New Study Charts Abbott Pre-K Success
PAGE 3

Preschool for All Is on the Rise
PAGE 4

Preschool matters

A Publication of the National Institute for Early Education Research
August/September 2007 Volume 5, No. 4
The rate at which state-funded preschool education is expanding is the clearest sign yet that, despite the efforts of public pre-K’s opponents, more policymakers than ever are convinced of the wisdom of expanding access to high-quality programs. Earlier this year, 29 governors proposed funding significant expansions of state-funded pre-K in their states. As the article on page 4 points out, more states are committed to expanding access to voluntary state-funded pre-K to all children.

Visionary governors have been a driving force behind much of the growth in state-funded preschool education over the past decade but they are not alone. Legislators in a number of states are demonstrating an increased willingness to make difficult economic choices in order to fund preschool education. These efforts are bearing fruit. Budgets passed this year in five states alone account for funding increases for state preschool education exceeding a quarter of a billion dollars. Even in states where budget negotiations remain contentious, legislators seem convinced that investing in preschool education is wise and focus on finding the money to make that investment.

Amid this change, opponents of publicly funded preschool education have stepped up efforts to convince the public that such broad-based access to public pre-K is wasteful and of limited effectiveness when it comes to preparing children for long-term success. By selectively citing research and cherry-picking statistics they try to persuade people that public pre-K should be restricted to disadvantaged children. Furthermore, they say, gains made in pre-K fade by the time children are in the third grade.

In fact, their arguments become harder to make as the body of research on public programs, including state-funded pre-K, grows. In a recent SRCD Social Policy Report (Volume XXI, Number 3, 2007), Jens Ludwig and Deborah Phillips make the case that Head Start passes a cost-benefit test. Studies of a number of state programs, including New Jersey’s Abbott Preschool Program (see next page), show that high-quality public programs do indeed benefit all children. New Jersey’s Abbott study shows pre-K’s substantial positive effects extending to first grade and that gains are much greater if children start at age 3. Studies in Oklahoma and West Virginia demonstrate the effectiveness of pre-K for all children. Most recently, our study of New Mexico’s new pre-K program found substantial gains in language, literacy, and mathematics.

For most people, it’s a matter of simple logic that early gains are bound to help children do better when they enter kindergarten and proceed through school. Accurately tracking such effects over time is difficult, but the most rigorous studies show benefits from preschool education that carry over into the first years of school and even well into adulthood. These benefits include increased academic achievement and improvements in social-emotional development behavior and conduct. Little wonder, then that Dr. James Heckman, a University of Chicago economist and Nobel Laureate, has concluded that the preschool years are the most productive years for new educational investments. Despite the naysayers, a growing number of policymakers and taxpayers agree.

W. Steven Barnett
Director, NIEER

Pre-K Progress in the States

The National Institute for Early Education Research supports early childhood education initiatives by providing objective, nonpartisan information based on research. NIEER is one component of a larger early education initiative designed, funded and managed by The Pew Charitable Trusts.

© 2007 National Institute for Early Education Research
Send comments, opinions, and news to editor@nieer.org.
Address Changes: Please include mailing panel on page 12 when requesting address changes.

NIEER is a unit of Rutgers University.
Study of Abbott Preschool Program Finds Positive Effects

Classroom quality improved and children made substantial gains—especially those attending for two years

When the New Jersey Supreme Court ordered state pre-K be provided in the state’s highest-poverty school districts “as expeditiously as possible,” the race was on to develop and implement a high-quality program. That was 1998. In 1999, the Abbott preschool doors swung open. Eight years later, enrollment exceeds 40,000 and findings from a study of its children and classrooms show considerable progress.

The first set of findings from NIEER’s Abbott Preschool Program Longitudinal Effects Study (APPLES), undertaken in 2005–2006 and designed to follow Abbott children as they progress, shows that:

- The gains children made in language, literacy and mathematics during preschool were largely sustained during their kindergarten year.
- Children who attended the Abbott program continued in kindergarten, as they did in preschool, to close the gap between their vocabulary scores and the national average score.
- Those who attended the Abbott program for two years gained nearly twice as much as those who attended for one year in vocabulary and math. Most of this two-year advantage persisted through the end of kindergarten.
- Only in simple print awareness skills do children who did not attend Abbott preschool programs “catch up” by the end of kindergarten.

