

# EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS IN TEXAS

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The Seventy-ninth State Legislature passed House Bill 2808, which charged the Legislative Budget Board to complete a one-time study of the resource needs of early childhood care and education programs. This report provides a comprehensive view of early childhood care and education programs in Texas and describes the fiscal impact of establishing full-day pre-kindergarten programs for at-risk children and expanding pre-kindergarten programs to all four-year-olds.

### FACTS AND FINDINGS

- Out of the 1,033 school districts and 194 charter schools operating in the state, 980 (80 percent) offer either full-day or half-day pre-kindergarten programs.
- According to a study by the National Institute for Early Education Research, Texas has the largest pre-kindergarten program in the United States (in terms of the number of children served). In the percentage of all four-year-olds served (46 percent), Texas ranks fifth behind Oklahoma, Georgia, Vermont, and Florida. With the inclusion of four-year-olds served by Head Start and Individuals with Disabilities Education Act, Preschool Grants, the percentage increases to 57 percent.
- Of the 8,990 licensed child care facilities in Texas, 510 are accredited by the National Association for the Education of Young Children.
- Current Texas minimum licensing standards require child care centers to have a 1:15-18 staff-to-child ratio for three- and four-year-olds, compared to the National Association for the Education of Young Children standard of 1:9.
- General Revenue is the primary source of support for state pre-kindergarten programs, with many states supplementing these funds with other revenue streams. State approaches to supplementing General Revenue streams for state pre-kindergarten programs include using revenue raised by state lotteries, excise taxes, non-lottery gambling, and tobacco settlement funds.
- Most states that have expanded state-funded pre-kindergarten programs to all four-year-olds do not offer full-day pre-kindergarten programs.
- The annual state and local fiscal impact of expanding pre-kindergarten to four-year-olds in Texas would range from \$583.0 million for universal half-day programs to \$1,930.5 million for universal full-day programs.
- In fiscal year 2006, major funding streams for early childhood care and education programs totaled an estimated \$615.3 million in General Revenue and \$957.7 million in Federal Funds. Although pre-kindergarten programs are allowable uses of a number of federal funding sources, funding is fully committed for other existing purposes. Diverting these funds to expand pre-kindergarten would reduce benefits to families being served in existing programs.

### DISCUSSION

According to the Annual Community Survey of the U.S. Census Bureau, there were 20.3 million children under the age of five in 2005, nationwide. Texas had the second largest population of these children in the United States, with more than 1.9 million children or 9 percent of the total U.S. population under the age of five. Approximately 412,000 children, or 6.6 percent of Texans enrolled in school, are enrolled in nursery school or preschool.

### CHILD CARE OPERATIONS IN TEXAS

Parents of three- and four-year-olds in Texas can access child care and education programs in several settings. Child care operations are regulated by the Texas Department of Family and Protective Services (DFPS). State law requires child care operators to have a permit granted by DFPS. There are different types of permits depending on the type of child care operations. Child care operations that provide care for seven or more children younger than 14 years old for less than 24 hours per day at a location other than the permit holder's home are required to be licensed. **Figure 1** shows the number of center-based care and home-based care providers in Texas. About 48 percent of child care providers serving three- to four-year-olds are licensed centers; 52 percent are family and child care homes. Licensed centers must meet the Texas Minimum Standards for Child Care Centers and are monitored and inspected by DFPS licensing staff.

The National Association of Child Care Resource and Referral Agencies compiles data on child care services and

**FIGURE 1  
CHILD CARE PROVIDERS IN TEXAS  
SERVING CHILDREN AGES 3 TO 4 YEARS OLD**

TYPE	NUMBER
Licensed Center-based Child Care	7,952
Home-based Child Care	
-Licensed Child Care Homes	1,494
-Listed Family Homes	611
-Registered Family Homes	6,641
<b>Total, Child Care Providers</b>	<b>16,698</b>

SOURCES: Legislative Budget Board; April 9, 2007, Department of Family and Protective Services.

programs and the child care workforce. In 2005, there were a total of 34,550 child care workers in Texas. Full-time, year-round child care workers in Texas earned an average annual salary of \$15,090, compared to the national average of \$18,180.

**TEXAS PRE-KINDERGARTEN PROGRAM**

The Sixty-eighth Legislature, Second Called Session, 1984, established the Texas pre-kindergarten program. The purpose of the pre-kindergarten program is to develop the skills necessary for success in the regular curriculum, including language, mathematics, and social skills. The Texas pre-kindergarten program serves three- and four-year-olds who are considered at risk (low income, homeless, or limited English proficiency). A significant amount of these children (88 percent) meet the eligibility criteria to attend pre-kindergarten programs based on their family’s income. The Seventy-seventh Legislature, 2001, amended the Texas Education Code to permit ineligible children to participate in pre-kindergarten programs if the parents pay tuition. With the enactment of House Bill 1 during the Seventy-ninth Legislature, Third Called Session, 2005, eligibility was extended to children of active duty members of the armed forces of the United States and children of members of the armed forces who were injured or killed while serving on active duty. Starting in the 2007–08 school year, eligibility will be extended to children in foster care. In addition, if child’s foster care status changes while enrolled, the child remains eligible for pre-kindergarten programs.

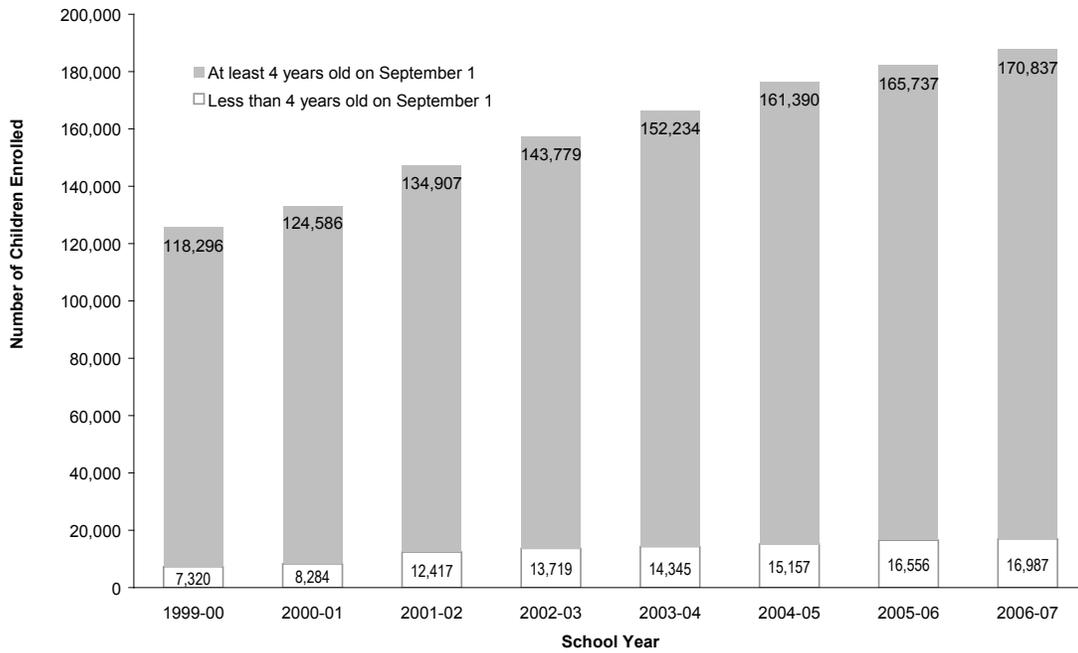
School districts must offer a pre-kindergarten program if at least 15 eligible four-year-old children are identified. Three-year-olds may also be served through the pre-kindergarten program. The Texas Education Agency (TEA) reports that 170,837 children who were at least four years old on September 1, 2006 and 16,987 children who were less than

four years old on September 1, 2006 were enrolled in state-funded pre-kindergarten during the 2006–07 school year in Texas. **Figure 2** shows the increase in the number of Texas children enrolled in state-funded pre-kindergarten from 1999–2000 through 2006–07 school years. According to the National Institute for Early Education Research (NIEER), Texas has the largest pre-kindergarten program in the U.S. (in terms of the number of children served); in the percentage of all four-year-olds served (46 percent), Texas ranks fifth behind Oklahoma, Georgia, Vermont, and Florida. Texas served 57 percent of all four-year-olds when children served by Head Start and IDEA, Preschool Grants are included.

