



Open Letter to the Presidential Transition Team on Federal Early Childhood Policy

*Aaron Lieberman, CEO, Acelero Learning
aaron@acelero.net*

Georgia Levenson Keohane, Consultant, Non-profit management and finance

November 20, 2008



Introduction

After eight long years, we are delighted to have a President who understands that investment in high quality early childhood education is vital for all young people and for the health of this nation. We laud President-elect Obama's "zero-to-five" plan and believe that the best way to ensure *all* children in the United States are prepared to succeed in school is to support high quality early childhood education for young children in need.

In this memo, we will provide an overview of the largest federal funding streams for early childhood education, briefly review the more recent developments of state-funded pre-k programs and research on long-term impacts of model programs, and then offer three concrete recommendations about how to best put our nation on a path of investing in the early success of our highest need children and their families. In summary, our recommendations are:

Recommendation 1: Reverse the Crippling Funding Cuts to Head Start;

Recommendation 2: Improve Access to Head Start and Pre-K Programs through Improved Coordination of Federal Early Childhood Programs;

Recommendation 3: Focus Federal Efforts to Expand Access on Quality, Proven Effectiveness, and the Need for a Diverse Provider Network.

Overview: Major Federal and State Early Childhood Programs

There are three different and significant federal funding streams for early childhood education, each administered by the Administration for Children and Families within the Department of Health and Human Services. They are:

- **Head Start (\$6.9 billion):** The federal Head Start program sends funds directly from HHS to more than 1600 local grantees who in turn provide high quality, comprehensive education, health, and family services to 900,000 children, ages zero to five, nationwide. 90% of these children are three and four year olds, and 10% are infants and toddlers served as part of the Early Head Start program. At least 90% of families in every Head Start program must live below the federal poverty level to qualify for services.
- **Child Care Development Fund (\$5 billion):** CCDF provides over \$5 billion in child care grants to state governments, which then administer these funds through their respective State Departments of Human Services to provide child care supports to individual families. Families use the subsidies – mostly in the form of vouchers – to pay for child care in a variety of different formal and informal settings. In addition, states are



required to contribute to the program by maintaining any previous funding for child care (commonly called a Maintenance of Effort).

- **TANF Funds for Child Care (~ \$3 billion):** Each state can use a portion of its TANF funds for child care subsidy, either by formally rolling these dollars into its Child Care Development Fund grant (above) or by paying for child care subsidies directly with TANF dollars. In 2007, roughly \$3 billion in TANF funds were used for this purpose (\$2 billion transferred to CCDF, \$1 billion spent directly on child care). In 2006, there were 2.35 million children receiving childcare via CCDF or TANF.

For each of these federal programs, funding has been flat since 2002. In the case of Head Start, where there are no additional state funds on account of its federal-to-local design, failure to increase support or to even keep pace with inflation has resulted in an effective 13% cut in the program.

While funding for these federal efforts has faltered, there has been a surge in state-funded Pre-K programs. State Pre-Ks vary widely in quality and scope; some target four year olds, some three and four year olds, some for just a few hours per day, others for full-day services. Many state programs are truly universal (theoretically open to all children). Others target services to low-income children or low-income districts. In the 2006-2007 school year, 39 states and the District of Columbia had some form of Pre-K program, serving more than 1 million children. Funding for these programs comes primarily from state (versus additional federal) resources: in 2006-2007, states spent approximately \$3.7 billion on their Pre-K efforts.

Effectiveness of these Federal and State Early Childhood Programs

President-elect Obama has vowed to focus early childhood investments “where research and effective practice tell us we will have the greatest opportunity for long term success.” To this end, we evaluate the efficacy and track records of the current federal and state efforts.

Head Start: Demonstrated Effectiveness

Despite perennial attempts to dismiss Head Start as ineffective, the most recent and incontrovertible data show remarkable gains for Head Start participants; the program succeeds by improving the school readiness and the physical and emotional health of some of our most disadvantaged children.

