CEELO

Center on Enhancing
Early Learning Outcomes

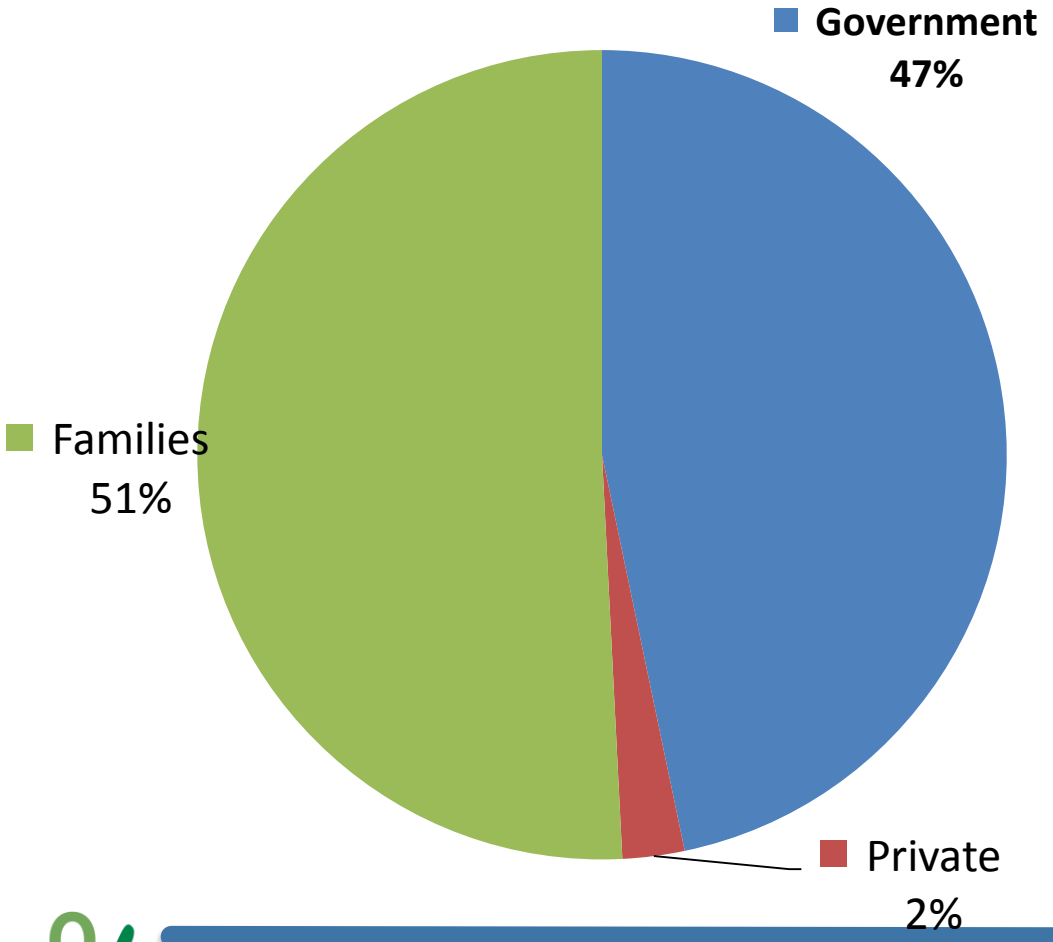
INADEQUATE FUNDING FOR ECE, ARE SCHOOL FUNDING FORMULAS A SOLUTION?

March 2, 2017
Child Care and Early Education Policy Research Consortium Annual Meeting

Lori Connors-Tadros, Director, Center on Enhancing Early Learning Outcomes, National Institute for Early Education Research, Rutgers University

This presentation draws on the paper by W. Steven Barnett and R. Kasmin (2016) "Funding Landscape for Preschool with a Highly Qualified Workforce", commissioned by Board on Children, Youth and Families. Retrieved from http://sites.nationalacademies.org/DBASSE/BCYF/Funding_Landscape_for_Preschool/index.htm

