

AIR Analysis of Options for Funding Universal Preschool in Sonoma County

Summary

Report Content

- Key features, including funding levels, phase-in plans, and finance mechanisms, of 12 city and other regional preschool initiatives across the United States
- Analysis of potential funding options
- Two estimates for the per child cost of providing full-day, full-year preschool: one based on current expenditures and one with an increase in compensation to a living wage
- Ten options for phasing in universal access to quality preschool over a 10-year period
- Recommendations for funding and phasing in access to quality preschool for all children

12 Preschool Initiatives Studied

- Boston, MA: Boston Public Schools Early Childhood Education; Boston K1DS (ending in November 2015 and being replaced by the Massachusetts Preschool Expansion Grant)
- Chicago, IL: Child-Parent Centers
- Denver, CO: Denver Preschool Program
- Elk Grove, CA: Elk Grove Unified School District Preschool
- Los Angeles, CA: Los Angeles Universal Preschool
- New York City, NY: Prekindergarten for All
- Salt Lake City, UT: School Readiness
- San Antonio, TX: Pre-K 4 San Antonio
- San Francisco, CA: Preschool for All
- Seattle, WA: Seattle Preschool Program
- Washington, DC: Prekindergarten Enhancement and Expansion Program
- West Sacramento, CA: UP4WS

Participation Rates Vary

- None of the initiatives serve 100 percent of the eligible population.
- Examples from preschool initiatives studied:
 - Denver serves 56 percent of its 4-year-olds.
 - San Francisco's goal was to serve 65 percent of its 4-year-olds; it is estimated that currently 70 percent of 4-year-olds attend preschool in San Francisco.
 - Boston currently serves about 50 percent of its 4-year-olds in the Boston Public Schools, but the Massachusetts Preschool Expansion Grant will expand access and serve additional children.
 - Washington, D.C., serves 86 percent of all 3- and 4-year-olds, with the capacity to serve 95 percent.

Target Population and Number of Children Served

- The majority of preschool initiatives studied target services to 4-year-old children.
- However, some initiatives, such as those in Seattle, the District of Columbia, Salt Lake City, and Elk Grove, include 3-year-olds.
- San Francisco and West Sacramento have broadened their initiatives to include children birth to school age.
- San Antonio and Salt Lake currently target services to disadvantaged children.
- Some of the variation in children served is explained by the initiatives' implementation status.
 - Some initiatives chose to start small and serve high-need areas first, and gradually expand to serve their target populations.

Hours and Days of Operation

- There are three main categories of preschool in terms of hours of operation among the initiatives studied:
 - Half-day programs that operate up to four hours per day, usually in two sessions: morning and afternoon
 - Full-day programs that operate up to 6.5 hours per day (the typical school day)
 - Full-day programs that operate 8 to 10 hours per day, which is more similar to the schedules of working parents

Hours and Days of Operation

- Most initiatives provide families the option of at least a 6-hour, school-year program.
- Most programs operate 5 days per week.
- Sonoma County scenarios presented in the report are based on these assumptions:
 - Full-day (8 hours)
 - Full-year (12 months)

Funding Sources

- Most of the initiatives studied have a dedicated funding mechanism for preschool.
 - Sales tax: Raises \$13 million per year in Denver and \$31 million per year in San Antonio
 - Property tax: Expected to raise \$58 million over 4 years in Seattle
 - Set-aside: Generates \$27.2 million per year in San Francisco; funded by 4 percent reserved from the local property tax
 - Combination of funding sources: In Washington, D.C., school district, Head Start, and set-aside from the city's general fund generate \$191 million per year.
 - Pay for Success Bonds: In Salt Lake City, private investors provide approximately \$3 million per year; the bond agreement includes a promise to pay back the original investment plus a percentage of the cost savings.
 - State and federal funds as well as private donations supplement primary funding mechanisms in many of the initiatives studied.