Head Start has always presented a measurement challenge because of its size and scope: the program has a number of ambitious and simultaneous objectives (school readiness, social and emotional development, physical health, family involvement) and it operates at tremendous scale. Federal dollars flow directly to 1600 different local providers, each of whom must commit



to serving children and families living at or below 100% of the federal poverty level with 90% of their Head Start slots. 10% of the children enrolled must have a diagnosed disability, and each Head Start program is required to work closely with their local education agency to coordinate transition, curriculum and services for children with disabilities. Since its inception over 40 years ago, twenty five million children have participated in Head Start. Today, nearly 50 cents of every federal dollar spent on early childhood dollar goes to support Head Start programming. To this end, Head Start has long been the largest Federal Pre-K program, and a national leader in developing and promulgating high quality approaches to serving young children and families in need.

In 2001, the Bush Administration commissioned a Head Start Impact study using the most rigorous possible design -- random assignment -- on a massive and statistically significant scale. The study, which learned from the methodological problems of earlier Head Start evaluations (often related to sample size and quality, and lack of an appropriate control group) was crafted by some of the best minds in early childhood education. Its methodology is robust: the population size was large (5,000 3 and 4 year olds), national in scope (84 programs were used, capturing the range of quality of local program) and participants were randomly assigned. Children in the control group were able to receive pre-school and Head Start-like services, allowing for comparison of Head Start to a realistic, “best available” set of options (rather than to a “no preschool” scenario, which would have boosted Head Start’s comparative results).

In 2005, HHS shared findings from the first year of the evaluation. The Bush Administration released the data under the headline that Head Start failed to help low-income participants completely catch up with their middle income years. (This “catch up” goal is widely regarded as unreasonable. Dr. Edward Zigler, one of the founder’s of Head Start, wrote an article entitled “Do You Believe in Magic?” to underscore how unlikely it is that any nine month program could completely erase the effects of a lifetime in poverty). Others speculate that the complex study design and the fact that comparison children were enrolled in other enrichment programs may significantly *understate* the positive impacts of Head Start. **Regardless, the findings from this 2005 Head Start Impact study are remarkable:**

- **Head Start cut the achievement gap in half** in pre-reading and had other statistically significant impacts on a range of cognitive skills for both 3 and 4 year olds, including pre-writing and vocabulary skills. *After only eight months in Head Start*, the pre-reading achievement gap experienced by low income children was reduced by 46%.
- **Head Start had a strong impact on minority children.** 3 year old Hispanic children in Head Start scored higher in pre-reading, vocabulary and pre-writing skills than their non-Head Start peers. 3 year old African American children attending Head Start scored higher than their non-Head Start counterparts in pre-reading and pre-writing skills, and phonological awareness.



- **Head Start reduced problem behaviors** in many children in the program. Fewer and less severe behaviors were reported in 3 year olds and English speaking four year olds who were in Head Start.
- **Head Start positively influenced parenting behaviors.** Parents in Head Start read to their children more frequently, were more likely to expose their children to cultural enrichment activities, and were less likely to spank them.
- **Head Start improved access to healthcare:** parents of the children in Head Start reported increased access to Health Care and significantly increased use of dental care (17%).
- **Without Head Start, 40% of Head Start children would have had no alternative, non-parental source of enrichment.** 40% of the children who were not selected for the Head Start program remained in the care of their parents.
- **Head Start centers were notably higher quality** (based on ECERS-R scores) than the centers attended by similar non-Head Start children.

This very positive impact comes after only one year in a Head Start program.