APPLES also measured classroom quality, comparing quality scores in 2006 with scores from 2000, finding that:

- In 2006, nearly 90 percent of the classrooms scored above the average score found in 2000. Most classrooms scored in the good to excellent range in areas most likely to be directly related to child learning, language and reasoning, activities and interactions, and program structure. Progress was made in improving teaching practices related to children’s learning in math but further improvement is needed in most classrooms.
- Public school and private child care center classrooms scored virtually the same across nearly all measures of teaching practices.

The APPLES findings provide insights for New Jersey as the state continues to develop Abbott and other state programs, says Ellen Frede, NIEER co-director and an author of the report. Frede, who was responsible for Abbott program implementation while at the New Jersey Department of Education, puts it this way: “There’s a lot of interest in whether the program is effectively helping children enter school with the knowledge, skills and dispositions to succeed. These results, based on a sample of more than 2,300 children, show clear evidence that it’s working—and helping kids close the achievement gap not only in pre-K but right on through kindergarten.”

With state-funded pre-K growing in a number of states, the APPLES findings have significance beyond New Jersey. Sara Watson, a senior officer at The Pew Charitable Trusts, says “The New Jersey findings demonstrate that high-quality early learning programs can truly prepare children for academic achievement.” To read the full report, visit http://nieer.org/docs/index.php?DocID=173.
Preschool Education For All: A Goal That’s Gaining Ground

More Leaders Call for Voluntary Preschool Education for Every Child. Will Effective Programs Follow?

As recently as last summer, advocates for making preschool education available to all youngsters had their hands full pressing their cause. New Yorkers were struggling to reverse five consecutive years of flat funding for the state’s chronically underfunded Universal Pre-K Program. Out West, Californians anticipating the Preschool for All program embodied in Proposition 82 saw that measure defeated at the polls. And down South, Floridians finally succeeded in their struggle to launch state-funded pre-K for all 4-year-olds but celebrations were muted by concerns over the program’s funding and quality shortcomings.

Then came the fall elections and leadership changes in a number of states. That and renewed interest at the national level point to a growing desire not only to expand access to public preschool education but also to view access to preschool education for all children as a worthy goal.

This year, the national advocacy group Pre-K Now reported a record 29 governors recommending funding increases for public pre-K for Fiscal Year 2008. A number of states have already made substantial budgetary commitments to new funding aimed at expanding provision of services:

• New York Governor Elliot Spitzer championed new funding for universal pre-K, signing a 2008 budget with an increase of $146 million. He also vowed to make services available to all children by the end of his term.
• New Mexico Governor Bill Richardson, an advocate of preschool education for all in his state, signed a new budget containing a $9 million increase for state-funded pre-K.
• Iowa Governor Chet Culver signed a new budget containing $15 million as the first installment for the state’s new voluntary pre-school education for all program.
• Tennessee Governor Phil Bredesen signed a budget with a $25 million increase to move the state closer to its policy goal of preschool for all.
• Louisiana Governor Kathleen Blanco signed a new budget allocating $30 million in new spending to provide state-funded preschool education for all at-risk 4-year-olds.
• Pennsylvania Governor Ed Rendell signed a budget calling for an additional $75 million in funding for preschool education.

Not everything governors seek comes to fruition after negotiations for final budgets take place. Virginia Governor Tim Kaine has had difficulty getting legislators to buy into his initiative for voluntary universal preschool education. In Oklahoma, Governor Brad Henry saw his proposal for pre-K for 3-year-olds rejected by the legislature. At press time, Governors Rod Blagojevich in Illinois and Jennifer Granholm in Michigan had yet to reach agreement with their legislatures over substantial new allocations each proposed for state-funded pre-K programs.

Even so, political watchers say the stepped-up priority states are placing on preschool education could be a sign of bigger things to come. “When you look back at 2005 and see that just 11 governors proposed increased pre-K budgets compared to 29 governors for Fiscal Year 2008—the momentum is undeniable,” says Libby...
Doggett, executive director of Pre-K Now. Doggett sees the shift as showing that “states are no longer talking about whether to provide pre-K, the discussion now is about how to do it. The handful of states that aren’t at this stage are going to have to play catch-up.”

