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A Sustainable Financing Model: High Quality Preschool for At-Risk Children

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A Sustainable Financing Model

High Quality Preschool for At-Risk Children

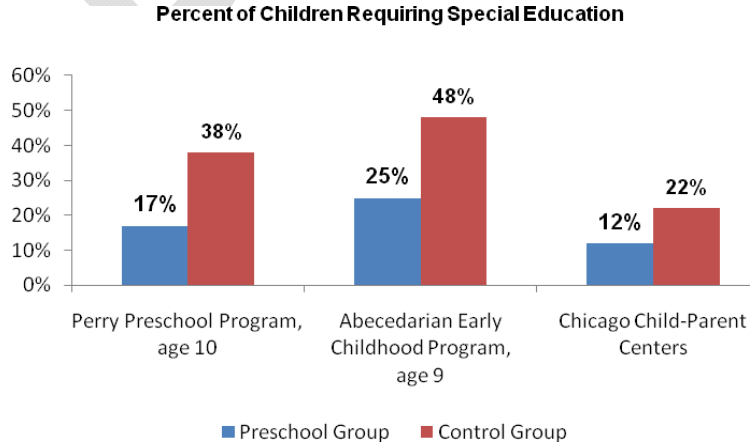
There is growing state and national attention on addressing the achievement gap and increasing reading proficiency by 3rd grade. As state governments continue to face challenging fiscal conditions, there is a need to identify strategies that will lead to improved school readiness for at-risk children within state education budget constraints. The sustainable financing model for high quality preschool presented in this report is one strategy that could potentially increase the resources available to school districts to invest in high quality preschool programs for at-risk children.

A growing body of research shows that investments in children-age birth to 5 improve school readiness and result in decreased rates of crime, teen pregnancy, delinquency, substance abuse, and welfare dependency. The science of early brain development helps illustrate how child development, before the age of 5, is the foundation for success in life and a prosperous society.[1]

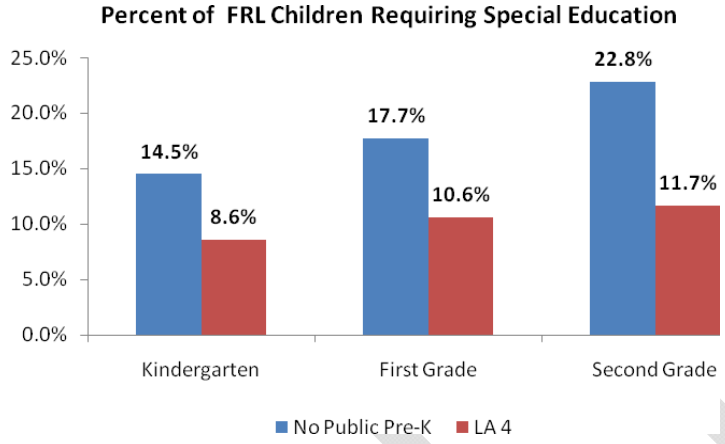
According to the Rand Corporation:

> "Scientifically rigorous studies show that well-designed preschool programs serving three- and four-year olds can improve the school readiness and raise performance on academic achievement tests in the early elementary grades. Some studies with longer-term follow-up show such benefits as achievement gains and reduced special education use through the middle school years, and higher rates of high school completion. The effects in the early grades have been demonstrated not only for small-scale model programs, but also for large scale publicly funded programs currently in operation in a number of states."[2]

Special education usage rates of children who attended the Perry Preschool Program, Abecedarian Early Childhood Program, and the Chicago Child-Parent Centers were half that of comparable children who did not attend preschool.