Insufficient federal funding for Head Start has limited the program's ability to achieve even greater outcomes. Fewer than half of the 900,000 children served by Head Start programs receive full-day services (six hours per day or longer). As a result of scarce classroom space, 117,000 children only receive 3.5 hours, four days a week, in "double sessions," where the same teacher teaches two different groups of students (one in the morning and one in the afternoon). Of the 50,000 Head Start classrooms nationwide, only 35,000 (70%) have a teachers with at least an Associate's Degree or above (for comparison, many other Pre-K programs are able to afford, and require, state-certified teachers with a bachelor's degree). Given the inadequate funding Head Start has received, and the effective cuts of the last eight years, **the positive results of the Head Start Impact study are all the more extraordinary.** We are encouraged that the bi-partisan Head Start Reauthorization Act of 2007 set higher targets for teachers with bachelor's degrees. Yet without additional funding, it is impossible for Head Start programs to compete with Pre-K programs and others for certified teachers. Significant increases in funding will allow Head Start to deliver even more positive, life-changing outcomes for the low-income children and families enrolled.

Other Model Early Childhood Programs: Demonstrated Effectiveness over the Long Term

Although the long term outcomes of Head Start, via the Impact Study, will not be available for years, there are encouraging data from a number of other longitudinal studies of model early childhood programs. Often, the greatest impact of these interventions are evident decades after a child completes the program; for several preschool studies undertaken in the 1970s and 1980s, the lasting and positive effects of high quality preschool are now manifest as program



participants reach adulthood. The widely cited High Scope Perry Preschool¹, The Carolina Abecedarian Project², and the Chicago Child Parent Centers,³ among others, show that adults who had participated in the experiments as three and four year olds posted better educational achievement⁴, labor force performance⁵ and other social behaviors⁶ than their control group counterparts. All three of these programs also showed positive returns on investment (overall benefits exceeded costs), ranging from \$3-\$17 per dollar spent. Few areas of social policy can claim such conclusive long-term research in support of enormous positive economic returns.

State-Funded Pre-K: Demonstrated Effectiveness

Although the requirements and scope of state Pre-K programs vary widely (unlike Head Start, they lack common requirements that come with a common federal funding stream and performance standards), they have generally shown positive impact on children's cognitive skills in pre-reading and math. A 2001 meta-analysis of 13 state Pre-K studies from the 1980s and 1990s revealed gains in cognitive skills and reduced grade retention.⁷ In 2005, studies of Oklahoma and a larger five state analysis (Michigan, New Jersey, Oklahoma, South Carolina, West Virginia) of state Pre-Ks found significant impact of the programs on letter identification and pronunciation, spelling, vocabulary and math.⁸ Gains were typically more pronounced for disadvantaged (low income) students.⁹

Limited Effectiveness: Child Care Development Fund and TANF Child Care Dollars

Significant federal dollars are spent via the Child Care Development Fund (CCDF) and TANF on child care subsidies for low-income families. However these programs have failed to

¹ at age 40, African American adults who, as poor 3 and 4 year olds had received a high-quality preschool program, had higher earnings, were more likely to hold a job, had committed fewer crimes, and were more likely to have graduated from high school than adults in the control group who did not have preschool.

² a similar study for subjects in early childhood, 1972-1977, showed lasting effects when measured as young adults.

³ longitudinal findings from a study of 878 low income participants in pre-school within the Chicago Public Schools (and 286 comparison group children) found that the 1989 graduating cohort had significantly gains in long term school success, cognitive-advantages and family-support factors.

⁴ high school graduation rates and college attendance

⁵ higher employment rates, higher earnings

⁶ reduced criminal activity, teen parenting rates, less receipt of welfare or other social services, reduced drug use, fewer depressive symptoms

⁷ Walter Gilliam and Edward Zigler, "A Critical Meta-Analysis of All Evaluation of State-Funded Preschool from 1977 to 1998: Implications for Policy, Service Delivery and Program Evaluation," *Early Childhood Research Quarterly* 15 (2001): 441-473 in Julia B. Isaacs, "Impacts of Early Childhood Programs," Brookings, September 2008.

⁸ William T. Gormley Jr., Ted Gayer, Deborah Phillips and Brittany Dawson, "The Effects of Universal Pre-K on Cognitive Development," *Developmental Psychology* 41 (2005); Vivian Wong, Thomas Cook, W. Steven Barnett, and Kwanghee Jung, "An Effectiveness-Based Evaluation of Five State Pre-Kindergarten Programs," *Journal of Policy Analysis and Management* 27 (2008) in Isaacs, 2008.