Texas funds half-day pre-kindergarten programs through the Foundation School Program (FSP). FSP funding is calculated and distributed on the basis of district-level average daily attendance (ADA) aggregates. The reporting of attendance data and grade level at the student level by school districts enables TEA to estimate the ADA generated by students associated in a particular grade level. TEA estimates that \$409.0 million in 2005–06 FSP funding can be attributed to pre-kindergarten ADA. In addition, state funding is available through the Pre-kindergarten Expansion Grant program. School districts and charter schools may apply to TEA for grants to expand existing half-day pre-kindergarten programs to a full day, or establish new pre-kindergarten programs at campuses which previously did not operate such a program. A total of \$88.7 million in General Revenue Funds for Pre-kindergarten Expansion Grants was awarded to 290 school districts for the 2005–06 school year. **Figure 3** shows FSP and Pre-kindergarten Expansion Grant funding since the 2000-01 school year, with estimated funding for the school years 2005–06 and 2006–07.

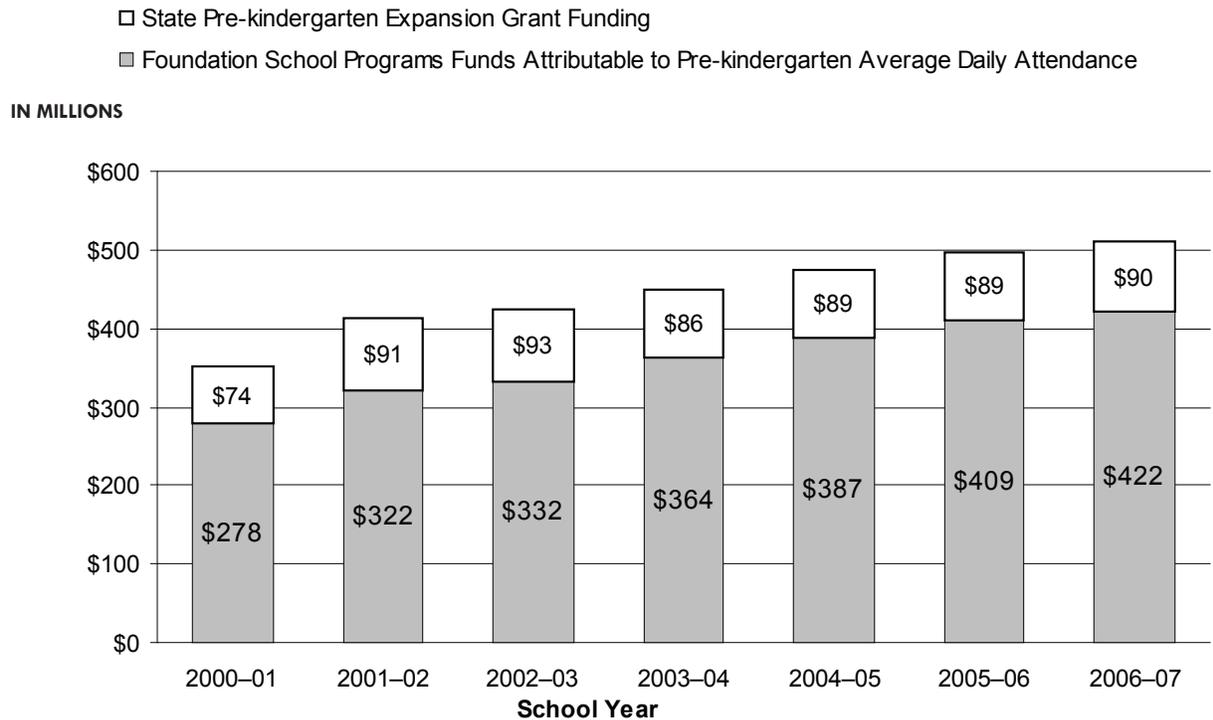
Out of the 1,033 school districts and 194 charter schools operating in the state, a total of 980 school districts (80 percent) offer either full-day or half-day pre-kindergarten programs. Texas pre-kindergarten programs operate during the school year (nine months). State law requires school districts to consider the possibility of sharing use of an existing Head Start or other child care program site as a pre-kindergarten site. Some school districts contract for services with other community organizations.

**FIGURE 2**  
**TEXAS PRE-KINDERGARTEN ENROLLMENT**  
**1999–2000 THROUGH 2006–07 SCHOOL YEARS**



SOURCES: Legislative Budget Board; Texas Education Agency.

**FIGURE 3**  
**TEXAS STATE FUNDING FOR TEXAS PRE-KINDERGARTEN PROGRAM**



SOURCES: Legislative Budget Board; Texas Education Agency.

**QUALITY STANDARDS FOR CHILD CARE**

Child care operators may choose to meet higher standards through a state and/or national accreditation process. The National Association for the Education of Young Children (NAEYC) administers a voluntary system by which early childhood/education centers can measure themselves against a national set of high quality standards. There are nearly 11,000 programs throughout the country with the NAEYC accreditation. A total of 510 licensed child care centers in Texas earned the NAEYC accreditation in fiscal year 2006. In order to meet NAEYC accreditation, a child care provider must meet a set of required criteria (e.g., supervision of children at all times, no use of physical punishment, pediatric aid training of at least one staff person, and placement of children on their backs to sleep). In addition, child care providers must achieve satisfactory performance on at least 80 percent of each of the 10 accreditation criteria.

**Figure 4** compares the Texas Minimum Standards for Child Care Centers to the NAEYC standards. For example, Texas child care centers' staff must have at least a high school diploma or equivalent compared to the NAEYC's staff requirement that all teachers have a minimum of the Child Development Associate Credential or equivalent (additional two years of higher education). Texas requires licensed child care centers to have a maximum class size of 30 for three-year-olds, while NAEYC has a stricter requirement of a maximum class size of 18 for this same group of children.

Texas child care providers participating in the Texas Workforce Commission's (TWC) subsidized child care program may also receive a Texas Rising Star certification. A Texas Rising Star child care provider has an agreement with a Local Workforce Development Board's Child Care Contractor to serve state subsidized children. Providers that voluntarily meet requirements that exceed the State's Minimum Licensing Standards for child care centers may receive enhanced reimbursement. Providers can achieve graduated levels of certification based on progressively higher certification requirements. Currently, there are a total of 1,434 Texas Rising Star providers in Texas.

In 2003, an advisory committee on child care coordination and The University of Texas Health Science Center at Houston's State Center for Early Childhood Development (State Center) were authorized by the Seventy-eighth Legislature, Regular Session, to evaluate the feasibility of coordinating government-funded child-care programs in a manner that promotes access to child-care programs and results in improved school readiness. The State Center has developed and piloted the Texas Early Education Model (TEEM), a School Readiness Integration (SRI) model that builds partnerships among child-care and early education programs, implements Center for Improving the Readiness for Children for Learning and Education (CIRCLE) teacher training, and uses research-based, state-approved curriculum. TEEM sites were implemented in 11 communities beginning in January 2004, and expanded to four more communities

**FIGURE 4  
CHILD CARE QUALITY STANDARDS**

	<b>TEXAS MINIMUM STANDARDS FOR CHILD CARE CENTERS</b>		<b>NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN</b>
Number of Texas Providers	8,990		510
Licensing/ Accreditation	Must ensure compliance with all minimum standards to be licensed child care center.		Must be state licensed.  Satisfactory performance on at least 80 percent of each standard's associated Accreditation Criteria upon which the program is assessed, and no classroom falls below 70 percent of each standard's associated Accreditation Criteria upon which the program is assessed.
Class Ratios	3 years old 1:15 4 years old 1:18		2.5 to 3 years old 1:9 4 years old 1:9  Not a requirement, however, NAEYC believes that not meeting the class ratios prevents most providers from meeting most accreditation criteria.
Maximum Group Size	3 years old 30 4 years old 35		2.5 to 3 years old 18 4 years old 20