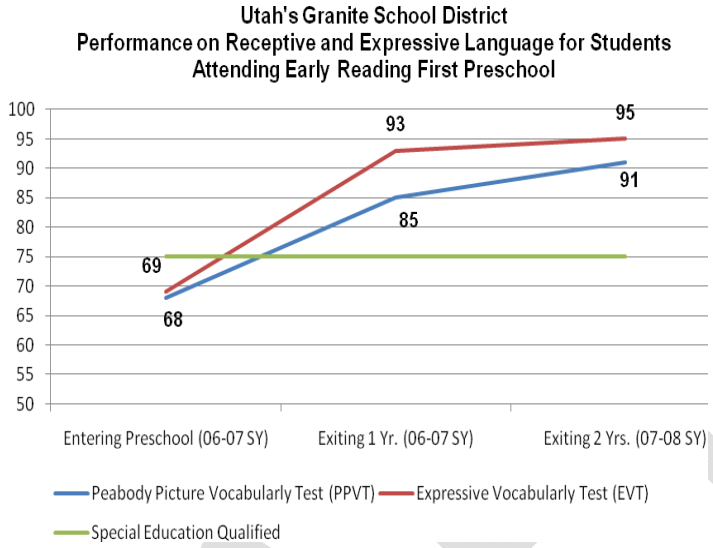
A recent study by The Foundation for Child Development of the outcomes of Louisiana's 4 year old preschool program ("LA 4") reported significant reductions in special education use for children who qualified for Free and Reduced Lunch (FRL), beginning in Kindergarten and lasting through the third grade.[3]



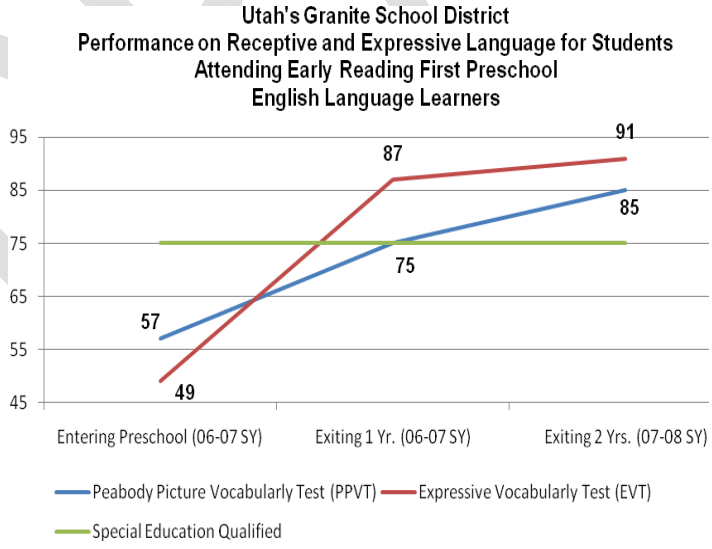
Children who enter special education in the early elementary grades will typically remain in special education for the duration of their school age years. According to national data, only approximately 5-10 percent of school age children who enter special education are declassified and transfer to general education. For the 12 months ending in the fall of 2006-07, less than 3 percent of students in special education, ages 14 to 17, were declassified and transferred to general education.[4]

Alternatively, research indicates that children who receive early intervention declassify at higher rates. Declassification occurs when a child is evaluated as no longer in need of special education services. Data from Washington and Colorado indicate that one-sixth to one-third of children graduating from preschool were placed in general education with no special education support. Twenty-eight percent of children receiving special education preschool in two North Carolina counties were no longer receiving special education services in elementary school. Thirty-two percent of preschoolers classified with speech impairments in a Maryland county exited special education within 4 years and approximately fifty percent of children enrolled in a special education program in Utah were no longer receiving these services within two years of their initial enrollment.[5]