⁹ Katherine Magnuson, Christopher Ruhm and Jane Waldfogel, "Does Prekindergarten Improve School Preparation and Performance?" *Economics of Education Review* 26 (2007): 33-51.



demonstrate positive cognitive and social impacts on children who participate. The Child Care Development Fund was created in 1990, a period when there was very little state-funded Pre-K and Head Start served fewer than 600,000 children nationwide. Since their inception, CCDF funds were critical to help welfare recipients and the working poor get some support for their children to attend formal child care programs; millions of families have received better child care than they would have otherwise without these supports.

Today, these child care subsidy amounts are almost always much less than the price that high quality providers charge (they are certainly less than the costs of providing high quality Head Start and Pre-K services): this inadequate funding has had pernicious consequences. The number of high quality centers and agencies who will accept CCDF vouchers has shrunk considerably. Centers that do accept subsidy often require parents to make up the difference between the subsidy rate and their set tuition. As a result, many families simply cannot afford high quality placements. Providers that accept the subsidy rate alone often offer some of the poorest care on the open market – child care that is legal and certified, but hardly enriching, nurturing or high quality care.

The lack of both encouraging data and quality care that can be purchased with these vouchers is a cause of grave concern, and has serious policy implications. According to a recent report by the National Institute for Early Education Research (NIEER), “increasing child care subsidies under current federal and state policies is particularly unlikely to produce any meaningful improvements in children’s learning and development. Given the poor quality of much child care, it might instead produce mild negative consequences.”¹⁰

While the CCDF and TANF subsidies could be use to provide “wrap-around” coverage to children in Head Start and/or state-funded Pre-K, structural barriers prevent close coordination of these different funding streams. At 100% of poverty, almost every child enrolled in Head Start is eligible for the subsidy and therefore for its wrap-around potential: yet only 104,000 of the 900,000 children served by Head Start currently receive child care subsidy funds to help extend the day. Some states have been creative and resourceful on this issue: New Jersey’s pioneering Abbott Pre-School Program, for example, declared all children in Abbott programs eligible for child care subsidy, allowed providers to complete the requisite applications, and thus provided extended day services to all children in need.

Key Recommendations

Recommendation 1: Reverse the Crippling Funding Cuts to Head Start

¹⁰ W. Steven Barnett, “Preschool Education and Its Lasting Effects: Research and Policy Implications” *National Institute for Early Education Research*, Rutgers University, September 2008. Retrieved from <http://epicpolicy.org/publication/preschooleducation>)
Open Letter to the Transition Team on Federal Early Childhood Policy



Between 2002 and 2008, a failure to increase Head Start's budget to keep pace with inflation has resulted in an effective 13% cut in funding for the program. This means for every \$1 dollar spent on Head Start in 2002, it receives just 87 cents in 2008. In December, 2007, strong bipartisan support for Head Start authorized significant new resources for the program to expand access to the program for a number of groups of children. However, Head Start's actual funding level is set in appropriations bills, and President Bush's 2008 omnibus appropriations bill cut Head Start funding for SY 2008 (while retaining new and expensive program requirements, like higher teacher qualifications), even before adjusting for inflation. The final omnibus appropriations bill – which allotted \$6.88 billion in 2008 and calls for \$7 billion in 2009 -- provides \$164 million less in Head Start for funding than Congress had provided in the Labor-HHS appropriations bill it passed and the president later vetoed. This funding difference is equivalent to the cost of serving more than 20,000 children in Head Start this year.

To simply keep up with inflation, reverse the Bush Administration's cuts and restore Head Start to its 2002 levels of service delivery, the program requires an \$840 million increase in the next fiscal year. Six years of budget cuts has taken its toll on local Head Start programs: more than three quarters of them report forced service reductions – spending less per child, and in some cases turning families away. Worse still, the number of children eligible for Head Start has increased markedly during this time. Between 2002 and 2006, the number of children under five living in poverty grew by 13%, or 493,000. Adjusting for inflation *and* growth in poor children, funding for Head Start is effectively 20% below the 2002 levels. In 2002, after a period of Head Start expansion, only about half of eligible three and four year olds were enrolled in Head Start. Today, the number has dropped: only 40% of eligible poor children are served by the program.

