

**VIABILITY OF A UNIVERSAL
PRE-KINDERGARTEN PROGRAM
IN SOUTH CAROLINA**

An Internal Report Prepared
For

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I. INTRODUCTION

“We can’t afford not to.” In response to the need for preschool education, this declaration was recently uttered by James Heckman, a Nobel Prize winner in economics and a pioneer in the study of human capital. He noted that 20% of U.S. workers are “functionally illiterate and innumerate,” which will eventually cause wages and productivity to decrease by half or more over the next 20 years if we fail to make investments now in our preschool-age children.

The positive outcomes produced by existing pre-kindergarten programs are nearly incontrovertible and continue beyond childhood, contributing to reduced incidences of crime and to higher levels of achievement, grade retention, wages, productivity and, ultimately, competitiveness. Notably, nearly everyone agrees, including once-skeptical critics, academics, conservatives, liberals, law enforcement groups, and market economists.

Recognition of the benefits of pre-K has gained momentum as more states have moved to implementing new programs or expanding existing ones. In 1980, only 10 states had programs; today, more than 38 have developed statewide programs. It is estimated that for every \$1 dollar a state spends, it receives \$8–\$17 in future returns. Although South Carolina already has several existing four-year-old programs, they target mostly disadvantaged and at-risk children, neglecting many other children living within the State. Below is a brief discussion of the State’s existing programs and current spending levels, along with issues relating to fiscal concerns and other hurdles in providing pre-kindergarten access to all of South Carolina’s four-year-olds.

This paper is an attempt to provide a baseline for the Palmetto Institute Board to use in deciding if further research is recommended. For more detailed information regarding existing

state programs, as well as additional issues to be considered, please refer to Elizabeth Wilson's June 2005 white paper entitled, "Pre-Kindergarten Programs in South Carolina."

II. EXISTING PROGRAMS

A. Early Childhood Program

South Carolina first established the Early Childhood Program in 1984 as part of the Education Improvement Act. Each school district is required to provide at least one pre-kindergarten class, which operates at least two and a half hours per day, five days per week, for 180 days of the academic school year. Enrollment priority is given to children who are disabled, have defined academic deficiencies, or speak English as a second language. Districts screen children using DIAL-R (Developmental Indicators for the Assessment of Learning-Revised), a screening instrument that provides a general assessment of developmental readiness, but also may use other criteria such as free/reduced lunch, age of mother, and structure of family (single parent or number of children). School districts may either conduct the classes themselves (most common) or within Head Start programs, or may contract out the services to a private agency such as a daycare facility. All teachers must be certified despite which group conducts the classes.

State funding is awarded directly to individual school districts and is allocated based upon a formula that assesses the number of children in first grade who did not pass the S.C. School Readiness Assessment. State funding for existing programs has either decreased or remained flat, while the number of children eligible has increased over the last four years. The State's pre-K programs are funded largely with State monies (including First Steps funding) and federal Title I funds.¹

¹ Founded by the U.S. Department of Education in 1965, Title I is the largest federally-funded program that provides initiatives to improve educational opportunities to children who attend schools in low-income communities.

As the demand for the program has risen, the State has been spending less. For 2005, the State is serving 17,351 four-year-olds, a 12.67% enrollment increase since 1999. It spent approximately \$21.83 million to serve these children, a decrease of 2.10% since 1999. In 2003, budget cuts caused a loss of 2,000 pre-k slots. According to a 2004 report issued by the National Institute for Early Education Research (“NIEER”) (based upon 2002-2003 data), the State spent approximately \$1,303 per 4K child enrolled, well below the national average and putting South Carolina near the bottom in per-child funding. Georgia and North Carolina spent \$3,824 and \$4,819, respectively. Notably, this amount represents funding only for half-day services (2.5-3.0 hours) and does not include other sources such as local district and federal Title I funds. Although State funding pays only for part-day programs, some districts use Title I or local funds to extend the class day.

In looking at the 2005 enrollment and spending figures discussed above, the State is allocating approximately \$1,258 per child, a 13.1% decrease since 1999. While 20 other states have proposed increased funding for fiscal year 2005, Governor Sanford has proposed flat funding for pre-k in South Carolina (only five other state governors – Alabama, Arkansas, Kentucky, Texas, and West Virginia – have proposed flat funding). Notably, although the State ranks low in per-child funding, it ranks fourth in the nation in serving a higher rate of the four-year-old population – 32%.²

B. First Steps

In 1999, the State enacted First Steps to School Readiness (“First Steps”), which is designed to provide resources, such as 4-k programs, health screenings, well-baby visits, technical assistance for child care providers, and nutrition education, to localities so as to provide

² West Virginia is tied with South Carolina, with only Georgia, Oklahoma, and Texas serving higher percentages.

support for children from birth to kindergarten age.³ Children considered at risk are specifically targeted for assistance. By 2003, the program was serving 3,492 children in full-day, extended-day, and half-day 4-year-old programs. First Steps also partnered with the South Carolina Department of Health and Human Services in 2003 to launch a pilot program to hold 4-K classes in private child care facilities in 13 sites around the State.