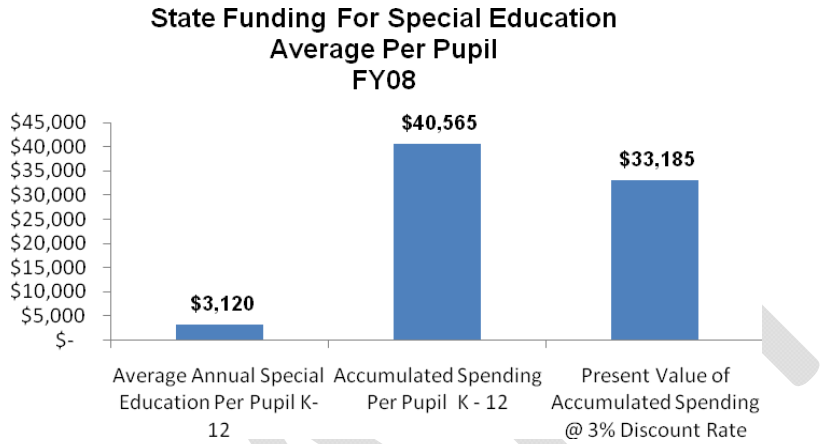
While test scores alone do not determine special education eligibility, it is one important indicator. In the Granite School District in Utah, the mean scores for all children entering preschool would have qualified them for special education (a score below 75 qualifies a child for Special Ed). Upon exiting preschool after 2 years, the mean score was in the average range.



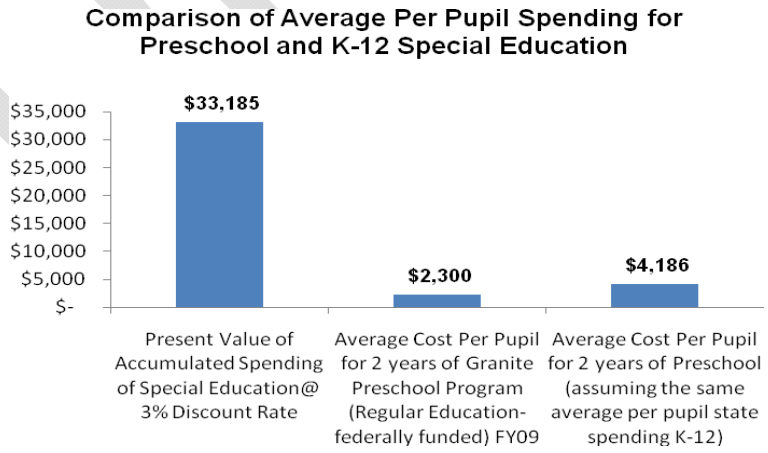
English Language Learners in the Granite School District Preschool Program scored, on average, well below the cut-off for special education upon entering preschool. However, after 2 years of preschool, the mean scores were within the average range.



Since children who enter special education in kindergarten rarely exit into regular education, the cost of providing special education services k-12 is signifcant. In Utah, in FY08, the average additional cost of special education services per child was approximately $3,120. The accumulated spending per child (k through 12), assuming he or she does not exit into regular education, is approximately $40,565. Discounted at a 3 percent discount rate, the present value of the accumulated cost is $33,185.



