



Center on Enhancing  
Early Learning Outcomes

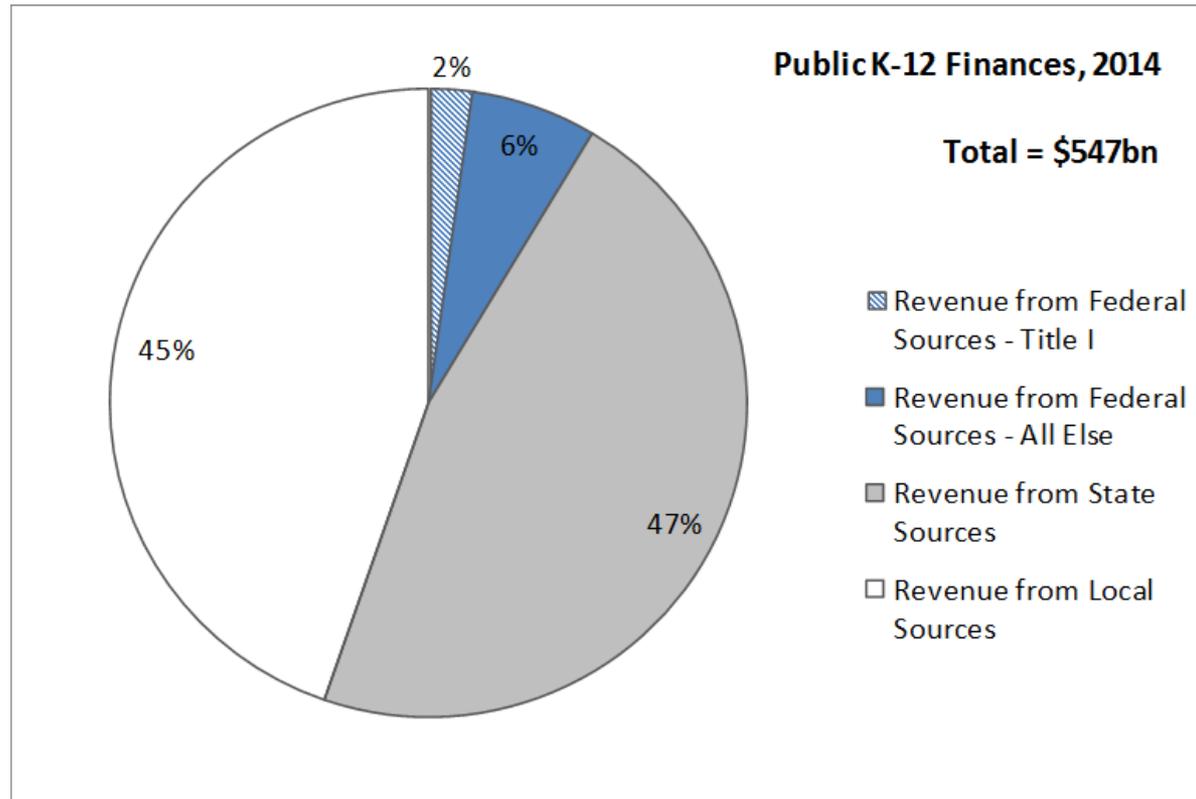
# PUBLIC PRE-K FINANCIAL LANDSCAPE

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