First Steps is funded through State appropriations, federal funding, in-kind contributions, private dollars, and volunteer services. Monies distributed to counties cannot be used to supplant other state or federal funding. In 2003, First Steps spent \$9.6 million in State-appropriated funds on early education programs. The State appropriated a total of \$18.3 million for First Steps generally for fiscal year 2004-2005, with \$3 million from Lottery proceeds. Since 1999, it has raised \$8 million – nearly \$1 for every \$4 received from the State. In addition, First Steps has received donated computers and software from IBM.

C. Head Start

Created in 1965, Head Start is a national program providing educational, health, and parental involvement services to at-risk children and their families. In 2004, South Carolina's Head Start program served 12,248 children (mostly three- and four-year olds⁴), with nearly 87% of them enrolled in a full-day, full-week program. Approximately 87% of enrollees were African-Americans, 7.3% were Caucasian, and around 2.2% spoke Spanish at home (compared to 4% the previous year).

³ First Steps' childhood learning program is also designed to fill in gaps associated with existing programs. It promotes partnerships with organizations such as The United Way's "Success by 6" program, which provides for extended-day 4-year-old kindergarten for academically at-risk students in Greenville and Columbia. That program is also supported by a \$450,000 grant contributed by Bank of America.

⁴ During the 2003-2004 school year, 44.7% of the enrollees were three-year-olds and 46% were four-year-olds.

In 2004, the State passed through \$81,718,067 of federal funding to serve the 12,000+ enrollees. South Carolina, unlike more than 20 other states (as of 2000), does not supplement the Head Start program with state funds.

III. QUALITY OF EXISTING PROGRAMS

South Carolina has shown some limited success in its pre-k offerings. According to a report issued in 2004 (based upon 2002-2003 data) by the National Institute for Early Education Research (“NIEER”), South Carolina’s pre-K program was 1 of 8 states that met 8 out of 10 national quality benchmarks and is fourth in the nation for access to all four-year-olds.⁵ A recently-implemented initiative, First Steps reported positive successes for 2003:

- 99.1% of its 4-K teachers certified in Early Childhood Education
- 80 children served in Head Start programs
- 1,535 children served in full-day, and 405 in half-day, 4-K programs in public schools
- 78 half-day 4-K classes extended to full-day, serving 1,552 children, and 274 children served in a pilot private child care full-day 4-K programs in 13 sites across the State.

Participation in pre-k programs does enable some students to enter school more ready to learn. For instance, in 2001, the percentage of South Carolina students assessed “ready” for first grade among those who attended Head Start was 82.4% (although a 3.3% decrease from 2000).⁶ Statewide, nearly 1 in 7 test “not ready” for first grade, and, in some communities, 1 in 4 test “not ready.”

Any failures associated with pre-k programs are related primarily to underfunding, which imposes financial burdens upon families and contributes to imbalanced access to programs and

⁵ Benchmarks are: Comprehensive curriculum standards, Teacher has a B.A.; Specialized training in Pre-K; Assistant teacher has Child Development Associate or equivalent; At least 15 hours per year in-service; Maximum class size of less than or equal to 20; Staff-child ratio of 1:10 or better; Vision, hearing, and health screening; At least one support service; and At least one meal. Only Arkansas met all 10 benchmarks and three states met 9 out of 12, while twelve out of forty-four states met less than half of the benchmarks.

⁶ Drawing inferences from this data is limited because the number of students coded as attending “Head Start” was statistically small compared to the total number of students. Students were tested using the Cognitive Skills Assessment Battery, which has been superseded by the South Carolina Curriculum Standards.

educational quality. During school year 2003-2004, nearly 4,000 children were placed on waiting lists because of funding cuts. Head Start is considered so significantly under-funded that it fails to enroll 4 out of 10 three- and four-year-olds living under the poverty line, as well as most of those children living in low-income households. Although some districts are capable of providing a full-day program by combining additional funding sources such as Head Start and federal Title I and local dollars, other districts have difficulty in operating the programs for a mere half day because of transportation difficulties. Providing universal access would need to be fully funded at the state level to ensure that local areas are equitably treated.