Funding Landscape: Early Care and Education Sector



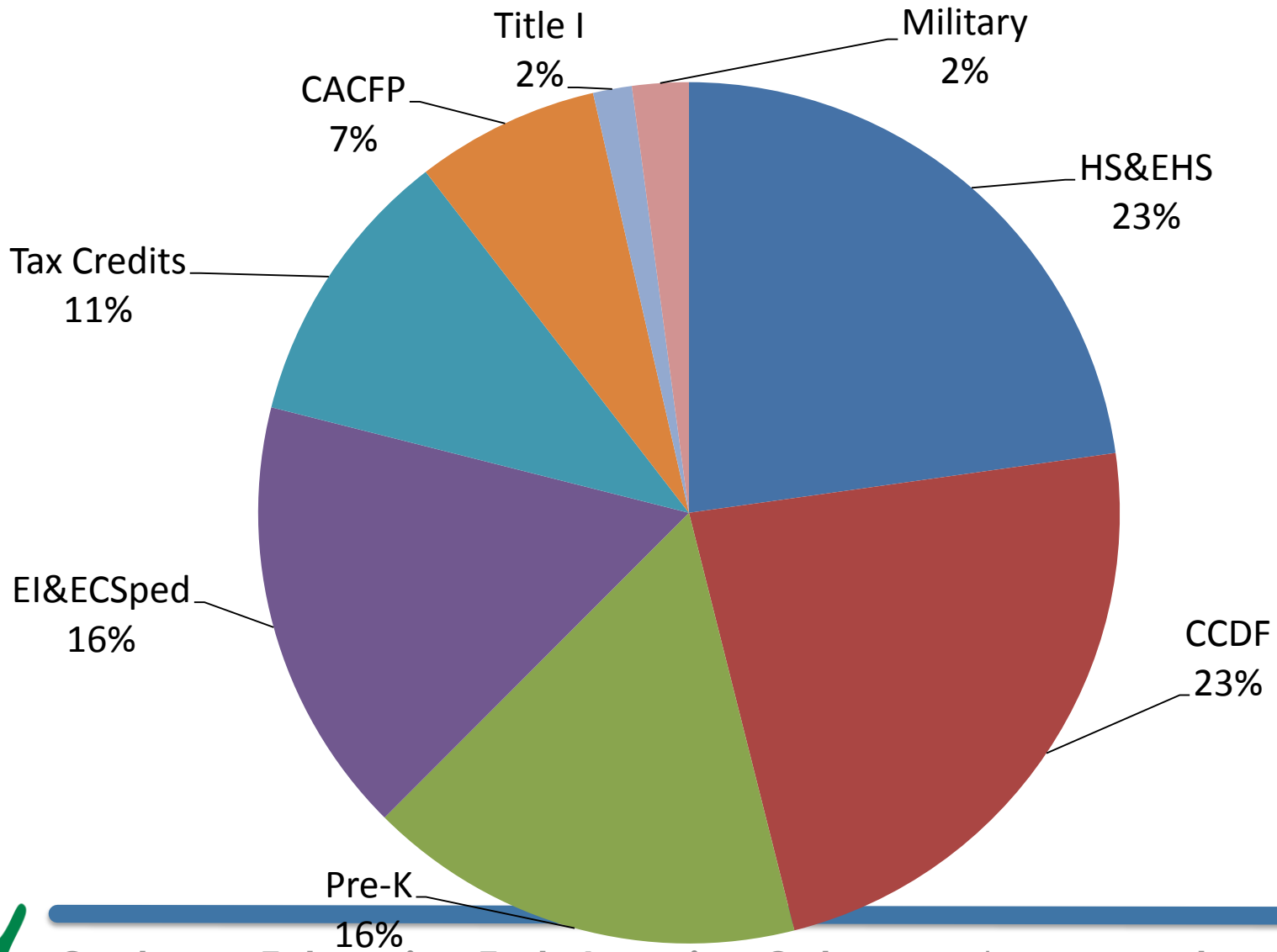
Consumer tuition (families) is the largest source of revenue, roughly **51%** of total industry receipts ($41Billion)

Private (non-public, non-family) revenue has increased over several decades but still only **2%** of total ($2 Billion)

