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The State of Preschool

The 2004 *State Preschool Yearbook* is the second in this annual NIEER series evaluating state-funded preschool programs. It describes state-funded prekindergarten in the 2002–2003 school year. Last year's *State Preschool Yearbook* focused on programs for the 2001–2002 school year and established a baseline against which we may now measure progress. Tracking these trends is essential, since the role states play in preschool education will increasingly affect how successfully America's next generation will compete in the knowledge economy.¹

As this year's report demonstrates, the states vary greatly in how they pick up where federal and private programs leave off. There is a wide gap between states like Oklahoma and Georgia, which make programs available for all 4-year-olds, and states like Indiana, South Dakota, and Utah, which provide no state programs.² In the middle are states like Colorado, Iowa, and Washington with programs developed for at-risk and economically disadvantaged populations.³

The *State Preschool Yearbooks* have been developed by NIEER to serve as a resource for everyone from policymakers to advocates to researchers. Because state and local governments bear great responsibility for education in the United States, evaluating the approaches taken by, and progress of, the states is essential. From the start, NIEER's *Yearbook* initiative has contributed to a robust dialogue about prekindergarten and the growing role of states in program development. We believe that this dialogue enables policymakers to make more informed decisions about state-funded preschool.

The *Yearbook* data were collected from an intensive survey of the states. Information is presented regarding three key characteristics of prekindergarten programs: access, quality standards, and resources.

- **Access:** Access remains far from universal across the country. It varies not only between states, but also within them. The ability to attend preschool depends greatly on family income and where families live. We use enrollment of children at the ages of 3 and 4 to measure the extent to which states offer opportunities for preschool participation.
- **Quality Standards:** The quality of preschool education determines its educational value. Yet, many preschool programs in the United States are poor or mediocre. High state standards are essential for ensuring that preschool programs provide quality education. The *Yearbook* compares state quality standards against a research-based checklist of benchmarks.
- **Resources:** Resources, as measured by state expenditures for preschool, indicate each state's commitment to expanding access and ensuring educational adequacy. State spending per child in a prekindergarten program is a key determinant of program quality and a measure of state support for access to a good preschool education.

This *Yearbook* is organized into three major sections. The first section provides background information on preschool education in the United States, a description of our data collection and analytical methods, a national summary of our findings, and national policy recommendations. The second section presents detailed reports identifying each state's policies with respect to preschool access, quality standards, and resources. In addition to basic program descriptions, these state profiles describe unique features of a state's program and recent changes that can be expected to alter the future *Yearbook* statistics on a program. Unlike last year's *Yearbook*, the states without state-funded programs also have their own profile pages. The last section contains the appendices, including tables that report the complete survey data obtained from every state, as well as Head Start and child care data.

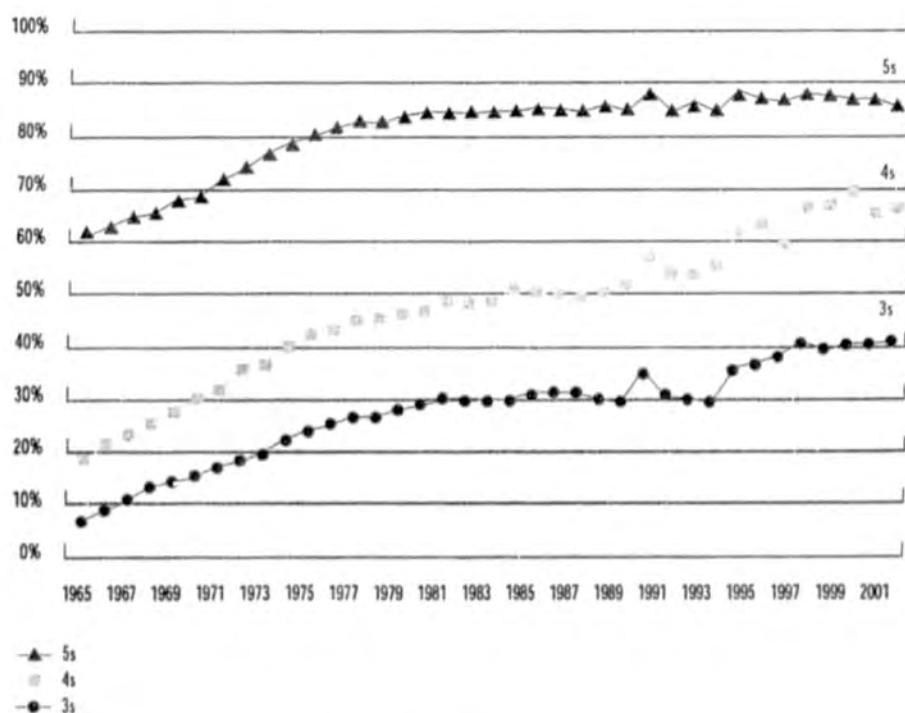


PRESCHOOL IN THE UNITED STATES: AN OVERVIEW

Preschool participation in the United States has with rare exception moved steadily upward throughout the last four decades, as shown in Figure 2. In 1965, about 5 percent of 3-year-olds and 17 percent of 4-year-olds attended some form of preschool. By 2002, about 40 percent of 3-year-olds and 66 percent of 4-year-olds attended preschool.⁴ Much of the growth in preschool education has occurred beyond the purview of state-provided public education. In sharp contrast to elementary school and even kindergarten, early childhood education remains primarily outside the public schools. Prekindergarten education takes place in private programs, federal Head Start, and public schools.

While availability has grown, access to affordable, high-quality preschool education is highly unequal across the country. Despite the best efforts of an array of federal and state programs targeting the disadvantaged, less than half of children in poverty attend preschool at ages 3 and 4.⁵ Prekindergarten is also less available to a potentially larger group of families whose incomes hover just above the eligibility requirements for targeted programs but who cannot afford private preschool. These families with modest incomes find it difficult to afford a good private preschool, and many of their children miss out on this opportunity.⁶

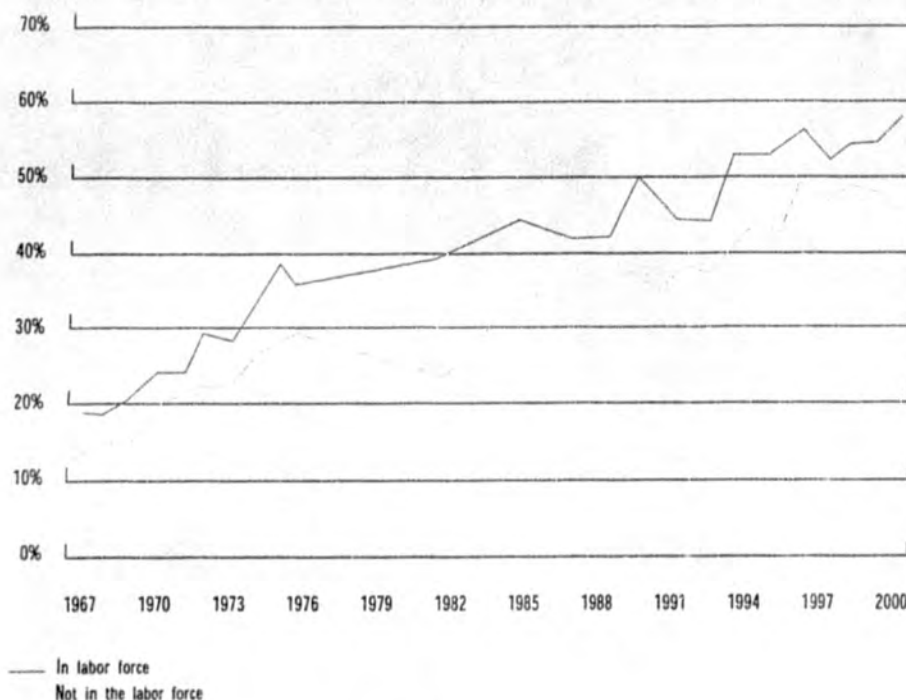
FIGURE 2: KINDERGARTEN AND PRESCHOOL PARTICIPATION BY AGE 1965–2001



Source: October Current Population Survey (C.P.S.) 1965–2002.

Note: Some children enter Kindergarten at age 6 and are not included here.

FIGURE 3: PRESCHOOL PARTICIPATION BY MATERNAL EMPLOYMENT 1967-2001

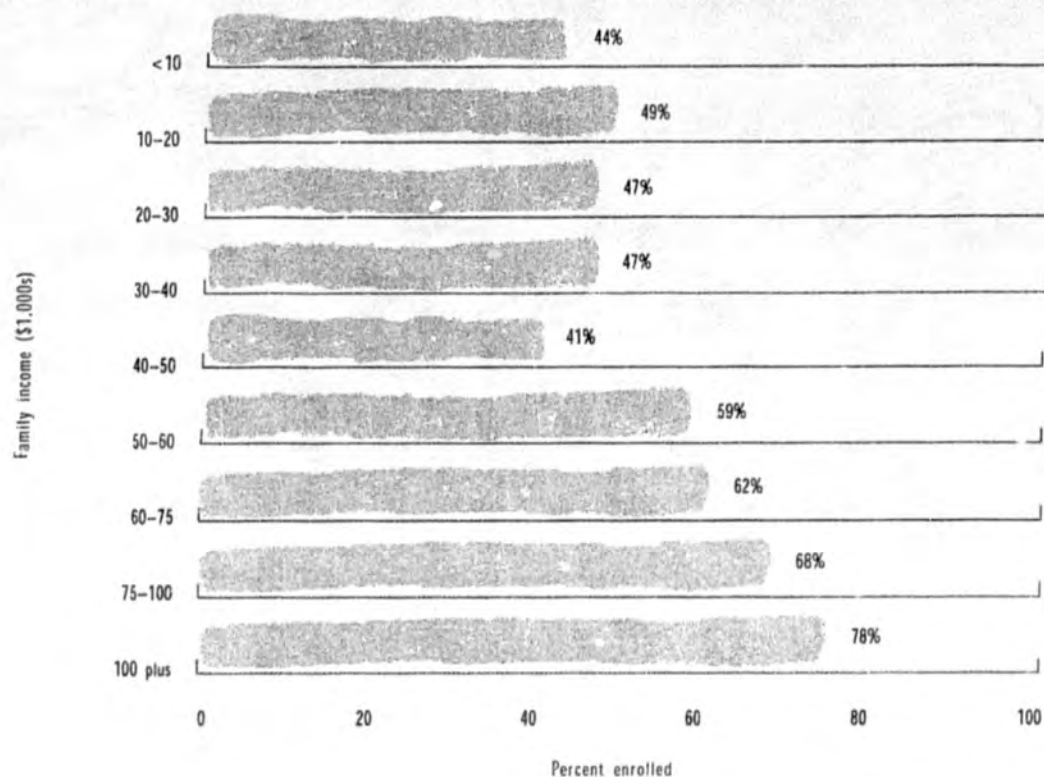


Source: Current Population Survey (C.P.S.) 1967-2002
Data for the following years have been interpolated: 1977-1981, 1983, 1984 and 1986.

What Drives Preschool Participation

Contrary to the oft-held view that working mothers—and a concomitant need for child care—drive the demand for preschool, research demonstrates that the prevailing motivator for increased preschool attendance is parents' desire to better educate their children.⁷ As shown in Figure 3, the rate of participation in preschool by children of mothers not in the labor force, while somewhat lower than the rate for children of employed mothers, has grown at virtually the same rate since the late 1960s. Although, child care demand plays some role in increased preschool participation, it appears to be of decidedly secondary importance.

FIGURE 4: PRESCHOOL PARTICIPATION BY FAMILY INCOME 2001



Despite a variety of government programs, family income remains a prime determinant of preschool participation. Because of state prekindergarten and Head Start, rates of preschool participation vary relatively little over the bottom end of the income scale, as shown in Figure 4.⁸ However, there is a significant dip at the \$40,000 to \$50,000 income level. Preschool education opportunities appear to be least available to children in families with moderate incomes. Participation rises with income thereafter, but most Americans have less access to preschool than the wealthiest.

Mothers' education is also highly predictive of preschool participation. Among 4-year-olds whose mothers have a 4-year college degree, 76 percent attend preschool. Sixty-five percent of 4-year-olds whose mothers graduated from high school attend preschool and 49 percent of those whose mothers dropped out of high school attend preschool. Thus, despite the public programs we have today, the less education a child's parents have (and thus the more the child might gain from preschool attendance), the less likely it is that a child will attend prekindergarten.

Private Preschool Programs

Preschool education has expanded in both the private and public sectors, although at different rates. In 1990, private programs served 64 percent of the children attending preschool programs. During the 1990s, public programs grew more rapidly and by 1995 only 52 percent of the children attending preschool were in private programs. Private programs maintained a small edge in total preschool enrollment thereafter.⁹ Private preschool programs are operated by for-profit organizations, independent nonprofit organizations, or religious organizations. They operate under a wide variety of names including nursery school, preschool, day care, and child care, and most are part-day programs. Regulation is primarily by state child care agencies, but varies by state and within states by auspice. Some states exempt religious or private school programs from child care licensing standards. Like their regulation and funding, the educational quality of private programs is highly variable and tends to be lower on average than for public programs.¹⁰

Head Start

Since the program was launched in 1965, federal Head Start has provided many low-income families with free education for their young children and comprehensive services. From 1975 to 1990, the program grew slowly. In 1975, Head Start enrolled 5 percent of the nation's 3- and 4-year-olds. By 1990 enrollment had risen to 7 percent. Head Start grew faster in the 1990s, and in the year 2000 served 11 percent of all 3- and 4-year-olds. During the 2003 fiscal year, Head Start reported funding more than 900,000 children, nearly 800,000 of whom were ages 3 and 4.¹¹ Despite this growth, Head Start does not reach all of the eligible preschoolers. Furthermore, Head Start's program standards fall short of what is required to ensure that programs are highly effective. Head Start teacher qualifications and compensation are of particular concern. Only recently has Congress required that half of Head Start teachers have even a 2-year college degree. Head Start teachers still earn about half the average public school teacher's salary. Without fully qualified teachers (those with BA degrees and specialization in early childhood education) who are adequately paid, Head Start will not be nearly as effective as it could be.¹²



State Prekindergarten Programs

With notable exceptions, the states have been slow to recognize the revolution in preschool education and to address a new reality with policies that provide equal access to effective programs. Most states with preschool programs followed the federal government's lead and targeted children with the greatest needs. Typically, states support two types of preschool programs—one providing preschool special education for children with disabilities and the other providing preschool education to children in low-income families or children otherwise identified as being at high risk for school failure. States began to create entitlements to a free education for 3- to 5-year-old children with disabilities in the 1970s. Illinois, Michigan and Wisconsin were the first states to do so in 1973–1974.¹³ Federal legislation passed in 1986 provided federal funds as incentives for all states to provide a free appropriate education to young children with disabilities by 1991–1992. The law was highly effective: the 24 states already providing such services were joined by 25 more in 1991–1992, and the one remaining state mandated services in 1992–1993. Enrollment rose steadily over the years and by 2002 reached 382,290 in the 50 states (387,293 in states, U.S. territories and military bases), or 5 percent of all 3- and 4-year-olds. Most were served in public schools, but some were served in Head Start or private programs.

Movement Toward Preschool for All

Growth accelerated in preschool programs for at-risk children through the 1990s. Following a logical progression, some states began to expand eligibility from at-risk groups to all children. Georgia created the first statewide universal prekindergarten (UPK) program in 1995. Oklahoma, New York, and West Virginia followed suit, though New York has not fully funded its program and West Virginia plans for a phase-in by 2012. In 2002, Florida voters approved a constitutional amendment entitling all 4-year-olds to a free, high-quality prekindergarten education by 2005. That date looms large in the wake of Florida's failed attempt at universal prekindergarten legislation in the first half of 2004. Also active is Massachusetts, which made its first move toward universal preschool in 2004 by passing legislation to create the Office of Early Education and Care charged with developing a state-funded preschool program for all children.

During the 2002–2003 program year, as during the 2001–2002 program year, states were using a wide variety of models to provide prekindergarten services to 3- and 4-year-olds. This *Yearbook* compares the different models in use, highlights the strengths and weaknesses of those models, and identifies the opportunities and challenges that lie ahead for state prekindergarten initiatives.

State-Funded Prekindergarten: 2002-2003 Findings

Viewing the access, quality standards and resources findings of this *Yearbook* from a national perspective provides an overall summary of the status of state prekindergarten initiatives during the 2002-2003 program year. At the same time, it paints a picture of vastly different programs across the states, with varying levels of access, quality and funding provided for the nation's children.

Access to state prekindergarten was measured by the percentages of 3- and 4-year-olds enrolled in state programs. The total number of 3- and 4-year-old children served by 44 state prekindergarten programs in 2002-2003 rose to 711,000, up from the 667,000 children served in the previous year. Like the previous year, the children served were predominately 4-year-olds, with 616,618 or 16.1 percent of the nation's 4s enrolled (Figure 5). There was tremendous variation in the enrollment figures of the individual states. Again in 2002-2003, two states, Georgia and Oklahoma, enrolled more than half their 4-year-olds (Figure 9, p. 29). In 2002-2003, 10 additional states enrolled more than 20 percent of their 4s, eight states enrolled 10-20 percent; and 18 states enrolled less than 10 percent. Twelve states funded no state prekindergarten program at all. Although most state prekindergarten programs primarily serve 4-year-olds, some states are moving toward providing prekindergarten for 3-year-olds as well. In 2002-2003, Massachusetts, New Jersey and Kentucky enrolled more than 10 percent of their 3s.

Louisiana experienced the largest increase in the percentage of 4-year-olds enrolled, with an additional 9 percent of its 4-year-olds enrolled in state preschool. Texas, New Jersey, Louisiana and North Carolina all increased enrollment by more than 5,000 children compared to the previous year. The number of children served by the prekindergarten programs in both Kansas and North Carolina more than doubled. However, large decreases in access occurred in some states. For example, enrollment declined by more than 10 percent in both Massachusetts and Missouri, resulting in a combined 3,500 fewer children served in those states.

FIGURE 5: STATE PRE-K, HEAD START, AND SPECIAL EDUCATION ENROLLMENT AS A PERCENTAGE OF TOTAL U.S. POPULATION

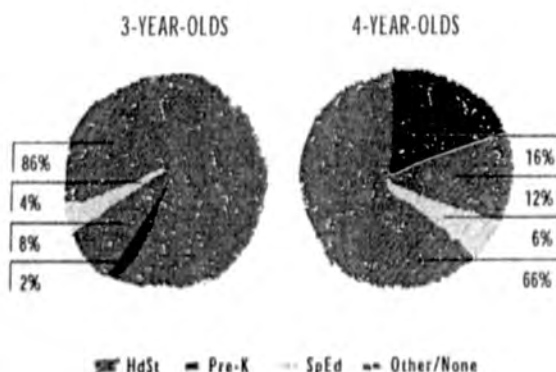
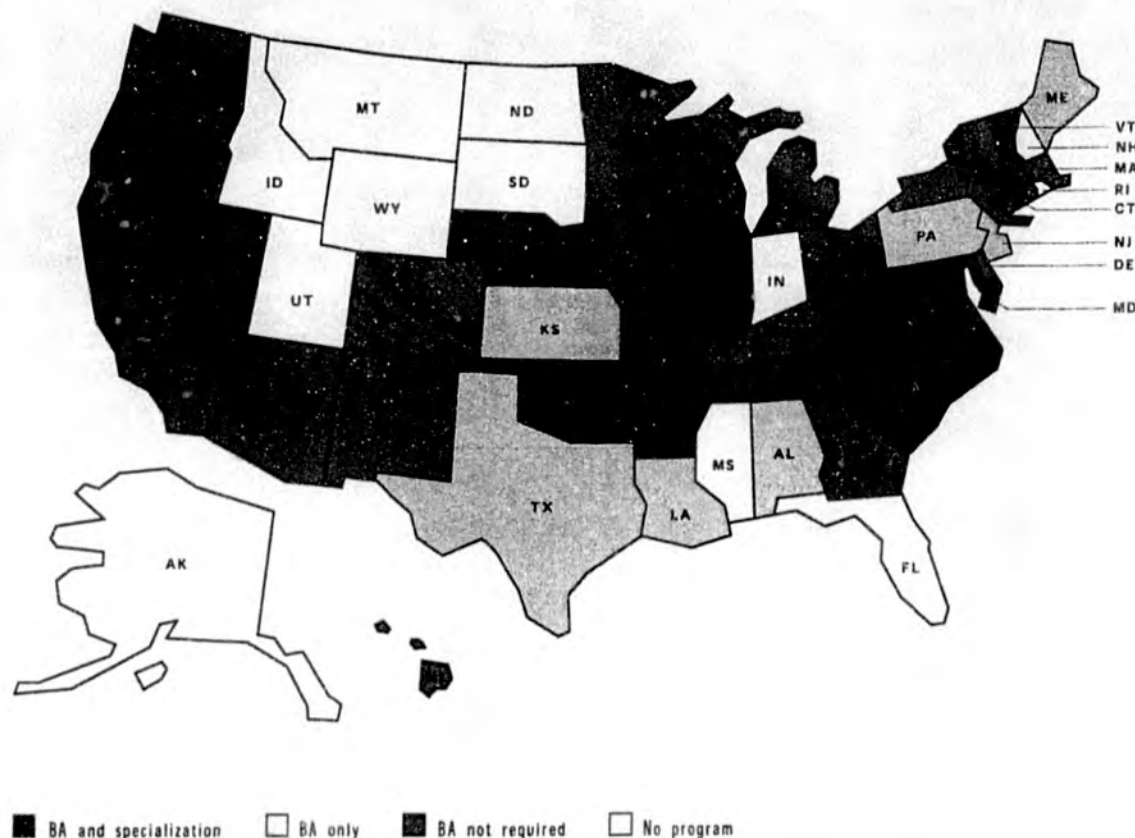


FIGURE 6: TEACHER TRAINING REQUIREMENTS*



* In states with multiple prekindergarten initiatives, the lowest permissible training requirement is shown.