**FIGURE 4 (CONTINUED)  
CHILD CARE QUALITY STANDARDS**

	<b>TEXAS MINIMUM STANDARDS FOR CHILD CARE CENTERS</b>	<b>NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN</b>
Teacher Duties/ Qualifications	<p>Background Check Tuberculosis Free 18 years old or older High school diploma or equivalent 8 hours of Pre-service Training 15 hours of Annual Training CPR/First Aid Training</p> <p>Orientation Training that includes at least the following:</p> <ul style="list-style-type: none"> <li>• An overview of the minimum standards;</li> <li>• Operational policies including discipline, guidance, and the release of children;</li> <li>• Overview of symptoms of child abuse, neglect, and sexual abuse and the responsibility for reporting these;</li> <li>• Procedures to follow in handling emergencies; and</li> <li>• Use and location of fire extinguishers and first-aid equipment.</li> </ul>	<p>All teachers have a minimum of the Child Development Associate Credential or equivalent. At least 75% of full-time staff must meet one of the following:</p> <p>(1) Child Development or Early Childhood Education</p> <ul style="list-style-type: none"> <li>• Child Development Associate (CDA) credential, or equivalent</li> <li>• Making progress towards an Associate's or Higher Degree</li> </ul> <p>(2) Experience working in a NAEYC-accredited child care facility and higher education</p> <ul style="list-style-type: none"> <li>• 3 or more years full-time experience and an Associate's or higher degree outside of early childhood field</li> <li>• 3 or more years full-time experience and an Associate's or higher degree outside of early childhood field, and at least 30 hours of relevant training during the past three years</li> </ul> <p>Orientation training must include:</p> <ul style="list-style-type: none"> <li>• Program philosophy, values, and goals;</li> <li>• Expectations for ethical conduct;</li> <li>• Accepted guidance and classroom management techniques;</li> <li>• Program curriculum;</li> <li>• NAEYC Early Childhood Program Standards; and</li> <li>• Regulatory requirements.</li> </ul>
Curriculum/ Assessment	<p>Written activity plan must outline the daily routines and specific activities for each age group and the plan must be followed by the caregiver(s) responsible for that group. Activity plan for each group of children in the child care center must be posted in a prominent place where parents and others can see it. Activities for pre-kindergarten age children must include at least the following:</p> <ul style="list-style-type: none"> <li>• Daily opportunities for outdoor play when weather permits;</li> <li>• Opportunities for thinking skills and sensory development.</li> <li>• Opportunities for small-muscle development.</li> <li>• Opportunities for large-muscle development.</li> <li>• Opportunities for language development.</li> <li>• Opportunities for social/emotional development.</li> <li>• Opportunities to develop self-help skills such as toileting, hand washing, returning equipment to storage areas or containers, and serving and feeding;</li> <li>• Regular meal and snack times; and</li> <li>• Supervised naptimes.</li> </ul>	<p>Essential characteristics of curriculum include the following (number of standards):</p> <ul style="list-style-type: none"> <li>• Social-Emotional Development (7)</li> <li>• Physical Development (4)</li> <li>• Language Development (7)</li> <li>• Cognitive Development: Early Literacy (6) Early Mathematics (7) Science (7) Technology (3) Creative Expression and Appreciation for the Arts (5) Health and Safety (5) Social Studies (10)</li> </ul> <p>The curriculum guides teachers to integrate assessment information with curriculum goals to support individualized learning.</p> <p>The schedule provides children learning opportunities, experiences, and projects that extend over the course of several days and incorporates time for play, self-initiated learning, creative expression, large-group, small-group, and child-initiated activity.</p>

**FIGURE 4 (CONTINUED)  
CHILD CARE QUALITY STANDARDS**

	<b>TEXAS MINIMUM STANDARDS FOR CHILD CARE CENTERS</b>	<b>NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN</b>
Nutrition	<p>Each child in care for less than four hours must receive at least one snack .</p> <p>Each child in care for four to seven hours must receive one meal, or one meal and one snack, equal to 1/3 of their daily food needs.</p> <p>Each child in care for more than seven hours two meals and one snack, or two snacks and one meal, equal to 1/2 of their daily food needs.</p> <p>Daily menus must be posted showing all meals and snacks prepared and served by the child-care center where parents and others can see them. Substitutions must be of comparable food value. A record of any substitutions must be kept.</p> <p>Menus must be dated and must be kept for three months, with a record of which menu was used for each date.</p>	<p>Food is prepared, served, and stored in accordance with the U.S. Department of Agriculture Child and Adult Care Food Program guidelines.</p> <p>Written menus are prepared and posted where families can see them, and copies are available for families.</p> <p>Meals and snacks are given at regularly established times. Meals and snacks are at least two hours apart but not more than three hours apart.</p>

NOTE: State minimum requirements for nighttime care or get-well care providers are not included.

SOURCES: Department of Family and Protective Services; National Association for the Education of Young Children.

by September 2004. In a report to the State Legislature in September 2004, the State Center’s overall findings from the pilot included the following:

- The community partnerships created between the local school districts, Head Start, and non-profit child care centers could reduce the existing waiting lists for early child care and education services.
- Within four months of implementing the TEEM model intervention (January through April of 2003–04 school year), TEEM communities saw significant gains in literacy and language development in classroom environments that emphasized the social and emotional development of the children.

The report indicated that the 3½ months of TEEM professional development component intervention produced two key outcomes: (1) changes in teachers’ instructional approaches, accompanied by the use of research-based curriculum and progress monitoring credited with bringing about (2) greater gains in language and literacy skills in TEEM classroom students compared to non-TEEM classroom students.

In the second year of the pilot (2004–05 school year), TEEM communities received a full year of intervention. The advisory committee’s second report to the State Legislature includes the following findings from year two of the pilot:

- The second year of the TEEM model implementation saw significant gains in child language knowledge,

print awareness, and vocabulary compared to year one, suggesting that school readiness can be improved across all settings.

- The integration of quality school readiness programs can be achieved. This includes the sharing of resources in cost-effective ways, including the sharing of certified teachers, space, and professional development.

The Seventy-ninth Legislature, Regular Session, 2005, appropriated for the 2006–07 biennium up to \$50.0 million of federal Child Care and Development Funds (CCDF) at TWC for child care providers participating in the SRI models. The Legislature directed that this initiative be funded in a manner that avoids a decline in the number of children receiving child care. The State Center received \$8.3 million in July 2006 to expand TEEM through partnerships among child care and early education programs. TWC entered into an agreement with the State Center to certify approximately \$5.3 million in TEEM public expenditures for fiscal year 2006. These funds allowed the State Center to expand TEEM to an additional 35 communities. The State Center also expanded a pilot of the Texas School Readiness Certification System, which certifies the effectiveness of pre-kindergarten programs in preparing Texas children for kindergarten.

The Eightieth Legislature directed TWC to use \$18.0 million of CCDF federal funds for the 2008–09 biennium to increase child care reimbursement rates for child care providers that participate in SRI projects, obtain certification under the school readiness certification system, or meet the requirements

for Texas Rising Star Provider certification. Child care providers that serve children who are younger than six years of age are eligible for this additional reimbursement. TWC must transfer to TEA \$2.0 million in CCDF federal funds for the management of early childhood education partnership projects, including the awarding of stipends and increasing the participation in professional development by early childhood education professionals.

**HIGH-QUALITY PRE-KINDERGARTEN PROGRAMS**

An August 2004 study by the National Institute for Early Education Research indicates education rather than child care was the primary motivation for parents to send their children to preschool. Research by national early child care and education organizations indicate that the high-quality pre-kindergarten programs that produce large gains in school readiness of children share similar characteristics. According to the NIEER, high-quality pre-kindergarten programs have highly educated teachers, teacher-child ratios of 1:10 or lower, support for teachers’ ongoing professional development and intellectually challenging curriculum.

A publication by NIEER, *The State of Preschool 2006*, tracks the progress of state public preschool programs for the 2005–06 school year in three areas including access, quality standards and resources. NIEER reports that a total of 942,766 three- and four-year-olds were enrolled in state pre-

kindergarten initiatives in the 2005–06 school year. Most of these children were four-year-olds (805,907) and represented 20 percent of all four-year-olds, nationwide.

*The State of Preschool 2006* provides information on the quality of state pre-kindergarten programs based on 10 select quality benchmarks. These benchmarks represent the minimum policy requirements needed to ensure effective pre-kindergarten programs, especially when serving disadvantaged children. The 10 benchmarks consider teacher qualifications and training, early learning standards, maximum class size, teacher-child ratios, and support services. **Figure 5** compares Texas’ pre-kindergarten policy compared to NIEER’s quality benchmarks. In the 2005–06 school year, Texas met four quality benchmarks related to early learning standards, teacher qualifications and training.

In 1995, the Texas Legislature prohibited the adoption of Texas Essential Knowledge and Skills (TEKS) for pre-kindergarten programs. TEA currently provides only voluntary curriculum guidelines. There is not a mandated limit for school districts’ pre-kindergarten programs, although a teacher/student ratio of no more than 1:22 is encouraged through pre-kindergarten guidance developed by TEA’s Early Childhood Education Division. Texas pre-kindergarten program teachers must have a bachelor’s degree and be certified.