Family Fees

- Of the 12 preschool initiatives studied, 50 percent charge fees to at least some parents who participate.
- All initiatives that charge fees apply a sliding scale based on income, and most are free to children meeting defined eligibility guidelines (e.g., eligibility for free or reduced-price lunch or, in Seattle, up to 300 percent of the poverty level).

Quality Considerations

- Teacher educational qualifications: Six of the 12 initiatives require lead teachers to have bachelor's degrees; in San Antonio, most teachers have bachelor's degrees.
- Of the remaining initiatives, most provide higher reimbursements to programs that meet higher Quality Rating and Improvement System (QRIS) levels, including higher teacher qualifications.
- Almost all of the initiatives have requirements for ratios and total class sizes.
- Some initiatives provide professional development or tuition reimbursement to encourage teachers to obtain more education.
- Many initiatives require that programs receive an independent assessment of quality using the Early Childhood Environment Rating Scale or Classroom Assessment Scoring System.

Expenditures per Child

- Preschool initiative expenditures per child vary across the initiatives studied depending on the quality requirements and intensity of the program.
- Four initiatives fund a full-day (at least 6-hour) program with relatively high-quality standards and expenditures per child per year, ranging from \$13,000 to \$15,372.
- The per child expenditure for four initiatives covers the full cost of the program (Boston, Chicago, Salt Lake City, and San Antonio).
- The expenditures per child for the eight other initiatives provide a fraction of the full cost of either a full- or half-day program.

Providers

- Mixed delivery system, with services provided by:
 - Public schools
 - Private schools
 - For-profit schools
 - Community nonprofit centers
 - Faith-based organizations
 - Charter schools
- Single provider system: All providers are of the same type or there is only one provider, such as a school district.

Political Leadership

- Almost every initiative studied had a local politician or other leader who took on preschool as a cause.
- Community organizers and education advocates provided key leadership for many of the initiatives.

Estimated Cost per Child in Sonoma County

- The annual per child cost for full-day (8 hours), full-year (12 months) preschool serving 3- and 4-year-olds at current salaries is estimated to be \$11,590.
- Increasing salaries to a \$15 per-hour living wage, the per child cost is estimated to be \$13,143.

Phase-in options

Summary of Phase-in Options

Last year of phase-in plan cost estimate for each scenario for both current salaries and increasing salaries to a living wage:

Phase-in Scenario	Current Salaries Cost	Living Wage Cost
1. Serving all 3- and 4-year-olds in the highest priority area zip codes	\$5.63 million	\$6.38 million
2. Serving all 3- and 4-year-olds in the highest priority area census tracts	\$11.5 million	\$13 million
3. Serving all 3- and 4-year-olds under 300 percent of the federal poverty line	\$30.4 million	\$34.5 million
4. Serving all 3- and 4-year-olds countywide with an 85 percent participation rate	\$36.9 million	\$41.9 million
5. Serving all 3- and 4-year-olds countywide with a 100 percent participation rate	\$63.2 million	\$71.6 million

*Scenarios 1 and 2 are 5-year phase-in plans, all others are phased in over a 10-year period.

Serving All 3- and 4-Year-Olds in the Highest Priority Area Zip Codes

Total number of children	2,366				
Total number of spaces to add (unmet need)	431				
	Year 1	Year 2	Year 3	Year 4	Year 5
New spaces	80	80	80	80	111
Continuing spaces created in prior years		80	160	240	320
Cost per child (increasing 3 percent per year)	\$11,590	\$11,937	\$12,295	\$12,664	\$13,044
Total cost each year	\$927,162	\$1,909,954	\$2,950,879	\$4,052,540	\$5,622,013

If staff wages are increased to a living wage, we estimate that the total cost will be \$6.38 million in Year 5.

