INADEQUATE FUNDING FOR ECE, ARE SCHOOL FUNDING FORMULAS A SOLUTION?

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Early Education Finance:

Consumer tuition (families) is the largest source of revenue, roughly 51% of total industry receipts ($41 Billion).

Private (non-public, non-family) revenue has increased over several decades but still only 2% of total ($2 Billion).

Government funding 47% of total, primarily portable funding, vouchers or tax benefits ($38 Billion).

National Data (approximately $80 Billion).
Government Spending: @$38 B, All Sources

- HS&EHS: 23%
- CCDF: 23%
- Pre-K: 16%
- EI&ECSped: 16%
- CACFP: 7%
- Tax Credits: 11%
- Title I: 2%
- Military: 2%
- Government Spending: @$38 B, All Sources
K-12 Compared to Pre-K Revenue

Public K-12 Finances, 2014
Total = $547bn

- Revenue from Federal Sources - Title I: 2%
- Revenue from Federal Sources - All Else: 6%
- Revenue from State Sources: 45%
- Revenue from Local Sources: 47%

Pre K Finances, 2014
Total = $28bn

- Revenue from Federal Sources - Title I: 9%
- Revenue from Federal Sources - All Else: 50%
- Revenue from State Sources: 33%
- Revenue from Local Sources: 1%
How State Pre-K Programs Are Funded

<table>
<thead>
<tr>
<th>Funding Mechanisms</th>
<th># States</th>
<th>Amount (millions)</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary Grants</td>
<td>31</td>
<td>$3,161</td>
<td>46.6%</td>
</tr>
<tr>
<td>School Funding Formula</td>
<td>10</td>
<td>$1,798</td>
<td>26.5%</td>
</tr>
<tr>
<td>Discretionary Formula Grants</td>
<td>14</td>
<td>$1,736</td>
<td>25.6%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>1</td>
<td>$41</td>
<td>0.6%</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>2</td>
<td>$34</td>
<td>0.5%</td>
</tr>
<tr>
<td>SIBs</td>
<td>2</td>
<td>$20</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>sum</strong></td>
<td><strong>58</strong></td>
<td><strong>$6,783</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
School Funding Formula

- Cost-based formula. Generally takes into account student and district variables.

- Generally a significant reliance on residential taxes, which provides a steady funding stream.

- It would yield more funding per pupil and more pupils covered.
  - K-12 p.p. average = $11k; Pre-K p.p. average is ½ that.
  - Assume covering 50% of 3- and 4-year old population
  - Would increase state and local bill by around $30bn (currently around $14bn).
## Pre-K SFF Programs

<table>
<thead>
<tr>
<th>State</th>
<th>Pre-K Spending per Pupil, Adjusted for Relative Prices</th>
<th>Spending per Pupil Ratio: Pre-K/K-12</th>
<th>Hours/Day</th>
<th>Prorated Spending per Pupil Ratio: Pre-K/K-12</th>
<th>Enrollment 4s, % population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>$3,745</td>
<td>0.47</td>
<td>min 2.0</td>
<td>0.95</td>
<td>23.3%</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$14,876</td>
<td>0.80</td>
<td>6.5</td>
<td>0.80</td>
<td>86.3%</td>
</tr>
<tr>
<td>Iowa SVPP</td>
<td>$3,186</td>
<td>0.31</td>
<td>3</td>
<td>0.62</td>
<td>57.1%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$8,619</td>
<td>1.04</td>
<td>min 2.5</td>
<td>1.04</td>
<td>25.8%</td>
</tr>
<tr>
<td>Maine</td>
<td>$6,106</td>
<td>0.52</td>
<td>min 2.0</td>
<td>1.04</td>
<td>36.2%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$8,656</td>
<td>0.97</td>
<td>6</td>
<td>1.22</td>
<td>74.8%</td>
</tr>
<tr>
<td>Texas</td>
<td>$3,764</td>
<td>0.49</td>
<td>3</td>
<td>0.98</td>
<td>47.8%</td>
</tr>
<tr>
<td>Vermont Act 62</td>
<td>$7,036</td>
<td>0.51</td>
<td>2</td>
<td>1.03</td>
<td>68.8%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$11,197</td>
<td>0.93</td>
<td>min 3.0</td>
<td>0.99</td>
<td>68.0%</td>
</tr>
<tr>
<td>Wisconsin 4K</td>
<td>$6,457</td>
<td>0.65</td>
<td>2.5</td>
<td>1.30</td>
<td>62.6%</td>
</tr>
</tbody>
</table>

School funding formula does not mean well funded
Can still be targeted, capped
School Funding Provides Base/Some Stability but Additional Resources Needed to Adequately Fund Quality/Access

- WV - school funding + blend other sources

- Boston - (District) School Funding + blend other sources

- Denver - CPP School Funding + DPP tax credit/other sources
Thank you!

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