**FIGURE 5  
QUALITY BENCHMARKS FOR STATE PRE-KINDERGARTEN PROGRAMS**

STATE PRE-KINDERGARTEN POLICY	TEXAS PRE-KINDERGARTEN	NATIONAL INSTITUTE FOR EARLY EDUCATION RESEARCH
<b>Early learning standards</b>	Comprehensive	Comprehensive
<b>Teacher degree</b>	Bachelor of Arts	Bachelor of Arts
<b>Teacher specialized training</b>	Generalist Teaching Certificate Degree	Specializing in pre-kindergarten
<b>Assistant teacher degree</b>	High School Diploma or equivalent	Childhood Development Associate or equivalent
<b>Teacher in-service training</b>	150 hours/5 years	At least 15 hours/year
<b>Maximum class size</b>		
3-year-olds	No Limit	20 or lower
4-year-olds	No Limit	
<b>Staff-child ratio</b>		
3-year-olds	No Limit	1:10 or better
4-year-olds	No Limit	
<b>Required screening/referral and support services</b>	Vision, hearing, and support services	Vision, hearing, health; and 1 support service
<b>Meals</b>	Depends on the length of program day	At least 1 per day
<b>Required monitoring</b>	None	Site visits

SOURCE: Legislative Budget Board.

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TEA is working with the State Center to inform and assist school districts in creating and implementing SRI models. For the 2006–07 school year, TEA requested that applicants for the Pre-kindergarten Expansion Grant program submit a SRI plan by September 1, 2006. School districts should be able to demonstrate the coordination of pre-kindergarten resources among public school districts, Head Start programs, and child-care providers to assist preschool children achieve school readiness and successful transition into kindergarten. For the 2006–07 school year, TEA awarded an estimated \$2.7 million in state funding to pre-kindergarten programs in Texas to implement the State Center’s school readiness model, TEEM. These programs also participate in the State Center’s development and validation of the Texas School Readiness Certification System. TEA is directed by the State Legislature through a General Appropriations Act rider to set aside \$15.0 million for the 2006–07 biennium to support the Early Childhood School Readiness Program. In September 2005, the State Center was awarded \$7.3 million of these funds from TEA to implement the TEEM model to increase school readiness in children.

**STATES’ EXPERIENCE WITH  
PRE-KINDERGARTEN EXPANSION**

Oklahoma’s pre-kindergarten programs first began in 1980 as a state-funded grant program with 10 school districts participating through a competitive process. In 1990, the state moved these funds to the state aid formula and expanded eligibility to serve those most in need. Children from families with low income (based on Head Start income eligibility guidelines) were given priority, and other families paid tuition based on a sliding fee scale. In 1998, Oklahoma was the first state to offer free, voluntary, universal access to all four-year-olds, regardless of eligibility requirements. Programs must operate a minimum of 2.5 hours a day, 5 days a week. According to the Oklahoma State Department of Education, pre-kindergarten program standards include:

- early childhood certified teachers (who hold at least a bachelor’s degree, pass an Early Childhood subject area competency test and are paid on the same salary schedule as other K–12 teachers);
- low class size (20) and a staff:child ratio of 1:10;
- encouragement of family involvement;
- age- and developmentally appropriate curriculum standards that align with state K–12 standards; and
- professional development required for all certified personnel and also provided by school districts for

teaching assistants (whether in a school setting, child care center, Head Start, church or other facility).

Over 95 percent of Oklahoma’s school districts now offer pre-kindergarten programs. More than 90 percent of Oklahoma’s four-year-olds were enrolled in state pre-kindergarten, IDEA Preschool special education, or Head Start programs.

In 1992, Georgia’s voluntary pre-kindergarten program began as a pilot program with 750 at-risk children and their families at 20 sites. The pre-kindergarten services were provided in centers, schools and homes. About \$3 million in state funds were used to support the pilot. In 1993–94, the program received the first funds from the Georgia Lottery for Education and served 8,700 at-risk four-year-olds. In September of 1995, Georgia’s “universal” voluntary pre-kindergarten program began serving all eligible four-year-olds, administered by the Office of School Readiness. State funds are provided to pre-kindergarten programs based on local program factors such as teacher qualifications, the number of students in the class, and the program zone (metropolitan or non-metropolitan area). The pre-kindergarten programs must operate a minimum of 6.5 hours a day for 5 days a week. All programs must adhere to the *Bright from the Start Pre-kindergarten Guidelines and Content Standards* and are required to perform ongoing assessments of children.

In 2002, West Virginia passed legislation to ensure that by the 2012–13 school year all counties in the state would implement pre-kindergarten programs for four-year-olds. The legislation required all counties to develop an implementation plan by the 2003–04 school year that would detail the needs and assessment of pre-kindergarten programs, financial requirements, collaboration efforts with private and public pre-kindergarten programs, and a specific timeline for implementation. Pre-kindergarten programs are voluntary, and may be full day and fewer than five days. Pre-kindergarten teachers are required to be licensed teachers with Bachelor of Arts degrees and certification in early childhood education. The legislation directed the adoption of standards (called the West Virginia Early Learning Standards Framework), which promote learning and provide guidelines for assessment, screening, referral and support services.

More recently, the State of Illinois enacted legislation in July 2006 to make available pre-kindergarten programs to all three- and four-year-olds. The Preschool for All initiative expands the state pre-kindergarten program to children who

are not defined as at-risk children. Before this initiative, only students defined as at risk were eligible for state-funded pre-kindergarten programs. The Preschool for All initiative requires that pre-kindergarten programs be staffed by experienced teachers who hold Bachelor's degrees and specialized training in early education, and provide at least two and a half hours per day of high-quality kindergarten programs.

Pre-kindergarten program expansions have been implemented throughout the United States through a variety of ways. Some states have used ballot initiatives to propose expanding pre-kindergarten programs to all eligible children. The State of Florida was successful in the passage of a ballot initiative in 2002 that would make voluntary, high-quality pre-kindergarten available to all four-year-olds in the state. Some pre-kindergarten programs have been expanded due to the passage of state legislation. State courts have also played a role in directing states to expand pre-kindergarten programs to disadvantaged or at-risk children.

States have expanded pre-kindergarten programs using several different sources of revenue. General Revenue is used primarily to support state pre-kindergarten programs, with many states supplementing these funds with other revenue streams. States may supplement General Revenue with dedicated funds for pre-kindergarten programs. A few states used dedicated lottery funds to support state pre-kindergarten programs. Missouri is the only state that uses its non-lottery gambling industry to fund pre-kindergarten state programs. Other states have implemented excise taxes to generate funds to support pre-kindergarten programs. For example, California in 1998 enacted a fifty-cent tax on a pack of cigarettes to raise revenue to increase accessibility and the quality of state pre-kindergarten programs. Two states, Kansas and Louisiana, use tobacco settlement funds to fund pre-kindergarten programs.

Several of these states have assessed the implementation of universally available voluntary pre-kindergarten programs aimed at four-year-olds. The following summaries of analyses conducted on pre-kindergarten programs in Georgia and Oklahoma highlight the variability in state-funded universally accessible voluntary pre-kindergarten programs. They also provide insight into the effects of public-funded pre-kindergarten programs on school readiness.

#### **GEORGIA PRE-KINDERGARTEN ASSESSMENT**

The specific focus of a study conducted by Georgia State University's Andrew Young School for Policy Studies was to

understand the effects of Georgia's pre-kindergarten program on the development of the four-year-old enrollees. Some of the major findings of the study include the following:

- Children who attended Georgia's pre-kindergarten program made substantial gains as measured against national norms on assessments for language and cognitive skills. Although the Georgia students tend to begin pre-kindergarten at skill levels below the national norms, they attained skill levels above or equal with national norms by the end of the pre-kindergarten program. By the end of the first grade the children lost ground against the national norms in certain areas; however, they remained well above their levels before entering pre-kindergarten.
- By the end of the first grade, children who had not attended pre-kindergarten had similar skills to those who had attended preschool programs (public or private).
- For children from families considered disadvantaged who attended Georgia's pre-kindergarten program, a reduction in the gap relative to their more economically advantaged peers seemed evident. The benefits overall were in the positive direction even though only the assessment in vocabulary was significant.
- At-risk children may benefit from additional support, such as a second year in pre-kindergarten, in order to further reduce the achievement gap.
- A strong argument for universal pre-kindergarten programs may be that incorporating children with different skill levels in the same classroom appears to benefit at-risk children.
- Improvements in quality measures are needed that are more aligned with current pre-kindergarten program goals related to skills development.

#### **OKLAHOMA PRE-KINDERGARTEN EVALUATION**

An analysis of the effect of participation in the Oklahoma pre-kindergarten program looked at school readiness of children who attended the public pre-kindergarten programs in Tulsa, Oklahoma during the 2002–03 school year. This study examined the overall effects of attendance as measured by test scores of the comparison groups of children who attended and children who did not attend the pre-kindergarten program prior to attending kindergarten. The study also looked at the effects of participation in the Oklahoma pre-kindergarten program according to the children's race/ethnicity and family income, as well as

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enrollment in full- or half-day programs. The key findings of the study include the following:

- Participation in the Tulsa pre-kindergarten program provided benefits in cognitive, learning, and motor skills that were statistically significant.
- Participation in the Tulsa pre-kindergarten program provided benefits to children of differing racial and ethnic groups and differing economic backgrounds. Specifically, improved performance on cognitive tests in areas such as pre-reading skills and pre-math was statistically significant.