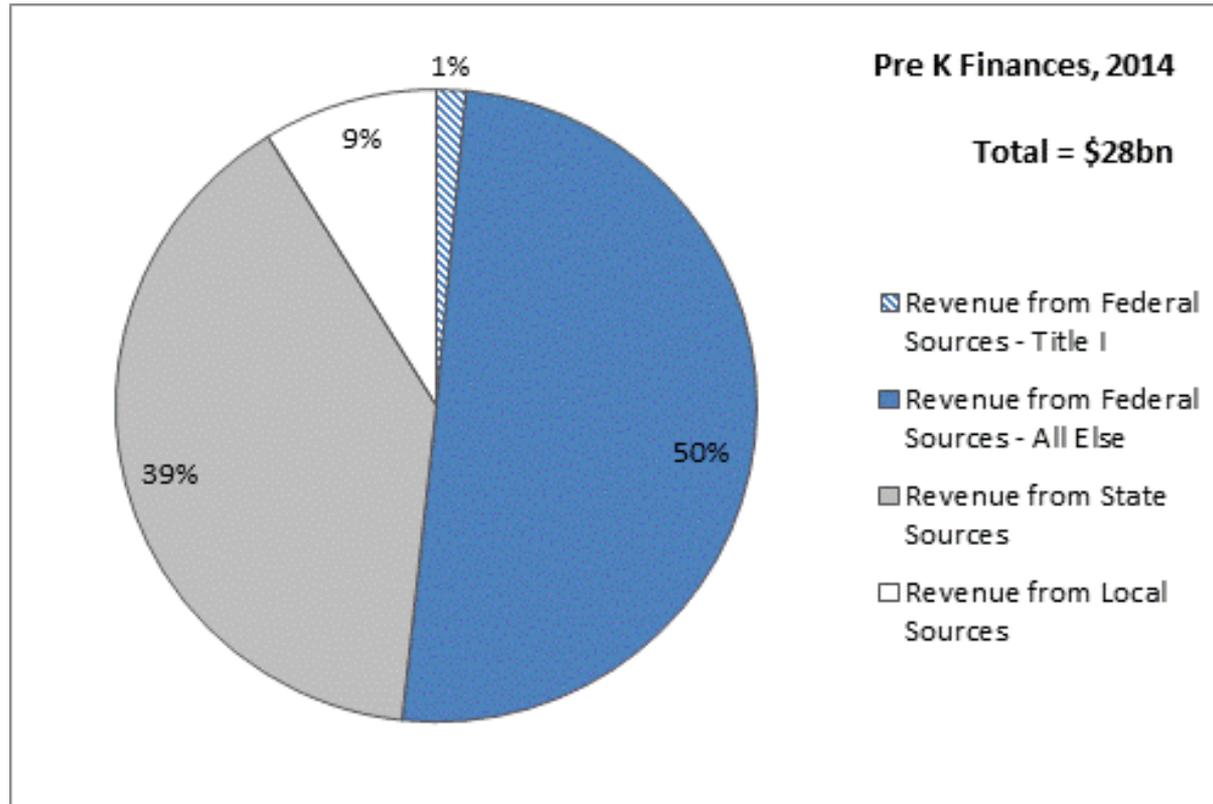
# K-12 Revenue



- K-12 dominated by state and local



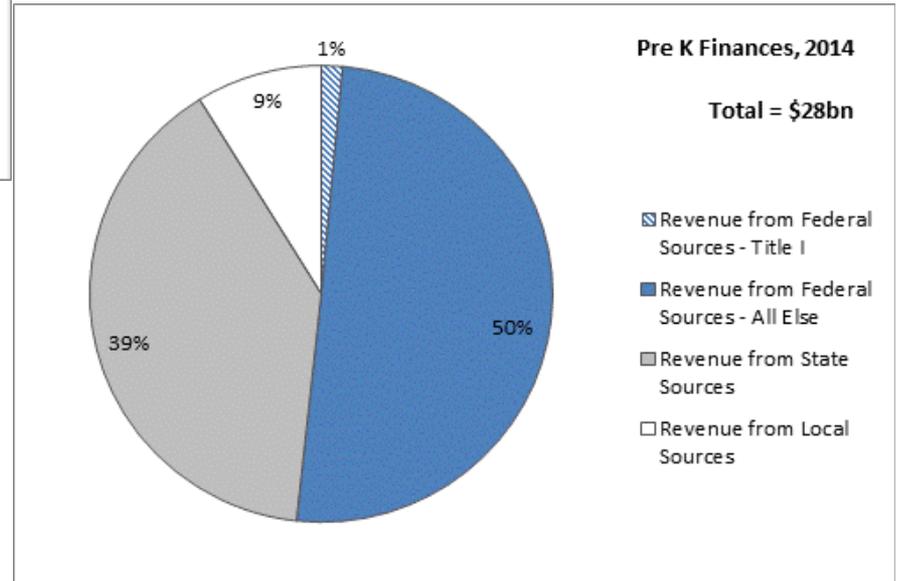
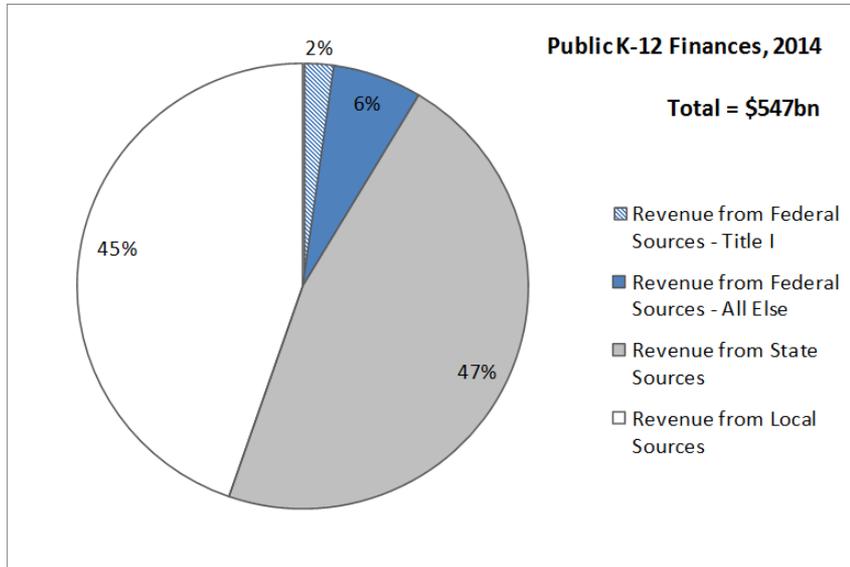
# Pre-K Revenue



