Milwaukee project were found to have higher IQs in 8th grade than children in the control group, but they did not have positive gains in other measured areas.

However, these four programs were all "model" programs with low pupil/teacher ratios and highly qualified staff. Currie did not find the same conclusive evidence of long term benefits when she examined the Head Start program. Currie and her colleagues examined Head Start by using siblings (who did not attend Head Start) of participants as a control group. Head Start is currently the largest publicly supported preschool program for disadvantaged children, serving approximately 950,000 children, mainly in part-day programs. Currie et al. found that initial test score improvements for black Head Start participants faded in elementary school, but not for white students. They surmised that this "fading" might be due to subsequent school deficiencies, since the black Head Start participants subsequently attended schools of lower quality than other black children, but this was not true for the white Head Start students. Currie states:

> The evidence reviewed above suggests that model early intervention programs can have positive long-term effects on children. But, there is a large gap between these programs and the large-scale, publicly-funded interventions that are currently in place ... A point that is often lost in the controversy over whether there are long-term benefits of Head Start is that there are many well-documented short-term benefits. Depending on precisely which benefits are counted and on how we value them, it can be shown that the short- and medium-term benefits of Head Start already pay back much of the cost of the program.[18]

Finally, the measurement of more "typical" programs is usually linked to evaluations of Head Start, the largest federal program with education and care as its primary mission. Available studies on Head Start (based on Head Start-funded Family and Child Care Experience Survey) do provide data on program outcomes, but do not permit a definitive conclusion regarding program impact; i.e., whether observed outcomes are due to a child's participation in Head Start, or are due to other factors:

> Recent data collected on program outcomes show that children participating in Head Start exhibit many of the skills thought to indicate a readiness to learn in school. HHS is now undertaking efforts to determine the extent to which such

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[18] *Ibid*., p. 20.

outcomes are directly attributable to children's participation in the program rather than to other factors.[19]

In sum, study data do support positive *short-term* effects of *high-quality* early childhood programs in terms of cognitive skills, school readiness and social behavior; and positive *long-term* effects in terms of greater high school completion rates, higher earnings, less criminal activity and welfare use for *"model"* early intervention programs. *Long-term* effects from more *"typical"* programs, such as Head Start, are less conclusive. In part this is due to the difficulty of separating the influence of early intervention on children's later success from all the other factors that are significant in influencing *long-term* success.

Federal Programs

Federal programs for young children currently provide funding for education and care, services to education and care facilities, and tax credits to families for child care. Only the largest programs which explicitly permit funds to be used in part for early education and care are discussed here.[20]

Title I, Part A of the Elementary and Secondary Education Act (reauthorized by the No Child Left Behind Act, P.L. 107-110) is the largest federal program serving disadvantaged children, particularly school-aged children. After Head Start, it is the largest program providing early education and care to young children. In the 1999-2000 school year, Title I funded approximately $407 million in preschool services (total Title I funding was approximately $7.9 billion during that period). School districts that received this funding served approximately 313,000 preschool children (8% of the future kindergarten population in this age group). However, preschool services are not separately funded under Title I — such spending occurs if local educational agencies (LEAs) choose to use some of their Title I funds for this purpose.

The **William F. Goodling Even Start Family Literacy Programs** provide education and related services jointly to parents lacking a high school diploma (or equivalent) and their young children. Even Start services include basic academic instruction and parenting skills training for the adults, and early childhood education for their children through age 7 (children 8 and older may receive services if they are provided in collaboration with ESEA Title I, Part A), along with necessary supplementary services such as child care or transportation.[21]

Early Reading First, authorized by Title I, Part B Subpart 2 of the No Child Left Behind Act, P.L. 107-110. The new early reading first initiative

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[19] U.S. General Accounting Office. *Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs*. HEHS-00-78, April 2000.

[20] For a discussion of all federal childcare programs including tax credits, see CRS Report RL30944, *Child Care Issues in the107th Congress*, by Melinda Gish.

[21] See CRS Report RL30448, *Even Start Family Literacy Programs: Background and Reauthorization Issues*, by Gail McCallion.

provides competitive grants to LEAs and other public and private entities, from the Secretary of Education, to: provide preschool age children (particularly those from low-income families) with greater opportunities for exposure to high-quality language and literature-rich environments, support professional training, support acquisition of scientifically based instructional material on reading for preschoolers, and promote integration of these materials into existing programs serving preschoolers.[22]

The largest federal program with early childhood development as its primary mission is **Head Start**. The program is authorized through FY2003.[23] The Head Start program provides educational services as well as health, nutrition, and other services to low-income children to prepare them to enter kindergarten. Grantees are required to reserve at least 10% of their slots for children with disabilities. In 1994, Early Head Start was established so that children younger than 3 years old could be served in greater numbers by the program. The law mandates that certain amounts of the total Head Start appropriation be set aside each year for Early Head Start; in FY2002 and FY2003 the set-asides will be 10% each year.