The quality of state preschool programs depends on the standards required by each state. In this report, 10 benchmarks—based on scientific evidence—are compared to quality standards set by policy in each state. Table 4 on page 44 lists the benchmarks for quality met by each state. Only Arkansas met all 10 benchmarks. Three state programs met 9 out of 10 benchmarks: Illinois, New Jersey's Abbott program, and North Carolina. Twelve out of 44 programs met less than half of the benchmarks. Many states fell short on teacher qualifications (Figure 6). For example, only 23 of the 44 programs required their preschool teachers to have 4-year college degrees, just as they do for kindergarten teachers. Furthermore, only 13 programs required a teacher with a bachelor's degree and specialized training in early childhood education. The total number of state programs that meet each benchmark, as charted in Figure 7 (p. 27), demonstrates that most states lack adequate quality standards for their children.

States spent \$2.54 billion in 2002–2003, slightly more than the \$2.37 billion spent in the prior year. Again, dramatic variations can be seen in resources made available by states—with five states accounting for more than 60 percent of total state spending. State spending per child was calculated by dividing total state spending by the number of children enrolled in the state preschool initiative. When state spending per child is taken into account (Table 5, p. 51), it is clear that the levels of resources made available by most states are not sufficient to provide a high-quality program. Nationally speaking, the amount spent per child enrolled in state-funded preschool averaged \$3,451—well short of the national average of \$9,173 spent per child for K–12 education (Figure 8). Out of 38 states, only one spent at least as much per child as the federal Head Start program. Sometimes the funding stream for state-supported preschools is supplemented by local funding. However, if preschool programs were funded in the same way that states fund K–12 education, local funding would reliably supplement state funding for preschool. The hodgepodge of funding mechanisms currently in use causes doubts about states' support for quality programs and equitable access to the high-quality programs that do exist.

The biggest increases in expenditures were in New Jersey, North Carolina and Louisiana. New Jersey increased spending by more than \$100 million between 2001–2002 and 2002–2003, accounting for the majority of the nominal dollar difference in national spending on preschool. The biggest declines in total state funding were in Massachusetts, New York and Ohio, each of which reduced spending for state preschool by more than \$15 million during 2002–2003, compared to adjusted spending for 2001–2002.

The access, quality standards and resources sections that follow discuss these issues in much greater detail.

Photo: RC Peters



ACCESS

Approximately 740,000 children were enrolled in state prekindergarten initiatives in 2002–2003. The number of children served ranged widely, with Delaware, Hawaii, Nevada, and New Mexico each serving fewer than 1,000 children, while Texas served more than 150,000 children. Ten states accounted for more than three-quarters of the children participating in state prekindergarten programs, and even these states served only a fraction of their preschool-age populations. Overall, state prekindergarten initiatives reached about 10 percent of the nation's population of 3- and 4-year-olds. Most of those participants were 4 years old, representing 16 percent of 4-year-olds in the United States. A mere 2 percent of 3-year-olds were served in state prekindergarten initiatives.

Eligibility Criteria

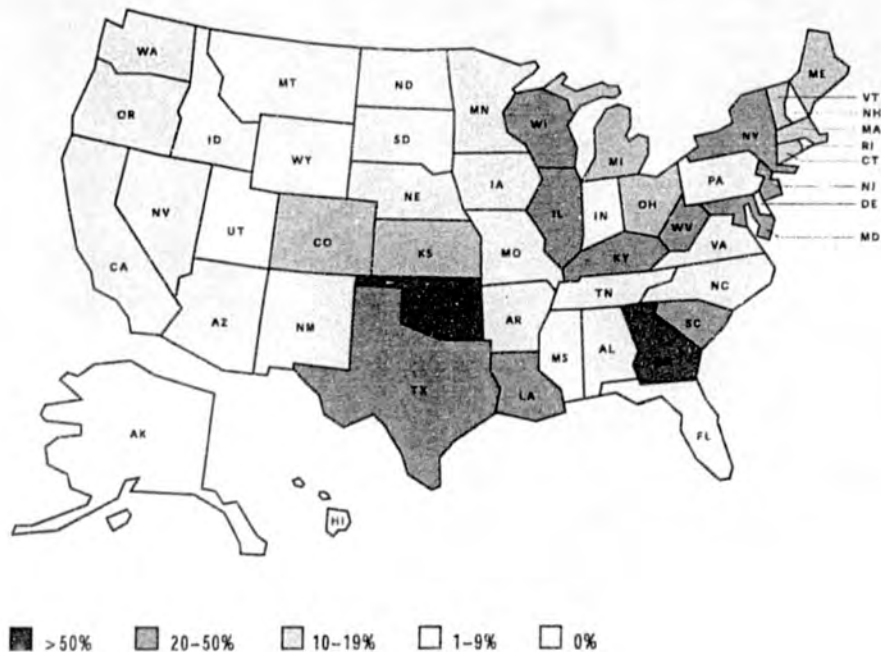
Most states targeted their programs to low-income children and children with other background factors that place them at risk for starting school behind their peers. However, there were nine states that did not set eligibility criteria for at least one of their state prekindergarten initiatives. Having no eligibility criteria does not mean all children are actually able to participate—Georgia and Oklahoma are the only two states that made prekindergarten universally available to 4-year-olds. In the other states, access was still limited by the availability of state funds to support prekindergarten and districts' willingness to offer it. Some states, such as Nevada, New York (for its Universal Prekindergarten Program), and West Virginia, which technically allowed all children to be eligible, in fact often gave priority to low-income and at-risk children—although New York and West Virginia plan to make prekindergarten universally available eventually.

Whereas many states used family income as one of the factors (or the only factor) in determining eligibility, they did not all use the same income cutoff. Commonly used income eligibility criteria were the cutoff for free lunch (130 percent of the federal poverty level), which was used in three states (Iowa, Kansas, and Kentucky), or the cutoff for reduced-price lunch (185 percent of poverty), which was used by 11 state initiatives. Eleven other state initiatives used alternative income criteria, with the cutoff set at levels ranging from 100 percent of poverty for the Head Start models in Delaware, Minnesota, Oregon, and Wisconsin, to 125 percent of state median income in Massachusetts. Both of New Jersey's state prekindergarten initiatives used free or reduced-price lunch eligibility to determine which districts qualified for programs, although all children in qualifying districts were allowed to participate.

Most of the states that set income eligibility criteria required only a certain proportion of participating children to meet these criteria or allowed at least some children to qualify based on other factors. For example, only half of the children enrolled in Vermont's prekindergarten initiative were required to meet the income eligibility criteria; the remainder qualified for the program based on other risk factors such as exposure to violence or substance abuse, low parental education levels, limited English proficiency, or developmental delay.

The eight remaining state initiatives did not set income eligibility criteria and instead took into account a range of risk factors. In several of these states, the risk factors used and the relative weight given to these factors were determined at the local level. Factors frequently taken into account included disability or developmental delay, limited English proficiency, low parental education levels, low birth weight, and experience of abuse or neglect. Some states, such as Louisiana (for its 8(g) program) and Illinois, used developmental screenings to determine whether children had risk factors that qualified them to participate.

FIGURE 9: PERCENT OF 4-YEAR-OLDS SERVED IN STATE PRE-K



Age Requirements

Although all state prekindergarten initiatives served 4-year-olds, in 2002–2003 there were 27 programs that offered services to children in other age groups as well. Twenty-two of these initiatives served only children at ages 3 and 4. Five additional states served even younger children. Arkansas, Minnesota, Nevada, and New Mexico served children from birth to age 5, while Nebraska served children from 6 weeks of age.

Some states that allowed 3-year-olds to participate limited their access. For example, Hawaii and Kentucky served 3-year-olds only if they had special needs, and West Virginia had plans to adopt a similar approach as of July 2004. Colorado required 4-year-olds to have only one risk factor to qualify for the program, but 3-year-olds were required to have three risk factors to participate. Washington allowed 3-year-olds to enroll only after all 4-year-olds whose families wanted them to participate had been served. Arizona allowed children younger than 4 to be served, but in practice generally served only 4-year-olds in its state program.

Among the 20 state initiatives that served children younger than 4 years old and reported enrollment data by age for 2002–2003, 3-year-olds accounted for 40 percent or more of total enrollment for only three state initiatives—programs in Massachusetts and Vermont, as well as New Jersey's Abbott program. In most states reporting data, 3-year-olds made up less than one-third of the enrollment. Seventeen state initiatives restricted access exclusively to 4-year-olds.

Serving Children with Special Needs

Most states served children with special needs in state prekindergarten classrooms through a combination of state prekindergarten funding along with other local, state, and/or federal sources such as IDEA funding. However, several states—Arizona, Colorado, Connecticut, Georgia, Iowa, Kansas, Nebraska, New Jersey (for its Abbott program), Oregon, Pennsylvania, and Virginia—reported that children with special needs may be served in state prekindergarten classrooms but only using funding other than state prekindergarten dollars.

Many states were not able to provide data on the percentage of children enrolled in state prekindergarten initiatives who had Individualized Education Plans (IEPs) for meeting their special needs. Of the 26 state initiatives for which there were data, the percentage of children with IEPs ranged from 3 percent in California and South Carolina to 63 percent in Kentucky. The median for the states reporting data was 10 percent.

Enrollment Supported with Other Sources

Many of the children enrolled in state prekindergarten programs were partially supported with other funding sources, such as federal IDEA, Head Start, or TANF funds, or local sources. For example, Iowa reported that of the 2,355 children served, 286 were supported with local sources and 379 with IDEA funding.

Most states reported using some other funding sources to help support services for participating children, but they were often unable to provide complete, specific data on the number of children benefiting from each of these sources. A few states also indicated that some children beyond those counted in the state prekindergarten enrollment totals were being served in the same classrooms as state prekindergarten children, but using other sources of funding. Once again, these states were generally not able to provide specific data on the number of children served or amount of funding from these other sources.

Availability of Programs Across Communities

Children's ability to participate in prekindergarten depends on availability of programs in their communities. Only three states required prekindergarten to be offered in all of their school districts (Kentucky, Maryland, and South Carolina). Another four states offered prekindergarten in all of their counties, and five states offered prekindergarten in at least 90 percent of their towns, counties, or school districts.

In contrast, 14 states had state prekindergarten programs available in fewer than half of their districts or communities. Nebraska's prekindergarten program was offered in just 5 percent of school districts and Pennsylvania's program was available in only 6 percent of districts.

A few states, including Connecticut, New Jersey, and Texas, did not require prekindergarten to be offered in all districts, but did require it in certain districts. For example, schools in Texas were required to offer prekindergarten if there were at least 15 eligible 4-year-olds (children who qualified for free or reduced-price lunch, were unable to speak and understand English, or were homeless) in the district.

Parent Fees

Most state prekindergarten initiatives served children free of charge to families. However, nine state initiatives had (or allowed districts the option of having) sliding fee scales, which charge parents fees based on income. Connecticut charged fees to all families, but most other states charged fees only to certain families or under certain circumstances. For example, Hawaii and Ohio charged fees only to families whose incomes were above 100 percent of the federal poverty level, and Iowa, Kentucky, and Louisiana's LA4 program collected fees only from families who did not meet income eligibility criteria.

Hours of Operation

State prekindergarten programs most commonly operated on a half-day basis, 5 days per week during the school year. However, a number of state initiatives operated on a different schedule, offering longer hours or fewer days per week. In addition, many states coordinated with other programs and resources to provide full-day, full-year services to meet the needs of families with working parents.

Only 10 state initiatives operated on a full school-day schedule or for longer hours. Twelve state initiatives operated on a part-day schedule, and Delaware's programs operated between 4 and 6 hours per day. In Connecticut, at least 60 percent of slots in each community were required to be full-day slots. For the remaining 20 state initiatives, daily operating hours were locally determined. However, many of these state initiatives required programs to operate for a minimum number of hours per day or per week—usually about 2.5 or 3.5 hours per day—and one state initiative required a minimum number of hours of operation per year.

Several states that offered both full-day and half-day options varied the amount of funding provided to programs based on hours of operation. For example, Connecticut paid \$7,000 per child for full-day programs and \$4,500 per child for half-day programs. New York's Experimental Prekindergarten Program provided 45 percent more for full-day classes than for half-day classes. In Oklahoma, full-day programs received nearly twice as much funding per child as half-day programs.

More than half (23) of the state initiatives operated 5 days per week. Colorado and Michigan's programs operated fewer than 5 days per week. The rest of the state initiatives (19) had locally determined weekly schedules. However, some of these initiatives required programs to operate for at least 4 days per week.

Most states' prekindergarten programs operated for the academic year. While a number of states allowed the specific schedule to be determined locally, programs in these states still typically operated for the academic year. A few states had a significant number of programs operating on a full-year schedule. These include Hawaii, Connecticut (which required at least 60 percent of slots to be full-year), Massachusetts (where about 60 percent of programs operated for the calendar year), New Mexico, and Vermont (where prekindergarten programs offered in child care centers generally operated year-round).

While state prekindergarten initiatives were typically funded to operate on a part-day, part-year schedule, in 34 state initiatives children were able to receive wrap-around services. These wrap-around services were usually provided in coordination with other resources and programs, and were not funded by the state prekindergarten initiative itself. The most commonly cited sources of funding for wrap-around care were federal Child Care and Development Funds and tuition charged to parents. Most states were not able to provide data on how many of the children enrolled in their prekindergarten programs were receiving wrap-around services. Among those states that did provide data, the percentage of enrolled children in wrap-around care ranged from 5 percent in California and Maryland to an estimated 90 percent in Hawaii.

Program Settings

Although the large majority of children enrolled in state prekindergarten programs are served in public school settings, many children are also being served in other locations, such as child care centers and Head Start programs. Each type of setting has certain advantages. For example, public schools can allow programs to take advantage of existing resources, such as experienced staff, buildings, and playgrounds. Child care centers may be better able to provide full-day services for children with working parents. Head Start programs can offer prekindergarten programs access to their comprehensive services and other resources. As shown in Figure 11, of the states that were able to report data, 71 percent of children were served in public schools, 18 percent in private child care centers, 7 percent in Head Start programs, less than 1 percent in faith-based programs, and 3 percent in other settings.

Out of the 39 state initiatives for which data were reported, 25 served half or more of their children in public school settings. These state initiatives include 11 in which all, or virtually all, children were served in public school settings.

Still, in some state prekindergarten initiatives, a large percentage of children were served in private child care settings. More than 40 percent of children participating in initiatives in Connecticut, Georgia, Massachusetts, New Jersey (for its Abbott program), and North Carolina were served in private child care.

FIGURE 11: PERCENTAGE OF STATE PRESCHOOL ENROLLEES BY TYPE OF PROGRAM SETTING

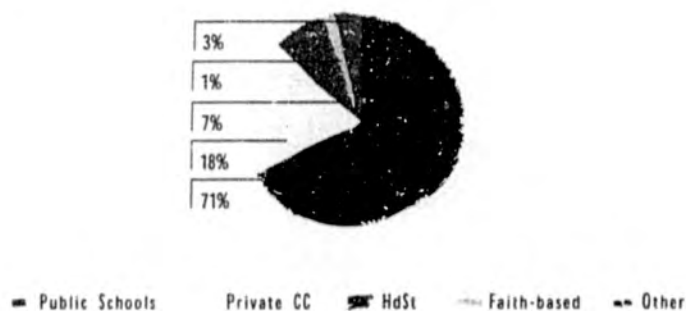




Photo: RC Peters

Some states served many of their children in Head Start programs. In addition to the state Head Start models in Delaware, Ohio, Oregon, and Wisconsin, 11 state initiatives each had 10 percent or more of enrolled children receiving state prekindergarten services in Head Start settings.

Only four states reported using family child care to deliver state prekindergarten services. Even in states that did, only a small percentage of children were served in this type of setting—7 percent in Massachusetts, and 2 percent or less for New York's Universal Prekindergarten Program, Ohio's Head Start program, and Washington's Early Childhood Education and Assistance Program.

Most states were not able to provide data on the proportion of children enrolled in faith-based settings. Among those that did provide data, only Louisiana's Nonpublic Schools Early Childhood Development Program, which had nearly all children enrolled in such settings, had a large proportion of children served in this type of program. Connecticut had 14 percent of its children in faith-based settings, and the other six states reporting data for this category had 5 percent or less of their children in faith-based programs.

Twelve state initiatives had a home-based option during the 2002–2003 program year. The number of children enrolled in this type of component ranged from 20 children in Washington to 4,719 in Arkansas.

Changes in Access from 2001–2002 to 2002–2003

The number of children enrolled in state prekindergarten programs grew from approximately 693,000 in 2001–2002 to more than 738,000 in 2002–2003, an increase of 45,000 children, or 6.5 percent. Twenty-six states showed increases in enrollment. In about half of these states, the increase was less than 10 percent, but several states reported increases of 50 percent or more. However, enrollment decreased in nine states. Although many of these states saw only a small drop in the number of children served, decreases in other states were relatively large. For example, New Mexico's enrollment dropped more than 50 percent, from 2,000 to 850, and Massachusetts reduced its enrollment by 10 percent, or more than 2,000 children. Enrollment in three states was unchanged (Delaware, Maine, and Maryland).

Despite the overall growth in enrollment, the number of 3-year-olds participating in state prekindergarten programs actually declined. Although the proportion of 4-year-olds in the U.S. enrolled in state prekindergarten programs increased from 14.4 percent in 2001–2002 to 16.1 percent in 2002–2003, the proportion of 3-year-olds dropped slightly from 2.7 percent to 2.5 percent. Many of the programs that expanded most rapidly served only 4-year-olds, and some of the programs that served both 3-year-olds and 4-year-olds placed more emphasis on serving 4-year-olds. For example, the number of 4-year-olds in Texas' prekindergarten program increased by more than 15,000, but the number of 3-year-olds decreased by 6,000. New York's EPK program served 3,400 more 4-year-olds but 4,400 fewer 3-year-olds. Arkansas, Iowa, and Tennessee also each had small decreases in the number of 3-year-olds served whereas enrollment of 4-year-olds in their programs rose.

Due to some differences in the way information was collected in 2001–2002 and 2002–2003, data related to other aspects of access to prekindergarten are not completely comparable between the two time periods. However, based on the information available, there do not appear to have been major shifts in state policies and practices for prekindergarten access. States maintained generally the same approaches on issues such as which districts or communities offered prekindergarten, eligibility criteria, operating schedules, use of sliding fee scales, and settings in which programs operate.