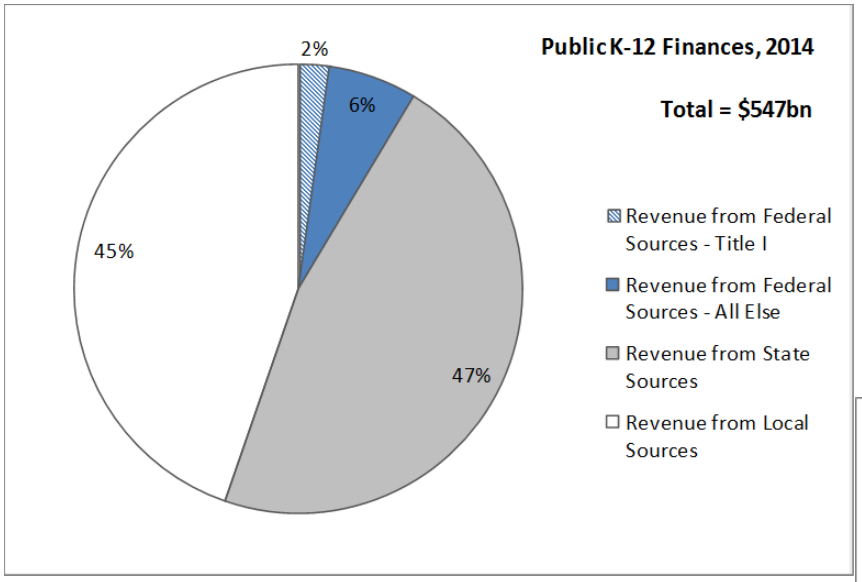
Government funding **47%** of total, primarily portable funding, vouchers or tax benefits ($38 Billion)

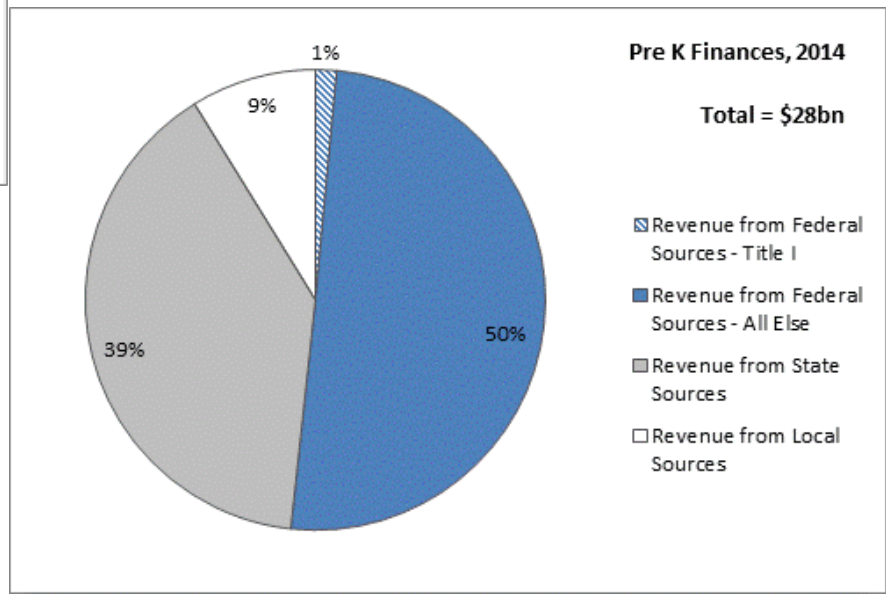
National Data (approximately $80 Billion)

Government Spending: @$38 B, All Sources



K-12 Compared to Pre-K Revenue





How State Pre-K Programs Are Funded

Funding Mechanisms

	# States	Amount (millions)	Share of Total
Discretionary Grants	31	$3,161	46.6%
School Funding Formula	10	$1,798	26.5%
Discretionary Formula Grants	14	$1,736	25.6%
Scholarships	1	$41	0.6%
Tax Credits	2	$34	0.5%
SIBs	2	$20	0.3%
sum		$6,783	100%