The study concluded that participation in universal pre-kindergarten programs can provide benefits related to performance in the areas tested. However, it was noted that the study involved children whose families elected to enroll in the Tulsa pre-kindergarten program; findings may not be applicable to the population served by universal pre-kindergarten. The study noted that the Oklahoma pre-kindergarten program was considered a high quality program based on such factors as high teacher education requirements, and comparable salaries for pre-kindergarten teachers as compared to elementary and secondary school teachers' salaries.

A subsequent study of Tulsa's pre-kindergarten program by the same investigators looked at the performance of the public school-based pre-kindergarten component and the Head Start component. Based on the 2006 data collected, the preliminary report indicates that, overall, children in both components performed higher in the areas tested than respective national samples.

#### **NATIONAL STUDY**

The National Center for Early Development and Learning conducted a study of six states thought to be representative of states with well-established pre-kindergarten services to evaluate pre-kindergarten programs in the United States. The states of Georgia, Illinois, Kentucky, Ohio and two regions in California (Los Angeles and Central Valley) and New York (New York City and Albany) were studied. Some of the study's findings are summarized below:

- Because of the differences in the pre-kindergarten program criteria states use, considerable social, economic and linguistic diversity was seen in the families of children attending pre-kindergarten. Although nearly one-third of children studied were cared for exclusively in the home, most were in some form of care or education

program outside the home the prior year. Four-year-olds were twice as likely to be in a care or education setting outside the home the prior year. Of the children studied, 75 percent of Latinos, 66 percent of Asians, and 50 percent of African-Americans were more likely than White children to attend pre-kindergarten classes with high concentrations of children whose family incomes were below 150 percent of the federal poverty level. Boys were slightly more likely to participate in pre-kindergarten programs than girls. Approximately 16 percent of the children were considered by their teacher to have limited English proficiency.

- Generally, the pre-kindergarten programs were funded through state education agencies, but only 47 percent of the classes were located in public school facilities. About 50 percent operated for less than 15 hours per week and 61 percent operated five days per week. On average 17.7 percent of children were enrolled in a class with an adult to child ratio of 1 to 8.
- Pre-kindergarten teachers with a Bachelor's degree or higher were becoming the norm; 68 percent of the teachers in the study had a Bachelor's degree or higher and 78 percent were certified in early childhood instruction. The average teacher salary was \$22 per hour for teachers whose classes were located in public school facilities and \$15 per hour on average for teachers whose classes were located outside of public school facilities.
- Classes with higher concentrations of children whose family incomes were below 150 percent of the FPL were also classes where the students were predominately African American or Latino. These classes were also more likely to have teachers with lower qualifications.

#### **STATES' PRE-KINDERGARTEN GOVERNANCE AND FUNDING SYSTEMS**

One analysis of selected states looked at pre-kindergarten governance and funding systems. According to the analysis, most states do not have a single system responsible for early childhood care and education programs. In many instances, school districts, Head Start programs, profit and non-profit child care providers all offer pre-kindergarten services overseen by different entities. States employ different systems to manage pre-kindergarten funds and oversee early care and education programs. These systems include separate cabinet-level departments, state departments of education, human services or other governmental departments and agencies, and planning and advisory committees. The analysis also

**FIGURE 6  
SELECTED STATES: PRE-KINDERGARTEN PROGRAM GOVERNANCE AND FUNDING SYSTEMS**

<b>STATES</b>	<b>PRE-KINDERGARTEN PROGRAM GOVERNANCE</b>	<b>PRE-KINDERGARTEN FUNDING RESOURCES</b>	<b>PRE-KINDERGARTEN PROVIDER PARTICIPANTS</b>
Alabama	State and County-Level Councils	State, Federal and Local matching funds	Public schools, Head Start programs, private child care centers, universities, and community-based organizations
Arkansas	State. Priority funding to eligible school districts	Public school funds, excise tax on beer, Temporary Assistance for Needy Families (TANF), and Child Care and Development Funds	Center-based classrooms and home instruction program
California	State pre-kindergarten programs in neighborhoods surrounding lowest performing public elementary schools	State and Local funds	State pre-kindergarten programs in neighborhoods surrounding lowest performing public elementary schools
Florida	State Governing Board. County-based and Multiple County Coalitions that contract with local entities such as school districts and private child care centers	State and Federal (Migrant and Title I)	Public schools and private centers
Georgia	State	State lottery funds	Public schools, Head Start programs, and profit and non-profit child care centers
Illinois	State	State funded Early Childhood Block Grant	Community child care programs
Iowa	State and Community Empowerment Boards	State and Federal (TANF) funds	State pre-kindergarten programs and community-based programs
Kentucky	State and Public School Districts	State funds	Public school
Louisiana	Four State-funded pre-kindergarten Programs	State 8(g) Student Enhancement Block Grant and TANF	Public schools, Head Start programs, and child care centers
New Jersey	State and Low-income School Districts	State funds	Public schools in low-income school districts
New York	State and Public School Districts	State funds	Public schools and public school districts contract with other entities such as child care centers, private and parochial schools, and Head Start
North Carolina	State and North Carolina Partnership for Children (private, non-profit created by Legislature) State pre-kindergarten and Smart Start Child Care and Education in counties or regions	State funds, also lottery revenue anticipated (2005)	State pre-kindergarten program and Smart Start program at county/regional level
Oklahoma	State and Public School Districts	State Aid formula funds	Public schools, Head Start, and child care centers
Oregon	State and Regional Head Start Office	State funds	Head Start, private and community providers, and schools
South Carolina	State and County Partnership Board	State Aid Education formula funds	Public schools
Tennessee	State and School Districts	Excess state lottery funds. State/local match formula	Public schools
Texas	State and School Districts	State and Local funds	Public schools
Vermont	State and School Districts	School funding formula and Federal (IDEA for pre-kindergarten for children with substantial developmental delays)	Public schools, Head Start, and child care providers

**FIGURE 6 (CONTINUED)**  
**SELECTED STATES: PRE-KINDERGARTEN PROGRAM GOVERNANCE AND FUNDING SYSTEMS**

STATES	PRE-KINDERGARTEN PROGRAM GOVERNANCE	PRE-KINDERGARTEN FUNDING RESOURCES	PRE-KINDERGARTEN PROVIDER PARTICIPANTS
Virginia	State and School Districts	State and local contribution based on financial ability	Public schools
Washington, D. C.	District of Columbia and DC public schools	Public school formula and Public school grants to community-based entities	Public schools and community-based programs
West Virginia	State and School Districts	State funds	Public schools
Wisconsin	State and School Districts	Formula for school district funding and local funds	Public schools

SOURCES: Legislative Budget Board; PreK Now.

indicates that states distribute resources from the state level to pre-kindergarten programs in a variety of ways, such as allocation of school funding through formulas, contractual agreements with school districts or pre-kindergarten providers, and state-established or designated boards and committees that submit funding requests on behalf of local communities. **Figure 6** provides a summary of governance and funding systems for selected states.

**FISCAL IMPACT OF EXPANDING PRE-KINDERGARTEN IN TEXAS**

Additional funding would be required to expand pre-kindergarten programs to all four-year-olds. State costs to expand pre-kindergarten programs would include FSP state aid, contributions to the Teacher Retirement System (TRS) for additional full-time employees (FTEs), and textbooks. Local costs would occur for additional facilities in the form of annual debt service payments. **Figure 7** summarizes the

fiscal impact of expanding pre-kindergarten programs under different scenarios (expanding current pre-kindergarten to full day, universal half-day, and universal full-day). The estimates provided assume continuation of current levels of expenditure for public school pre-kindergarten programs. Estimates assume that under a universal program, enrollment in the pre-kindergarten grade level would increase to a level equivalent to the kindergarten grade level in each district.