Although state policies and practices involving access to prekindergarten have been largely stable, a few states have begun to make changes in certain areas. For example, Maryland revised its eligibility criteria so that, as of 2003–2004, local districts are required to provide prekindergarten to all 4-year-olds who qualify for free or reduced-price lunch or who are homeless. In North Carolina, individual programs currently determine eligibility criteria, but by 2004–2005, at least 80 percent of participants must be from families at or below 75 percent of state median income.

A few states have started to implement changes to other aspects of their programs. For instance, Illinois, Maryland, West Virginia, and Wisconsin have indicated that they plan to start making greater use of settings outside the public schools in providing prekindergarten.

Personnel Requirements

Educational requirements for prekindergarten teachers are important indicators of a state's commitment to supporting quality early education services. Research shows that teachers and staff members with higher levels of education provide higher quality learning environments in their preschool classrooms. However, personnel requirements vary considerably from state to state, and many state policies do not meet the minimum benchmarks.

In 23 of the 44 state-financed preschool initiatives profiled in this report, all lead teachers were required to hold a bachelor's degree. In eight more state preschool initiatives—those in Iowa, Massachusetts, Michigan, Missouri, Oregon, Virginia, and Washington, as well as New York's Universal Prekindergarten program—lead teachers were required to hold a bachelor's degree only when teaching in public school settings. Each of these additional programs had a two-tier system in which teacher degree requirements were more stringent for teachers in public school settings than they were for teachers in nonpublic settings.

Overall, more than two-thirds of the state preschool initiatives required teachers working in public school settings to have at least a BA. New York's initiatives had the most stringent requirements for prekindergarten teachers in public schools. Teachers trained after 1978 were required to have master's degrees. New Mexico was the only state that did not require a degree or credential of preschool teachers in public schools—all other states required at least an associate's degree, a CDA, or equivalent training.

Bachelor's degrees were required of teachers in fewer than half of the state initiatives allowing children to be served in prekindergarten programs operating in private school settings. Among the 21 state initiatives not requiring a BA, only three required an AA for all teachers in nonpublic settings. The CDA (or equivalent training) was the most common requirement among programs not requiring a BA. In five state initiatives, there was no specific degree or credential requirement that applied to all teachers in nonpublic settings, although four of these programs either set requirements for teachers in certain types of nonpublic settings (e.g., Head Start) or required teachers to complete a minimal amount of coursework.

In 29 of the 44 state-financed preschool initiatives, teachers were required to receive specialized training in prekindergarten. Requirements for specialized training were closely tied to teacher degree requirements. In programs that required teachers to hold a bachelor's degree, specialized training typically took the form of licensure, certification, or an endorsement in early childhood or a closely related area. In programs that did not require a BA, specialized training usually involved earning a CDA.

Degree requirements for assistant teachers were minimal, and were less stringent than those for lead teachers in all states except New Mexico. New Mexico did not set a minimum educational requirement for lead or assistant teachers. Only 12 of the 44 state prekindergarten initiatives required assistant teachers to have at least a CDA or equivalent training. In some states, the educational requirements for assistant teachers differed in public and private settings. Although requirements in public schools were generally more rigorous, the differences in requirements were relatively minor. For example, assistant teachers in Missouri's state prekindergarten initiative were required to have a high school diploma plus vocational certification in early childhood education when working in public schools, but were required to have only a high school diploma when working in nonpublic settings. Vermont set the most rigorous educational requirements in public schools, as assistant teachers in such settings were required to have a BA. Across the states, the most common educational requirement for assistant teachers was a high school diploma or its equivalent. In eight state prekindergarten initiatives there were no minimum educational requirements that applied to assistant teachers in all program settings, and in three additional programs the requirements were determined locally in at least some circumstances. Pennsylvania's program did not require assistant teachers to be present in the classroom.

Although requirements for teacher in-service training varied considerably from one state prekindergarten initiative to the next, 27 of the 44 initiatives required teachers to participate in an average of at least 15 hours of in-service training per year. In some cases, the reported in-service requirements were determined by state regulations for recertification. Alabama set the highest annual in-service requirement—40 clock hours per year. Six state initiatives had no annual requirement for teacher in-service training.

Class Size and Staff-Child Ratio

Small class sizes are associated with more effective programs. The benchmark of capping class sizes at no more than 20 students was met by 32 of 44 state preschool initiatives. When programs served both 3- and 4-year-olds, they typically followed the same requirements for maximum class sizes for children in both age groups. Of the programs that did not, most followed Head Start's requirements for a maximum class size of 17 for 3-year-olds and a maximum class size of 20 for 4-year-olds. Regardless, when maximum class sizes differed by the age of child, requirements always specified a smaller group size for 3-year-olds than for 4-year-olds.

The state preschool programs that required the smallest group size were Colorado's program and New Jersey's Abbott program. Each of these initiatives required that group sizes be no larger than 15 children for both 3- and 4-year-olds. In nine state prekindergarten programs, there was no statewide requirement regarding maximum class size, in which cases requirements may be determined at the local level. However, some of these state initiatives offered specific guidance—for example, encouraging programs to follow recommendations of the National Association for the Education of Young Children.

Low staff-child ratios are also associated with effective early childhood education programs. Staff-child ratio requirements were closely related to the class size requirements followed by state prekindergarten initiatives. Three-quarters (33 of 44) of the state preschool initiatives had requirements in place that set a 1:10 staff-child ratio or better. When programs served both 3- and 4-year-olds, they typically followed the same staff-child ratio requirements for children in both age groups. However, when this was not the case, requirements always specified a lower staff-child ratio for 3-year-olds than for 4-year-olds.

The lowest overall staff-child ratio requirement was the 2:15 requirement set by New Jersey's Abbott program. In a few states, even lower ratios were required for classes with larger group sizes. For example, New York's Universal Prekindergarten and Experimental Prekindergarten programs required staff-child ratios of either 1:9 or 3:20. In seven of the initiatives covered by this report, there was no minimum state requirement for staff-child ratios (in which cases requirements may be determined at the local level). With one exception, the initiatives without state-specified staff-child ratio requirements also did not set maximum requirements for class size.

RESOURCES

The preschool programs shown by research to produce large gains in learning and development that the nation seeks, particularly for its most disadvantaged students, were well funded. To be equally effective, state-funded preschool programs must have sufficient funding to: hire and retain good teachers and assistant teachers, keep class size reasonable, provide strong educational leadership and supervision, and put the other elements of a quality education in place. Obviously, money alone does not guarantee educational excellence, but without enough money educational excellence is not possible on a large scale. The amount of funding is a key indicator of state commitment to high-quality preschool education for 3- and 4-year-olds.

Total state spending is an important determinant of both access and quality, and states may make tradeoffs between the two. Total state spending on preschool has increased considerably over the past decade. This has enabled states to greatly increase the number of children served in preschool programs. Funding per child enrolled is the critical indicator for quality. Despite overall increases in state spending, the amount spent per child has stayed low relative to per-child spending for the model programs they seek to emulate, such as the federal Head Start program and public K-12 education.

One of the limitations of the existing data on preschool funding is the lack of information about federal and local funds going into state-funded preschool programs. This year's survey added questions in an effort to identify spending amounts from specific federal, state, and local funding streams. We found that, although federal and local funds are widely used to support preschool in most states that fund programs, the amount of money received from these sources is generally not tracked. As a result, most states cannot provide reliable estimates of total funding. We also added questions this year about mechanisms used by states to distribute funds to eligible agencies. As in our previous *Yearbook*, we collected data on local match requirements.

State preschool programs require resources beyond those that go directly into classrooms and local agencies. Standards must be developed and set at the state level. Data systems must be developed and operated for educational and financial accountability. And, when building programs, it is vital to provide adequate resources for the development of a high-quality teacher force, as many preschool teachers have far less education than is typical in K-12 education. Thus, one additional funding category for which we collected information is scholarships for preschool educators.



Photo: RC Peters

State Spending

For this year's report, total state spending figures include all funds reported from state sources as well as Temporary Assistance for Needy Families (TANF) funds directed to preschool at states' discretion. Data on state preschool spending do not include money received from federal sources such as the Child Care and Development Fund (CCDF) and the Individuals with Disabilities Education Act (IDEA), or local sources such as district funds and parent fees. Preschool spending figures presented on the state profile pages are not estimates of total spending, but reflect each state's level of financial commitment to preschool. The resources ranking is based on state spending per child enrolled, calculated by dividing total state funding by total enrollment. Spending per child in states with multiple programs was calculated by dividing the sum of state spending by the sum of enrollment across all programs profiled. As an indication of per-capita spending on preschool education, we report state spending per 3-year-old, and state spending per 4-year-old, derived by multiplying state funding by the percent of enrollees in each age category, then dividing that product by total state population at the corresponding single year of age.

States contributed a total of about \$2.54 billion to their preschool programs during 2002–2003, exclusive of preschool special education funding. Individual state spending varied considerably, from about \$1.5 million in New Mexico and Vermont to more than \$400 million in Texas. Among the 37 states that reported funding for preschool, average total state spending was just under \$70 million. More than 60 percent of national spending on preschool came from five states: New Jersey, Texas, Georgia, California, and New York. Spending in Texas and New Jersey was more than 50 percent greater than that of any other state. Although the most populous states generally provided the largest state contributions to preschool, there were some exceptions. For example, Oklahoma ranked tenth in total state spending although 26 states have larger populations of 3- and 4-year-olds.

As shown in Table 5 (p. 51), state spending per child enrolled in preschool ranged from less than \$1,000 in Maryland to more than \$8,700 in New Jersey. Average state spending per child across the 37 states for which data were available was \$3,451. Twelve of the 13 states not included in this calculation do not fund preschool. Data were unavailable for Pennsylvania. Only nine states provided more than \$4,000 per child. Four of these offer state Head Start programs (Delaware, Minnesota, Ohio, and Oregon), which provide comprehensive and family support services that raise the cost of supporting each child enrolled. Whereas New Jersey served more than 20 percent of its 4-year-olds, each of the five other leading states in this category served less than 10 percent of its population.

During 2002–2003, funding per child for both public K–12 education and federal Head Start far exceeded state spending on preschool in most states. The average state share to support a child in K–12 was \$3,935, and total K–12 spending, which includes federal and local money as well as capital spending, was \$9,173. Only Connecticut, Nevada, New Jersey, Ohio, Oregon, and Tennessee funded each child in state preschool at a level that matched or surpassed the state share for a child in K–12, and total funding per child in K–12 exceeded state preschool spending in every state. Per child spending on preschool was at least \$3,500 less than total K–12 spending in all but 5 states.

Federal Head Start also received considerably more money per child than state preschool programs. State funding for a child in preschool was lower than federal funding for Head Start in 36 of 37 states for which these data were available. Nationally, federal Head Start programs received more than double the support per child in comparison to state preschool programs. Although Head Start served fewer 3- and 4-year-olds than state preschool during 2002–2003, federal Head Start grantees received more than \$6 billion to provide services to participants, 87 percent of whom were 3 or 4 years old.

The size of the 3- and 4-year-old population differs dramatically by state. Thus, we compared funding across states by calculating per-capita spending for each year of age separately. Although no state currently funds preschool programs for all 3- and 4-year-olds, this method of calculation provides a useful indicator of state financial commitment relative to the entire preschool population. Per-capita spending figures are presented in Table 5. Twenty-five states offered some preschool services for 3-year-olds, but only six provided more than \$200 of support per 3-year-old in the state. New Jersey made more than three times the per capita investment of any other state for 3-year-olds. The majority of state funds for preschool were directed to services for 4-year-olds, and all states with a program served children in this age group. Spending per 4-year-old was greater than \$500 in 12 states, and exceeded \$1,000 in four—Georgia, New Jersey, Oklahoma, and Texas. Georgia and New Jersey spent considerably more than other states, supporting preschool with an average of more than \$2,000 for each 4-year-old resident.

Funds from Federal or Local Sources

Most states reported that some federal or local funds had been used to supplement state support for preschool during 2002–2003. Generally, states were not able to specify how much money was spent on preschool from these sources, and, therefore, they could not accurately report total spending on state Pre–K from all sources. In some cases, state administrators did not know whether specific federal or local sources were being used to support preschool. At least seven states directed TANF funds to preschool, supporting nine different preschool initiatives. Of all federal and local sources, states were most often able to specify funding amounts for TANF. Three programs, two in Louisiana and one in Ohio, were entirely or almost entirely supported with TANF dollars. Additionally, more than half of state preschool funds in Tennessee came from TANF, and these funds constituted about 30 percent of total preschool spending in Massachusetts.

The federal funding stream most frequently used to support state preschool was IDEA. Out of 44 programs profiled in this report, 24 used IDEA money to fund services for some participants. IDEA funds were generally used to supplement or replace state funds for children who required special services. Many programs (18) also were reported to use Title I funds. Unfortunately, state preschool administrators were rarely able to estimate how much funding was received from either Title I or IDEA. West Virginia used more than \$8 million from Title I to fund preschool, which was one-third as large a contribution as state funding. Finally, child care (CCDF) funds supported preschool in at least seven states, with a specific amount reported for three of those states. Washington directed more than \$5 million in CCDF money to support its state preschool initiative, representing an almost 20 percent increase over state funds alone.

At least 80 percent of programs used local money to help pay for preschool. As was the case with federal funds, few states were able to quantify support received from local sources. More than two-thirds of programs received in-kind contributions from localities, which may include services such as transportation, provision of meals, or maintenance of facilities. About one-third of programs were partially supported by parent fees, usually collected on a sliding scale based on family income. Connecticut and Massachusetts each reported using more than \$10 million in parent fees to help fund their programs.

Although 35 programs were reported to receive some support from local funds, only eight required a local match. Percentages of funding required from local sources ranged from 11 percent for New York's EPK program to 40 percent of total funding in Arkansas. Alabama required that localities match half of the amount granted by the state. Some states allowed local matches to be either in cash or in-kind. In Wisconsin's 4K program, the local share of general school revenue was reported as a local match for preschool. Local funds are likely to be required in any state that funds a preschool initiative through the regular public school funding formula. The local match requirement in Virginia depended on a composite index of local ability to pay, so that wealthier localities generally have to pay for a higher percentage of overall program cost. In Kentucky, nearly \$20 million in local funds were used to fund preschool, though no match was required.



Types of Agencies Eligible to Receive Funding

The manner in which states distribute resources to preschool programs may affect both the accessibility and quality of services. In most cases, the state distributes funds directly to operating agencies, which may or may not be allowed to subcontract with other providers. During 2002–2003, preschool initiatives in Kansas, Louisiana 8(g), Maine, New York (EPK), and Pennsylvania were operated exclusively through public schools. In these programs, only public schools were eligible to receive state funds and no subcontracting was permitted. In 36 of the 44 state initiatives, services were offered through a combination of public and private providers. Private agencies received funds directly from the state in 20 programs. Head Start, private or family child care, and faith-based centers were each eligible to receive funds directly in more than one-third of state programs. In 16 other initiatives, the state gave funds only to public schools, but schools subcontracted with private providers. Public schools were not involved with the provision of services in Hawaii's Preschool Open Doors Project, which distributes subsidies directly to parents, or in Louisiana's Nonpublic Schools Early Childhood Development Program, which operates out of nonpublic facilities.

Subcontracting with multiple types of agencies was allowed in about three-quarters of the programs profiled. Head Start centers and private child care were the providers most frequently used for subcontracting. More than half of all programs permitted subcontracting with faith-based centers, although some states did not allow services offered by these providers to include religious content. Programs that allow subcontracting in policy may in practice distribute different proportions of funds to eligible agencies. For example, more than half of all funds for New York's UPK program were distributed to subcontractors, whereas in South Carolina and Illinois a very small percentage of funds was directed to outside providers.

Other Types of Support for Preschool

No commitment a state can make to early childhood education is more important than recruiting and retaining highly qualified preschool teachers. To demonstrate such commitment, resources must be allocated to provide competitive salary and benefit packages for preschool teachers. Thirteen programs required all teachers to be paid on the public school district salary scale, including eight of the 12 programs that met at least eight benchmarks on NIEER's Quality Checklist. Approximately one-third of state prekindergarten initiatives applied the public salary scale only to preschool teachers employed by a public school system or those who taught in a public school. Teachers employed by agencies such as Head Start or other private agencies were generally not required to be paid public school teacher salaries. In 14 programs, the public school salary scale did not apply to preschool teachers regardless of program setting, and Pennsylvania allowed districts to decide this issue locally.

Scholarship or loan forgiveness programs were available to some preschool teachers in 23 states. These programs encourage professional development and reflect a financial commitment to promote high-quality preschool. Of 11 states that were able to provide specific data, only Arkansas, Colorado, and Massachusetts awarded more than 200 scholarships. In some states, such as Iowa and West Virginia, scholarships were only available to teachers in nonpublic settings who had not yet attained a BA. Assistant teachers in Nebraska and Wisconsin's 4K program were eligible for T.E.A.C.H. scholarships, but lead teachers in these two programs could not receive such support.

States were asked to report the number of full-time professional staff members employed at the state level who administered early childhood education programs. Resources devoted to administrative staff can contribute to program quality by funding teacher support and supervision as well as program monitoring and evaluation efforts. Of the 34 states for which data were available, 18 employed fewer than five full-time staff members to administer early childhood programs. In most states, administrative staff worked within a single agency or entity, such as the Department of Education, even when overseeing multiple programs. Approximately 300 administrators were employed nationally, each responsible on average for 2,500 preschoolers. In Texas, a single individual administered a program that served nearly 150,000 children. Such initiatives clearly depend on local public school administration to support the preschool program.

Monitoring and Evaluation

Preschool programs can be held accountable for compliance with quality standards through systems of monitoring and evaluation. During 2002–2003, states monitored their programs using a variety of approaches, including site visits, financial audits, and desktop reviews of other program records. About one-third of the state initiatives required site visits by state monitors at least once per year, including eight state initiatives that required two or three site visits per year. New Jersey's Abbott program, which required the most frequent site visits (one per week), uses "mentor" teachers who act as coaches for less experienced staff. Thirteen states did not require any site visits.

The vast majority of states reviewed financial or other program records (or both) at least once per year, including some states that reviewed records quarterly or monthly. Several states, including Arizona, Hawaii, Maine, Missouri, Texas, and West Virginia, did not require record reviews.

For most state initiatives, the monitoring requirements were the same regardless of the type of program providing services. However, there were some exceptions. For example, programs in nonpublic school settings in Illinois received additional visits from state monitors. For New York's UPK program, the state monitored programs provided by school districts directly, but districts were responsible for monitoring any agencies with which they subcontracted to provide services.

Along with monitoring, states also ensure accountability for their preschool programs through evaluations. Of 28 state initiatives that had completed evaluations, most assessed both child progress and program quality. The majority of state preschool evaluations that were completed by 2002–2003 were required and funded by the state, but most were conducted by an independent organization such as a university or private research firm. Other initiatives were evaluated either by the state or jointly by the state and an independent organization.