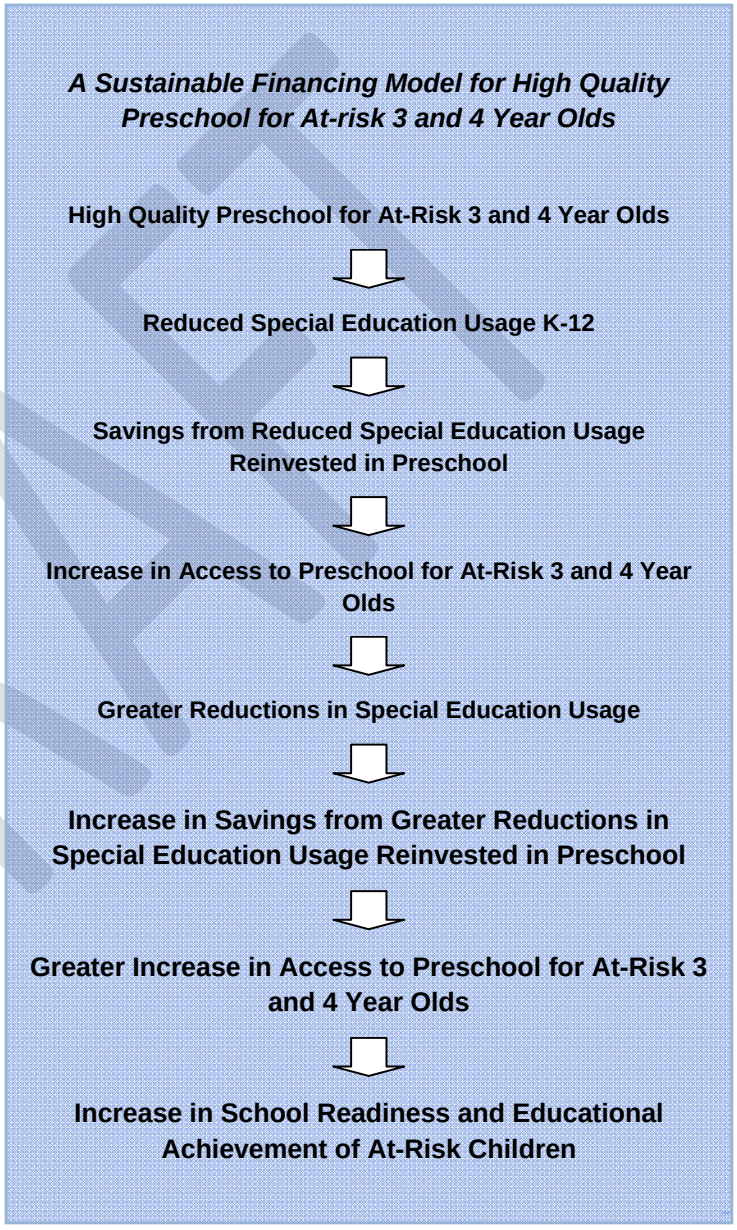
The cost of providing special education services is significantly greater than the cost of 2 years of preschool for at-risk children. The Granite School District in Utah provides high-quality presschool services in their Title I schools for a cost of $800 for a 3 year old (1/2 day classes, 2 days a week) and $1,500 for a 4 year old (1/2 classes, 4 days a week). Even if Utah were to spend as much per child for preschool as is spent on regular education (from state funds only), the cost of school age special education far exceeds the cost of early education.



A Sustainable and Scalable Financing Model for High Quality Preschool

The reduction in school age special education usage resulting from high quality preschool for at-risk children is a cost savings to school districts. Currently, in Utah, school districts lose special education funding if the number of children who qualify for these services decrease. Instead, if the savings were reinvested into high quality preschool programs, access for at-risk children within the school district could be increased.

In this model, school districts would be held harmless with respect to their special education funding. The savings in k-12 special education would only be reinvested into the preschool program once the savings had been identified and realized thereby allowing school districts to shift financial resources from remediation to prevention through increased access to high quality early education within existing budget constraints. Since special education programs lose funding when head counts decrease, this model would not adversely impact special education budgets.



This financing strategy would be sustainable and scalable. The more at-risk children (who qualify for special education) who receive early education and move into general education, the greater the savings. And, the greater the savings, the greater the reinvestment opportunity into the preschool program. As more children are served, more money is saved, which in turn allows the school district to serve more preschool children who are at-risk for school failure.

School Readiness and Educational Attainment for At-Risk Children

The best predictor of high school graduation is reading proficiency by 4th grade. According to a recent report by the Annie E. Casey Foundation, children are learning to read through grade 3 and then reading to learn beginning in grade 4. If a child is not reading on grade level by third grade, he or she will have a difficult time keeping up in later grades.[6] Studies show that one of the most important predictors of third-grade test

performance is school readiness at kindergarten entry.[7] Research shows that high quality preschool programs can improve the school readiness and educational achievement for at-risk children.

High quality preschool has been shown to increase reading proficiency in the elementary grades for economically disadvantaged children. By increasing funds available to these programs and, therefore, increasing access and participation among low-income children, school districts should make progress in closing achievement gaps and in attaining reading proficiency for its low-income students by 3rd grade.