**FULL-DAY PRE-KINDERGARTEN FOR CURRENTLY ELIGIBLE FOUR-YEAR-OLDS**

The total annual cost to expand current pre-kindergarten programs to full-day for eligible four-year-olds is estimated to be \$651.9 million (\$393.1 million in state costs and \$258.8 million in local costs). The state aid cost estimate assumes an additional half-day of enrollment for approximately 185,000 students who currently receive half-day service and are not also enrolled in special education

**FIGURE 7**  
**ESTIMATED ANNUAL COSTS OF EXPANDING PRE-KINDERGARTEN TO FOUR-YEAR-OLDS (IN MILLIONS)**

	FULL-DAY PRE-KINDERGARTEN	UNIVERSAL HALF-DAY PRE-KINDERGARTEN	UNIVERSAL FULL-DAY PRE-KINDERGARTEN
<b>STATE COSTS</b>			
Foundation School Program State Aid	\$375.0	\$450.0	\$1,225.0
Teacher Retirement System Contributions	\$9.7	\$9.0	\$29.0
Textbooks	\$8.4	\$4.0	\$24.5
<b>LOCAL COSTS</b>			
Facilities	\$258.8	\$120.0	\$752.0
<b>TOTAL COSTS</b>	<b>\$651.9</b>	<b>\$583.0</b>	<b>\$1,930.5</b>

NOTE: Textbook costs would be lower in subsequent years after the initial year of implementation.  
 SOURCE: Legislative Budget Board.

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early childhood education half-day programs. The cost for additional state aid is offset by \$91.8 million per year on the assumption of elimination of the Pre-kindergarten Expansion Grant program funding that currently provides full-day programs for a limited number of students. State costs include TRS contributions for about 3,450 additional FTEs. Textbook costs assume that each pre-kindergarten classroom learning system purchased would be used by a full-day section of pre-kindergarten.

Facilities costs are based on an estimated 3,450 additional sections of full-day pre-kindergarten. The average classroom cost is estimated to be about \$75,000. Cost per classroom could be somewhat lower for portable buildings and would be higher for new construction. It is possible that some districts will minimize the need to add facilities to some extent by providing pre-kindergarten programs in non-school settings.

#### **UNIVERSAL HALF-DAY PRE-KINDERGARTEN FOR FOUR-YEAR-OLDS**

The total annual cost for universal half-day pre-kindergarten for four-year-olds is estimated to be \$583.0 million (\$463.0 million in state costs and \$120.0 million in local costs). The state aid estimate assumes a potential increase of about 171,000 students enrolled in public school pre-kindergarten programs on a half-day basis. This cost assumes no change in the Pre-kindergarten Expansion Grant program funding that currently provides full-day programs for a limited number of students. State costs include TRS contributions for about 3,200 additional FTEs.

Textbook costs assume that each pre-kindergarten classroom learning system purchased would be used by two half-day sections of pre-kindergarten. It is possible that costs would be somewhat higher than estimated since the perfect efficiency assumed would not apply to districts with an uneven number of additional pre-kindergarten sections.

Facilities costs are based on an estimated 3,200 additional sections of half-day pre-kindergarten and assume that each additional classroom houses two half-day sections of pre-kindergarten. The average classroom cost is estimated to about \$75,000. Cost per classroom could be somewhat lower for portable buildings and would be higher for new construction. While the assumption that each classroom would house two half-day sections represents a perfect efficiency that would likely not be true for all districts, it is also possible that some districts will avoid adding facilities to some extent by providing pre-kindergarten programs in non-school settings.

#### **UNIVERSAL FULL-DAY PRE-KINDERGARTEN FOR FOUR-YEAR-OLDS**

The total annual cost for universal full-day pre-kindergarten for four-year-olds is estimated to be \$1.9 billion (\$1.2 billion in state costs and \$752.0 million in local costs). The state aid estimate for universal full-day pre-kindergarten expansion assumes a potential increase of about 171,000 students enrolled in public school pre-kindergarten programs on a half-day basis and an additional half-day of enrollment for approximately 185,000 students who currently receive half-day service and are not also enrolled in special education early childhood education half-day programs. This cost is offset by \$91.8 million per year on the assumption of elimination of the Pre-kindergarten Expansion Grant program funding that currently provides full-day programs for a limited number of students.

Textbook costs assume that each pre-kindergarten classroom learning system purchased would be used by one full-day section of pre-kindergarten. Facilities costs are based on an estimated 10,100 additional sections of full-day pre-kindergarten. The average classroom cost is estimated to be about \$75,000. Cost per classroom could be somewhat lower for portable buildings and would be higher for new construction. It is possible that some districts will minimize the need to add facilities to some extent by providing pre-kindergarten programs in non-school settings.

This fiscal impact analysis does not include the additional state cost due to the likelihood that FSP funding would no longer be used to meet Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirements. State expenditures on pre-kindergarten programs can be used to meet TANF MOE requirements only if these activities or services are not generally available to other residents of the state without cost and without regard to income. In fiscal year 2006, about \$144.8 million in state pre-kindergarten expenditures were used to meet TANF MOE requirements. Implementing universal pre-kindergarten for four-year-olds could require additional state investment to meet TANF MOE requirements.

#### **FEDERAL FUNDING FOR EARLY CHILDHOOD CARE AND EDUCATION**

Several federal and state funding sources provide early childhood care and education to children under the age of five. **Figure 8** shows the number of children participating in various federal and state programs. Most of the programs are operated through TEA, TWC, and the Texas Department of

**FIGURE 8  
EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS IN TEXAS  
FISCAL YEAR 2006**

PROGRAM	AGE	INCOME	OTHER	NUMBER OF PARTICIPATING CHILDREN
TEA Pre-kindergarten	3 to 4	Up to 185% FPL	Homeless children, children unable to speak and comprehend English and children of active duty, injured, or killed member of the armed forces do not have to meet income requirement.	182,293
TWC Subsidized Child-care	0 to 13 or up to 19 if disabled or under court supervision	Up to 85% of state median income (\$48,884 for a family of four in fiscal year 2006)	Children must reside with a parent who is working or attending job training or an educational program, or are in need of protective services.	118,448
Head Start	3 to 4	Up to 100% FPL	At least 10% of enrollment must target children with disabilities. Children 0 to 3 and pregnant women are served through Early Head Start.	67,327
DARS Individuals with Disabilities Education Act – Infants and Toddlers	0 to 3	None	Children must have a disability or developmental delays.	45,901
TEA Individuals with Disabilities Education Act – Preschool	3 to 5	None	Children must have a disability and educational need.	40,236
TWC/DFPS Foster Care Child-care	0 to 13 or up to 19 if disabled or under court supervision	None	Children are in need of protective services.	4,597
TEA Even Start	0 to 7	None	Families must have low level of adult literacy or English language proficiency or other need-related indicators.	3,346

NOTES: Income for a family of four would be \$20,000 at 100% FPL in calendar year 2006. Participants in TWC Childcare represent the number of children served per day.  
SOURCE: Legislative Budget Board.

Assistive and Rehabilitative Services (DARS). The following section provides a comprehensive review of these programs.

**CHILD CARE AND DEVELOPMENT FUND**

The federal Child Care and Development Fund (CCDF) provides assistance to low-income families in need of child care while parents work or attend job training or educational programs. The CCDF is composed of several parts:

- Discretionary funds are allocated to states based on the number of children below the age of five, the number of children receiving assistance through the School Lunch Program, and state per capita income. Texas’ award was \$210.9 million in fiscal year 2006. There are no match or maintenance of effort (MOE) requirements.
- Mandatory funds are allocated to states based on historical expenditures for child care in the former Aid to Families with Dependent Children (AFDC) program. Texas’ allocation for fiscal year 2006 was \$59.8 million. There are no match or MOE requirements.

- Matching funds are allocated to states based on the proportion of children under age 13 residing in the state. To be eligible for matching funds, at a minimum states must maintain the historical spending level for child care in the former AFDC program. The federal match rate is the Federal Medical Assistance Percentage, or FMAP (60.66 percent in fiscal year 2006). Texas’ allocation was \$146.6 million in fiscal year 2006. The state meets its MOE and matching requirements through a combination of General Revenue Funds at TWC, state pre-kindergarten expenditures, and local funds.

TWC administers the CCDF and allocates child-care funding to the 28 local workforce development boards. According to the National Association of Child Care Resources and Referral Agencies, the number of Texas child care providers serving families receiving child care assistance in fiscal year 2005 was 33,765. A significant amount (82 percent) of subsidized children are cared for in licensed

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centers and homes, compared to the percent of subsidized children cared for by relatives (18 percent). At least 4 percent of the CCDF must be used to improve child-care quality and availability, including activities such as consumer education, resource and referral services, provider grants and loans, monitoring and enforcement of requirements, training and technical assistance, and improved compensation for child-care staff. A portion of the CCDF (\$33.6 million including estimated employee benefits in fiscal year 2006) funds child-care regulation and child care for children receiving services at the Department of Family and Protective Services (DFPS).

#### **HEAD START AND EARLY HEAD START PROGRAMS**

The Head Start program, administered by the U.S. Department of Health and Human Services (HHS), has provided comprehensive early childhood development services to low-income children since 1965, with the overall goal of increasing the school readiness of young children in low-income families. Head Start programs provide preschool classes as well as health, nutritional, social, and other services to improve the condition of children at risk of not succeeding in later school years. The program emphasizes the involvement of families and the local community. Parents of enrolled children are provided support services such as parenting education, health education, emergency or crisis intervention, and adult education.