SCOMM

137:6

ALASKA STATE HOUSE OF REPRESENTATIVES

Representative Mark Neuman, Chair
Alaska State Capitol, Room 432
Juneau, Alaska 99801-1182
Phone: (907) 465-2679
Fax: (907) 465-4822
Rep_Mark_Neuman@legis.state.ak.us



Committee Members:
Representative Carl Gatto
Representative Bob Lynn
Representative Bill Thomas
Representative Peggy Wilson
Representative Les Gara
Representative Woodie Salmon

House Special Committee on Education

Date: February 23, 2006

To: Suzi Lowell, Chief Clerk

From: Representative Mark Neuman, Chairman
Special Committee on Education

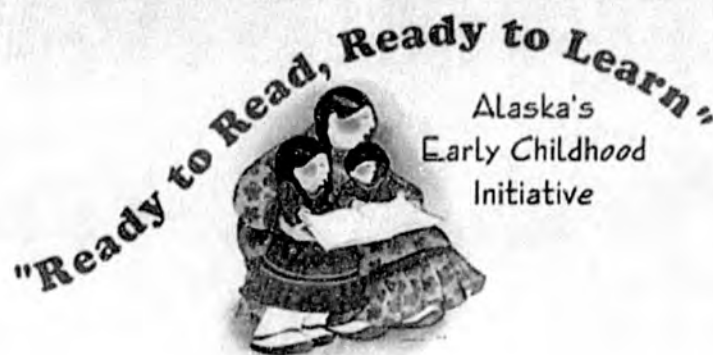
RE: House Special Committee on Education Schedule

Thursday, March 2, 2006, at 12:00 noon in Room 106

Ready to Read, Ready to Learn Task Force Presentation

Presented by Alaska Task Force

Nancy Murkowski, Chair of Task Force



**Representative Mark Neuman, Chair, House Special Committee on Education
And Representative Peggy Wilson, Chair, House Education & Social Services**

Cordially invite you to join them for lunch and a

**Presentation by the Ready to Read, Ready to Learn
Alaska Task Force
Nancy Murkowski, Chair**

**Thursday, March 2, 2006,
12:00 noon
Capitol Room 106**

**Presenters are: Rob Grunewald, Federal Reserve Bank of Minneapolis on
Economic Development with a High Public Return:
Early Childhood Education**

**Bridgett Chandler, Governor's Early Learning Council of Washington State on
(Synaptic) Bridges to Better Brains by Age Six**

**Legislators and Task Force Members Will Discuss
Early Childhood Education**

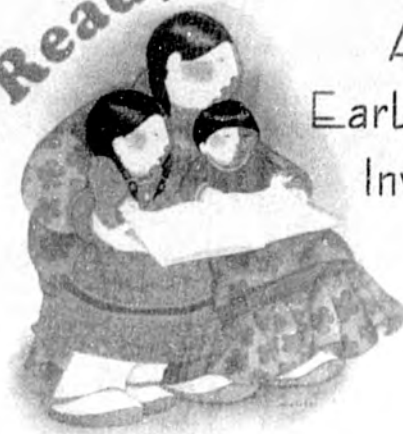
**Come hear the program and enjoy a
Silverbow lunch**

Hosted by the Ready to Read, Ready to Learn Task Force.

Who said there is no such thing as a FREE LUNCH?

Questions call Representative Neuman's office at 465-2679

"Ready to Read, Ready to Learn"



Alaska's
Early Childhood
Investment

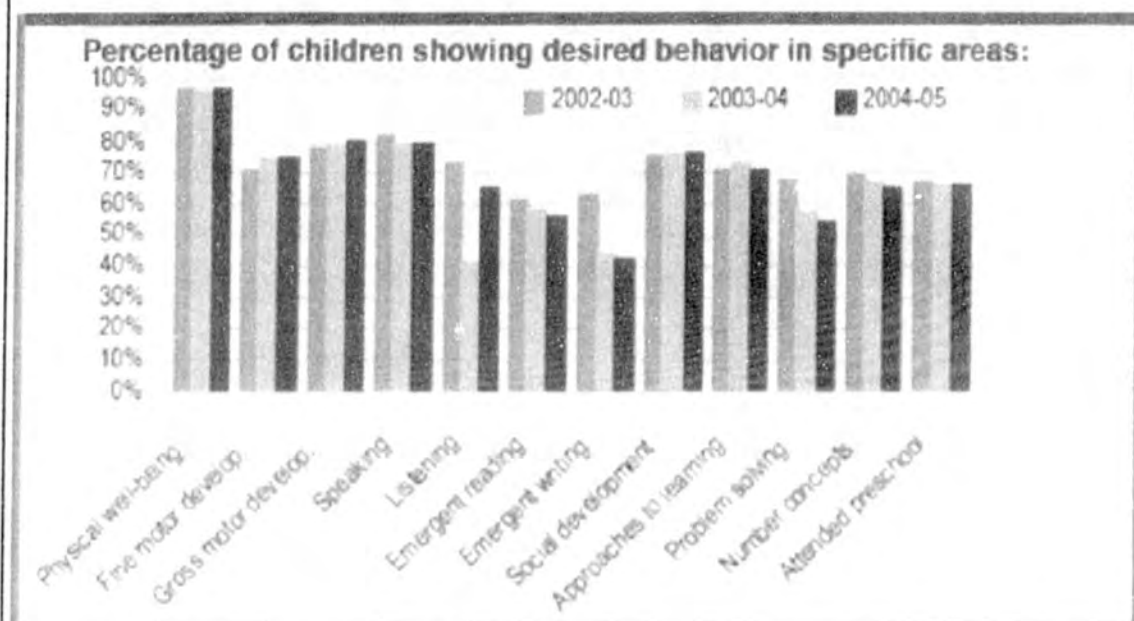
**PREPARING ALASKA'S YOUNGEST
CHILDREN FOR A BRIGHT FUTURE**

TALKING POINTS

V.2.9.06

**FACT: TOO MANY ALASKAN CHILDREN
COME TO KINDERGARTEN AND FIRST
GRADE NOT READY TO READ AND NOT
READY TO LEARN.**

Ready to Learn? - The Warning Signs

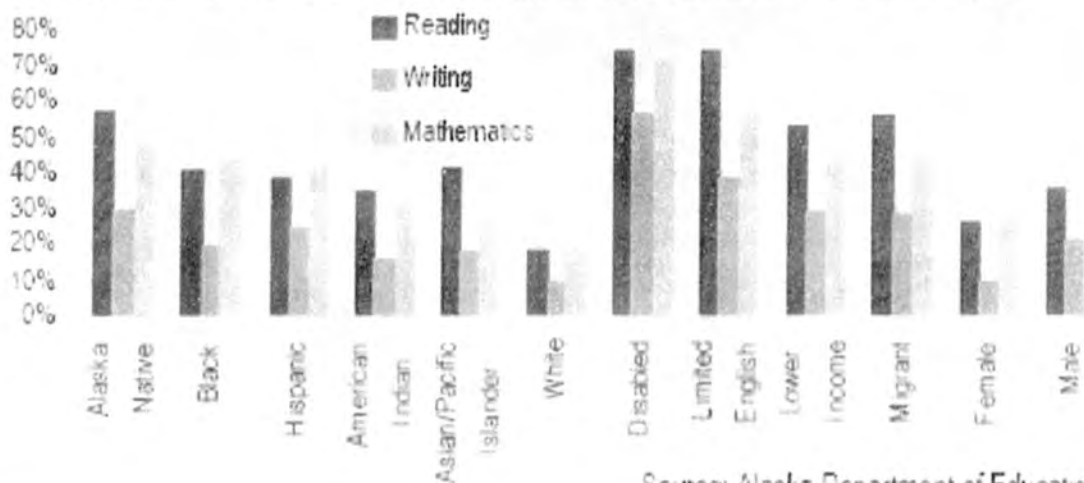


Data source: Alaska Department of Education and Early Development

The above graph, published by Alaska 20/20 as part of its 2005-06 *Alaska Progress Report*, provides a clear picture of the need to better prepare our state's children to be Ready to Read. Ready to Learn. Note the low scores and falling trend lines in the underscored categories.

**FACT: THE BEST INDICATOR OF HOW
A CHILD WILL DO IN SCHOOL AND
SUCCEED IN LIFE, IS HOW PREPARED
THEY ARE UPON ENTERING
KINDERGARTEN AND FIRST GRADE:**

Academic performance strongly predicts positive outcomes later in life, yet Alaska's High School Graduation Qualification Exam results vary widely between groups. Percentage of tenth graders who failed in 2005:



Source: Alaska Department of Education

Total Words Spoken to Child

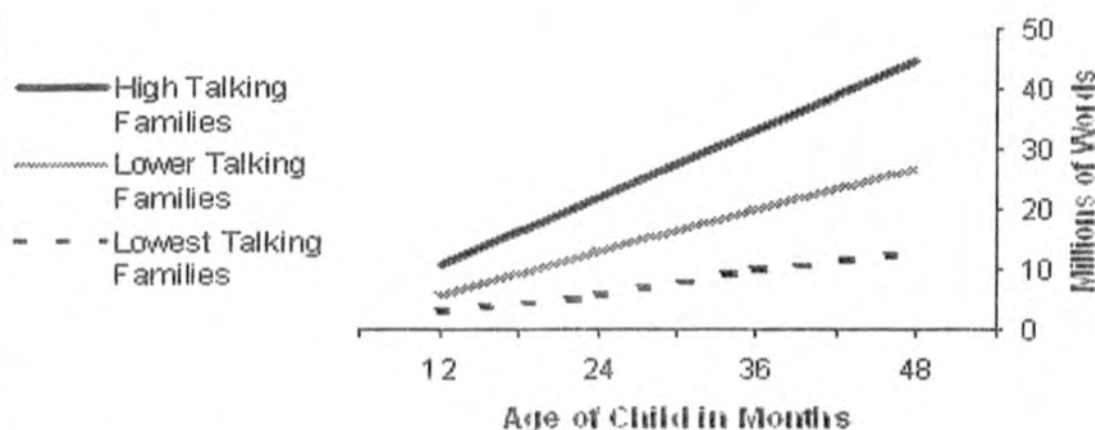
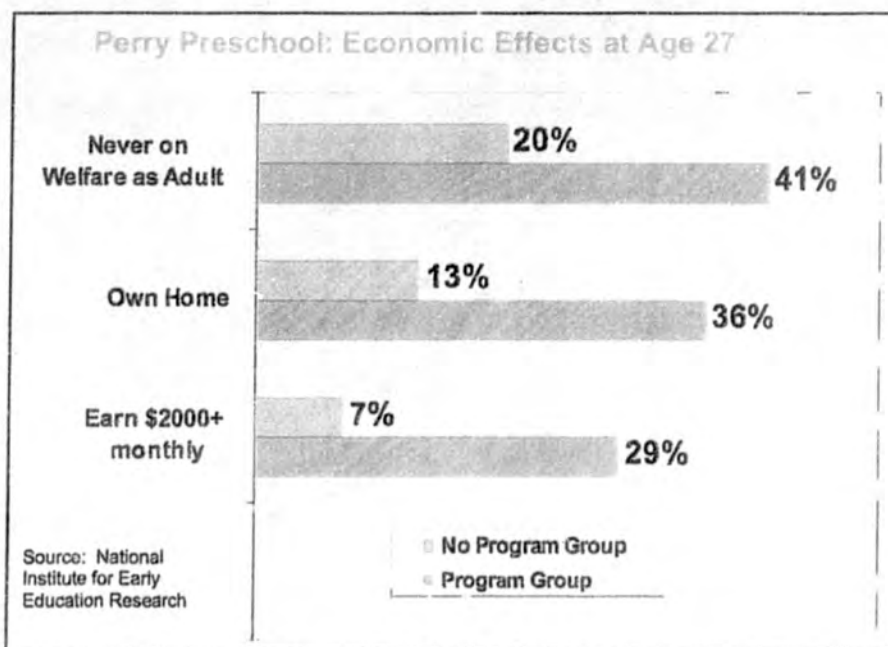


Figure 1. Based on data in Hart and Risley, *Meaningful Differences*, 1995

FACT: THE BEST INVESTMENT IN A CHILD'S FUTURE IS MADE BEFORE KINDERGARTEN: IT YIELDS THE HIGHEST RETURNS

"An Ounce of Prevention is worth a Pound of Cure."

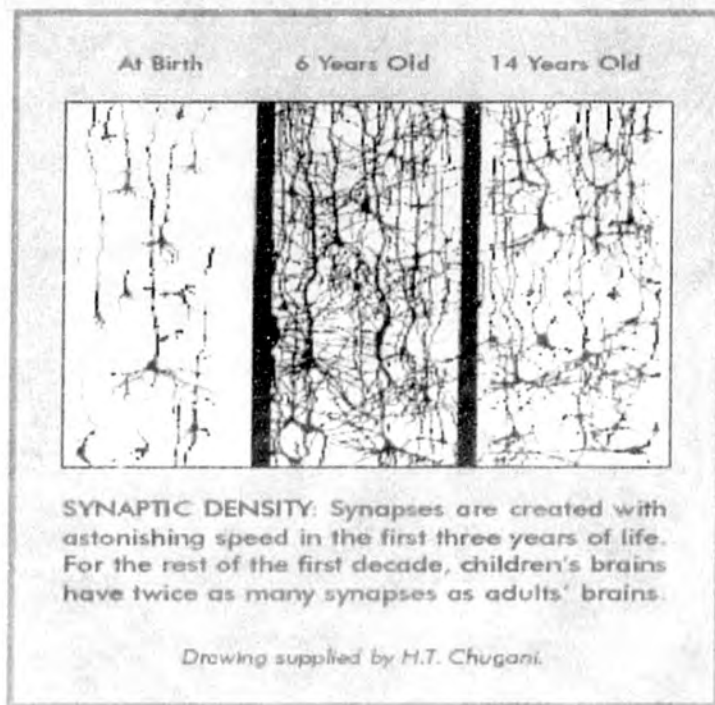


Source: Pre[k]now May 2005

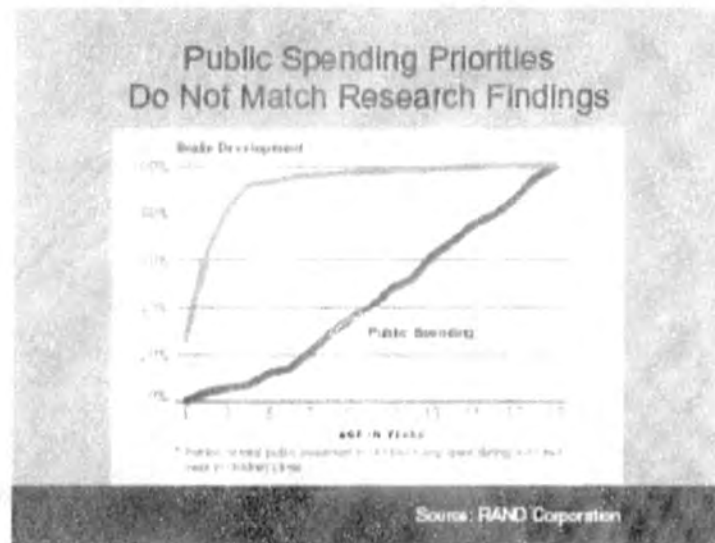
Economic Returns of Pre-K	
	Cost Savings per \$1 Invested
Perry Pre-K	\$17
Abecedarian	\$4
CPC	\$7
Includes savings from less welfare usage, decreased crime and incarceration costs, and higher participant productivity/earnings	

Source: Pre[k]now May 2005

FACT: RESEARCH SHOWS THAT BRAIN DEVELOPMENT FROM BIRTH TO SIX PRESENTS A ONCE-IN-A-LIFETIME LEARNING OPPORTUNITY WINDOW:



Mismatched Investment?





Ready to Read, Ready to Learn ALASKA TASK FORCE

(@ 2/8/06)

Nancy Murkowski, Chair

Susan Anderson, President, The CIRI Foundation

Al Bolea, President, BP Pipelines Alaska, Inc.

Deborah Bonito, President, Sourdough Mercantile Inc., Mother

Steve Brezenski, Regional HR Manager, Carrs Safeway

George Canelos, Federal Co-Chair, Denali Commission

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Sharon Gagnon, Ph.D., Board of Directors, Alaska Humanities Forum

Joel Gilbertson, Vice President, Providence Hospital Alaska

Jack Griffin, Vice President External Affairs, ConocoPhillips Alaska, Inc.

Patty Hamilton, Advocate of Early Childhood Literacy

Abbe Hensley, Ready To Learn, PBS

Sue Hull, School Board Member, Fairbanks North Star Borough
School District

Karleen Jackson, Commissioner, Alaska Department of
Health and Social Services

Continued....

Ready to Read, Ready to Learn ALASKA TASK FORCE

Page Two:

Byron Mallott, President, First Alaskans Institute

Edna MacLean, President Emeritus, Ilisagvik College

Barbara Nagengast, President, Alaska Association of Elementary School Principals

Cathryn Rasmuson, Trustee, Rasmuson Foundation

Marilyn Romano, Publisher, Fairbanks Daily News-Miner

Roger Sampson, Commissioner, Alaska Department of Education & Early Development

Dr. Ann Shortt, Superintendent, Fairbanks North Star Borough School District

Paul Stankavich, President, General Manager, KAKM/KSKA/APRN

Stephanie Wheeler, Executive Director, Alaska Office of Faith-Based and Community Initiatives

David Wight, President and CEO – Retired, Alyeska Pipeline Service Company

Candace Winkler, CEO, Child Care Connection



Facts for decision makers.

- 1.** Too many Alaskan children *lag far behind* their national peers in reading, writing and learning skills.
- 2.** The Ready Read, Ready to Learn Task Force will identify how we can make the investment that will remedy Alaska's shortcomings. It will include roles for parents and families; preschools and childcare centers; the business community; nonprofit and philanthropic organizations; and government.
- 3.** *Early childhood education is a great investment, it's economic development!* Comprehensive research overwhelmingly shows that society benefits from quality early learning programs. Significant *public dollars are saved* because fewer children are retained in grade at school, are referred for special services, are dependent on welfare, or are incarcerated as adults. A dollar invested in young children saves as much as \$17 in later costs.
- 4.** *Alaska is one of just 12 states without a state plan or program that defines and financially supports improvements to early childhood literacy and learning.* (Alaska does support the Federal Head Start program with \$6,330,400 per year.)
- 5.** The \$750,000 in the governor's FY2007 operating budget will help identify the state's role and develop standards for early childhood education. *The business, nonprofit and philanthropic sectors have already stepped up to the plate by funding the work of the Task Force.* We must all do our share, including state government, in making a long-overdue investment in those Alaskans that represent our future.

For more information about Ready to Read, Ready to Learn contact:

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Melinda Myers, Director
Success By 6
907-563-1923
mmyers@childcareconnection.org

"Ready to Read, Ready to Learn"



Alaska's
Early Childhood
Investment

**IMPROVING OUR CHILDRENS' ABILITY
TO READ AND LEARN**

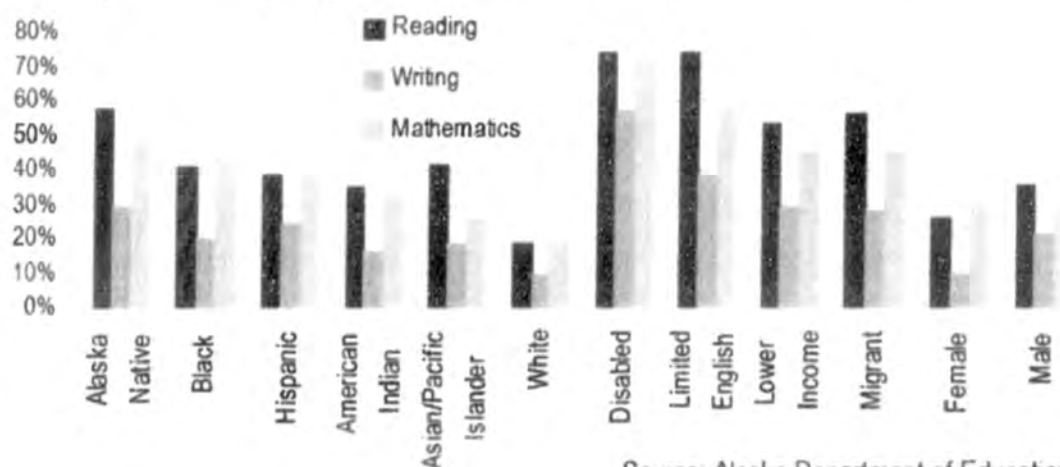
FACTS FOR LEGISLATORS

V.2.28.06

Fact: THE BEST INDICATOR OF HOW A CHILD WILL DO IN SCHOOL AND SUCCEED IN LIFE, IS HOW PREPARED THEY ARE UPON ENTERING SCHOOL.

Alaska needs to do better than this:

Percentage of tenth graders who failed the 2005 Alaska High School Graduation Qualification Exam. Academic performance strongly predicts positive outcomes later in life.



Source: Alaska Department of Education

A child's vocabulary potential and literacy skills are established early in life.