The dilemma we face in these challenging economic times is that the long term health of the country requires *greater* investment effective early childhood education, rather than further retrenchment. With limited resources, tight budgets, and the number of people in poverty growing, proven programs like Head Start are our best bet. When President-elect Obama speaks of \$10 billion in programs for children under five, we believe this must include a substantial increase in spending on Head Start. Most critically, the Obama Administration should commit that Head Start will receive annual Cost of Living Adjustment increases that at least match those provided to other federal programs. This cost of living adjustment will ensure – as with programs like social security – that Head Start, our nation's largest federal Pre-K program, serving our lowest-income, highest-need families, will not suffer effective “stagnation” cuts on President Obama's watch.

Recommendation 2: Improve Access to Head Start and Pre-K Programs through Improved Coordination of Federal Early Childhood Programs



Reduce Barriers to Coordination between Child Care Development Funds and “Extended Hours” for Head Start and State Pre-K

Limited funds and an explicit focus on pre-academic preparation means that many state-funded Pre-K and Head Start programs (programs with proven results) cannot offer the extended hours that working parents require. These parents often include the working poor – families that would be eligible for Head Start and parents on TANF that must meet full-time work or school requirements to participate in the benefit and receive the child care support. When these parents do use these programs, they must do so in conjunction with informal care before and after the preschool day, often resulting in a long, disjointed day of variable quality care for a young child. Logically, more of the \$8 billion in child care subsidies (between CCDF and TANF) could and should be used to provide extended day care at the Head Start or Pre-K center.

Link and Simplify Program Eligibilities

Unfortunately, the child care subsidy system is administered separately from Head Start and the state Pre-Ks. Families must often travel to another location to sign up for the subsidy, and return every three months to re-certify for eligibility. If the family’s economic situation has improved, they may have to pay more, or even lose their subsidy, often driving them to different, cheaper and inferior providers or to informal care.

Two simple changes to the CCDF and TANF child care subsidy programs could eliminate these very real barriers to access and encourage more Head Start and state-funded Pre-K providers to offer extended day services to low-income families that qualify. First, both Head Start and state-funded Pre-K providers should be able to establish eligibility of families for CCDF or TANF funded child care subsidies. Head Start and state-funded Pre-K providers *already* establish income eligibility for their programs for all participants to meet the requirements of other federal funding streams. For Head Start, this is done to ensure participants are at or below federal poverty guidelines. State Pre-K programs determine eligibility for children to receive meal reimbursements from the federal Child and Adult Care Food Program (CACFP). Since these programs already establish income eligibility, the children they identify at 100% of poverty (or below) should be able to transfer that certification for child care subsidies for wrap around (or extended day) care. Making the eligibility process more seamless across programs would eliminate a real deterrent for parents to receive high quality, wrap around care via subsidy: multiple visits to multiple offices, often in disparate parts of the county.

Second, if a child uses CCDF or TANF subsidy to attend a Head Start or state-funded Pre-K program, they should retain their eligibility for the subsidy (and not have an increased co-pay) as long as they remain enrolled in the same Head Start or Pre-K program (typically, one or two years). This would allow income eligible children who need the subsidy most to receive high quality care, and ensure continuity with teachers and other care-givers -- all critical factors for long-term positive outcomes for children. With these two simple changes, Child Care



Development Funds could be better targeted: allowing the children of working poor parents to access the high quality Head Start and Pre-K programs that will give them the cognitive and social preparation they need to succeed in school.