Head Start programs only serve preschool age children (three- and four-year-olds). Children are eligible to participate in Head Start if they are from low-income families as measured by the federal poverty level (FPL). **Figure 8** provides the eligibility requirements for Head Start, along with other federal and state early childhood care and education programs. Children whose families receive TANF benefits or Supplemental Security Income (SSI) benefits are automatically eligible to enroll in Head Start programs. Head Start programs must offer no less than 10 percent of total enrollments to children with disabilities. Unlike many federal funding sources that are distributed to states, HHS awards Head Start funds directly to local grantees. HHS reserves a portion of Head Start funds for set-aside provisions mandated by federal legislation (e.g., transition-to-school grants; research, demonstration, and quality assurance activities; Indian and migrant Head Start programs; and services for children with disabilities). The remaining Head Start funds are allocated to states based on a formula that includes a hold harmless provision that guarantees each state its allocation from fiscal

year 1998 (adjusted for inflation), and an allotment based on the number of children under age five living in poverty.

When Congress reauthorized the Head Start program in 1994, the Early Head Start program was created to provide comprehensive services to low-income families with children from birth to age three and to pregnant women. Early Head Start services include quality early education; home visits; parent education; parent-child activities; comprehensive health services, including services to women before, during and after pregnancy; nutrition; and case management and peer support groups for parents. Family income is one key factor in determining eligibility. Early Head Start programs may elect to target their services to a particular population to best meet the unique needs of families and children in their community. In addition, Early Head Start programs must make at least 10 percent of their enrollments available to children with disabilities who are eligible for Part C services under the Individuals with Disabilities Education Act in their state.

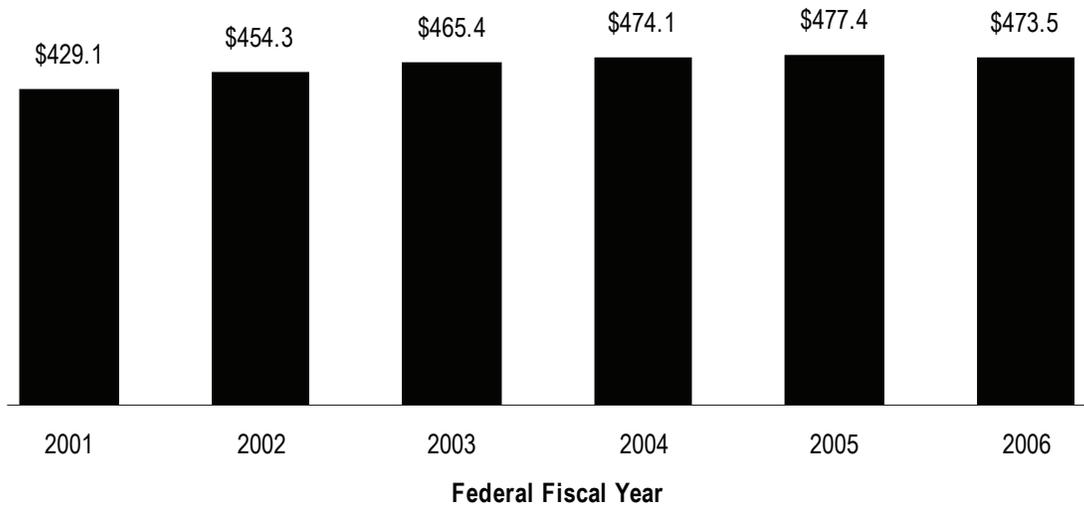
Head Start programs served an estimated 900,000 children throughout the country during fiscal year 2006. Texas programs served more than 67,000 children that year (7 percent of the national total). Local grantees are provided operating flexibility, resulting in a variety of program options. Head Start programs operate full and part-time day programs mostly during the school year. In Texas, 77 percent of center-based Head Start programs had full-day programs five days a week in fiscal year 2005, compared to 52 percent for all center-based programs in the country. For fiscal year 2006, an estimated \$473.5 million in Head Start and Early Head Start funding was distributed to Head Start programs in Texas (see **Figure 9**). Compared to other states, Texas receives the second largest allocation of Head Start and Early Head Start funds. Local grantees must provide 20 percent of the total cost of the Head Start program.

#### **INDIVIDUALS WITH DISABILITIES EDUCATION ACT PROGRAMS**

Individuals with Disabilities Education Act (IDEA) funding is awarded to state education agencies to meet the additional costs of providing special education and related services to children with disabilities. Part B, Section 619 Preschool Grants, provides special education and related services for children with disabilities aged three through five. School districts may provide the following: special instruction, development and implementation of individual education plans, assistive technology devices, audiology, counseling

**FIGURE 9**  
**HEAD START AND EARLY HEAD START FUNDING IN TEXAS**

IN MILLIONS



SOURCE: U.S. Department of Health and Human Services, Administration for Children and Families.

services, early identification and assessment, medical services for diagnosis or evaluation, and therapies. Part B funds are distributed according to a formula. States receive a base amount (equal to fiscal year 1997 amounts), and of the funds exceeding the base amounts, 85 percent are allocated according to the number of children aged three to five and 15 percent according to the number of children aged three to five living in poverty. Texas' allocation for Part B, Section 619 Preschool Grants was \$23.0 million in fiscal year 2006, and an estimated 40,236 preschool children in Texas received special education and related services. **Figure 10** shows nearly level federal funding in Part B, Section 619 Preschool programs.

DARS receives Federal Funds for another component of IDEA: Part C, relating to early childhood intervention programs for infants and toddlers with disabilities. The federal regulations regarding Part C of IDEA, as amended in 1997, indicate that the purpose of Part C is to provide financial assistance to states to maintain and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency system of early childhood intervention services for infants and toddlers with disabilities and their families.

**Figure 10** shows federal funding for Part C programs has increased between fiscal year 2000 and fiscal year 2006. Texas' allocation for Part C program was \$37.9 million in fiscal year 2006. IDEA, Part C funds are awarded based on a state's share of children, aged zero to two years old (according

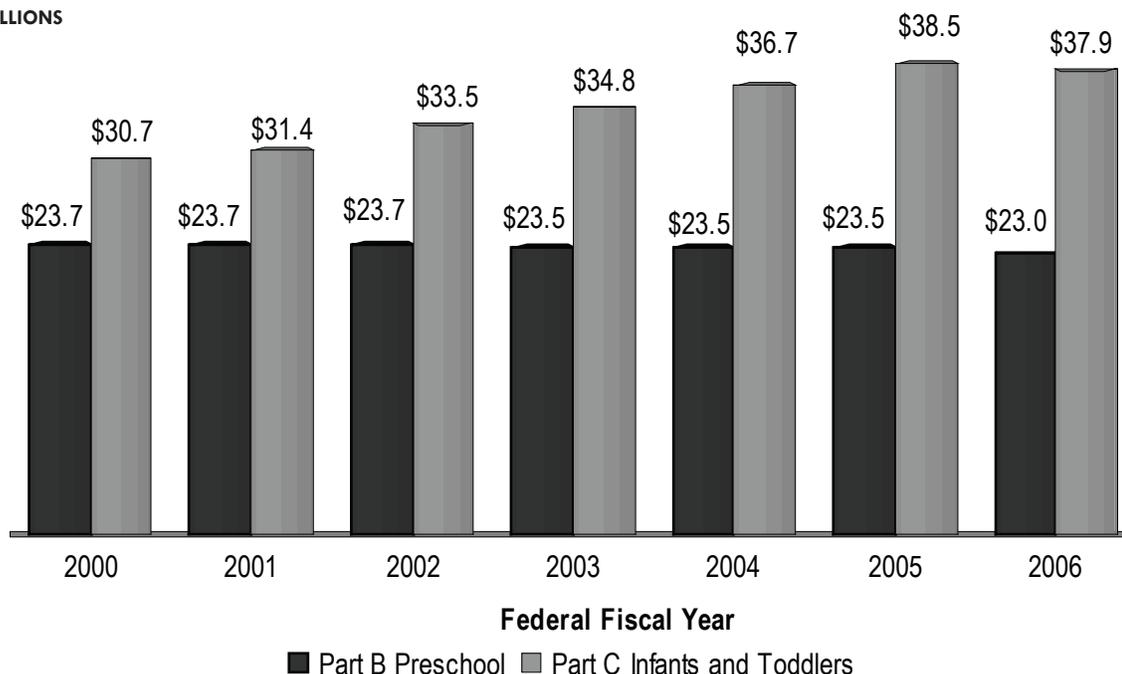
to the most recent satisfactory data determined by the U.S. Secretary of Education). The Part C program has no matching requirements, but states must meet a MOE requirement. Texas meets its Part C MOE requirement through a combination of General Revenue Funds at DARS (\$46.2 million in General Revenue Funds in fiscal year 2006) and Foundation School Funds transferred through an interagency contract from TEA (\$16.5 million in fiscal year 2006). The Part C program funds screening and assessment for developmental delays. Part C services are provided in the home and in community settings. DARS currently supports 58 local programs that provide comprehensive services such as service coordination, vision services, speech-language therapy, physical therapy, and occupational therapy. DARS provides services directly or offers access to them. Providers include mental health and mental retardation centers, school districts, education service centers, and private nonprofit organizations. DARS also maintains a "child find" system that identifies eligible infants and toddlers. In fiscal year 2006, a total of 45,901 children in Texas received comprehensive services.