- Pre-K more federal, with limited local revenue



# K-12 Compared to Pre-K Revenue



# Sources of State Pre-K Funding

(How state and local governments collect funds)

Portion of State Financing by Funding Source						
	Total	AZ	CO	NJ	OK	TN
<b>State General Appropriations</b>	81.5%		79%	100%	56%	80%
<b>Property Taxes</b>	9.4%		21%		32%	15%
<b>State Lottery</b>	6.0%					
<b>Other Local Taxes</b>	1.5%				12%	5%
<b>State Tobacco Settlements</b>	0.8%					
<b>State Sin Tax</b>	0.5%	100%				
<b>SIBs</b>	0.3%					
<b>State Sales Tax</b>	0.1%					
<b>State Gambling Funds</b>	0.1%					



# How State Pre-K Programs are Funded

(How money goes from government to program)

Portion of State Financing by Funding Instrument						
	Total	AZ	CO	NJ	OK	TN
Discretionary Grants	35.4%	100.0%				
Formula Grants	28.6%			100.0%		100.0%
School Funding Formula	18.6%		77.5%		100.0%	
Foundation Aid	10.8%					
Voucher	5.2%					
Scholarships	0.6%					
Tax Credits	0.5%		22.5%			
SIBs	0.3%					



# Funding Instruments

Instrument	Allocation	Capped	Focus	Decision to Allocate	Control of Funds	Matching	Target	Availability	Volatility	Duration	Example
<b>Formula Grants</b>	Formula	Y	varies	Legislative	Federal, State	No	Disadvantaged	Automatic if eligible	Fiat	ST	NJ ECPA
<b>Discretionary Grants</b>	Lump Sum	Y	general	Legislative	Federal, State	Often	Disadvantaged	Competitive	Fiat	ST	AR Better Chance
<b>Endowment Funds</b>	Dedicated Stream	N	varies	Endowment	Endowment	No	Disadvantaged	Automatic	Financial	LT	NE EC Endowment Fund
<b>Equalization Aid</b>	Formula	N	general	Constitutional or Legislative	State	No	Per Pupil Need	Automatic	Fiat	LT	NJ Preschool Education Aid for Disabled Students
<b>Foundation Aid</b>	Formula	N	general	Constitutional or Legislative	State	Local	Per Pupil Level	Automatic	Fiat	LT	NY Foundation Aid
<b>Income Tax Credits</b>	Tax Reduction	Y	general	Legislative	Household	No	Equity	Automatic if eligible	Fiat	ST	LA School Readiness Tax Credit Program
<b>Loan Guarantee</b>	Insurance	Y	specified	Legislative, Corporate	Lender	No	Varies	By Request	Financial	LT	AR Child Care Facilities Program
<b>Scholarships</b>	Lump Sum	Y	general	Legislative	State	No	Disadvantaged	By Request	Fiat	ST	MN Early Learning Scholarships Program
<b>School Funding Formula</b>	Formula	N	general	Legislative	State, Local	Yes	Per Pupil Need	Automatic	Fiat	LT	OK Early Childhood 4-Year Old Program
<b>Social Impact Investing</b>	Formula	Y	general	Private Sector	Private Sector	No	Disadvantaged	By Request	Fiat	LT	UT School Readiness Initiative
<b>Vouchers</b>	Subsidy	Y	general	Legislative	Household	No	Universal	Automatic if eligible	Fiat	ST	MD Child Care Subsidy Program

Definitions	
Formula Grants	sum of money granted; provisions as to how it is spent and who controls spending
Discretionary Grants	competitive; close-ended; sum of money granted; general provisions as to how it is spent
Endowment Funds	fund that manages gifted funds; uses income earned for specific purpose
Equalization Aid	formula-based distribution of funds meant to equalize distribution based on need
Foundation Aid	formula-based distribution of funds meant to equalize distribution based on need; usually with local matching
Income Tax Credits	spending that yields dollar-for-dollar reductions of tax liabilities
Loan Guarantee	government guarantees loan
Scholarships	grant or payment made in support of spending
School Funding Formula	formula-based automatic distribution of funds based on per-student need
Social Impact Investing	private investment made with organizations providing measurable social impacts
Vouchers	government credit to be used for a specific purpose