Total Words Spoken to Child

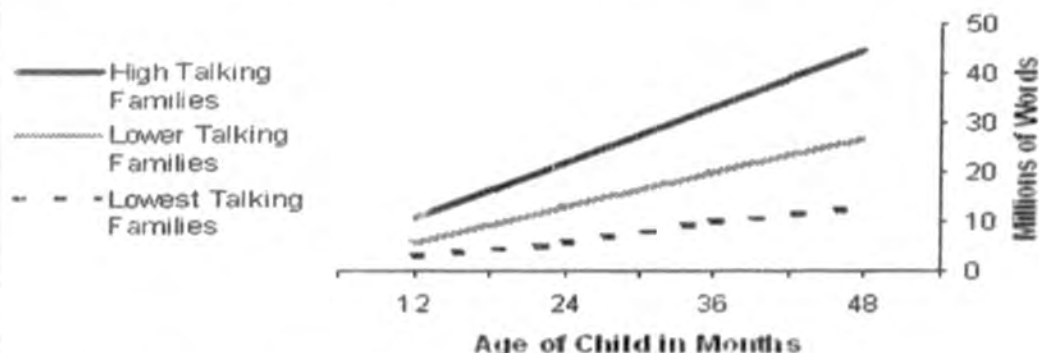


Figure 1. Based on data in Hart and Risley, *Meaningful Differences*, 1995

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

"Ready to Read, Ready to Learn"



Alaska's
Early Childhood
Investment

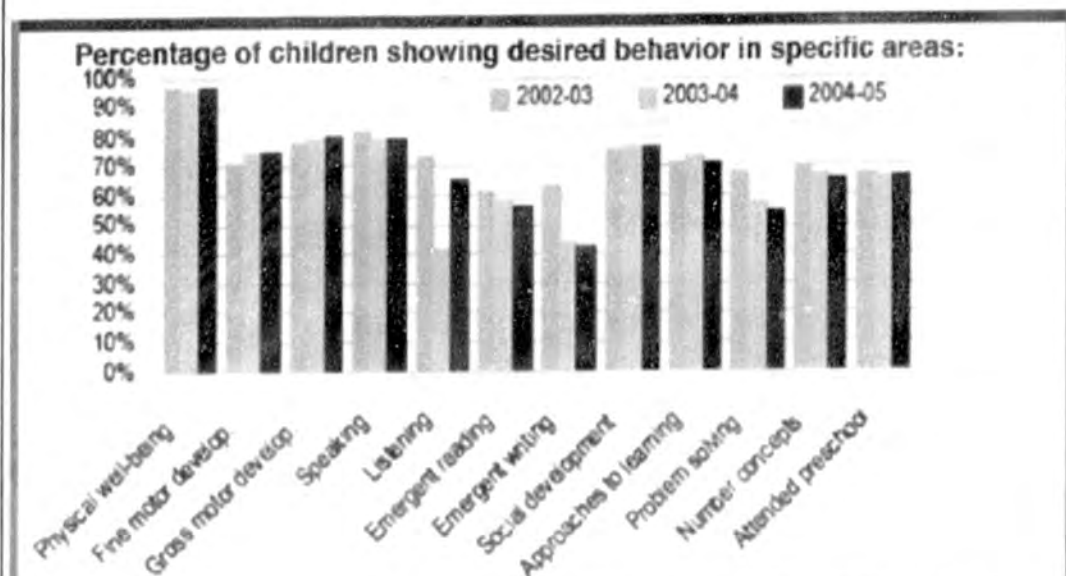
**IMPROVING OUR CHILDRENS' ABILITY
TO READ AND LEARN**

***FACTS FOR
LEGISLATORS***

V.2.28.06

**Fact: TOO MANY ALASKAN CHILDREN
START SCHOOL NOT READY TO READ
AND NOT READY TO LEARN.**

Ready to Learn? - The Warning Signs



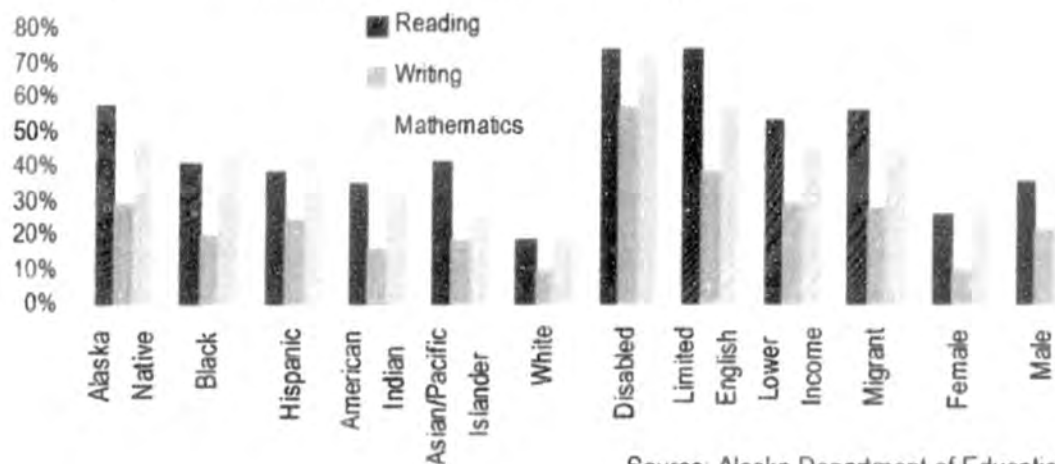
Data source: Alaska Department of Education and Early Development

The above graph, published by Alaska 20/20 as part of its 2005-06 *Alaska Progress Report*, provides a clear picture of the need to better prepare our state's children to be Ready to Read, Ready to Learn. Note the low scores and falling trend lines in the underscored categories.

Fact: THE BEST INDICATOR OF HOW A CHILD WILL DO IN SCHOOL AND SUCCEED IN LIFE, IS HOW PREPARED THEY ARE UPON ENTERING SCHOOL.

Alaska needs to do better than this:

Percentage of tenth graders who failed the 2005 Alaska High School Graduation Qualification Exam. Academic performance strongly predicts positive outcomes later in life.



Source: Alaska Department of Education

A child's vocabulary potential and literacy skills are established early in life.

Total Words Spoken to Child

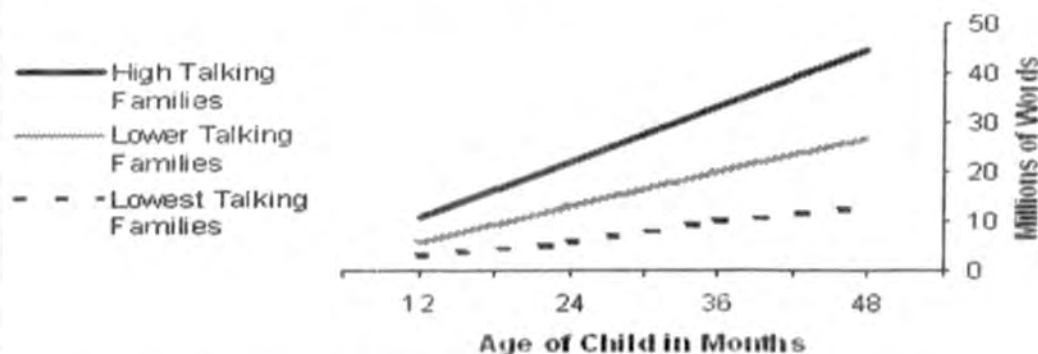
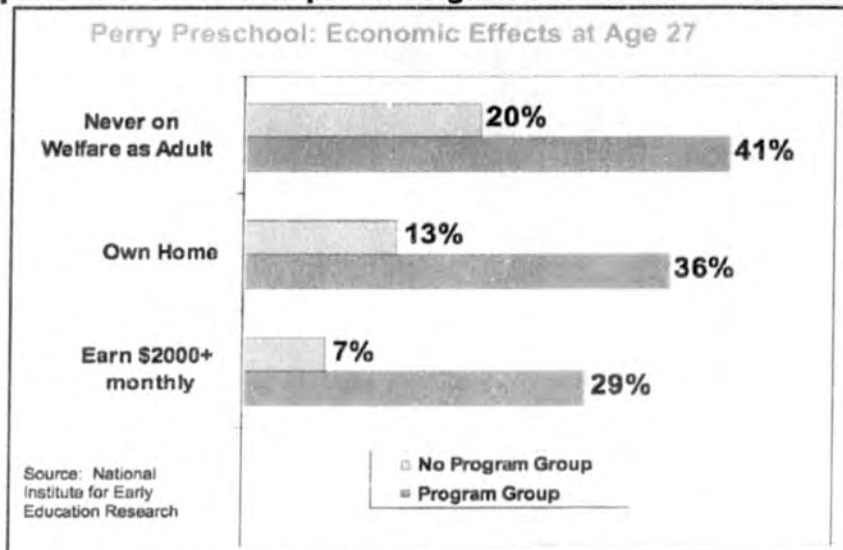


Figure 1. Based on data in Hart and Risley, *Meaningful Differences*, 1995

Fact: THE BEST INVESTMENT IN A CHILD'S EDUCATION IS MADE BEFORE KINDERGARTEN - IT YIELDS THE HIGHEST RETURNS.

Comparison of those with pre-kindergarten education to those without:



Source: Pre[k]now May 2005

"An Ounce of Prevention is worth a Pound of Cure."

BIG public cost savings according to three long-term studies:

Economic Returns of Pre-K

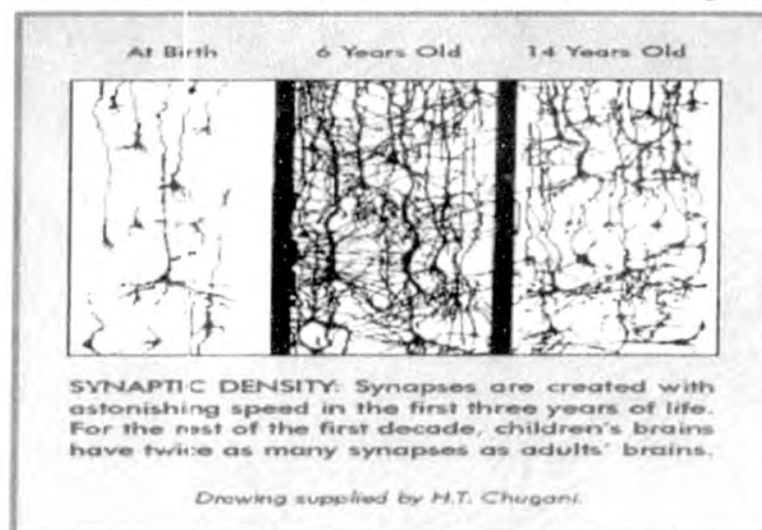
	Cost Savings per \$1 Invested
Perry Pre-K	\$17
Abecedarian	\$4
CPC	\$7

Includes savings from less welfare usage, decreased crime and incarceration costs, and higher participant productivity/earnings

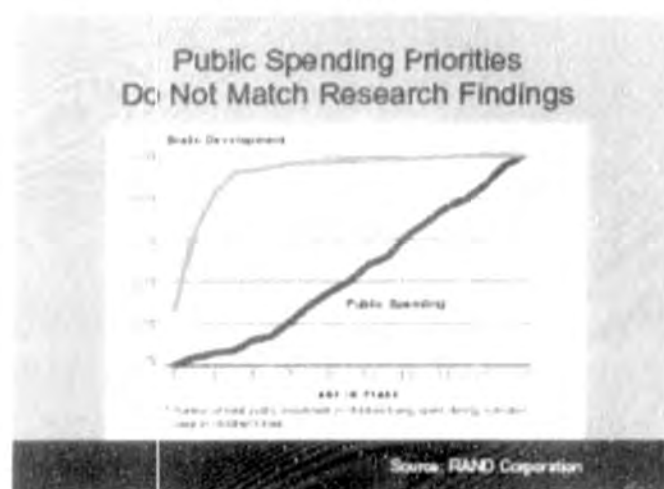
Source: Pre[k]now May 2005

Fact: RESEARCH SHOWS THAT BRAIN DEVELOPMENT FROM BIRTH TO SIX PRESENTS A ONCE-IN-A-LIFETIME WINDOW OF OPPORTUNITY FOR LEARNING.

Three Illustrations of Brain Development:



Are Public Investment and Opportunity Mismatched?



Fact: OTHER STATES ARE AHEAD OF US.

Alaska is one of just 11 states without a state plan or program that defines and financially supports improvements to early childhood literacy and learning.*

States With Pre-k Programs



* (Alaska does provide about \$6m/year to the Federal Head Start program)

Fact: ALASKANS CARE DEEPLY ABOUT THE FUTURE OF OUR CHILDREN AND OUR STATE.

Ready to Read, Ready to Learn ALASKA TASK FORCE

(@ 2/8/06)

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Candace Winkler, CEO, Child Care Connection

PLEASE JOIN US.

**SUPPORT OUR EFFORTS
TO HAVE ALASKA'S CHILDREN
READY TO READ, READY TO LEARN**

THANK YOU!



"Ready to Read, Ready to Learn"



Alaska's
Early Childhood
Investment

Vol. 1, No. 3

Task Force News

March 2006

Early childhood learning – why it matters

(Editor's Note: Tom Corkran and Edna MacLean are volunteer members of the Ready to Read, Ready to Learn Task Force. Corkran is Corporate Controller/CIO, VECO Corporation. MacLean is President Emeritus of Ilisagvik College in Barrow. They bring urban and rural perspectives to the issue of early childhood learning. They also can deal with the issues as parents, and in Edna's case, as a grandparent.)

By Tom Corkran & Edna MacLean

An old proverb tells us that "an ounce of prevention is worth a pound of cure." As the "Ready to Read, Ready to Learn" Task Force looks into ways to improve early childhood education, this bit of wisdom has taken on new meaning. If done correctly, public investment in human capital breeds economic success for those being educated, and for the overall economy and social fabric of our state.

Early childhood education programs are very rarely portrayed as economic development opportunities. Various credible studies, however, show the value of

"Study after study show a clear correlation between early childhood education and economic and social gains."

public investment in the first five years of a child's life has a better return on investment for society than anytime

thereafter. One well-known study (High/Scope Perry Preschool study), conducted over a 40-year period, indicated a return of \$17 for each \$1 invested in high quality early learning experiences. The investment set the children up who received them for success in school, work and life. This particular research and similar studies consistently find that well-focused investments in early childhood yield high public as well as private returns.

Some common conclusions of these studies include:

- Lower crime rates;
- Lower teenage pregnancy and welfare dependency rates;
- Lower job training costs;
- Lower special education costs and lower grade repetition;
- Higher success in school and higher graduation rates;
- Higher workforce readiness and job productivity.



Tom Corkran



Edna MacLean

Study after study show a clear correlation between early childhood education and economic and social gains.

They also spotlight another side of early childhood education: Those children who start public schools with a quality pre-school education tend to out perform those without it. Restated in the current education vernacular, the best way to assure that no child is left behind is to have no child start behind.

(continued on page 2)

• why ECL matters

(continued from page 1)

These research results also resonate with Alaska Natives, who want their children to succeed in life, become strong members of their communities, and contribute to the continuation of their distinct cultures. Alaska Natives recognize that reading, writing, and talking about texts, are the key for schooling success in any culture.

Too few Alaska Native students are succeeding in our schools. According to the First Alaskans' Institute report on Alaska Native K-12 Education Indicators 2004, many Alaska Native students are dropping out of school (accounting for over 40 percent of the dropouts statewide). This is probably a reflection of the high numbers of Alaska Native high school students who do not pass the graduation qualifying proficiency exams (e.g., only 16.5 percent of Alaska Native 11th graders in the 2003-2004 school year were proficient in reading; 38.8 percent were proficient in writing; and 19.9 percent were proficient in math).

Alaska Native peoples have been able to adjust with

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The February 9, 2006 gathering of the Task Force at the BP Energy Center in Anchorage represented the halfway point in its six meeting schedule. The 28-member Task Force has received much background information on the status of early childhood learning in Alaska and the "best practices" that have evolved in other states. In the meetings that remain, members will begin to develop recommendations on how Alaska can best provide for a nurturing early childhood learning environment.

varying degrees of success to drastic cultural changes. When the technology or the knowledge that is introduced is seen as beneficial, acceptance has been relatively smooth and quick. For example, the churches and the village and regional corporations have been enthusiastically accepted by many Alaska Natives, but the schools have not.

In an earlier time, the introduction of schools into Alaska Native communities was fraught with practices that alienated parents from the process. Now the process is friendlier and many Native parents want to know how to they can help educate their children successfully, including participation in early childhood initiatives.

Most other states are years ahead of Alaska in investing in their young children. The Ready to Ready, Ready to Learn Task Force is grappling with many things unique to our state

that make early learning initiatives more difficult to comprehensively deliver. What we are not grappling with, however, is whether or not competent, well-focused public investment for early childhood education has an economic and social payoff for the State of Alaska – of that we are certain.

Alaska's Best Investment: Early Childhood Education

Thursday, March 2, 2006
House HESS Conference Room
(#106)

Noon - 1:25 p.m.

Rob Grunewald
Federal Reserve Bank of Minneapolis
on
*Economic Development with a High
Public Return: Early Childhood
Education*

Bridgett Chandler
Governor's Early Learning Council of
Washington State on
*(Synaptic) Bridges to Better Brains
by Age Six*

Legislators & Task Force Members
Discuss Early Childhood Education

Developmental Milestones of Early Literacy



MOTOR:

COGNITIVE:

WHAT PARENTS CAN DO:

6-12 months

- reaches for book
- book to mouth
- sits in lap, head steady
- turns pages with adult help

- looks at pictures
- vocalizes, pats pictures
- prefers pictures of faces

- hold child comfortably; face-to-face gaze
- follow baby's cues for "more" and "stop"
- point and name pictures

12-18 months

- sits without support
- may carry book
- holds book with help
- turns board pages, several at a time

- no longer mouths right away
- points at pictures with one finger
- may make same sound for particular picture (labels)
- points when asked, "where's...?"
- turns book right side up
- gives book to adult to read

- respond to child's prompting to read
- let the child control the book
- be comfortable with toddler's short attention span
- ask "where's the...?" and let child point

18-24 months

- turns board book pages easily, one at a time
- carries book around the house
- may use book as transitional object

- names familiar pictures
- fills in words in familiar stories
- "reads" to dolls or stuffed animals
- recites parts of well-known stories
- attention span highly variable

- relate books to child's experiences
- use books in routines, bedtimes
- ask "what's that?" and give child time to answer
- pause and let child complete the sentence

24-36 months

- learns to handle paper pages
- goes back and forth in books to find favorite pictures

- recites whole phrases, sometimes whole stories
- coordinates text with picture
- protests when adult gets a word wrong in a familiar story
- reads familiar books to self

- keep using books in routines
- read at bedtime
- be willing to read the same story over and over
- ask "what's that?"
- relate books to child's experiences
- provide crayons and paper

3 years and up

- competent book handling
- turns paper pages one at a time

- listens to longer stories
- can retell familiar story
- understands what text is
- moves finger along text
- "writes" name
- moves toward letter recognition

- ask "what's happening?"
- encourage writing and drawing
- let child tell the story

Reach Out and Read National Center ■ 29 Mystic Ave., Somerville, MA 02145

Voice: 617-629-8042 ■ Fax: 617-629-8842

Email: info@reachoutandread.org ■ www.reachoutandread.org

BOSTON UNIVERSITY SCHOOL OF MEDICINE ■ BOSTON MEDICAL CENTER ■ DEPARTMENT OF PEDIATRICS



Ready to Read, Ready to Learn Task Force

Presentation to Legislators

Noon – 1:20pm

Capitol Bldg. Room 106

Catered lunch by Silverbow provided.