IV. FUNDING UNIVERSAL PRE-KINDERGARTEN

Ensuring a continuing stream of financial support is a concern for programs already in place, and acquiring adequate funding for a universal program will likely be a challenge. Costs will vary depending upon funding streams, instructional design, and other program facets such as the following:

- Number of children who access the services
- Duration of the program
- Competitiveness of salaries
- Teacher-student ratios
- Type of facilities – *e.g.*, existing space, public buildings, donated facilities, rented space, new buildings
- Comprehensiveness of program – *e.g.*, wraparound services, parental education, nutrition, health screenings, transportation
- Infrastructure costs – *e.g.*, technical assistance, professional development, inspections, monitoring, program evaluation, data systems

Groups examining total public costs for an average- to high-quality pre-kindergarten program with a six-hour school day operating throughout the entire school year estimate a cost of \$6,000-\$8,000 per child.

The South Carolina Department of Education's Office of Early Childhood estimates it would cost approximately \$82,000 for a class of 20 taught by a certified teacher, and \$123

million to serve an additional 30,000 (based upon an estimate of 54,000 four-year olds), with public schools serving 17,300. To serve at the national average – 60% – the State would need to spend approximately \$70 million.

Other states' responses to underfunding include incorporating early childhood education programs into the K-12 reimbursement formula and maximizing funding through leverage of federal matches. For instance, First Steps' collaboration with the S.C. Department of Health and Human Services allowed it to garner \$7 million in additional funds to be used for child care vouchers, staff training, and enhancement of child care facilities, in addition to \$600,000 for use in the pilot 4-K program. Other federal funding sources, such as TANF (Temporary Assistance to Needy Families) and CCDF (Child Care and Development Fund) block grants could be used to serve additional children.

States fund their programs using a variety of funding sources. For instance, Georgia, which instituted the first universal program without regard to family income, wholly funds its pre-k program through the state lottery and has enrolled more than half of its four-year-olds.⁷ It awards contracts to providers through a competitive process and, for the 2002-2003 school year, spent more than \$253 million to serve more than 60,000 students. This past summer, Tennessee approved spending \$25 million in lottery money on pre-k programs for at-risk children in 300 sites across the state. In addition, some states have expanded their programs by drawing on revenue generated from "sin" taxes such as those on cigarettes (*e.g.*, California) and beer (*e.g.*, Arkansas), or from tobacco settlement funds (*e.g.*, Kentucky).

States vary in determining how the funds are distributed. For instance, some states reimburse schools through the school aid formula, aligning pre-k programs with the K-12 system (*e.g.*, Maine, Oklahoma, Texas, Wisconsin). Some states provide higher per-pupil

⁷ Georgia's lottery ticket sales generate more than \$240 million for its universal pre-k program.

reimbursement to allow for higher costs related to educating children who are disabled or learning English. Other states allocate a preset amount to school districts based upon specified criteria, such as poverty and school dropout rates (*e.g.*, Kentucky, Maryland, New York, North Carolina). Still other states distribute funds based upon competitive grant applications submitted by the local programs or communities (*e.g.*, Colorado, Illinois). Lastly, some states blend differing approaches. For instance, Connecticut allocates automatic funding to districts, with other more “severe needs” districts receiving additional money. Likewise, Michigan has instituted one pre-k program within the public schools that is noncompetitive and receives money directly, and another, competitive program for community-based organizations.

V. POTENTIAL HURDLES

In addition to financial concerns, other major issues need to be considered in implementing or expanding pre-k programs, such as institutional resources, curriculum standards, teacher availability and qualification, collaboration between the public and private sectors, and political impediments. For instance, absence of adequate infrastructure, such as buildings, transportation, communications, trained personnel, and data systems, may impede expansion of the program. Other states are experiencing these same issues and have taken steps to overcome them. Facing one of its largest obstacles – shortage of facilities – Georgia developed a public-private partnership to open the program to for-profit providers, using their buildings instead of allocating funds for public school expansion. Alternatively, California issued bonds and awarded tax credits to businesses that provided or supported preschool facilities, as well as using joint-use agreements among local governing authorities for use of new or existing community facilities. In addition, it refurbished non-traditional facilities such as military buildings to house classrooms.

In addition to infrastructure, program expansion needs to address key issues of accountability, program quality, and teacher standards. South Carolina's existing programs are remarkable in permitting flexibility by allowing local districts to determine program and staffing needs. Although comprehensive and uniform curricula may be necessary to establish minimum standards and ensure program quality, a "one size fits all" approach may not be the preferred delivery system. For instance, Georgia allows its local districts to choose from several different curriculums. Credentialing of teachers is also important to program success: studies have shown that higher levels of teacher education positively relate to children's beneficial development and learning.