National Scope
Until recently, preschool education for all children has been a state issue. That is changing. Earlier this year, New York Senator and presidential candidate Hillary Rodham Clinton proposed a $10 billion federal program that would provide access to preschool education for all children through a federal-state partnership in which states would match federal contributions. Other presidential hopefuls have also voiced support for preschool education for all.

Pre-K for all is also gaining ground in Congress. Shortly before Clinton announced her plan, U.S. Senator Bob Casey of Pennsylvania proposed a program that also would provide federal money to states for universal preschool education. In May, House Speaker Nancy Pelosi called a “National Summit on America’s Children” where experts across the early childhood field educated House members on children’s development and what the research says about high-quality preschool education. In August, Congresswoman Mazie Hirono of Hawaii introduced a bill that would provide $1 billion per year for states to use in pre-K programs.

NIEER Director Steve Barnett, a speaker at a recent Congressional briefing, says as pre-K for all gains traction, it’s critical policy leaders understand the relationship between program quality and positive outcomes. “A large number of studies show the clear connection between program quality and positive child outcomes,” he says. Barnett cautions that the long struggle to raise program quality at Head Start should serve as an object lesson for the architects of pre-K expansion. “Reasonable class sizes and staff-child ratios and comprehensive services have been hallmarks of quality from the beginning, yet even after 40 years in operation, Head Start teachers are still second-class citizens when it comes to pay and benefits,” he says. Barnett says setting high standards for programs at the outset—and providing the necessary support to achieve them—can go a long way toward ensuring we don’t repeat mistakes of the past.

Diverse Delivery
High standards address just part of the challenge, however. Unlike primary education, pre-K is delivered through a diverse system of private providers, child care centers and the public schools. Few know that better than Ellen Frede, NIEER’s co-director and the person responsible for implementing the Abbott Preschool Program while at the New Jersey Department of Education. She says any program needs to build in flexibility and accountability without sacrificing quality. Her recipe: “Create a system that meets parents’ needs for child care and children’s needs for education. Enhance all aspects of learning and development. Ensure that standards and funding are comparable across all the settings. Make it easy to combine funding from different sources, whether federal, state or from parent tuition. Where eligibility applies, base it on children’s educational needs and not the work status of the parents.”

Recent research has helped strengthen the case for expanding access to preschool education. While many studies showing positive effects are based on smaller model programs, recent studies on state-funded programs show that when programs are scaled up to serve much larger populations, children can make significant gains. One is a recent report from NIEER’s long-term study of the Abbott program. (See Page 3.)

<table>
<thead>
<tr>
<th>Cities With A Policy Goal of Preschool for All:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
</tr>
<tr>
<td>Chicago</td>
</tr>
<tr>
<td>Denver</td>
</tr>
<tr>
<td>Los Angeles</td>
</tr>
<tr>
<td>New York</td>
</tr>
<tr>
<td>San Francisco</td>
</tr>
<tr>
<td>Seattle</td>
</tr>
<tr>
<td>Washington, DC</td>
</tr>
</tbody>
</table>
New Study: New Mexico’s Pre-K Improves Language, Math Abilities of Children

A study conducted by NIEER and Utah State University shows that 4-year-olds who attended the first year of New Mexico’s state-funded preschool education program showed greater improvement in early language, literacy and math development than children who did not attend. The researchers estimated the effects of New Mexico’s PreK initiative on entering kindergartners’ academic skills using regression discontinuity design, a rigorous method that makes use of the state’s kindergarten cut-off date to estimate the effects of pre-K, using a statewide sample of more than 800 children. Among their findings were these:

• Children showed gains in vocabulary that were 54 percent greater than the gains showed by children not attending the program.
• Children’s gains in math skills were 40 percent greater for those attending state Pre-K than they were for those who didn’t participate.
• Growth in children’s understanding of print concepts was 118 percent greater for program children than for non-program children.

NIEER Assistant Research Professor Jason Hustedt, lead author of the study, said finding such clear-cut benefits for a program that just started is encouraging. “I think this shows that when a state makes a commitment to pre-K, children benefit in meaningful ways. These initial findings are encouraging, and it’s important to keep documenting progress by New Mexico PreK as it grows,” he said. Hustedt also noted the striking growth in vocabulary scores for program children—nearly 8 raw score points—is especially significant in light of the fact that this measure is strongly predictive of general cognitive abilities and later reading success.