The **Child Care and Development Block Grant (CCDBG)** is the primary federal grant program supporting low-income families with child care needs. It is administered by HHS, and provides block grants to states, through mandatory and discretionary funds (referred to in combination as the Child Care and Development Fund (CCDF)), which are used to help provide low-income families with child care subsidies. Authorization for both funding streams is due to expire at the end of FY2003.[24]

The **Social Services Block Grant (SSBG), authorized by Title XX of the Social Security Act**, is a block grant to states. States are authorized to use SSBG funds for social services, including child care. SSBG is administered by HHS. State allocations are based on population.[25] According to HHS, in FY1999, approximately 13% of SSBG funds were used for child care.

The **Early Learning Opportunities Act**, proposed by the Clinton Administration, was authorized by the FY2001 Consolidated Appropriations Act (P.L. 106-554). This program provides grants to communities to enhance school

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[22] See CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

[23] For information on Head Start, see CRS Report RL30952, *Head Start: Background and Funding*, by Alice Butler and Melinda Gish.

[24] See CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Alice Butler and Melinda Gish.

[25] States are entitled to their share, according to a formula, of a nationwide funding ceiling or "cap" that is specified in the statute. See CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

readiness for children under 5; specifically by funding efforts to improve the cognitive, physical, social, and emotional development of these children.[26]

Finally, federal support is provided for early childhood education and care through tax credits to assist parents with child care expenses.[27]

State Activities

State investments in preprimary education have grown dramatically in the last decade. According to the Children's Defense Fund, spending by states on prekindergarten increased from approximately $700 million in 1991-1992 to approximately $1.7 billion in 1998-1999. Participation increased from approximately 290,000 children in 1991-1992 to almost 725,000 children in 1998-1999.[28]

Forty-two states in 1998-1999 invested state money in some kind of prekindergarten program and 16 of these states provided state money for multiple initiatives. However, the amount of state financial investments in prekindergarten and Head Start, as well as program structure, vary enormously from state to state. In 1998-1999, 10 states accounted for three-quarters of all spending on early childhood programs.[29] State contributions vary from less than $1 million to over $200 million, and the number of children served also varies enormously, from a few hundred to over 120,000.

Although states have dramatically increased spending on prekindergarten initiatives, funding in most states is only sufficient to provide services to a small number of eligible children, and in many cases for limited hours and part-day care. Thirty-seven of the states with prekindergarten programs fund classes of 2½-4 hours per day (although the state may also provide funding or coordinate with other services to provide full day coverage for children). States with the largest per capita investment in 1998-1999 were: Connecticut, the District of Columbia, Georgia, Illinois, Kentucky, Massachusetts, Ohio, and Oklahoma.

In 1998-1999 most states allowed prekindergarten funds to go to Head Start programs, private non-profit, and for-profit providers, as well as to public schools. However, eight states, and the District of Columbia, required state prekindergarten

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[26] See CRS Report RL30944, *Child Care Issues in the 107th Congress*, by Melinda Gish.

[27] *Ibid*.

[28] These state data include only prekindergarten initiatives (including Head Start), defined as having a focus on the education of the child; and are distinct from the states' child care subsidies (although the two may be coordinated). Blank, Helen, with Karen Schulman, and Danielle Ewen. *Seeds of Success, State Prekindergarten Initiatives, 1998-1999*. Children's Defense Fund, September 1999.

[29] California, Florida, Georgia, Illinois, Massachusetts, Michigan, New Jersey, New York, Ohio, and Texas.

funds to be used only by public schools.[30] Six additional states required funding to go to public schools, although schools had the option of contracting out for programs (few did so).[31]

States also differ in eligibility criteria. Eighteen states limit participation to 4 year olds. Fifteen state initiatives permit 3 and 4 year olds to participate through separate initiatives, and 16 initiatives fund Head Start models. Eight states extend eligibility to younger children as well. Family income is also frequently used as an eligibility criterion, with 10 states requiring that explicit income eligibility criteria be employed.