- **Representative Mark Neuman**, Chair of House Special Committee on Education, calls the meeting to order. Welcomes Task Force, guests and introduces Mrs. Murkowski.
- **Alaska's First Lady Mrs. Nancy Murkowski** welcomes legislators and guests; states the Task Force's purpose in coming to Juneau; introduces the first two panelists and their topics.
- Presentation by **Robert Grunewald**, Federal Reserve Bank of Minneapolis: *"Economic Development with a High Public Return: Early Childhood Education"*
- Presentation by **Bridgett Chandler**, Washington State Governor's Early Learning Council: *"The Significance of Child Brain Development"*
- Questions and Answers: Legislators with the two presenters.
- The First Lady introduces the Alaska Task Force Panel: Early Childhood Literacy and Learning in Alaska.
 1. Statistical Overview: Too Many Young Alaskan Children Not Ready to Read or Learn – **Ira Perman**, President, Alaska Humanities Forum
 2. Perspectives on Early Childhood Education from the Private Sector – **David Wight**, Alyeska Pipeline Service Company, President and CEO, Retired

3. Issues in Rural Alaska Native Communities – **Edna Ahgeak MacLean, Ph.D.**, President Emeritus, Ilisagvik College
 4. The Link Between Early Childhood Education and K-12 Public Education: **John Davis**, Chair, Alaska Association of School Administrators
 5. Affordability, Accessibility and Quality of Early Child Education in Alaska – **Candace Winkler**, CEO, Child Care Connection
 6. Improving Early Childhood Literacy within Families: Family Reading/Library/Health Clinic Programs - **Sharon Gagnon, Ph.D.**, Board of Directors, Alaska Humanities Forum
 7. What the Philanthropic Sector Sees and Can Do – **Cathy Rasmuson**, Trustee, Rasmuson Foundation
- Questions and Answers: Legislators with the Panel.
 - **Mrs. Murkowski** delivers closing remarks, restates the Task Force's mission, invites all to the Governor's Mansion for a reception.



Ready to Read, Ready to Learn ALASKA TASK FORCE

(@ 2/28/06)

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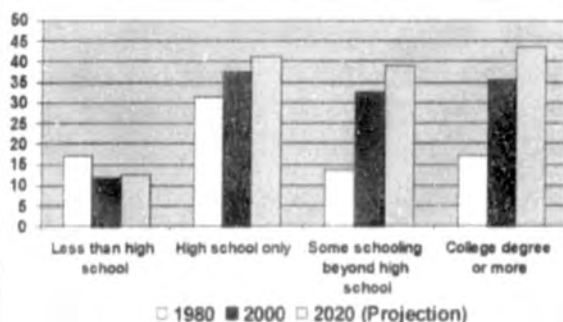
Candace Winkler, CEO, Child Care Connection

Early Childhood Development: Economic Development with a High Public Return



Rob Grunewald and Art Rolnick
Federal Reserve Bank of Minneapolis

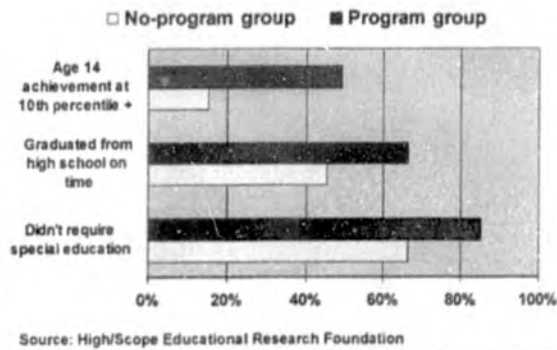
Educational Characteristics of the Labor Force Millions of Workers Age 25 and Over



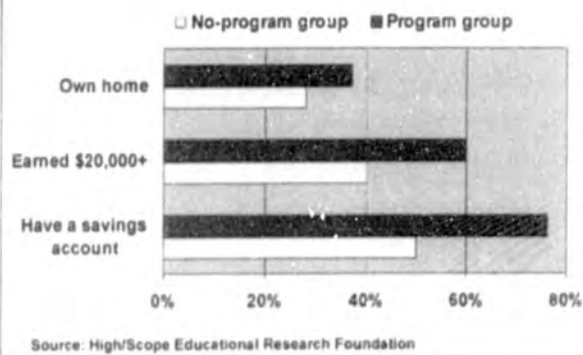
High/Scope Study of Perry Preschool

- In early 1960s, 123 children from low-income families in Ypsilanti, Mich.
- Children randomly selected to attend Perry or control group.
- High-quality program with well trained teachers, daily classroom sessions and weekly home visits.
- Tracked participants and control group through age 40.

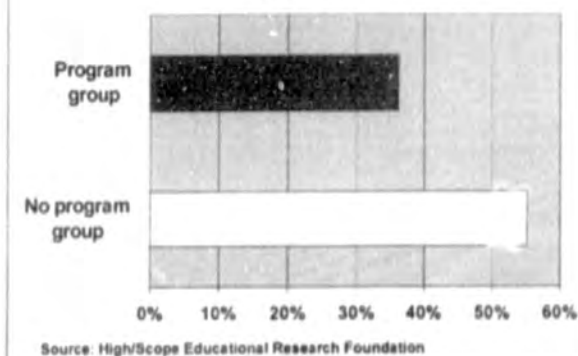
Perry: Educational Effects

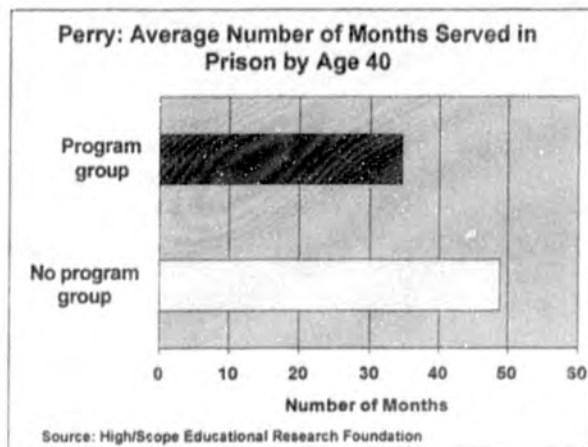


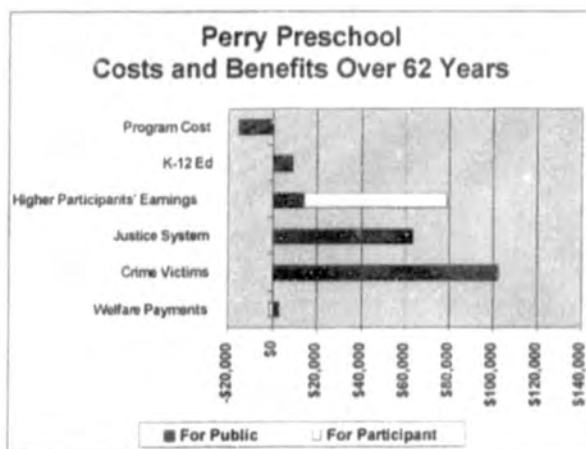
Perry: Economic Effects at Age 40



Perry: Arrested 5 or More Times Before Age 40







Perry Preschool — Estimated Return on Investment

- Benefit-Cost Ratio = \$17 to \$1
- Annual Rate of Return = 18%
- Public Rate of Return = 16%

Benefit-Cost Ratios for Other Longitudinal Studies

- Abecedarian Educational Child Care
 - \$4 to \$1
- Chicago-Child Parent
 - \$7 to \$1
- Elmira Prenatal/Early Infancy Project
 - \$5 to \$1

Lessons Learned from Research

- Invest in quality
- Reach at-risk population
- Teach cognitive and noncognitive skills
- Bring to scale

Moving Forward

Broad-based measures

- School readiness awareness
- Early childhood screening
- Incentives to improve child care quality
- Access to preschool

Moving Forward

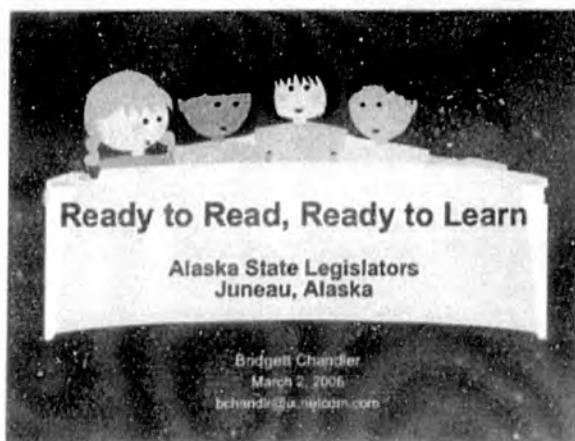
For children at risk

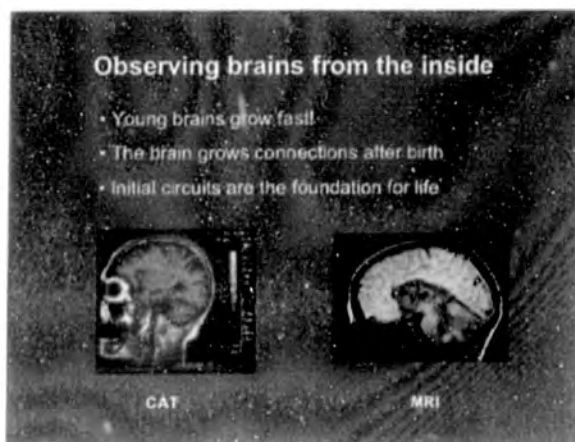
- Prenatal/early infant home visits for at-risk mothers
- Connect child protection system with early childhood intervention programs
- Provide scholarships for at-risk children to attend high-quality ECD program

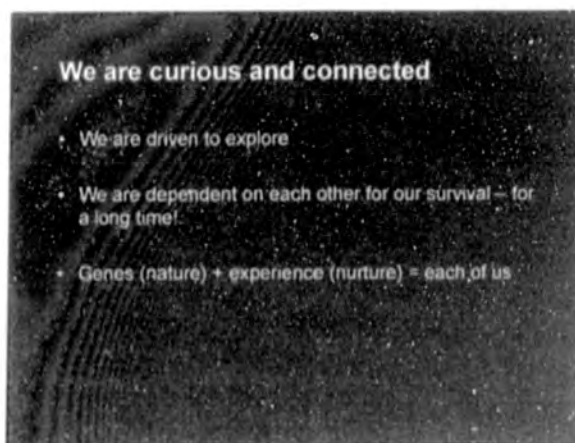
Business Leadership in ECD

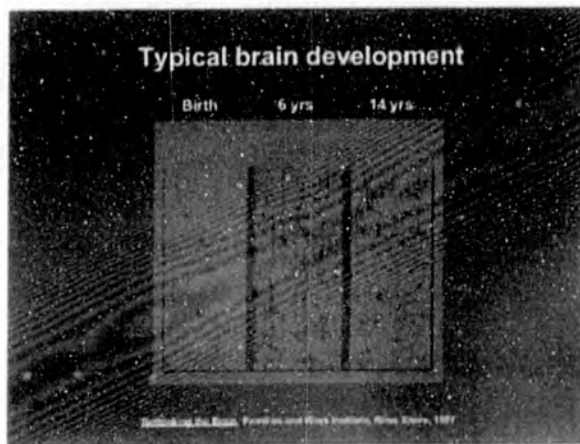
- Invest in Kids Working Group – Committee for Economic Development
- Success By Six – United Way
- PNC Financial Services – Grow Up Great
- Minnesota Business for Early Learning

minneapolisfed.org









Nurturing relationships are central

- We react and adapt to our environments – survival comes first
- A balance of support and challenge is optimal
 - Individualized
 - Culturally appropriate
- Social and emotional health affects cognitive gains

Brains are plastic throughout life

- We can learn and heal until death – but never as well as in our early years
- Greater plasticity in our early years means
 - Great potential for learning
 - Great vulnerability to lasting harm

Lifelong benefits from a healthy start

- Increases the likelihood of:
 - Higher individual income
 - Greater tax revenues
 - Reduced societal costs of:
 - remediation at school
 - welfare
 - criminality

Biggest and most lasting impacts

- Voluntary programs starting at the beginning is best!
- Fixing problems later is an obligation that:
 - takes more resources
 - has less certain outcomes
 - yields less powerful results

Progress in Washington State

- Early Learning Council created by legislation 2005
- Purpose
 - Provide vision, leadership, and direction to the improvement, realignment, and expansion of early learning programs and services for children birth to five years of age in order to better meet the early learning needs of children and their families
- Tasks underway
 - Quality Rating and Improvement System
 - Creation of new Department of Early Learning

Resources

National Scientific Council on the Developing Child
www.nscdc.org/

Neurons to Neighborhoods
<http://www.nnc.org/>

Office of Prevention Fund
<http://www.opf.org/>

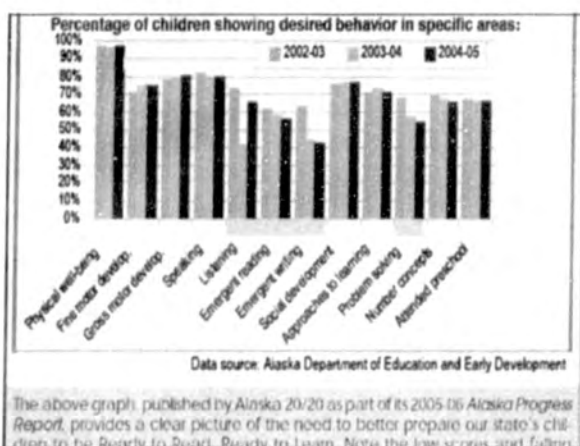
Washington Learns
<http://www.washingtonlearns.org/>

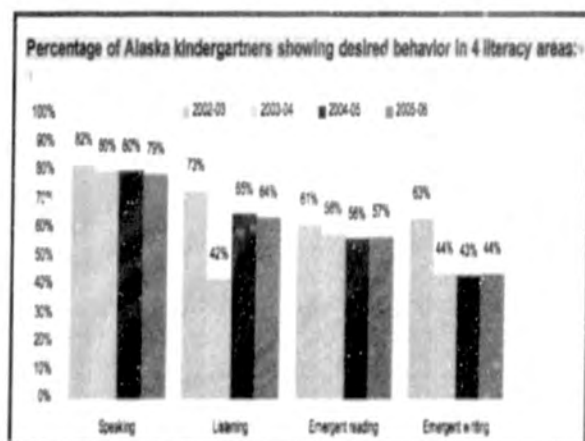
Zero To Three
<http://www.zerotothree.org/>

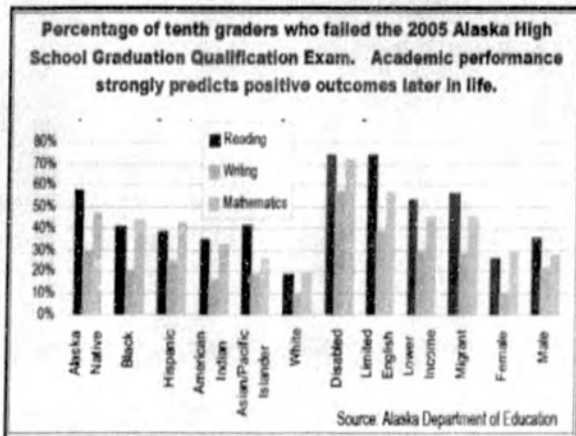
Thank you!

Bridgett Chandler
bchandler@xnet.com











Early Childhood Development: Economic Development with a High Public Return

Art Rolnick

Senior Vice President and Director of Research

Rob Grunewald

Regional Economic Analyst

Federal Reserve Bank of Minneapolis

Note: The following paper was developed in March 2003 with Minnesota audiences in mind. However, the authors subsequently discovered a high degree of interest throughout the country in their research on the economics of early childhood development and the universality of the issues discussed. This paper also motivated the October conference at the Minneapolis Fed.

Early childhood development programs are rarely portrayed as economic development initiatives, and we think that is a mistake. Such programs, if they appear at all, are at the bottom of the economic development lists for state and local governments. They should be at the top. Most of the numerous projects and initiatives that state and local governments fund in the name of creating new private businesses and new jobs result in few public benefits. In contrast, studies find that well-focused investments in early childhood development yield high public as well as private returns.

Why the case for publicly subsidizing private businesses is flawed and misguided

Over the last few years, the future of Minnesota's economy has been called into question. The resulting debate illustrates how little is understood about the fundamentals that underlie economic development. While many recognize the success of the Minnesota economy in the past, they see a weakening in the foundations of that success. Some point to the decline in corporate headquarters located in Minnesota. Some point to the lack of funding for new startup companies, particularly in the areas of high-tech and biotech. Some point to the possible loss of professional sports teams. Some think the

University of Minnesota is not visible enough in the business community. And still others raise the broader concern that Minnesota's citizens and policymakers have become too complacent and unwilling to make the public commitment to be competitive in a global economy.

Those who raise these concerns conclude that Minnesota and local governments need to take a more active role in promoting our economy. Often that implies that the state or local governments subsidize private activities that the market is not funding. Proponents of this view argue that without such subsidies, either well-deserving businesses will not get funded or other states will lure our businesses to greener pastures.

State and local subsidies to private businesses are not new. In the name of economic development and creating new jobs, Minnesota, and virtually every other state in the union, has a long history of subsidizing private businesses. We have argued in previous studies that the case for these subsidies is short-sighted and fundamentally flawed.¹ From a national perspective, jobs are not created—they are only relocated. From a state and local perspective, the economic gains are suspect because many would have been realized without the subsidies. In summary, what often passes for economic development and sound public investment is neither.

If subsidizing private businesses is the wrong way to promote Minnesota's economy, then what is the right way?

To answer this question, we need to understand that unfettered markets generally allocate scarce resources to their most productive use. Consequently, governments should only intervene in markets when they fail.

Market failures can occur for a variety of reasons; two well-documented failures are goods that have external effects and those with public attributes. Unfettered markets will generally produce the wrong amount of such goods. Education has long

been recognized as a good that has external effects and public attributes. Without public support, the market will yield too few educated workers and too little basic research. This problem has long been understood in the United States and it is why our government, at all levels, has supported public funding for education. (According to the Organization for Economic Cooperation and Development, for example, the United States in 1999 ranked high on public funding of higher education.²) Nevertheless, recent studies suggest that one critical form of education, early childhood development, or ECD, is grossly underfunded. However, if properly funded and managed, investment in ECD yields an extraordinary return, far exceeding the return on most investments, private or public.

A convincing economic case for publicly subsidizing education has been around for years and is well supported. The economic case for investing in ECD is more recent and deserves more attention.

Public funding of education has deep roots in U.S. history. John Adams, the author of the oldest functioning written constitution in the world, the constitution of the Commonwealth of Massachusetts, 1779, declared in that document that a fundamental duty of government is to provide for education.³ Publicly funded schools have been educating children in the United States ever since. Today over 85 percent of U.S. children are educated in publicly funded schools. John Adams argued for public funding of education because he realized the importance of educated voters to the well-being of a democracy. We suspect that he also understood the economic benefits that flow to the general public.

Investment in human capital breeds economic success not only for those being educated, but also for the overall economy. Clearly today, the market return to education is sending a strong signal. Prior to 1983, the wages of a worker with an undergraduate degree exceeded a worker with a high school degree by roughly 40 percent. Currently, that difference is close to 60 percent. The wage premium for an advanced degree has grown even more. Prior to 1985, the wages of a worker with a graduate degree exceeded those of a worker with a high school degree by roughly 60 percent. Today, that difference is over 100 percent.

Minnesota represents a good example of the economic benefits that flow from education. Evidence is clear that our state has one of the most successful economies in the country because it has one of the most educated workforces. In 2000, almost a third of persons 25 and older in Minnesota held at least a bachelor's degree, the sixth highest state in the nation. To ensure the future success of Minnesota's economy, we must continue to provide a highly educated workforce.

The economic case for public funding of early childhood development

Knowing that we need a highly educated workforce, however, does not tell us where to invest limited public resources. Policymakers must identify the educational investments that yield the highest public returns. Here the literature is clear: Dollars invested in ECD yield extraordinary public returns.

The quality of life for a child and the contributions the child makes to society as an adult can be traced back to the first few years of life. From birth until about 5 years old a child undergoes tremendous growth and change. If this period of life includes support for growth in cognition, language, motor skills, adaptive skills and social-emotional functioning, the child is more likely to succeed in school and later contribute to society.⁴ However, without support during these early years, a child is more likely to drop out of school, receive welfare benefits and commit crime.

A well-managed and well-funded early childhood development program, or ECDP, provides such support. Current ECDPs include home visits as well as center-based programs to supplement and enhance the ability of parents to provide a solid foundation for their children. Some have been initiated on a large scale, such as federally funded Head Start, while other small-scale model programs have been implemented locally, sometimes with relatively high levels of funding per participant.