Serving All 3- and 4-Year-Olds in the Highest Priority Area Census Tracts

Total number of children	960				
Total number of spaces to add (unmet need)	881				
	Year 1	Year 2	Year 3	Year 4	Year 5
New spaces	80	160	160	240	241
Continuing spaces created in prior years		80	240	400	640
Cost per child (increasing 3 percent per year)	\$11,590	\$11,937	\$12,295	\$12,664	\$13,044
Total cost each year	\$927,162	\$2,864,931	\$4,918,131	\$8,105,080	\$11,487,168

If staff wages are increased to a living wage, we estimate that the total cost will be \$13 million in Year 5.

Serving All 3- and 4-Year-Olds Under 300 Percent of the Federal Poverty Line

Total number of children	7,191				
Total number of spaces to add (unmet need)	2,013				
	Year 1	Year 2	Year 3	Year 4	Year 5
New spaces	80	120	120	160	160
Continuing spaces created in prior years		80	200	320	480
Cost per child (increasing 3 percent per year)	\$11,590	\$11,937	\$12,295	\$12,664	\$13,044
Total cost each year	\$927,162	\$2,387,442	\$3,934,505	\$6,078,810	\$8,348,233
	Year 6	Year 7	Year 8	Year 9	Year 10
New spaces	200	240	280	320	333
Continuing spaces created in prior years	640	840	1,080	1,360	1,680
Cost per child (increasing 3 percent per year)	\$13,435	\$13,839	\$14,254	\$14,681	\$15,122
Total cost each year	\$11,285,767	\$14,945,580	\$19,384,970	\$24,664,525	\$30,439,988

If staff wages are increased to a living wage, we estimate that the cost will be \$34.5 million in Year 10.

Serving All 3- and 4-Year-Olds Countywide With an 85 Percent Participation Rate

Total number of children	9,824				
Total number of spaces to add (unmet need)	2,443				
	Year 1	Year 2	Year 3	Year 4	Year 5
New spaces	80	120	120	160	200
Continuing spaces created in prior years		80	200	320	480
Cost per child (increasing 3 percent per year)	\$11,590	\$11,937	\$12,295	\$12,664	\$13,044
Total cost each year	\$927,162	\$2,387,442	\$3,934,505	\$6,078,810	\$8,869,997
	Year 6	Year 7	Year 8	Year 9	Year 10
New spaces	240	300	340	420	463
Continuing spaces created in prior years	680	920	1,220	1,560	1,980
Cost per child (increasing 3 percent per year)	\$13,435	\$13,839	\$14,254	\$14,681	\$15,122
Total cost each year	\$12,360,602	\$16,882,971	\$22,235,703	\$29,068,905	\$36,941,111

If staff wages are increased to a living wage, we estimate that the cost will be \$41.9 million in Year 10.

Serving All 3- and 4-Year-Olds Countywide With a 100 Percent Participation Rate

Total number of children	11,558				
Total number of spaces to add (unmet need)	4,177				
	Year 1	Year 2	Year 3	Year 4	Year 5
New spaces	80	120	160	240	400
Continuing spaces created in prior years		80	200	360	600
Cost per child (increasing 3 percent per year)	\$11,590	\$11,937	\$12,295	\$12,664	\$13,044
Total cost each year	\$927,162	\$2,387,442	\$4,426,318	\$7,598,513	\$13,044,114
	Year 6	Year 7	Year 8	Year 9	Year 10
New spaces	480	600	620	680	797
Continuing spaces created in prior years	1,000	1,480	2,080	2,700	3,380
Cost per child (increasing 3 percent per year)	\$13,435	\$13,839	\$14,254	\$14,681	\$15,122
Total cost each year	\$19,884,447	\$28,784,081	\$38,484,870	\$49,622,676	\$63,157,607

If staff wages are increased to a living wage, we estimate that the cost will be \$71.6 million in Year 10.