Currently only three states (Georgia, New York, and Oklahoma) and the District of Columbia offer universal preschool or are in the process of implementing universal preschool.[32] Georgia is presently the only state providing preschool for all 4 year olds whose families desire it.[33] The District of Columbia provides a full day (6.5 hours) public school prekindergarten program for all 4 year olds on a first-come, first-served basis. Waiting lists are reported to be relatively short. Oklahoma provides prekindergarten to 4 year olds in 80% of its school districts on a first-come, first-served basis. Approximately half of the state's 4 year olds are served, and 40% of those served are in full day programs. New York began implementing its universal prekindergarten program in 1998-1999. Presently the New York program is only partially phased-in and there are concerns that there may not be sufficient funding to fully implement the program. In the absence of full funding, first priority is given to economically disadvantaged children.[34]

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[30] Kansas, Louisiana, Maine, New York, Pennsylvania, West Virginia, and Wisconsin.

[31] Florida, Illinois, Maryland, Ohio, South Carolina, and Texas.

[32] National Center for Children in Poverty. *Map and Track: State Initiatives For Young Children and Families 2000 Edition*. Mailman School of Public Health, Columbia University, 2000.

[33] In 1998-1999 Georgia invested $217 million in prekindergarten programs which served 61,000 children. The Georgia universal prekindergarten program is funded by a Georgia state lottery. The program was started in 1993 as prekindergarten for low income children, but was expanded to a voluntary, universally available program for all 4 year olds in 1995. Georgia's prekindergarten and Head Start are estimated to serve approximately 75-80% of all eligible 4 year olds in the state. The program was originally administered by the Georgia state Department of Education but was moved to an independent Office of School Readiness in 1996. Georgia provides funding to public school districts who may (and many do) subcontract to Head Start centers, child care centers, private schools and community agencies. Georgia structures its funding as a formula based on student enrollment and teacher credentials.

[34] Gallagher, James, with Jenna Clayton and Sarah Heinemeier. *Education for Four-Year-Olds. State Initiatives*. National Center for Early Development and Learning. Frank Porter Graham Development Center, 2001. p. 30.

Policy Issues

Research indicates that the quality of early childhood education and care is significant for children's later academic success, particularly for disadvantaged youngsters. Yet, the U.S. system of preschool education and care presently varies enormously, not only in quality and content, but also in organization, sponsorship, source of funding, and the extent of government regulation.[35]

An economic argument can be made for a federal role in providing aid for early childhood education and care due to externalities and information imperfections in the market for early childhood care and education.[36] This intervention might take the form of provision of care, subsidies or tax credits for families, tuition credits for early childhood educators, licensing requirements, or simply the provision of information. Externalities exist because the benefits of quality early childhood education programs accrue not only to the families who purchase these services, but to society at large (through lower taxes for welfare and crime, through higher productivity of well-educated citizens, etc.) However, when the costs of these services are borne only by parents, the price paid for these services will be artificially low.[37] In addition, because of imperfect information and geographic limitations, parents may not be able to locate the best providers of early childhood education and care, or know how best to evaluate the costs, quality and services of different providers.

However, even if federal aid is determined to be appropriate, there is no consensus on how much federal aid should be provided and what form of aid would be most effective. There is also disagreement on whether such aid should be targeted to disadvantaged youngsters or should be universal. Others express concern that such aid may supplant current state programs. Congress is considering whether there should be an enhanced role for the federal government in funding and setting standards for early-childhood education and care; and how to effectively coordinate any new initiatives with existing federal and state programs.

Most researchers have found high quality early childhood programs to have several factors in common: low teacher-child ratios, well trained and well paid teachers, and low staff turnover rates. Yet well trained, better paid staff, and low teacher-child ratios translate into more expensive programs. Presently many middle class families pay privately for their child or children's early education and care.

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[35] *Ibid*., p. 2.

[36] A market failure is defined as "a situation in which a market left on its own fails to allocate resources efficiently." Vandell, Deborah, and Barbara Wolfe. *Child Care Quality: Does It Matter and Does It Need to be Improved?* U.S. Department of Health and Human Services. Washington, D.C., 2000.

[37] *Ibid*., p. 5. "[M]arket failure perpetuates itself. Because the demand for high-quality care is too low, compensation is too low, and the more highly trained seek employment in other spheres. As a result, quality declines, unless intervention occurs."