Math skills tested included basic number concepts, simple addition and subtraction, telling time and counting money. Print concepts tested included knowledge of letters, letter-sound association and familiarity with words and books. The report, which is the first in a series of reports that will document the effects of New Mexico’s PreK initiative over time, is available at www.nieer.org.

Nebraska’s New Early Childhood Endowment Fund

Late last year, Nebraskans approved a ballot measure (Amendment 5) to increase funding for preschool education and in the process created the first-of-its kind Early Childhood Endowment Fund (ECEF). This June, the State Board of Education selected the Nebraska Children and Families Foundation (NCFF) as the endowment manager. In addition to enabling public school funds to be used for early childhood programs, Amendment 5 seeds the new endowment fund with an initial investment of $40 million. Private providers have also stepped forward, contributing $20 million to the fund so far—including $5 million from Susan and Peter Buffet. Expectations are that at its current level of assets, ECEF will accrue $2 to $3 million in interest each year to support early childhood programs and services for at-risk children from birth to age 3. Risk factors include children with teenaged parents, children from low-income families, English Language Learner status, and low birth weight. Mary Jo Pankoke, executive director of NCFF, says the interest earned from the fund will be enough to work with 15 percent of the state’s 24,000 at-risk infants and toddlers.
This May, the Vermont Legislature approved a measure to bolster voluntary public preschool for 3- and 4-year-olds and in June, Governor Jim Douglas signed it into law. The new legislation is a compromise reached between those advocating for universal preschool and those opposing it due to concerns about the cost to the general education fund as well as the future of private child care providers.

To address the cost issue, school districts will get state assistance to provide preschool education for up to half of the 3- and 4-year-olds living in each district. If the district serves more than 50 percent of the eligible population, funds for the programs for additional children will come from local taxpayers.

To combat fears about the possible shutting down of private providers due to the widespread availability of public programs, the legislation requires new programs begun by school districts to collaborate with private providers whenever possible. In practice, this means a school district can use state money to send its teachers into a private school for 10 hours of instruction a week. Private facilities must meet specific qualifications in order to receive state public pre-K funds.

The legislation firms up the protocol for setting up and running public-private partnership programs around the state. Districts will be required to see if qualified service providers have the capacity to meet the district’s needs. Currently, about 3,400 children are enrolled in public-private programs in 65 percent of the school districts around the state. Advocates hope the partnerships will make high-quality preschool education programs more readily available to a larger number of children, helping them on the road to success in kindergarten and beyond.

The law stipulates each program meet certain curriculum and staff standards, only allows public funding for a maximum of 10 hours a week per child, and calls for districts establishing new preschool education programs to go through a process involving community input before the program is set up. The law also makes clear that preschool education programs are voluntary both for the districts and the parents.

At press time, there has not been a rush of schools looking to open preschool education programs. The startup costs are high, and it takes up to two years for state funding to catch up to the program costs. That funding gap is a major deterrent for schools.

Because the number of districts establishing new programs is not yet known, predicting the cost of expanding preschool education throughout the state is difficult, but the estimate is about $14 million.

Massachusetts’ Overhaul of Education Includes Proposal for UPK

As part of an eight-year plan to reform public education, Massachusetts Governor Deval Patrick is calling for universal preschool education and full-day kindergarten programs throughout the state.

For the 2007 fiscal year, the Massachusetts Universal Pre-Kindergarten Program is funded at $4.6 million. The state’s 2008 budget seeks to increase funding to $7.1 million. As for the new plan the governor is proposing, the cost for the entire plan is estimated to be $2.2 billion. That price tag includes a proposed $120 million for full-day kindergarten and $600 million for universal preschool.

There is no set means for funding at this time, although Governor Patrick says he will create a committee to recommend changes and improvements to the state’s existing education system as well as ways to provide funding. This committee, which the Governor calls the “Readiness Project,” will be made up of governor-appointed lawmakers, educators, business executives, and community leaders.

Currently, 60,000 of the one million eligible children in the state are enrolled in after-school, preschool, and infant and toddler programs. Full-day kindergarten is available in 65 percent of classrooms. According to the state Department of Education, full-day programs could be phased in, with districts or parents picking up a share of the cost. The governor said he would like to see the number of students in full-day kindergarten double or triple during his first term alone.