Recommendation 3: Focus Federal Efforts to Expand Access on Quality, Proven Effectiveness, and the Need for a Diverse Provider Network

Defining Quality

Efforts to improve access to high quality Pre-K will only succeed through the promotion of program quality standards and through the involvement of a diverse network of providers of early childhood education. A number of scholars and advocates in the field have identified the components of program quality; they typically begin with small class size, highly-qualified teachers, a holistic approach to child development, adequate supports for these teachers (including good compensation, professional development), and a clear curriculum with some degree of program evaluation.¹¹

Achieving Quality through a Diverse Pool of Providers

Limiting federal support of service expansion to school districts alone, given the multiple challenges districts (particularly urban districts) face, would be a slow road to quality. Providers of high quality early child hood education exist across sectors; for example, forty percent of all licensed childcare is provided by for-profits, and research shows that these providers can do as good a job implementing high-quality Pre-K services as their public school counterparts. In fact, some state Pre-K efforts that focus on serving four year olds only through public school programs have placed extreme strain on private providers, who often rely on serving older children (four year olds) to help subsidize the care of infants and toddlers, which is always more expensive due to small adult: child ratios. By removing many of the four year olds from the child care providers, these state Pre-K initiatives can have the paradoxical effect of *decreasing* the amount and quality of care available for younger children since providers can no longer count on continuing to serve children when they are four.

Given the existing resources, facilities, and track records of private providers (both for-profits and not-for-profits) these programs should be included in the expansion of the quality child care delivery system. Using Head Start and Pre-K quality standards to optimize the learning and care

¹¹ Ibid.



already provided in the early childhood sector – rather than building a new delivery system and tacking it onto public schools -- will allow for faster impact.

Again, we have seen successful implementation of this kind of model at the state level: years of extensive research into New Jersey’s Abbott Pre-K program shows no difference in program quality between school districts, private providers (both for-profit and not for profit) and Head Start in delivering Abbott Pre-K. In addition, the original design of the Abbott program included plans to facilitate coordination between Abbott and Head Start funding streams, thus supporting quality improvements in Head Start (e.g. state-certified teachers) so children in Head Start programs would not be left behind in this important state initiative.

Evaluating Performance at the Provider Level

We believe that the performance of a given provider – and not just its curriculum or pedagogical approach – should receive greater attention in evaluating program effectiveness. In the case of Head Start, for example, some competition has been injected at the provider level. The 2007 Head Start Reauthorization, passed through the House and Senate with large, bi-partisan majorities, requires competition among Head Start grantees for the first time: only high performing Head Start programs can retain their federal contracts without challenge from new providers. Although this represents progress towards higher quality, there is still work to be done. While every Head Start grantee has to track progress against defined metrics, this data itself is not collected by HHS; consequently, it cannot be used to determine who is a high-performing grantee.

All federal support for enhanced quality early childhood programs should focus on ensuring the best providers are able to expand their reach and impact, regardless of tax status, or organizational form (public or private). Expanded federal efforts in this area should promote spreading what works -- both among approaches and providers of early childhood education. A proven record of impact, therefore, should be the most important criterion in selecting providers to enhance Pre-K services. By growing and expanding a diverse and competitive array of effective early childhood programs – Head Start, community-based entities, and school districts – the Obama administration can help millions of low-income children receive the early learning experiences they need to succeed in school, and, ultimately, in life.



About the Authors

Aaron Lieberman is a former Head Start teacher who founded and led the national early childhood not for profit Jumpstart. He is currently the CEO of Acelero Learning, a company that partners with local communities to support high-quality, high-impact Head Start and Pre-K programs for over 2000 children and their families in New Jersey and Nevada. Each local Acelero Learning affiliate has been able to serve more children, with longer hours and more qualified teachers, than prior providers, using the same amount of federal Head Start funds. Aaron is a graduate of Yale University and holds a Child Development Associate credential from the Council on Early Childhood Professional Recognition.

Georgia Levenson Keohane is a writer and consultant in the fields of social policy and non-profit management. She has worked for McKinsey and Co, and is regular contributor to Slate. Georgia is a graduate of Yale University and Harvard Business School.