Many children from low-income families participate in Head Start, although in 2000 only 61% of eligible 4 year olds were able to participate.[38]

The GAO estimated the cost of *high quality* early childhood education in 1988 to be $4,200 annually per child, plus $600 for in-kind contributions.[39] Sixty-five percent of these costs are attributable to personnel costs.[40] If we adjust this 1988 figure of $4200 for inflation, it would equal $6132 in year 2000 dollars.[41] *Average* costs (without assessing quality) for a 4 year old in a child care center in 2000, were $4,000 to $6,000 per year, according to the Children's Defense Fund. In all states but one (Vermont) the annual costs of child care in an urban area are greater than the costs of public college tuition. The costs of preprimary care are particularly burdensome for low-income families according to the Children's Defense Fund:

> Even if a two-parent family with both parents working full time at minimum wage ($21,200 a year before taxes) managed to budget 10 percent of their income for childcare ($2,140), they would be left several thousand dollars short of what they needed to afford *average-priced* childcare, much less the higher prices charged by many better quality centers and family childcare homes.[42]

Thus, given the costs of early childhood education and care and limited resources, should federal aid be targeted to disadvantaged children, such as those who are presently not being served by Head Start? Research data indicates that disadvantaged children especially benefit from quality early childhood education and care. This research, as well as equity considerations might support directing federal aid, if limited, to disadvantaged children. Proponents of targeting aid argue that universal care would provide care to children whose families already are paying for care privately and can afford to do so. However, proponents of universal care argue that these costs are also burdensome on middle-class families and universal service provision could enhance overall quality and political viability.

Congress is also concerned with how to increase the supply of quality early childhood care and education programs, without supplanting state provision of early-childhood education and care. Opponents of increased federal involvement argue that this aid will supplant existing private and state initiatives, and that more federal regulation of early childhood education and care services may effectively increase the costs of care to families. Furthermore, opponents of more federal aid for early

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[38] CRS Report RL30952, *Head Start: Background and Funding*, by Alice Butler and Melinda Gish.

[39] GAO surveyed National Association for the Education of Young Children (NAEYC) accredited centers. GAO assumed these accredited programs would give a reasonable estimate of the costs of a high quality early-childhood education program. U.S. General Accounting Office. *Early Childhood Education. What Are the Costs of High-Quality Programs?* Washington, D.C., January 1990.

[40] See CRS Report RL31118, *The Child Care Workforce*, by Linda Levine.

[41] Using the Consumer Price Index for all urban consumers.

[42] Costs are for 2000, and are based on data collected from local child care resource and referral agencies. Schulman, Karen. *The High Cost of Child Care Puts Quality Care Out of the Reach for Many Families*. Children's Defense Fund, 2000.

childhood education and care argue that as a matter of principle such initiatives unduly interfere with the primary role of families in raising young children.

Another issue is how best to ensure quality in early childhood education and care programs. In some European countries, where universal early childhood care and education are more prevalent, these programs are usually part of the public education system. Some argue that U.S. early childhood education and care programs should be run by public schools, because that would ensure quality standards and an education component to programs. Proponents argue that having LEAs in charge of these programs would help provide a qualified well-paid staff and would be best for focusing efforts on preparing young children for entering elementary school. Others argue that the public school system has failed low-income children and should not serve as the model. And, they argue, in order to encourage continuing state and private efforts to provide quality early childhood education and care programs, flexibility in programs' sponsorship (including private providers and Head Start programs), organization and funding sources should be encouraged.

Furthermore, some argue it would be most efficient and politically feasible to build on existing programs. Because existing state initiatives vary enormously in terms of funding, structure, the entities providing care, and level of participation, concerns have also been raised about whether increased federal aid in the form of specific new programs might duplicate or discourage these efforts. On the other hand, if new federal aid is provided in a form intended to complement existing state efforts (a block grant, for example), it may risk a lack of focus.

Finally, some argue that more coordination of new and existing federal programs in early childhood education and care is needed. In a GAO report issued in 2000, the agency concluded that there is presently mission fragmentation and overlap in federal early childhood care and education programs:

> Both occur when more than one federal agency (or more than one bureau within an agency) is involved in the same broad area of need. Fragmentation can create inefficient service delivery and administrative complexity because various agencies are administering similar programs serving similar groups of children. In addition, mission fragmentation makes coordination among agencies administering these programs necessary. Program overlap creates the potential for duplication — which occurs when programs have the same goals, the same activities or strategies to achieve them, or same targeted recipients. However, a certain amount of redundancy among programs may be necessary to improve service delivery, or it may indicate that a certain program is related to a number of areas.[43]

Thus, some argue that the federal government needs to focus its efforts, not only on expanding aid for early childhood education and care, but also on developing more effective coordination among existing programs for early childhood education and care.

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[43] U.S. General Accounting Office. *Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs*. HEHS-00-78, April 2000. p. 7.