Some lawmakers and taxpayer groups argue that the governor’s proposal raises unrealistic expectations and wonder whether his education plans would be passed by the legislature. Massachusetts has been laying the groundwork for universal preschool education programs since 2004. The most recent bill, entitled “An Act Relative to Early Education and Care,” was vetoed by then-Governor Mitt Romney in 2006. The proposed five-year phase-in plan had previously passed unanimously in the legislature.
Dr. Gary Mangiofico: New Chief at Los Angeles Universal Preschool (LAUP)

Every 4-year-old in Los Angeles County is slated to have access to a high-quality preschool education by 2014. Now leading that charge is Dr. Gary Mangiofico, who recently took over the reins as CEO of Los Angeles Universal Preschool (LAUP).

Created by First 5 LA in 2004 with funds from the Golden State’s tobacco tax, LAUP took on the challenge of creating a preschool education system in one of the most challenging counties in the country. Mangiofico brings with him a background in organizational management and child development. He moved into the top job after serving as LAUP’s Chief Operating Officer.

Q: A goal of LAUP is to provide high-quality preschool to every 4-year-old in Los Angeles County by 2014. How close are you to meeting that goal?
A: There are approximately 155,000 4-year-old children living in Los Angeles County, roughly 27 percent of the state’s total. To put that number in the context, it is more than the state of Georgia hopes to serve and more than three-quarters of the children the state of Florida plans to serve. When LAUP launched two years ago, one primary objective was to correct the imbalance in preschool access. Only a third of Los Angeles County 4-year-olds had preschool access in some neighborhoods. Today, thanks to our building and expansion efforts, we’ve raised that percentage in those communities to half and will continue to bring a greater balance throughout the county.

Q: How do you answer critics of pre-K for all who claim middle-income children don’t benefit?
A: Unfortunately, the perception that middle-income families do not struggle with high-priced private schools or second-rate programs is a myth. If universal preschool were in place in California, not only would each child have a quality preschool experience, parents would have more choices as to the schools and learning environments they conclude are best for their children, and substantial progress would be made toward ensuring that each child has an equal chance of succeeding throughout K-12.

Q: What do you do to ensure your preschools are of the quality necessary to bring about real change in the children’s lives?
A: LAUP has implemented a quality measurements matrix and a preschool ratings system that assesses the present status of a facility and provides quantifiable steps to improve it. We measure the child-to-adult ratio, teacher qualifications, quality of programming and the learning environment, and the level of parental involvement. Facilities are given a star rating and funding is distributed accordingly. When a facility shows potential, but is not quite up to LAUP standards, we provide coaching and guidance that help them attain our requirements for funding.

In addition, we also provide LAUP preschool providers individualized program coaching, support and technical assistance.

Q: Language is a big issue for children entering school in your county. What is LAUP’s position on bilingual education?
A: We recognize that children learn in many environments with many different educational approaches. First, we focus on the issue of whether teachers are qualified, whether the facility is conducive to learning and whether it promotes age-appropriate development. And because we fund all types of preschools, such as center-based preschools, family child care providers and inclusive centers, we are able to best meet the diverse cultural and linguistic needs of Los Angeles County. Further, we have a pilot program that will accurately screen for the presence of a language disorder among 4-year-old English Language Learners. It will also pilot the implementation of a classroom-based intervention that will improve the language development and academic readiness of 4-year-olds.

Q: A recent study showed there is a critical shortage of facilities in Los Angeles. How do you solve that?
A: Voters have approved nearly $20 billion in facilities development for preschool to high school in the Los Angeles Unified School District alone. Every day, our team is working to identify areas for preschool facilities development, and at times it is a struggle. To meet that challenge, we are partnering with a number of other agencies and community groups to come up with creative solutions to this space shortage. In the past two years, LAUP has funded many providers that used the money to expand their existing capacity and created more than 9,000 newly constructed sites.
Related Reading

Literacy Leadership in Early Childhood: An Essential Guide

Dorothy S. Strickland and Shannon Riley-Ayers, 2007

The Practitioner’s Bookshelf
Teacher’s College Press
New York
$18.95

Contrary to what many believe, learning to read is not a natural process that develops as children mature. Reading skills are fostered through language-rich environments and interactions between young children and their parents, other adults, and their peers. In this way, young children acquire early literacy skills through formal and informal instruction in language, reading, and writing. A newly published book, Literacy Leadership in Early Childhood: The Essential Guide, is a practical resource for professionals that can help them understand how their leadership roles outside the classroom can promote young children’s literacy development.