#### **EVEN START**

The U.S. Department of Education distributes Even Start funds to support local family literacy projects that integrate early childhood education, adult literacy, parenting education, and interactive parent and child literacy activities for families with parents and their children. Even Start programs operate

**FIGURE 10**  
**FEDERAL FUNDING TO TEXAS FOR PART B AND PART C OF THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT**

IN MILLIONS



SOURCE: U.S. Department of Education.

year-round and provide staff training and support services such as child care and transportation, when unavailable from other sources, to enable participation in education activities. Eligibility for children is from birth through age seven. Teen parents and their children from birth through age seven also are eligible. The parents served through the Even Start program must be eligible for services under the Adult Education and Family Literacy Act. Priority is given to families most in need of services.

Even Start funds are distributed to states based on each state's relative share of Title I, Part A funds. TEA is responsible for the administration of the Even Start program. Since August 2003, Texas LEARNS, housed in the Harris County Department of Education, has been providing grant management functions, program assistance, and other statewide support services to Texas Even Start providers. Congress decreased national funding for Even Start programs in fiscal year 2006. Texas' allocation declined to \$8.2 million from \$18.6 million in fiscal year 2005. Texas Even Start providers served approximately 3,092 children between the ages of 3 and 5 during the 2005–06 school year (a decrease of 391 children from the 2004–05 school year).

#### TITLE I SUPPORTED PRESCHOOL SERVICES

School districts may support preschool programs with their federal allocations of Title I, Part A Grants to Local Educational Agencies. Eligibility requirements for preschool programs funded by Title I, Part A, limit services to children at risk of not meeting challenging state standards, children from birth through five years of age, and children who participated in Head Start or Even Start. Children do not have to be eligible for Head Start to be served by Title I, Part A preschool programs. Texas served 189,620 preschool children with Title I, Part A funds during the 2005–06 school year.

Title I, Part A funds may be used for the following activities: (1) creating a new preschool at the district or school level; (2) expanding an existing preschool (e.g. those funded by other federal and state programs) by increasing enrollment, time, or services; and (3) improving the quality of existing preschool programs. Title I, Part A funds may also be used to provide preschool participants with comprehensive services. School districts are allowed to use a portion of Title I, Part A funds in a targeted assistance school to address health, nutrition, and other social services of preschool children. However, school districts must complete a comprehensive needs

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assessment and make certain that funding is not available from other public or private sources. The U.S. Department of Education (USDE) requires that Title I, Part A preschool programs coordinate with other preschool programs providing educational services. Specifically, a school district's Title I, Part A plan must describe how it will coordinate and integrate services under Title I with other educational services such as Even Start, Head Start, Early Reading First, and other preschool programs, including its plans for the transition of children in those programs to elementary school programs. States receive Title I, Part A funds based on three formulas that take into account the following factors:

- Number of children living below the FPL;
- State-per-pupil expenditure; and
- Variance in per-pupil expenditure.

Title I, Part C Migrant Education State Grant funds may be used to support educational programs such as remedial and compensatory instruction, special guidance, counseling and testing services, and preschool services. States receive a base allocation equal to federal fiscal year 2002 amounts. Additional funds are distributed through a statutory formula based on a state's per-pupil-expenditure and the number of eligible number of migratory children living in the state (ages 3–21). Adjustments are made by USDE to determine the additional funds a state receives for summer and/or intersession programs. TEA reported that 4,823 children ages 3 through 5 were among the children served by school districts in migrant education programs during the regular school year and 1,687 of the children ages 3 through 5 were among those served during the summer term or intersession in the 2005–06 school year. The types of services provided include reading or mathematics instruction, counseling services and support services.

#### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

The TANF program provides assistance to families with needy children so that children can be cared for in their own homes; promotes job preparation, work, and marriage; strives to reduce and prevent out-of-wedlock pregnancies; and encourages the formation and maintenance of two-parent families. TANF is a block grant, based on the historical level of federal spending on related programs. At a minimum, states must maintain spending at 80 percent of state expenditures in fiscal year 1994 on related programs (or 75 percent if the state meets national work participation standards). As a component of the state's TANF MOE, there

is a minimum MOE related to child care (\$34.7 million per year).

In Texas, three agencies accounted for 86 percent of fiscal year 2006 total TANF federal expenditures. DFPS expended 43 percent of the annual amount. Another 26 percent was spent at the Health and Human Services Commission, primarily for eligibility determination services and cash assistance. Approximately 17 percent of the funds were used by TWC for employment and support services. States may transfer up to 30 percent of the block grant to the CCDF, minus transfers to the Social Services Block Grant (SSBG), which are limited to 10 percent of the TANF grant. In fiscal year 2006, \$2 million in TANF transferred to the SSBG was used for child care at TWC.

#### **EARLY READING FIRST**

The No Child Left Behind Act (NCLB) authorized a new program, Early Reading First. This competitive grant program provides funds to support efforts to enhance the oral language, cognitive, and early reading skills of preschool-age children—especially those from low-income families—through strategies, materials, and professional development that are grounded in scientifically based reading research. Congress appropriated \$103.1 million in fiscal year 2006 to fund multi-year Early Reading First projects across the country. Of this amount, a total of \$4.5 million was awarded to one new Early Reading First project in Texas. Another three programs in Texas received federal funding in fiscal year 2006.

#### **EARLY LEARNING OPPORTUNITIES ACT**

The Early Learning Opportunities Act (ELOA) authorizes discretionary grant funding to increase the availability of voluntary programs, services, and activities that support early childhood development, increase parent effectiveness, and promote the learning readiness of young children to enter school ready to learn. ELOA funds are awarded to local councils that are designated by local government for the purposes of applying for an ELOA grant. Local Councils must be composed of: (1) representatives of local agencies that will be directly affected by early learning programs assisted under the ELOA; (2) parents; (3) other individuals concerned with early learning issues in the locality, such as representatives of entities providing elementary education, child care resource and referral services, early learning opportunities, child care, and health services; and (4) other key community leaders. The U.S. Administration for Children and Families awarded \$32.0 million in competitive

awards to 40 local councils in 30 states. Local councils may use ELOA funds to pay for developing, operating, or enhancing voluntary early learning programs that meet ELOA objectives. In fiscal year 2004, the Administration for Children and Families (ACF) modified the program to require that all ELOA projects include activities to enhance early childhood literacy. Three local councils in Texas were awarded a total of \$2.8 million for fiscal year 2005.

**Figure 11** provides fiscal year 2006 expenditures for the major funding sources. Use of the previously described funding streams to expand pre-kindergarten would be difficult. Head Start funds are awarded directly to local grantees, outside the control of the state. Other federal funding sources are distributed to Texas based on formulas, rather than being open-ended entitlements. Federal provisions authorizing these programs do provide flexibility to fund pre-kindergarten programs. However, funding is fully committed for other existing purposes. Diverting these funds to expand pre-kindergarten would reduce benefits to families being served in existing programs.

**FIGURE 11  
EXPENDITURES FOR EARLY CHILDHOOD CARE AND  
EDUCATION PROGRAMS IN TEXAS  
FISCAL YEAR 2006**

<b>PROGRAM</b>	<b>STATE REVENUE (IN MILLIONS)</b>	<b>FEDERAL FUNDS (IN MILLIONS)</b>
Head Start/Early Head Start		\$473.5
TEA Pre-kindergarten	\$497.7	
TEA Even Start		\$8.2
TEA Individuals with Disabilities Education Act - Preschool		\$23.2
DARS Individuals with Disabilities Education Act - Infants and Toddlers	\$46.2	\$38.2
TWC Subsidized Childcare	\$71.4	\$414.6
Total	\$615.3	\$957.7

SOURCE: Legislative Budget Board.