Considerations for Significantly Reducing Cost of Phase-in Scenarios

- Serve only 4-year-olds, at least in the initial years
- Provide fewer hours of service (6 hours instead of 8)
- Provide school-year rather than full-year services
- Charge for services on a sliding scale for those above eligibility for free or reduced-price lunch (185 percent of the federal poverty line)
- Plan to serve some older 4-year-olds in Transitional Kindergarten in any Sonoma County district planning to expand access to Transitional Kindergarten for younger children

Potential Addition to Preschool Initiative: Expanding Access to Home Visiting Programs for Children Age 0–3 Years

- Currently, the county is serving approximately 11.25 percent of eligible families in the Nurse-Family Partnership program, with a goal of serving 25 percent of eligible families.
- Serving 22.5 percent of eligible families would result in an active caseload of approximately 480 families.
- The cost to serve these new families (180 new enrollees per year, for a total annual caseload of 480 families) is estimated at approximately \$3.1 million, an increase of about \$1.6 million over current costs if implemented immediately.
- It is estimated that scaling up N-FP over five years (assuming a 3 percent annual increase) would cost \$3.5 million in the final year to serve 480 families.

Recommendations

What Is the Ultimate Goal?

- Recommendation 1: Clearly define the county's ultimate goal as providing access to quality preschool for all 3- and 4-year-old children in the county.
 - Defining universal or providing access to all is important.
 - Providing access to all does not necessarily mean making preschool free to all.
 - Increasing access to a level of preschool quality that can be expected to enhance child outcomes also is important.
 - It may be important to focus on the word *preschool* for now.

Free Versus Sliding Scale Support

- Recommendation 2: Plan to provide free preschool to families below 300 percent of the federal poverty line and on a sliding scale to families above that income level.
 - Paying the full \$13,414 we estimate is necessary for a full-day, full-year preschool for even one child would require 18 percent of the income of a family of four at 300 percent of the federal poverty line.
 - Obtaining a revenue source sufficient to achieve the goal of making preschool free to all preschool-age children in families below 300 percent of the federal poverty line would cost between \$30 million and \$35 million.
 - Alternatively, provide free preschool to children from families up to 300 percent of the federal poverty line, but reduce the cost by supporting a school day (six hours) rather than a full day (8–10 hours) of service.

Leverage Existing Revenue Sources

- Recommendation 3: Maximize leverage of existing state and federal revenue sources, such as Title 5 State Preschool, Head Start, Transitional Kindergarten, and Title I.
 - Watch for new Title 5 State Preschool spaces for which the county may apply, although a major increase is unlikely in the near future.
 - Now that new legislative language allows districts to open Transitional Kindergarten to younger children who were not previously eligible, work with school districts in the county to expand Transitional Kindergarten. Serve older 4-year-olds in Transitional Kindergarten, freeing preschool slots for younger children.
 - Convene superintendents of Title I schools to discuss the possibility of their investing federal Title I funds in preschool.

The Need for Additional Local Revenue

- Recommendation 4: Recognize that existing state and federal revenues are not enough; increased local revenue is needed to make universal preschool a reality.
 - Efforts to pass state and federal preschool initiatives have failed year after year; the most successful educational initiatives in the U.S. have started at the local level.
 - Even if state and federal funds for preschool increase, they are likely to target only disadvantaged 4-year-olds and not at a level to support quality.
 - A dedicated new local funding stream is essential for implementing a successful universal preschool initiative.
 - A sales tax or set-aside from the county general fund is a promising source, but only if it is accompanied by a substantial public education campaign.

Finding New Revenue for Facilities

- Recommendation 5: Adopt a separate funding source or reserve a specific percentage of any new revenue for preschool facilities.
 - Lack of facilities poses a significant barrier to expanding services in Sonoma County.
 - At least 10 percent of any new revenue source for preschool should be reserved for constructing and renovating facilities.
 - Consider developer impact fees and Community Development Block Grant funds as another source of funding for building and improving facilities.