The question we address is whether the current funding of ECDPs is high enough. We make the case that it is not, and that the benefits achieved from ECDPs far exceed their costs. Indeed, we find that the return to ECDPs far exceeds the return on most projects that are currently funded as economic development.

Many of the initial studies of ECDPs found little improvement; in particular, they found only short-term improvements in cognitive test scores. Often children in early childhood programs would post improvements in IQ relative to nonparticipants, only to see the IQs of nonparticipants catch up within a few years.⁵

However, later studies found more long-term effects of ECDPs. One often-cited research project is the High/Scope study of the Perry Preschool in Ypsilanti, Mich., which demonstrates that the returns available to an investment in a high-quality ECDP are significant. During the 1960s the Perry School program provided a daily 2 1/2-hour classroom session for 3- to 4-year-old children on weekday mornings and a 1 1/2-hour home visit to each mother and child on weekday afternoons. Teachers were certified to teach in elementary, early childhood and special education, and were paid 10 percent above the local public school district's standard pay scale. During the annual 30-week program, about one teacher was on staff for every six children.⁶

Beginning in 1962, researchers tracked the performance of children from low-income black families who completed the Perry School program and compared the results to a control group of children who did not participate. The research project provided reliable longitudinal data on participants and members of the control group. At age 27, 117 of the original 123 subjects were located and interviewed.⁷

The results of the research were significant despite the fact that, as in several other studies, program participants lost their advantage in IQ scores over nonparticipants within a few years after completing the program. Therefore a significant contribution to the program's success likely derived from growth in noncognitive areas involving social-emotional functioning. During elementary and secondary school, Perry School participants were less likely to be placed in a special education program and had a significantly higher average achievement score at age 14 than nonparticipants. Over 65 percent of program participants graduated from regular high school compared with 45 percent of nonparticipants. At age 27, four times as many program participants as nonparticipants earned \$2,000 or more per month. And only one-fifth as many program participants as nonparticipants were arrested five or more times by age 27.⁸

Perry School Preschool's Estimated Impact per Program Participant

Table 1A Benefit/Cost Analysis

Present Value in 1992 Dollars Discounted at 3%			
Benefits*	For Participant	For Public	Total
Child care provided	738	0	738
More efficient K-12 education, such as less grade retention and higher achievement	0	6,872	6,872
Decrease in public adult education costs	0	283	283
Increase in participants' earnings and employee benefits	21,485	8,846	30,331
Decrease in crime	0	70,381	70,381
Increase in publicly funded higher education costs	0	-868	-868
Decrease in welfare payments	-2,653	2,918	265
Total Benefits	19,570	88,433	108,002
Cost of Program	0	-12,356	-12,356
Estimated return on \$1 invested in program:			
For Participant and Public:	\$8.74 (\$108,002 in Benefits/\$12,356 for Cost of Program)		
For Public:	\$7.16 (\$88,433 in Benefits/\$12,356 for Cost of Program)		

* Benefits and costs were measured from ages 3 through 27 and projected for ages 28 through 65.

Data source: *The High/Scope Perry Preschool Study Through Age 27*

Other studies of ECDPs, while not solely focused on 3- to 4-year-old children, also show improvements in scholastic achievement and less crime. For example, the Syracuse Preschool Program provided support for disadvantaged children from prenatal care through age 5. Ten years later, problems with probation and criminal offenses were 70 percent less among participants compared with a control group.⁹

As the result of the Abecedarian Project in North Carolina, which provided children from low-income families a full-time, high-quality educational experience from infancy through age 5, academic achievement in both reading and math was higher for program participants relative to nonpar-

Perry School Preschool's Estimated Impact per Program Participant

Table 1B Real Internal Rate of Return*

Benefits**		Average Annual Effect in 1992 Dollars		
		For Participant	For Public	Total
Child care provided	(Ages 3-4)	385	0	385
More efficient K-12 education	(Ages 5-17)	0	747	747
Decrease in public adult education services	(Ages 20-25)	0	89	89
Increase in participants' earnings and employee benefits	(Ages 18-27)	2,142	714	2,856
	(Ages 28-65)	1,070	357	1,427
Decrease in crime	(Ages 18-27)	0	8,923	8,923
	(Ages 28-65)	0	1,565	1,565
Increase in publicly funded higher education costs	(Ages 20-25)	0	-225	-225
Decrease in welfare payments	(Ages 18-27)	-392	431	39
	(Ages 28-65)	-31	34	3
Cost of program	(Ages 3-4)	0	-6,444	-6,444
Estimated Real Internal Rate of Return		4%	12%	16%

* The internal rate of return is the interest rate received for an investment that consists of payments and revenue occurring at regular periods. The above amounts were allocated annually across the age groups listed.

** Benefits and costs were measured from ages 3 through 27 and projected for ages 28 through 65.

Data source: *The High/Scope Perry Preschool Study Through Age 27*

participants into young adulthood. Furthermore, participants had fewer incidences of grade retention and special education placements by age 15.¹⁰

The High/Scope study conducted a benefit-cost analysis by converting the benefits and costs found in the study into monetary values in constant 1992 dollars discounted annually at 3 percent. The researchers found that for every dollar invested in the program during the early 1960s, over \$8 in benefits was returned to the program participants and society as a whole (see Table 1A).

While 8-to-1 is an impressive benefit-to-cost ratio, policymakers should place this result in context with returns from other economic develop-

ment projects. Perhaps another project can boast a higher benefit-to-cost ratio. Unfortunately, well-grounded benefit-to-cost ratios are seldom computed for public projects. However, an alternative measure—the internal rate of return—can be used to more easily compare the public, as well as private, return to investments. (The internal rate of return is the interest rate received for an investment consisting of payments and revenue that occur at regular periods.)

To calculate the internal rate of return for the Perry School program, we estimated the time periods in which costs and benefits in constant dollars were paid or received by program participants and society (see Table 1B). We estimate the real internal rate of return for the Perry School program at 16 percent. "Real" indicates that the rate of return is adjusted for inflation.

While program participants directly benefited from their increase in after-tax earnings and fringe benefits, these benefits were smaller than those gained by the general public. Based on present value estimates, about 80 percent of the benefits went to the general public (students were less disruptive in class and went on to commit fewer crimes), yielding over a 12 percent internal rate of return for society in general. Compared with other public investments, and even those in the private sector, an ECDP seems like a good buy. This analysis suggests that early childhood development is underfunded; otherwise, the internal rate of return on an ECDP would be comparable to other public investments.

As with virtually all studies, there are caveats to the High/Scope findings. On the one hand, the High/Scope study may overstate the results we could achieve today. Problems facing children 30 years ago were different from the problems facing children today. Single parenthood, parental drug use, neighborhood crime are higher in many areas of the country than they were 30 years ago. Therefore, the rate of return of an ECDP today may be lower than the Perry School program.

Furthermore, in reviewing our method of calculating the internal rate of return, one could argue that some of the payments and revenue streams assigned should have started or ended in different years, or that assigning an even distribution distorts the actual payments and revenue made. Nevertheless, we find that the final result holds,

even when payments and revenue are adjusted to a more conservative distribution.

On the other hand, the High/Scope study may understate the results we could achieve today. First, the High/Scope study doesn't measure positive effects on children born to participant families after the study period. The knowledge gained by parents participating in the program likely transferred to their younger children. Second, the study may further understate the effects because it doesn't take into account effects on future generations. With increased education and earnings, participants' children would be less likely to commit crime and more likely to achieve higher levels of education and income than if their parents hadn't attended the Perry School program. A chain of poverty may have been broken.

The returns to ECDPs are especially high when placed next to other spending by governments made in the name of economic development. Yet ECD is rarely considered as an economic development measure.

For example, tax increment financing and other subsidies have recently been used to locate a discount retail store and an entertainment center in downtown Minneapolis, and to relocate a major corporate headquarters to suburban Richfield and a computer software firm to downtown St. Paul. Can any of these projects, which combined represent an estimated quarter of a billion dollars in public subsidies, stand up to a 12 percent public return on investment? From the state's point of view, if the subsidy is simply moving businesses within the state, the public return is zero. If the subsidy is required for the business to survive, the risk-adjusted public return is not merely small but could be negative.

As our lawmakers review proposals to build or improve the state's major professional sports stadiums, let's not make the same mistake. The various proposals to build new baseball and football stadiums and improve the current basketball stadium total over \$1 billion. Can new stadiums offer a comparable public return on investment as an ECDP? How does a new stadium reduce crime, increase earnings and potentially break a chain of poverty? We propose that this \$1 billion plus be invested in a project with a much higher public return.

Proposal: Minnesota Foundation for Early Childhood Development

Our proposal—to create a foundation for early childhood development in Minnesota—isn't born in a vacuum. For several years the state of Minnesota has sponsored initiatives to help prepare children for kindergarten, specifically, Early Childhood Family Education, or ECFE, School Readiness and state-funded Head Start programs. These programs often work together in supporting early childhood development.

ECFE provides support to parents and their children from birth until kindergarten enrollment to promote the healthy growth and development of children. The program offers classes for parents and

Table 2 Cost Estimate to Educate all 3- and 4-Year-Old Children from Low-Income Families in Minnesota at a Two-Year, High-Quality ECDP

Annual cost of program

Number of 3- and 4-year-old children living in poverty*	20,000
Cost per child**	\$ 9,500
Total	\$ 190,000,000

Current funds available

Federal and state annual funds for Head Start (Serves about 13,300 children at an annual cost of \$5,750 per child)	\$ 80,000,000
School Readiness (Estimate that 30 percent of children participating in the program live in poverty)	\$ 3,000,000
Early Childhood Family Education (Estimate of amount currently spent on 3- and 4-year-old children who live in poverty)	\$ 2,000,000
Total	\$ 85,000,000
Total annual need (Cost—Current funds available)	\$ 105,000,000
\$1.5 billion endowment invested in AAA corporate bonds yielding an average 7 percent annual return	\$ 105,000,000

* Based on statistics from the Minnesota Department of Children, Families & Learning

** Estimate based on Perry School program

children, and provides optional home visits. About \$20 million in state aid was allocated to ECFE in 2001, which supported programs for more than 300,000 parents and children.¹¹

Between the ages of 3 1/2 to 5 years, children can participate in School Readiness programs that provide a wide array of prekindergarten activities in collaboration with other early childhood and community programs. Funding for School Readiness was about \$10 million in 2001 and reached 43,030 children.¹²

The state of Minnesota also allocated almost \$19 million to supplement federal funding (\$59 million) for Head Start programs in 2000, with about 13,300 children and their families participating in comprehensive education, health and social services. However, according to a state report, only 45 percent of eligible children and their families received Head Start services. Some of these eligible children between the ages of 3 1/2 to 5 years who didn't receive help from Head Start participated in School Readiness programs.¹³ However, it is unlikely that participation of high-needs children in a lower-cost, less comprehensive program demonstrated the returns available in a part- to full-day, long-term program.

We propose that the Minnesota state government create the Minnesota Foundation for Early Childhood Development to fill the gap between the funds currently available for ECFE, School Readiness and Head Start and the amount necessary to fully fund a high-quality program for all 3- and 4-year-old children living in poverty in Minnesota. A one-time \$1.5 billion outlay would create an endowment that could support ECDPs on an annual basis. The foundation would receive donations from government, private foundations, individuals and businesses. With the foundation's funds invested in corporate AAA bonds, earning about 7 percent per year, we estimate that the \$105 million in annual earnings would cover the yearly costs required to fully fund comprehensive, high-quality ECDPs for all children from low-income families in Minnesota (see Table 2).

The Minnesota Foundation for Early Childhood Development would provide funding for well-supported and highly effective ECDPs, whether supplementing funds for an existing Head Start center or helping start a new program. The Foundation

would provide additional resources to enhance existing programs, such as boost teacher qualification and compensation, reduce teacher-student ratios and expand curriculum resources. Furthermore, the Foundation would provide start-up funds for new ECDPs to help reach all eligible children.

We contend that funding for ECDPs should reach the level of model program status, such as the Perry School program, since this is the level at which high returns have been demonstrated. Well-funded ECDPs would ensure that all teachers have a degree in early childhood education and are paid at a level that keeps turnover to a minimum. Furthermore, ECDPs would maintain low student-to-teacher ratios and use high-quality curriculum materials. Funds should also be allocated for research to track the improvement of participating children and identify where additional support may be needed. Participation in these programs should be voluntary, but incentives may be provided for families to participate. ECDPs should work effectively with parents and include them in the education process with their children.

Conclusion

The conventional view of economic development typically includes company headquarters, office towers, entertainment centers, and professional sports stadiums and arenas. In this paper, we have argued that in the future any proposed economic development list should have early childhood development at the top. The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime. A \$1.5 billion investment to create the Minnesota Foundation for Early Childhood Development would go a long way toward ensuring that children from low-income families are ready to learn by the time they reach kindergarten.

Granted that in today's tight fiscal environment, \$1.5 billion is a particularly large sum, which may mean we can't fully fund the program immediately. But we should be able to fully fund the endowment over the next five years. After measuring the public impact on the quality of life that such a foundation can provide, the costs of not making such an investment are just too great to ignore. ■

ENDNOTES

- ¹ Melvin Burstein & Arthur Rolnick, "Congress Should End the Economic War Among the States: Federal Reserve Bank of Minneapolis Annual Report Essay," *The Region* 9, no. 1 (March 1995), 3-4.
- ² "The Ruin of Britain's Universities," *The Economist* 365, No. 8299 (16 Nov. 2002), 51.
- ³ David McCullough, *John Adams* (New York: Simon & Schuster, 2001), 222-225.
- ⁴ Martha Farrell Erickson & Karen Kurz-Riemer, *Infants, Toddlers and Families: A Framework for Support and Intervention* (New York: The Guilford Press, 1999), 19.
- ⁵ Dale C. Farran, "Another Decade of Intervention for Children Who Are Low Income or Disabled: What Do We Know Now?" in *Handbook of Early Childhood Intervention*, ed. Jack P. Shonkoff and Samuel J. Meisels (Cambridge University Press, 2000), 511-512.
- ⁶ Lawrence J. Schweinhart, Significant Benefits: *The High/Scope Perry Preschool Study Through Age 27* (Ypsilanti, Michigan: High/Scope Press, 1993), 32.
- ⁷ Dale C. Farran, "Another Decade of Intervention for Children Who Are Low Income or Disabled: What Do We Know Now?" in *Handbook of Early Childhood Intervention*, ed. Jack P. Shonkoff and Samuel J. Meisels (Cambridge University Press, 2000), 516.
- ⁸ Lawrence J. Schweinhart, Significant Benefits: *The High/Scope Perry Preschool Study Through Age 27* (Ypsilanti, Michigan: High/Scope Press, 1993), xv, 55.
- ⁹ James J. Heckman and Pedro Carneiro, "Human Capital Policy," working paper, University of Chicago, August 2002.
- ¹⁰ Dale C. Farran, "Another Decade of Intervention for Children Who Are Low Income or Disabled: What Do We Know Now?" in *Handbook of Early Childhood Intervention*, ed. Jack P. Shonkoff and Samuel J. Meisels (Cambridge University Press, 2000), 513-515.
- ¹¹ *Early Childhood and Family Support* [online], Minnesota Department of Children, Families & Learning Web Site [cited December 2002], available from World Wide Web: (<http://cfl.state.mn.us/ecfi/>).
- ¹² Ibid.
- ¹³ Ibid.

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Improving Service Delivery

Recommendation 21: Federal, provincial and territorial governments should commit funding and resources to enable First Nations, Métis, and Inuit governments and organizations to substantially improve their service delivery systems and infrastructure over the next five years with particular priority in the areas of health care, social and children's services and education. These strategies will need to be developed on a partnership basis so that they are appropriately tailored and respond to diverse needs and circumstances.

Recommendation 22: Governments should invest resources to promote, support and facilitate the development of Aboriginal networks, including professional networks and communities of interest.

Treating Information as a Public Resource

Recommendation 23: Federal, provincial and territorial governments should reach agreements on a framework for information governance negotiated directly with each respective national Aboriginal organization that can serve broadly as guidelines for the collection, dissemination and sharing of information and data.

Recommendation 24: Federal, provincial, territorial governments and Aboriginal political leadership should support the creation of information capacity that will allow Aboriginal governments and organizations to be more accountable to both their citizens (constituents) and to have a shared accountability relationship with their government partners. Aboriginal governments and organizations should commit to using ICT to provide information that strengthens accountability and participation of their members and citizens in governance and decision-making.

Citizen Engagement

Recommendation 25: Governments and Aboriginal leadership need to build the organizational capacity, authority and resources necessary to engage and consult with Aboriginal citizens on policies, programs and services. These consultation resources should include the technological capacity to engage Aboriginal citizens, including recognizing their distinctive cultural and language needs. Governments should encourage pilot projects to assess the best way to engage Aboriginal citizens using online tools and methodologies.

Partnerships & Collaborations

Recommendation 26: Consideration should be given to establishing an Aboriginal-led national multi-stakeholder vehicle, that includes government and other key stakeholder representatives, with a mandate to champion, sustain and facilitate the implementation of Aboriginal eGovernment.

Recommendation 27: Governments should support a national conference of Aboriginal and government leaders to develop and chart out an action plan to support and achieve the goals of digital equality and opportunity.

learning. Having provincial and territorial governments and education institutions and agencies as partners in this national project will be critical to its success.

Recommendation 11: Working with the appropriate Aboriginal authorities, national and provincial archives and museums should accelerate the digitization of Aboriginal historical records and artefacts and make this information available online.

Recommendation 12: Financial and other resources should be made available for Aboriginal communities to collect and digitally preserve their histories and cultural knowledge for the benefit of the community.

Recommendation 13: Aboriginal governments, organizations and communities should develop protocols to govern the online collection, dissemination and use of cultural information based on customary laws.

Recommendation 14: Aboriginal peoples should develop models for intellectual property protection of traditional knowledge, traditional cultural expressions and folklore. These models should be recognized by governments and protected in law.

Creating Opportunities in the New Economy

Recommendation 15: Aboriginal governments should be supported and encouraged to develop and integrate ICT initiatives into their long term strategic planning in order to:

- Facilitate community economic and business development and entrepreneurship;
- Stimulate and sustain the development of an Aboriginal owned and controlled ICT business sector; and,

- Foster community/private sector partnerships that provide access to necessary expertise and resources to assist and help promote technology-based economic development and growth.

Recommendation 16: Governments should provide assistance and create incentives for the Aboriginal business sector:

- To adopt ICT into their production, business and service processes; and,
- To increase business intelligence gathering and product and service marketing capacity to better identify business opportunities and reach out to regional, national and international markets.

Recommendation 17: Aboriginal governments, organizations, and business associations should play a facilitative role in developing business capacities by providing information, better aligning programs and resources, and helping entrepreneurs build networks and partnerships. This would include developing online information and services to support business and local capacity development.

Recommendation 18: Aboriginal organizations, governments, community colleges and the private sector should collaborate on a long term strategy to actively support and promote Aboriginal participation in the knowledge economy.

Recommendation 19: Aboriginal training and business organizations, in collaboration with the relevant agencies of government, should undertake an assessment and stocktaking of the potential role of eTraining in developing the Aboriginal workforce and business sector.

Recommendation 20: Aboriginal governments should create an enabling environment that favours innovation and technology-based economic and business development.

Summary of Aboriginal Voice Recommendations

Building Sustainable Capacity

Recommendation 1: Aboriginal eGovernment should be a priority on a national agenda of transformation.

Recommendation 2: A national commitment by all governments in Canada is required to bridge the digital divide for Aboriginal communities and institutions within the next five years, and for all Aboriginal peoples within the decade. Achieving these goals entails high-speed broadband Internet access that is affordable to users, coupled with governments investing to create sustainable capacity within Aboriginal communities and organizations to maintain and support ICT systems and applications development.

Recommendation 3: Aboriginal governments and their structures must be the central building blocks for an Aboriginal eGovernment agenda.

Recommendation 4: A Community- and Citizen-centred approach, driven by Aboriginal governments, should be adopted as the primary underpinning of Aboriginal eGovernment.

Aboriginal eLearning

Recommendation 5: Governments should make Aboriginal eLearning a national priority and facilitate and resource the building of a national online Aboriginal eLearning portal that would serve as a focal point for a national eLearning networks tailored to the different needs of the First Nations, Métis, and Inuit peoples.