Collaboration among programs will be essential. Multiple programs, overseen by different agencies or groups, may impede standards, outcomes, measurements, information systems, and program goals, and lead to redundancy and inefficient use of resources. Options to consider include consolidation or creation of a spill-over program for those children not currently served because of inadequacies in funding or capacity. Unification of all pre-k classes, however, may enable the State to better utilize state and federal funding and to avoid duplication of services. In 2002, three out of four states with multiple programs enacted laws to require coordination among relevant agencies. In 2001, Florida consolidated all of its preschool efforts into a block grant administered by the Agency for Workforce Innovation,⁸ with funding allocated to county-level early childhood education coalitions. The Ohio Department of Education, through its Office of Early Childhood Education, administers that state's pre-kindergarten

⁸ The Agency for Workforce Innovation implements policies relating to workforce development, welfare transition, unemployment compensation, labor market information, early learning, and school readiness. In 2002, Florida voters voted to amend their state constitution to ensure that "every four-year-old child in Florida shall be offered a high quality pre-kindergarten learning opportunity by the state." Critics claimed the issue should have been addressed solely by the state legislature and not through a constitutional measure, as well as ensuring that funding would not be taken out of other existing programs.

programs while, at the same time, coordinating with other child care agencies and the federal Head Start Bureau to ensure unity among the programs. Overall, states have found success in coordinating all of their pre-k educational programs, despite navigating turf conflicts and facing opposition from private child care facilities.

The states vary in assigning responsibility for the programs. For instance, in Massachusetts, its education agency oversees local Community Partnerships for Children councils that coordinate services, and also conducts annual fiscal and program reviews. The local councils, comprised of parents, public school representatives, Head Start, and child care agencies, monitor their own progress. On the other hand, in Texas, its Education Agency governs pre-k programs as part of its education oversight responsibilities, with less participation by local communities. Some states assign responsibility to be shared by two or more governmental agencies. Connecticut enacted a statute that mandates that both the education and social services agencies jointly govern its pre-k initiative. These agencies oversee local councils, which are appointed by the local school superintendents and mayors. A few states assign responsibility to the governor's office (*e.g.*, North Carolina), or to a special office that reports directly to the governor (*e.g.*, Alabama and Georgia). With this type of governance, although costs in establishing a new agency/office would be incurred, it may help to ease administration of the program and avoid conflict between coordinating agencies.

Most states allow private facilities, including faith-based organizations, to participate in offering pre-k programs and compete for funding, as long as they are accredited (by one of the numerous national accrediting associations) and maintain minimum standards. Although First Steps' pilot program is held in a private facility, it is nevertheless subject to the same standards, curricula, and teacher qualifications as state-housed programs. With respect to faith-based

programs, the United States Supreme Court has ruled that parents are permitted to choose their provider without intrusion, and the government should neither advance nor inhibit religion by either requiring or forbidding religious activities.⁹

Finally, possible political barriers are worth noting. Some groups see these programs as a means to undermine the familial structure and are merely a form of state-run daycare. In South Carolina, slightly more than 66% of mothers with children under age 6 are employed. However, although the percentage of children in preschool with non-working mothers is somewhat less than the percentage of children with working mothers, the rate of growth for both groups is nearly the same. In other words, the demand for preschool has grown at the same rate regardless of the mother's employment status. The demand for preschool is, therefore, not necessarily based upon the need for child care, but rather the parent's desire for a better education for their children. Grassroots efforts and public information campaigns designed to market a universal program and maximize enrollment would be essential, especially in disadvantaged communities.

Use of vouchers has been a recent polarizing issue. Generally, vouchers are a means through which public funds are used to pay part or all of a student's tuition at a private school. Georgia uses a voucher-type system and allows parents to choose, at no cost, to send their children to state-funded pre-k programs offered by both public and private institutions. To maximize parental choice of providers, Florida permits direct issuance of vouchers to parents of eligible children, and these certificates may be used for any eligible provider. Florida's voucher system has recently received negative attention and scrutiny because of alleged mismanagement and abuses of the voucher program. Late last year, Florida's Education Commissioner

⁹ Both The Association of Christian Schools International and the Association of Christian Teachers and Schools are faith-based accrediting agencies, and The National Accreditation Commission for Early Care and Education Programs includes a religious component.

suspended program eligibility of 100 private and religious schools and placed 50 others on probation, and lack of oversight and monitoring has been listed as contributors to the state's inability to account for at least \$50 million distributed.