The authors have decades of experience providing leadership in literacy and reading. Dr. Dorothy Strickland has been a classroom teacher, reading consultant, and learning disability specialist. She is currently the Samuel DeWitt Proctor Professor of Education at Rutgers University and a NIEER Distinguished Fellow. Dr. Shannon Riley-Ayers has been a reading teacher, co-director of the Office of Early Literacy at the New Jersey Department of Education, and most recently an assistant research professor at NIEER.

They draw on their teaching backgrounds and research to create an easy-to-read, practical guide to literacy development for those in leadership roles in the early childhood field. A chapter is devoted to discussing how all domains of child development (social-emotional, physical, and cognitive) work in conjunction to promote early literacy. This background is important for leaders in the field in order to understand how best to advise teachers to plan classroom activities and structure the school environment, and impress upon them the importance of working with families through home literacy activities.

Recognizing the importance of developing the home-school literacy connection, Literacy Leadership emphasizes the importance of working with families from a culturally sensitive point of view. The authors show the extent to which the population of the U.S. has changed and how that change has been accompanied by increasing numbers of children who speak English as a second language. The activities these families engage in at home may be different than shared-reading, which is the traditional and most well-researched home literacy activity.

While shared-reading is important, leaders in the field must also acknowledge and appreciate other cultures’ language and literacy traditions. In order to help leaders navigate this task, Strickland and Riley-Ayers provide a detailed strategy for planning a family literacy event that can be modified for use with families from various ethnic backgrounds.

School is, of course, the other environment responsible for facilitating children’s literacy. During the 2005-2006 school year, about 70 percent of 4-year-olds were enrolled in some type of pre-K program. Almost all of these programs are in states with early learning standards containing detailed descriptions about what children should know and be able to do in terms of literacy. The authors explain that most of these early language and literacy standards fall into the realms of oral language, alphabetic code, print knowledge, and writing. They go on to explore the content of these realms in depth, providing suggestions for best practices. They also provide a self-assessment leaders can use to ask themselves questions like: “How familiar am I with the early learning standards in my state?” and “How well do our current assessment practices and measures link to district and state standards?”

The authors also discuss today’s education reform environment and how expectations for children and teachers have grown. They suggest principles for assessment that professionals should consider as they help early education leaders meet mandates for accountability and assessment. They point out that literacy levels of the educational staff caring for young children are also important if they are to be knowledgeable about child development and able to plan and structure classroom activities, and assess children’s progress. Strickland and Riley-Ayers supply a detailed checklist to help early childhood leaders plan an effective professional development plan, including a sample for this plan.

Literacy Leadership in Early Childhood is an informative and much-needed resource, serving as a valuable reference for school administrators who are operating pre-K or Head Start programs within their elementary schools. Principals and assistant principals will find this new volume especially helpful. In today’s multi-media age, the skills required to be “literate” are ever-changing—and so are our efforts in early childhood education to develop and nurture those skills.

Reviewed by Stephanie Curenton
Assistant Research Professor, NIEER
Wanted: Smart Money for Tomorrow’s Preschools

NIEER Report Outlines Ways States Can Start to Finance New Facilities

Necessity has fueled growth in out-of-home care for young children as workforce participation by both parents grew. As research on programs for children in their preschool years turned up long-term benefits for them and societies that invest in them, something else began fueling the growth—the push for education. That boosted demand for facilities designed to provide rich learning environments.

There’s a problem, though. Publicly funded preschool education is growing faster than the development of facilities best suited to providing it. A new joint policy brief from NIEER and the non-profit Local Initiatives Support Corporation (LISC) examines the issues involved in building early childhood facilities and spells out ways public policy can serve as a catalyst for new facilities and help cushion the financial blow for providers.

Carl Sussman, a community development consultant who works with LISC’s Community Investment Collaborative for Kids (CICK), and Amy Gillman, CICK’s founder and senior program director, wrote their brief in response to growing calls for information about developing and financing new early education facilities.