Mount a Public Education Campaign

- Recommendation 6: Invest in and mount a public education campaign to build a case for the additional revenue needed.
 - Conduct polling to determine the needs and type of education campaign required.
 - The first two attempts to pass a ballot initiative failed in Denver; after polling and a \$1 million education campaign, the initiative succeeded.
 - The timing and wording of any ballot initiative could contribute to its success or failure.
 - Build partnerships as part of the planning process.
 - Strengthen Sonoma's coalition of support for universal preschool and include superintendents as well as local chambers of commerce.

An Evidence-Based Framework

- Recommendation 7: Establish an evidence-based framework for quality programs that will achieve the promised benefits of preschool.
 - Consider adopting the Race to the Top QRIS as a framework for quality for the preschool initiative. Set entry-level requirements for provider participation at Level 3, with higher reimbursement rates for programs meeting Level 4 or 5 standards.

Making Connections

- Recommendation 8: Attach preschool programs to elementary schools where possible, but also allow for the participation of community preschool providers.
 - Doing so helps involve families early on in their children's education outside the home.
 - Access to support services may be greater in a public school setting.
 - Some families prefer to have their preschool-age children enrolled in the same settings as their infants and toddlers.
 - Schools may run out of space to house programs, and additional services must be sought from community preschool providers.

Program Services

- Recommendation 9: Plan for at least a full-day (six hours), school-year program to achieve educational goals, with opportunities to obtain extended-day, extended-year services.
 - A partial-day schedule is simply inaccessible for many working families and may pose a barrier to enrollment for some children.
 - Although a longer day of 8 to 10 hours may be necessary for many families with preschool-age children, that length of day may be too long for most 3- and 4-year-old children, and a supplementary extended-day program of a different type may be advisable for this age group.
 - Consider the expenditure-per child we estimated for an initiative using the living wage to pay preschool personnel but reduce the hours of service covered by the initiative to up to 6.5 hours, thereby freeing up some of the funds to improve the quality of service.

Phase in the Program

- Recommendation 10: Phase in the preschool initiative across 10 years to ensure program quality and allow time for the construction of facilities, beginning in the areas of highest need.
 - Begin by implementing the initiative in the zip codes or census tracts with the most children who are disadvantaged and the greatest unmet need, achieving this objective by Year 5 of the initiative.
 - Support the construction and renovation of facilities, coaching and other professional development for the staff, and overall upgrading of the quality of service.
 - The cost of full implementation may be significantly reduced by supporting fewer than 8 to 10 hours per day or a full year (12 months) of service, and limiting the contribution of the initiative to higher income families by implementing a sliding fee scale.

Summary

- A successful universal preschool initiative in the county will require the following:
 - Clearly defining the goals for preschool-age children
 - Establishing a framework for quality
 - Making the most of existing funding streams
 - Obtaining a dedicated new funding stream for preschool
 - Conducting a public education campaign on the benefits of investing in quality preschool
 - Phasing in the preschool initiative across a period of up to 10 years, beginning in the neighborhoods of greatest unmet need
 - Developing partnerships with business and schools

Decision Points for Sonoma County

- Taking into account costs, should Sonoma County aim to provide free preschool to all, or adopt a sliding scale for those above 185 or 300 percent of the federal poverty line?
- Should the Sonoma County initiative help support a half day, school day, or full day of service?
- How should “preschool” be defined? Should the Sonoma County initiative include both 3- and 4-year-olds? Or begin with 4-year-olds, while allowing for participation of 3-year-olds as more funds become available?
- Should the first step be to conduct polling and a public education campaign to determine the best language and timing of a local preschool initiative?

Decision Points for Sonoma County

- Should the framework for quality be based on the California QRIS standards, which allow entry at existing Title 5 standards but offer incentives for higher levels of quality? Or should the framework require stricter entry point standards, such as a lead teacher with a bachelor's degree?
- Which phase-in option makes the most sense in Sonoma County?
- Should Sonoma County try for a dedicated funding source, such as a sales tax?