Given the financial, institutional, and political barriers, and recognizing the inherent difficulty in implementing a universal program in one fell swoop, some states have taken an incremental approach by first serving those children currently eligible under targeted programs (such as at-risk children) and then raising the income threshold over a period of time or, alternatively, first offering slots to those children living in "high need" areas. For example, New York established its universal program as a five-year phase-in process so as to ensure adequate funding.

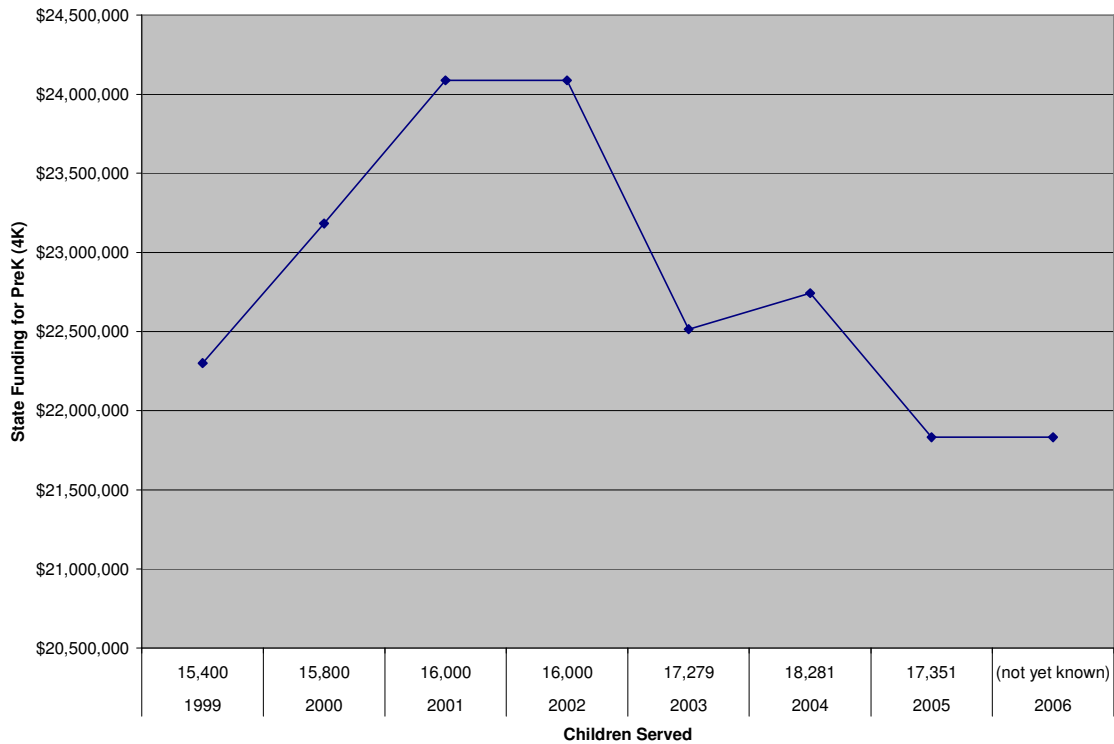
VI. CONCLUSION

South Carolina's current patchwork approach to pre-k invites a comprehensive, universal program. Although logistical concerns and budget realities may initially pose challenges to implementing a universal system, credible and timely research shows that fiscal benefits of universal access would far outweigh the overall costs. Numerous policy groups, governmental agencies, and other resources are currently advocating for nationwide universal programs. Notably, The Pew Trusts Charitable Trusts is at the forefront in providing nonpartisan research and grant funding for early education campaigns. Since 2001, it has spent more than \$42 million in its early education initiative, "Advancing High Quality Pre-K for All." Earlier, this year, The Pew Center on the States co-hosted a National Conference of State Legislatures seminar to educate state leaders on the importance and benefits of a voluntary pre-k program for all three- and four-year olds.

APPENDIX A

Enrollment and State Funding for Pre-K – S.C.

Year	Number of Children Served	State Funding for PreK (4K)
1999	15,400	\$22,300,000
2000	15,800	\$23,183,866
2001	16,000	\$24,088,057
2002	16,000	\$24,088,057
2003	17,279	\$22,514,278
2004	18,281	\$22,742,783
2005	17,351	\$21,832,678
2006	(not yet known)	\$21,832,678



SOURCE: South Carolina Department of Education, Office of Early Childhood Education, “The Cost of Prekindergarten in South Carolina” (June 2005).

ENDNOTES

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