School Funding Formula

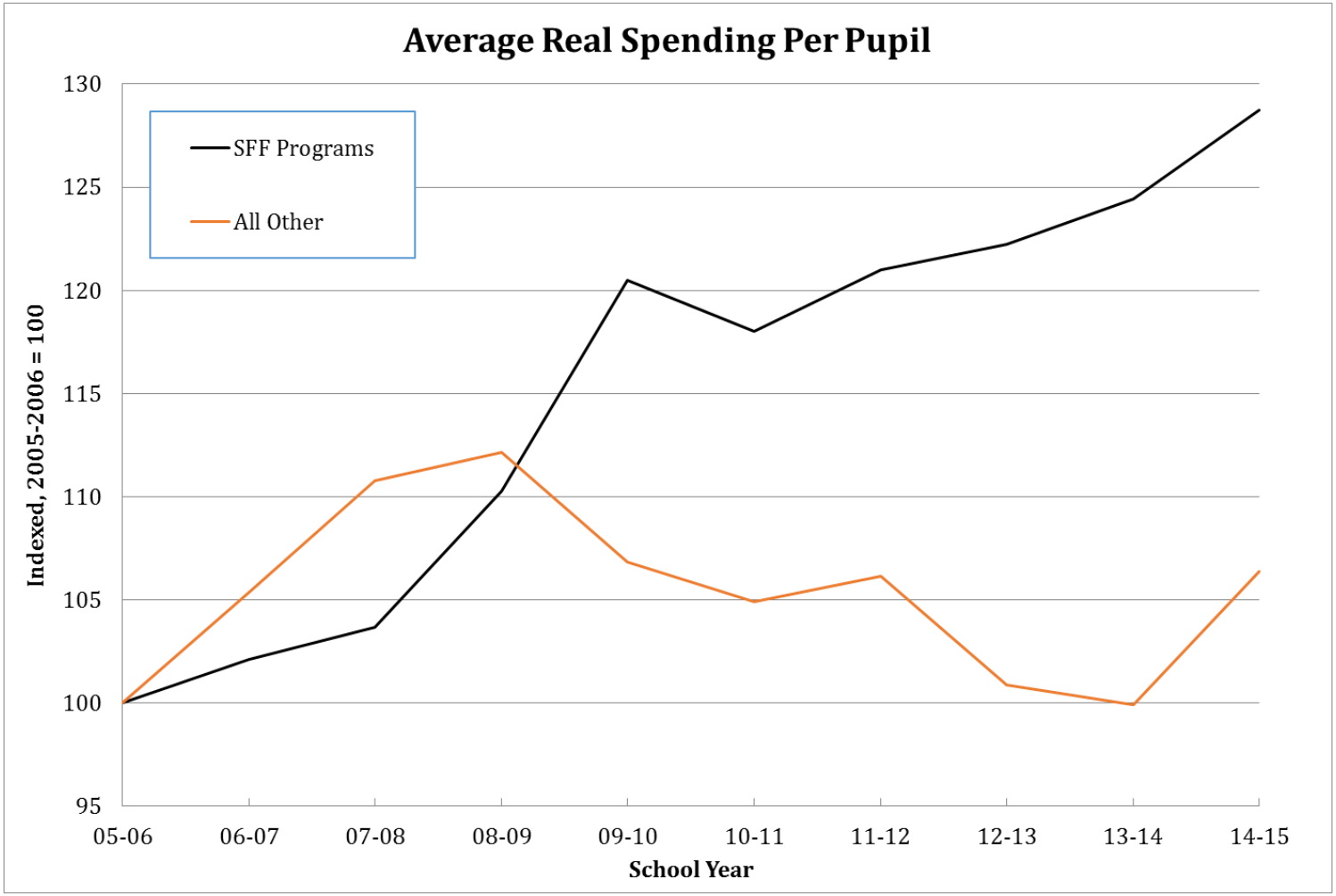
- Cost-based formula. Generally takes into account student and district variables.
- Generally a significant reliance on residential taxes, which provides a steady funding stream.
- It would yield more funding per pupil and more pupils covered.
  - K-12 p.p. average = $11k; Pre-K p.p. average is ½ that.
  - Assume covering 50% of 3- and 4-year old population
  - Would increase state and local bill by around $30bn (currently around $14bn).

Pre-K SFF Programs

State	Pre-K Spending per Pupil, Adjusted for Relative Prices	Spending per Pupil Ratio: Pre-K/K-12	Hours/Day	Prorated Spending per Pupil Ratio: Pre-K/K-12	Enrollment 4s, % population
Colorado	$3,745	0.47	min 2.0	0.95	23.3%
District of Columbia	$14,876	0.80	6.5	0.80	86.3%
Iowa SVPP	$3,186	0.31	3	0.62	57.1%
Kentucky	$8,619	1.04	min 2.5	1.04	25.8%
Maine	$6,106	0.52	min 2.0	1.04	36.2%
Oklahoma	$8,656	0.97	6	1.22	74.8%
Texas	$3,764	0.49	3	0.98	47.8%
Vermont Act 62	$7,036	0.51	2	1.03	68.8%
West Virginia	$11,197	0.93	min 3.0	0.99	68.0%
Wisconsin 4K	$6,457	0.65	2.5	1.30	62.6%

School funding formula does not mean well funded
Can still be targeted, capped

Pre-K Real Spending Growth



School Funding Provides Base/Some Stability but Additional Resources Needed to Adequately Fund Quality/Access

- WV- school funding + blend other sources
- Boston - (District) School Funding + blend other sources
- Denver - CPP School Funding + DPP tax credit/other sources

Thank you!

For further information, contact:

Lori Connors-Tadros,

Director,Center on Enhancing Early Learning Outcomes

LTadros@nieer.org