Gillman says, “The real cost of meeting state standards and delivering high-quality care and education too often leaves operators with little left over to cover other costs like new facilities.”

There are 38 states that provide state-funded early care and education but only a few have developed specific policies to pave the way for scaling up the infrastructure they’ll need. Sussman and Gillman point to examples from those states and explain alternatives at policymakers’ disposal to subsidize providers so they can bridge the gap between the capital they can generate on their own and the full cost of new facilities. Depending on how they work, financing programs can lower barriers to borrowing as well as subsidize the facility’s cost. Subsidy schemes can be “deep,” picking up a large portion of the cost of a facility or “shallow,” picking up smaller portions. (See chart.)

“While some providers have sufficient revenues to secure a mortgage loan to cover the cost of constructing a center, others fall just short of qualifying for such loans,” Sussman explains. States can help these providers with low-cost programs that enable them to access the financing they need. Since many providers operate with limited revenues, only a deeper capital subsidy that reduces their facility costs can bring a new center within reach.

Breaking Down Roadblocks to Development

While subsidies are certainly a big help for providers planning new facilities, they aren’t the complete answer. Developing early care and education facilities involves disciplines many providers find daunting—real estate finance, land regulation, property rights, contracting, design and construction among them. Obstacles arising in one or more of these areas during the course of any project are inevitable. The authors say there’s a critical role for public policy to play in helping providers envision the kinds of facilities they’ll need and easing the way in their development. Among the policy approaches they say work are these:

Creating Effective Demand
Training and Awareness Campaigns: Because capital expenditures have so often been out of reach for early childhood educators, they may be unaware of how facilities can be designed to improve program quality, teacher retention and parental participation. Training workshops and other outreach efforts can help providers overcome barriers to envisioning new facilities and ensure states that a broad-

LISC’s Community Investment Collaborative for Kids

Known for its community development work in distressed communities around the country, the nonprofit Local Initiatives Support Corporation (LISC) saw early on the need for an entity that could concentrate on supporting the development and improvement of early care and education facilities. In 1994, LISC established the Community Investment Collaborative for Kids (CICK) to offer financial and technical assistance to help early childhood providers and nonprofit community developers renovate and construct new, quality early childhood facilities in underserved neighborhoods. They provide one-on-one technical support on all stages of project planning and can also provide financing.

At the state level, CICK provides policy consulting on facilities development and financing programs. They also disseminate best practices publications, and offer training workshops and conferences. To learn more, visit www.cick.org.
Shallow Subsidy: Providing Access to Loan Capital

| Loan Guarantees: | Advantages: Can ensure the lender will extend credit to an otherwise marginal borrower. Less costly to government entity. | Drawbacks: Many facilities investments require a deeper subsidy than a loan guarantee provides. |
| Direct Loans: | Advantages: Enables some providers to borrow funds and make capital investments they otherwise wouldn’t be able to make. Places burden of paying for facilities on providers rather than shifting costs to the state. | Drawbacks: Many providers may not be able to afford debt and require a deeper subsidy than direct loans provide. Complicated to administer. |
| Subsidizing Debt: | Advantages: Reduces borrower’s monthly payments. Total size of loan can be larger. State spreads its expenditure over the life of the loan. | Drawbacks: Not a deep enough subsidy to help many providers. |
| Performance-Based Loan Principal Forgiveness: | Advantages: Provides a strong incentive to pursue states’ policy objectives. | Drawbacks: Only benefits providers who qualify for loans in the first place. Some providers might have made the same investment without the state’s financial inducement. |

Deep Subsidy: Sharing the Capital Costs with the Provider

| Grants: | Advantages: Immediate positive impact, easy to understand, easy to implement. | Drawbacks: High up-front cost. The full impact on the state budget occurs at once rather than being spread out over a period of years. |
| Debt Service Repayment: | Advantages: Can be structured as a shallow or deep subsidy, depending on needs. Spreads the state’s subsidy over a period of years to lessen the immediate fiscal impact while allowing many centers to be developed right away. | Drawbacks: State assumes a long-term financial obligation and pays most of the capital cost. |
| Public School Finance: | Advantages: Can benefit from strong public support. Additional subsidies for pre-K construction can be added. | Drawbacks: Generally requires voter approval which can be a significant barrier for local officials to overcome. |

Based pool of quality providers is competing for subsidy program dollars.