The sustainable financing model would allow school districts to fund increased access to high quality preschool for children who are at-risk for school failure. The model would also promote increases in quality in preschool programs. In order to realize savings, school districts would have an incentive to invest in quality. Research shows that the greatest gains (and, therefore, savings) with respect to reductions in special education usage and academic achievement are achieved by high quality preschool programs. High quality early childhood programs have low child-teacher ratios, evidenced-based curriculums, and highly qualified teachers, with training in early childhood development.

Data Collection and Additional Research

Data collection and research on the relationship between early intervention and the subsequent savings from reduced special education usage is needed to prove the efficacy of the sustainable financing model for high quality preschool for at-risk children. In addition, data on the academic achievement and reading proficiency of children who did and did not attend preschool through the 3rd grade would be collected. The model would illustrate 1) the savings each year from reduced special education usage, 2) the amount of reinvestment into the preschool program, 3) the impact on funding for the preschool program, and 4) the number of additional at-risk children that could be served.

The following information needs to be collected:

1) For the children who qualified for special education services upon entering preschool, the services they received and the cost of the services they received.

2) The percent and number of children, who attended preschool and who did not attend preschool (disaggregated by subgroups such as FRL and English Language Learners), requiring special education services k-3.

3) The number of children who qualified for special education services upon entering kindergarten who no longer need these services and the implied cost savings in:

    - Kindergarten
    - 1st grade
    - 2nd grade
    - 3rd grade

4) For those children remaining in special education, the services required, in which grade and the cost associated with those services.

5) The point at which the reinvestment of savings become sustainable.

6) The number of additional at-risk children who would have access to preschool within the district if the financing model is implemented.

7) The impact on school readiness and academic proficiency for the preschool children, k-3 and the impact on the achievement gap within the district.

8) The level of disabilities of children remaining in special education, k-3, and the costs associated with the services provided.

In addition, the following questions will be addressed:

1) What methodology should be used to quantify the cost savings?

2) What methodology should be used to trigger the reinvestment of cost savings?

3) What legal framework is necessary at the national and state level to enable the school district to reinvest those savings into the preschool program? In order to satisfy the maintenance of effort (MOE) requirement under the Individuals with Disabilities Education Act, it may be necessary to amend either administative rules or statutue to allow the reinvested savings to count towards a school district's MOE requirement.

Conclusion

The sustainable financing model can be one component of an overall financing strategy for investments in high quality early education. This financing model will effectively shift resources from remediation to prevention and sustainably scale high quality preschool programs for at-risk children. However, it will not completely eliminate the need for continued state and federal financial commitment for early education for at-risk children.

The first step to implementing this model is the collection of data for an existing high quality preschool program with respect to the information outlined above. In addition, federal advocacy to allow the inclusion of the reinvested savings in the calculation of the MOE requirement under IDEA will be necessary to fully implement this financing model. Depending on each state's special education funding law, enabling legislation at the state level may be necessary to allow school districts to redirect the state funded savings from reduced special education usage to the preschool program.

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Endnotes

[1] "In Brief: The Science of Early Childhood Development," Center for the Developing Child, Harvard University.

[2] "The Promise of Preschool for Narrowing Readiness and Achievement Gaps Among California Children," Research Brief, The Rand Corporation, 2007.

[3] "LA 4 Longitudinal Report:, Center for Child Development,

[4] www.ideadata.org

[5] "Predictors of Change in Eligibility Status Among Preschoolers in Special Education," Tamara C. Daley, Elaine Carlson, Exceptional Children, Vol. 75, No. 4,pp.412-426, 2009.

[6] "Early Warning! Why Reading by the End of Third Grade Matters," Annie E. Casey Foundation, 2010.

[7] The Parents as Teachers Program and School Success: A Replication and Extension," Edward Zigler, Judy Pfannenstiel, The Journal of Primary Prevention, Volume 29, Issue 2, March 2008, pages 103-120.