First Nations, Métis and Inuit educational and training organizations, need to be resourced to fully participate in this national initiative. Characteristics of a national eLearning portal and networks would include:

- An open source resource web/network;
- National collaboration, with regard to more advanced communities and users acting as role models and mentors to those who need to build capacity; and,

- Open source information and resources that would be accessible to all Aboriginal learning organizations, while maintaining the ability to allow communities to cater the information and applications to their learning needs.

Recommendation 6: Federal, provincial and territorial governments should commit to providing long term funding and support in order to sustain current Aboriginal eLearning infrastructure and initiatives.

Recommendation 7: Aboriginal organizations, governments, and post-secondary institutions should collaborate on an assessment and action plan on how ICT can be used to increase Aboriginal post-secondary participation and achievement.

Recommendation 8: Working in collaboration with Aboriginal leaders and organizations, federal, provincial and territorial governments should promote and invest in First Nations, Métis and Inuit Centres of Excellence for eLearning with a mandate to advance and share information and knowledge about best practices and facilitate their diffusion into education and training systems and into the community.

Recommendation 9: National and regional research granting agencies should invest dedicated resources to support the advancement and innovation in Aboriginal eLearning.

Preserving, Promoting & Protecting Aboriginal Cultures

Recommendation 10: The Federal Government, in collaboration with national First Nations, Métis, and Inuit organizations, should develop and implement a national policy commitment to promote the preservation and protection of Aboriginal cultures and languages and ensure Aboriginal children, wherever they live, have opportunities to learn their culture and language. A critical component of this commitment is to fully employ, with appropriate safeguards, the potential of ICT to preserve, store, transmit and enable active cultural

Recommendation 25: Governments and Aboriginal leadership need to build the organizational capacity, authority and resources necessary to engage and consult with Aboriginal citizens on policies, programs and services. These consultation resources should include the technological capacity to engage Aboriginal citizens, including recognizing their distinctive cultural and language needs. Governments should encourage pilot projects to assess the best way to engage Aboriginal citizens using online tools and methodologies.

Partnerships, Networks and Leadership

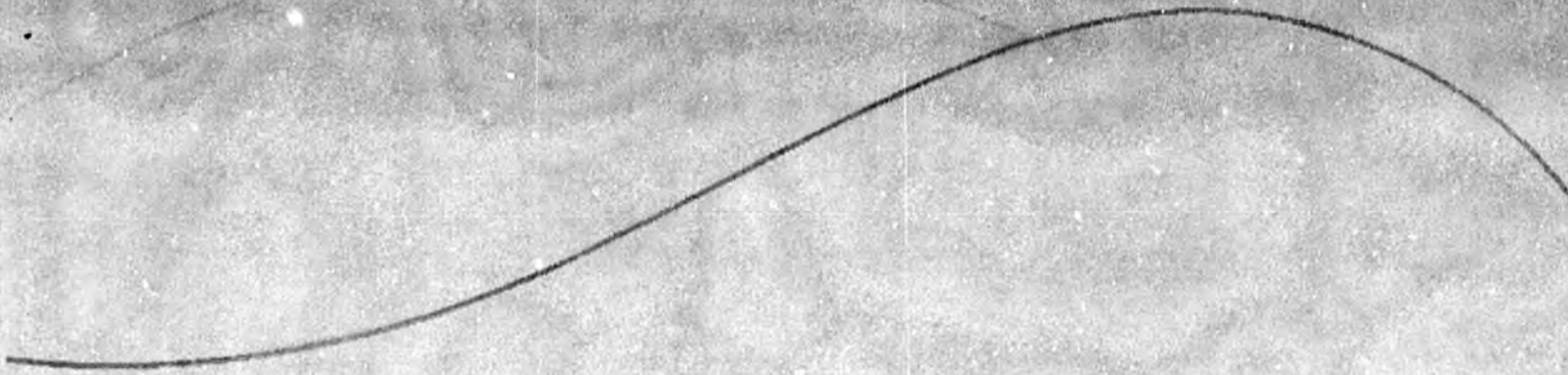
Collaboration and partnerships are underpinnings for effective eGovernment. Partnerships represent a way of realizing opportunities, mobilizing scarce resources, mitigating risk, staying abreast of new systems and applications, ensuring skills are developed and maintained, and up-to-date technologies are harnessed. Aboriginal Voice showcased examples of successful collaborations and partnerships in every area where Aboriginal eGovernment is evolving.

Fostering and deepening the environment for partnerships and collaborative networks will greatly facilitate the development and implementation of Aboriginal eGovernment. Our hope is that Aboriginal Voice has helped to facilitate this process. Our participants told us that a sustained commitment to collaboration and partnership development is required. Having a clear and focused Aboriginal eGovernment agenda and set of priorities would contribute immeasurably to this objective. Aboriginal-led multi-stakeholder vehicles can serve to bring together the necessary players, including government. It may be useful to consider national level mechanisms for this purpose. These mechanisms would need clear mandates and broad support from Aboriginal political leaders and federal, provincial and territorial governments.

Recommendation 26: Consideration should be given to establishing an Aboriginal-led national multi-stakeholder vehicle, that includes government and other key stakeholder representatives, with a mandate to champion, sustain and facilitate the implementation of Aboriginal eGovernment.

Aboriginal eGovernment will only move forward with momentum if there is a focal point for shaping and driving this agenda. We have said that political leadership is required. Aboriginal organizations and governments cannot do this alone, nor do they have the resources. Through Aboriginal Voice we observed many successes, but equally we saw many major institutional barriers to an effective intergovernmental and even interdepartmental agenda emerging around Aboriginal eGovernment. Joint leadership and commitment between Aboriginal leaders and governments has the potential to kick start and sustain an agenda that would see the power of today's information and communications technologies deployed to help Aboriginal Canadians realize their aspirations. We are hopeful that the recommendations of this report will make a contribution to this important exercise of leadership.

Recommendation 27: Governments should support a national conference of Aboriginal and government leaders to develop and chart out an action plan to support and achieve the goals of digital equality and opportunity.



Aboriginal Self-Governance and Citizen Participation

One of the great potential benefits often cited for ICT is eDemocracy – using the technology to better engage citizens in the public policy making process and in holding governments to account. While Aboriginal Voice participants saw this potential, our discussions highlighted some unique differences and challenges for citizen engagement and accountability in an Aboriginal eGovernment context. Many Aboriginal people live in communities where political discussion and activities are close to home. The way politics is conducted and decisions are made is often deeply connected to culture and traditional practices and, of course, there is great diversity among Aboriginal peoples in this respect. How does new technology fit with Aboriginal politics and traditional ways of making collective decisions? We did not emerge with good answers to this very important question. What we did hear is that Aboriginal governments and organizations most often do not have the scope of authority or resources necessary to effectively engage their citizens in a meaningful way. Federal and provincial governments are seen as the primary sources of authority and control over resources and how they are to be used. In other words, greater Aboriginal citizen engagement is directly tied to greater self-governance by Aboriginal peoples.

Having said this, there are many promising avenues for using ICT to better connect and engage Aboriginal political leaders with those they represent. Certainly, the Internet can be used as a vehicle for providing ready access to information and for increasing the lines of communication, especially with young people, who may be more willing to interact with their political leaders through a medium like the Internet. Political leaders also have an opportunity to use the technology to reach out to their constituents through online surveys and dialogues on issues of concern to them.

More immediately, ICT may be an effective tool for Aboriginal organizations involved in advocacy and political representation to become more effective through sharing of information, opening up internal processes for policy and decision-making and building coalitions of support on issues of common concern.

Aboriginal political institutions and organizations may well have a role in facilitating the introduction of technology within Aboriginal communities by becoming showcase examples of how ICT can be used to strengthen the political process. Political leadership, as we said earlier, is required for a successful Aboriginal eGovernment agenda. If Aboriginal leaders can embrace the technology for their own purposes the better the chances they will become champions for its broader application in helping tackle social and economic issues.

Federal, provincial and territorial governments also need to do a more effective job of engaging Aboriginal citizens on matters that directly affect or are of interest to them. There are some matters on which governments have a legal and ethical responsibility to consult Aboriginal communities and citizens. What role can ICT play in these consultation processes? What are the implications or limitations on the use of eConsultation tools with respect to the Crown's duty to consult? These are difficult questions. A starting point for greater Aboriginal citizen engagement would be to have Aboriginal political leaders and federal, provincial and territorial governments jointly develop consultation standards, guidelines and methodologies that promote greater Aboriginal participation in governance and decision making and determine what role ICT should play in these processes.

and organizations that the costs of turning this situation around are so high that building this capacity has to be regarded as a long term investment project.

Collection and evaluation of information at the community level requires resources to support a system of data collection and distribution and a workforce which is well-equipped and qualified to understand and use information and research. The ability to capture, aggregate, disseminate and easily access and use information from multiple sources is essential to informed planning and decision making on the part of governments and communities. More direct participation of Aboriginal citizens in government decision-making and planning requires increasing access to information that is user friendly.

Recommendation 24: Federal, provincial, territorial governments and Aboriginal political leadership should support the creation of information capacity that will allow Aboriginal governments and organizations to be more accountable to both their citizens (constituents) and to have a shared accountability relationship with their government partners. Aboriginal governments and organizations should commit to using ICT to provide information that strengthens accountability and participation of their members and citizens in governance and decision-making.

Integration and Streamlining of Information and Information Requirements

Integrating services in ways that better meet the needs of citizens requires the sharing and integration of information across program, departmental and jurisdictional boundaries. We were told time and time again that Aboriginal governments and organizations confront costly, complex and overly burdensome information demands that inhibit the integration of information and services. Moreover, these data requirements are said to be heavily administrative and do not support the move to results-based accountability that is being strongly urged by Aboriginal leaders and authorities like the Auditor General of Canada.

Changing the current situation is challenging but it can be done. We found evidence of this in the type of information sharing agreements and protocols that are being negotiated through Aboriginal self-government processes. The focus of these agreements is to develop and share information that is relevant to community members with a concurrent goal of strengthening the accountability relationship between them and their governments all the while meeting the accountability requirements of Parliament. Identifying common data needs and uses has served to eliminate some of the administrative burden and duplication for all the governments involved. With this direction in mind, federal, Aboriginal and provincial and territorial governments need to work in partnership to:

- Coordinate existing information and information sources;
- Develop mechanisms that allow for streamlining of information requirements and mutual accountability between governments; and,
- Ensure the protection of privacy.



There are already excellent examples where integrated online service delivery is successfully taking place. The Meadow Lake Tribal Council (MLTC), to cite one example, by way of a pilot project has worked with AIS (Aboriginal Information Systems) to develop the software needed to integrate services. MLTC's nine First Nations communities in northern Saskatchewan are integrating six programs: housing, child & family services, post-secondary, health, membership, and social assistance. All of the data collected for each program area is centralized on the basis of membership (through a "citizen's database") and the data is available to the First Nations with the appropriate security measures to ensure that only those permitted have access to the information that is required. The success of the initiative is driven in part by the fact the system was designed, developed and implemented by First Nations, which once again speaks to the need for initiatives to be community and Aboriginal government driven. The end result: the new system not only provides programmatic outputs (eg. Social Assistance cheques), it also generates the reports required for submission to federal government.

Aboriginal governments and organizations are in the best position to know where service infrastructure needs to be improved, what gaps in service exist and where integration of service can be most beneficial.

Information Resources in the Information Society

In the information society, it is imperative that Aboriginal peoples and communities have ready access to information. It is essential to their full participation in Canada's social and economic life as well as to increased control and jurisdiction over programs and services by Aboriginal communities. Better access to information would mean more direct participation of Aboriginal citizens in government decision-making and planning. Information is the glue that supports and binds the pillars of cultural development, good government, citizen-centred services, and economic opportunity.

Ownership, Control, Access & Possession

Aboriginal governments, institutions and organization have a key role in developing information that meets their own needs and the needs of their members. Federal, provincial and territorial governments are the primary holders of Aboriginal information. The ownership, control, access to and possession of this information is of vital concern to most communities and these issues are quickly becoming an impediment to having this information become a resource for policy planning, reporting and evaluation. Major data collecting institutions such as Statistics Canada have encountered major problems in collecting data within some Aboriginal communities because of these concerns. To begin, there is a need to determine what kinds of data will be shared and what rules will be in place to ensure that information is appropriately and ethically handled. This will ensure proper standards for data management and continuity for information holders. Having this framework is an important building block for Aboriginal participation in eGovernment and service delivery initiatives.

Recommendation 23: Federal, provincial and territorial governments should reach agreements on a framework for information governance negotiated directly with each respective national Aboriginal organization that can serve broadly as guidelines for the collection, dissemination and sharing of information and data.

Information Capacity

Aboriginal governments need to have access to extensive amounts of information to create sound comprehensive community profiles and plans and to allocate resources effectively. The information that is collected and shared needs to be relevant and used in the service of the community – that is, it should be outcome oriented as opposed to administratively focussed. Having high quality, relevant information available would serve to build the policy and planning capacity of Aboriginal governments and organizations. Information deficits are so large at this point for most Aboriginal communities

Service Delivery Networks

Aboriginal Voice showcased many examples on how Aboriginal governments and organizations are using technology to improve service delivery. Health is one example where progress is being made. A recent report from Health Canada contains strong quantitative and qualitative evidence which demonstrates that telehealth networks provide high quality clinical and community services to previously under-served Aboriginal communities. These online tools are offering more opportunities for health professionals and community members to share information and advice, improve their knowledge, and foster new ways of communication through e-mail, videoconferencing and chat rooms. For service professionals, particularly, who are often in high demand, having access to ICT creates more rewarding professional and work environments that lead to their wanting to remain in communities. The tools and mentoring that these online systems provide also makes upgrading of knowledge and skills within the community more accessible and affordable.

Achieving the necessary economies of scale and capacity may require a more regional approach.

Using technology to facilitate networking among communities is another way to meet the needs of communities and organizations. It allows them to collaborate on common issues through sharing of best practices, participating in real time problem solving and creating the economies of scale that make a broader and more specialized range of online services viable. The capacity to tailor services is especially important to growing segments of the Aboriginal population, such as youth and Aboriginal peoples living in urban centres, which may or may not have a connection or affinity with traditional communities.

A particularly interesting and dynamic perspective on service delivery is the fact that online networks allow for the self-generation of services. In the case of youth, for example, online help and counselling services have emerged from online networks such as the Aboriginal Youth Network (www.ayn.ca). The site is a one-stop service for information ranging from wellness issues such as quitting smoking, safe sex, traditional medicine to scholarships, internships and education and training programs for Aboriginal peoples.

Recommendation 22: Governments should invest resources to promote, support and facilitate the development of Aboriginal networks, including professional networks and communities of interest.

Integrating Online Service Delivery

The eService strategies of the federal, provincial and territorial governments are targeted at integrating services to make them easier to access and more relevant to the needs of citizens. The model is one of seamless service delivery. A core theme in the Aboriginal Voice discussions was the need to break down departmental and government silos to create more holistic, community-based continuums of services by giving First Nations, Métis and Inuit governments and organizations more control and flexibility to design, manage and tailor services to the communities they serve. There are over 200 different cross-governmental programs available to Aboriginal peoples. The question remains, what is the range of service that should be available online and how can these services best be accessed? Currently, the story is one of fragmented mandates with little focus on or investment in service integration. What is required is realigning programs, policies and existing funding to better cluster and integrate services so that Aboriginal governments are better positioned to become points for service integration.

The Role of Leadership

Recommendation 20: Aboriginal governments should create an enabling environment that favours innovation and technology-based economic and business development.

Aboriginal political leadership has a critical role.

Aboriginal leadership can make in-roads by creating an enabling political and investment environment that favours the types of innovation and development required for participation in the New Economy. Pressing social demands, such as housing and health, make this challenging. That being said, local ICT champions – which may include service providers, community resource personnel, entrepreneurs and educators – can balance their ICT visions with the needs of the community. By consulting the community about their ICT plans, showcasing ICT best practice models, and highlighting economic success stories, champions can promote buy-in and ICT investments that will pay off in the long term for both individuals and communities.

Improved Aboriginal Services and Service Delivery

ICT is poised to become a major tool to enable First Nations, Métis and Inuit governments and organizations to improve services and fill service gaps. Canada may be at the forefront of developing eGovernment service delivery, but at the moment there are not many online services tailored to Aboriginal peoples. For example, computer-based case management systems that are a central feature in social service, health care and labour market programs are only now beginning to be developed as part of Aboriginal service delivery systems. This means, in effect, that Aboriginal citizens and communities do not receive the same quality or often the same scope of services that are routinely available to other Canadians.

A great deal of Aboriginal service delivery infra-structure has already been devolved to Aboriginal governments and organizations. The state of Aboriginal service infrastructure unfortunately lags behind that available to other Canadians, in many instances very far behind. These differences threaten to widen as federal, provincial and territorial governments, through initiatives such as Service Canada, make major investments in technology designed to create service delivery networks that will provide Canadians easier, one-stop access to services. There is a similar story unfolding in health care as Infoway begins to make huge investments in ICT over the next few years to improve the availability and access to health services. While these advancements are positive developments for most Canadians, Aboriginal-specific components are not visible, nor is the need for Aboriginal-delivered services at the community level.

Aboriginal governments and organizations are pivotal points for service delivery and require the resources to invest in ICT so that they can provide similar higher quality service systems and better access to a broader range of services for their citizens and clients. Using technology to upgrade and develop Aboriginal service delivery systems and infrastructure was identified as a major ICT priority by Aboriginal Voice participants. The evidence presented in the forums in areas like eLearning and eHealth also made a convincing case that investment in the application of ICT to improve and tailor service delivery to client needs will lead to better program outcomes for those that are being served.

Recommendation 21: Federal, provincial and territorial governments should commit funding and resources to enable First Nations, Métis, and Inuit governments and organizations to substantially improve their service delivery systems and infrastructure over the next five years with particular priority in the areas of health care, social and children's services and education. These strategies will need to be developed on a partnership basis so that they are appropriately tailored and respond to diverse needs and circumstances.

Recommendation 17: Aboriginal governments, organizations, and business associations should play a facilitative role in developing business capacities by providing information, better aligning programs and resources, and helping entrepreneurs build networks and partnerships. This would include developing online information and services to support business and local capacity development.

Skill Sets for Today's Economy

Developing human capital is fundamental to participating in the opportunities afforded by the New Economy. Human resource development is a vital issue for Aboriginal Canadians and their communities. Having new ICT skills and literacy is a critical aspect, but it goes beyond just acquiring technical savvy. Strong communication skills (especially in the areas of partnerships and education), leadership and project management skills, and innovation and entrepreneurship are all part of the mix. The success of business ventures ultimately remains conditional on business skills acumen.

A human resource strategy that employs ICT to develop new knowledge and new skills is a key in this regard because it involves learning by doing. Online training is the principle method that companies now use for training and workforce development. Online training systems are very developed, including online workshops, seminars and tutorials, trades and adult learning. We were told that these tools are not being used extensively in Aboriginal training and workforce development strategies at this point.

Both governments and the business sector have an investment role in developing Aboriginal human resources and a facilitative role in helping bring partners and networks together with Aboriginal organizations to develop workforce strategies that position Aboriginal young people for the future.

The concept of Aboriginal governments and organizations as custodians of information also warrants consideration. Clearing houses, such as the Aboriginal Inclusion Network (www.inclusionnetwork.ca), an online employment company that matches Aboriginal employees to businesses, are repositories and disseminators of best practices for proposals, solutions, and learning. The Inclusion Network links Canadian employers to Aboriginal job seekers, over 300 Aboriginal employment centres, and post-secondary institutes across Canada. Aboriginal institutions can also play a role in developing business capacities by acting as facilitators by providing information, aligning programs and resources, and helping entrepreneurs build networks and partnerships.

Recommendation 18: Aboriginal organizations, governments, community colleges and the private sector should collaborate on a long term strategy to actively support and promote Aboriginal participation in the knowledge economy.

Recommendation 19: Aboriginal training and business organizations, in collaboration with the relevant agencies of government, should undertake an assessment and stocktaking of the potential role of eTraining in developing the Aboriginal workforce and business sector.