Funding Technical Assistance Intermediaries:
States have successfully funded nonprofit intermediaries that know the early childhood education field and are skilled at providing technical assistance in real estate development. Since such specialized help is often hard to find, this approach makes it available to a broad spectrum of providers contemplating new and/or upgraded facilities.

Developing Real Estate
Once providers are able to develop an appreciation for the importance of creating quality facilities and can secure enough capital to make the project a reality, the final hurdle is the actual process of real estate development. This means acquiring a site, securing permits, and designing and constructing the building. There are three alternative approaches:

The Public Works Approach: Creating a special purpose authority to centralize the development function, such as the New Jersey Schools Development Authority, has the advantage of creating a highly specialized entity that can capture lessons from each newly constructed facility and present the capability to contract simultaneously for multiple projects.

The Do-It-Yourself Approach: Most often providers are faced with the responsibility of developing their own facilities. This burden can be lessened with support from well-resourced and capable technical assistance intermediaries that can help providers select and manage a team of professional experts, and make sure the project is true to their vision.

The Turnkey Approach: Designating a firm or nonprofit organization with real estate skills and experience to develop the facility can simplify a complicated process and at the same time enable providers who work with children to maintain their primary focus. This affords providers greater control over the process than the public works model, but still requires relinquishing significant responsibility to the turnkey developer. The provider is spared the day-to-day burdens of real estate development.

Sussman and Gillman say since it will take decades to expand and upgrade the supply of early childhood facilities, it’s important for policymakers to focus on long-term strategies and financing structures now.

Overlooked Benefits of Vaccination

Should preschoolers get shots for the flu?

When people are vaccinated for infectious diseases like the flu, a benefit accrues to the rest of society. Since those vaccinated are unlikely to spread the disease to those who were not, the unvaccinated are less likely to contract it. As a result, resources aren’t expended to care for them and they can avoid lost productivity or even death.

Economists Bryan L. Boulier and Robert S. Goldfarb at The George Washington University in Washington, DC and Tejwant S. Datta at the Einstein Medical Center in Philadelphia, PA, studied these indirect benefits of vaccination—or externalities—by applying epidemiological modeling to simulated scenarios involving influenza and the mumps. They found the benefit of vaccination to the unvaccinated population can far exceed one case prevented per vaccination administered. The findings surpass what many had suspected and could have consequences for vaccination policies, particularly pertaining to influenza and children who often carry the infection home from school.

Vaccinations administered early in influenza outbreaks had particularly high indirect benefits because the vaccine is virtually 100 percent effective and the disease is highly infectious. In the study’s simulated populations of 1,000 people, the indirect benefit was greater than one case prevented per influenza vaccination for the first 283 administered. It peaked at 1.58 cases prevented by the 223rd. Thereafter the size of the effect declined.

Mumps is a different story. It is highly contagious and the vaccine is only 80 percent effective. In the simulations, more individuals contract it early on, with one in every five receiving the vaccination continuing to spread the disease. As a result, mumps vaccinations had the highest indirect benefit later in an outbreak. In 1,000 people, mumps vaccinations provided an indirect benefit greater than one case prevented for every vaccination between the 736th and the 815th administered. It peaked at 1.38 cases prevented, then declined, approaching zero by the 1,000th.

The authors suggest externalities of the type they modeled ought to be taken into account by federal recommendations on vaccination, pointing out they often are not part of cost-benefit studies informing current policies. They also do not factor in calculations of the economic impacts of pandemic flu reported by the Centers for Disease Control.

Boulier, Goldfarb and Datta point to the prospects of a pandemic outbreak of influenza and the striking indirect benefit of vaccination as reasons to re-evaluate policy recommendations with a view to vaccinating more children. Current recommendations concentrate on persons at high risk of influenza-related complications or death such as the elderly. This study suggests potentially important benefits to these high-risk populations from vaccinating children. While the findings support the case for more vaccination of children for influenza, it did not support vaccination for healthy young adults. In the case of mumps, the findings support universal vaccination. The study appears in The Berkeley Journal of Economic Analysis & Policy, Volume 1, 2007.