




TO: State Aid Subcommittee
FROM: Ken Slentz 
SUBJECT: Governor's Proposal on State Aid and State Support for Universal Pre-Kindergarten
DATE: February 6, 2012
AUTHORIZATION(S):

SUMMARY

Issues for Discussion

How does the Governor's proposal compare with the Regents State Aid proposal (Attachment A)? What are long-term directions for State support for universal pre-kindergarten (Attachment B)?

Reason(s) for Consideration

For information, discussion and policy deliberation.

Proposed Handling

These questions will come before the State Aid Subcommittee at the February 2012 Regents meeting.

Procedural History

The Regents approved their State Aid proposal in December and the Governor submitted his budget recommendations to the Legislature in January. Attachment A compares the Governor's State Aid recommendations with the Regents proposal, for information purposes.

The Regents have long recommended universal prekindergarten and supported the four year phase-in to full access, enacted in 2007. The economic crisis has stalled this progress. In their 2012-13 proposal, the Regents recommended an increase of \$53 million to continue the expansion of universal pre-kindergarten programs to eligible four-

year olds. At their January meeting, the Regents agreed to examine their position on universal pre-kindergarten and consider options for long-term policy development and implementation (Attachment B).

Background Information

A prolonged economic recession has placed stresses on school districts, especially those that are low spending, low wealth and have substantial student needs. To further exacerbate this, the State has frozen or reduced aid beginning in 2009-10 and school districts have cut spending on administration and non-personal services and, to an increasing degree, educational programs. The Regents proposal attempts to make decisions on the distribution of State Aid given the State's fiscal capacity and school districts' needs. Attachment A compares the Regents proposal with the Executive's budget recommendations for school aid for school year 2012-13.

Universal pre-kindergarten is a key component of a successful education enterprise. UPK has long been one of the most effective strategies for improving student achievement results including high school graduation and increasing future employment opportunities and earnings. As such, expanding access to UPK will be critical to implementing the Regents reform agenda. Despite this however, the implementation of pre-kindergarten programs in the State is not universal at this time due primarily to funding restrictions. Attachment B explores the funding details that may have negatively impacted the smooth and steady progress of implementation efforts across the State.

Timetable for Implementation

This conversation will continue discussion of the Regents State Aid proposal for 2012-13 and inform discussion for the development of the Regents State Aid proposal for 2013-14.

Comparison of the Regents State Aid Proposal And Executive Budget Proposal For School Year 2012-13

The following is a comparison of the Regents State Aid proposal with the Executive budget proposal for school year 2012-13. The proposals were similar in that three quarters of the increase in funds allocated for general support for public schools in each proposal is directed to high need school districts. The proposals are different in that:

- The Executive proposal allocates \$250 million for competitive grants for performance improvement and management efficiency. The Regents proposal allocates \$50 million for competitive grants and allocates \$200 million more to general support for public schools.
- The Regents proposal would eliminate the Gap Elimination Adjustment and begin a new, streamlined Foundation Aid formula targeted to high need school districts. The Executive proposal freezes Foundation Aid, continues the Gap Elimination Adjustment and restores \$290 million in a third formula, called the GEA Adjustment.

The following chart compares the two proposals in terms of specific dollar amounts.

Comparison of Regents State Aid Proposal and Executive Budget (all figures in millions)		
	Regents 2012-13 State Aid Proposal	2012-13 Executive Budget Proposal
Adjusted Foundation Aid	\$376 increase	Frozen
GEA Adjustment	n/a	\$290 increase
New Formula High Tax Aid	\$58 increase	n/a
Early Childhood Increase	\$53 increase	Level Funding
General Purpose Aid	\$491 increase	\$297 increase
Support for Students with Disabilities	\$69 increase	\$69 increase
BOCES/Career Technical Education	\$23 increase	\$23 increase
Instructional Materials Aid	\$8 increase	\$8 increase
Expense-Based Aids	\$161 increase	\$155 increase
Computerized Aids Subtotal	\$19,969	\$19,775
All Other Aids	\$3 increase	\$3 increase
Total GSPS	\$20,256	\$20,062
Competitive Grants	\$50	\$250
Total	\$805 increase	\$805 increase

Support for Universal Prekindergarten

This paper provides a description of the New York State Universal Prekindergarten (UPK) program, including a history of the funding provided and implementation efforts since it commenced in 1998. While UPK has grown significantly over the past decade, still only 66 percent of the school districts in the State participate. We have therefore not achieved the universal access for all four year olds as envisioned when the initial legislation was adopted in 1997. The program has, however, established an earlier entry point into the public school system for over 100,000 children. It is estimated that there are about 230,000 four year olds in the State. Early childhood programs, such as the UPK program, have been documented to result in positive learning gains which help to reduce the achievement gap among students in later years.

UPK and State support for UPK are a key component of the Regents reform agenda. The formula used to calculate a school district's grant award is complex and has been subjected to many changes. Many of the issues discussed relate specifically to the funding structure and suggest changes which would help to support more participation and greater access for all students, including students with disabilities. Students with disabilities, in particular, are underrepresented among the students served by the program. Ensuring equity of access through the provision of Transportation Aid is also discussed. This paper addresses these and other concerns and includes long-term goals for consideration by the Regents.

Background

This paper reviews data on Universal Prekindergarten (UPK) implementation and funding to date, and raises issues for consideration to strengthen and expand the program.

The UPK Program was first implemented in New York State in September of 1998 by State legislation adopted the prior year. UPK provides four year olds who are residents of a school district and age eligible for kindergarten the following fall (as defined in district policy), with a research-based classroom curriculum that supports the achievement of essential learning milestones and helps students meet and exceed State learning standards in later grades. The program has created an earlier entry point to public education, assisted in the coordination between day care settings and school districts, and helped young children be better prepared for school-based learning. Barnett, Schulman and other researchers have documented positive long-term gains for both disadvantaged and advantaged students who attend quality early childhood programs. Program goals focus on developing children's language and communication skills; promoting early literacy skills and critical thinking; developing large and fine motor skills; fostering children's social emotional development; and ensuring that the prekindergarten content is connected with the kindergarten and early elementary

curricula. Classroom activities are planned around learning centers which include a balance of teacher-directed and child initiated learning opportunities. Monitoring children's progress and assessing their acquisition of new information and skills is essential.

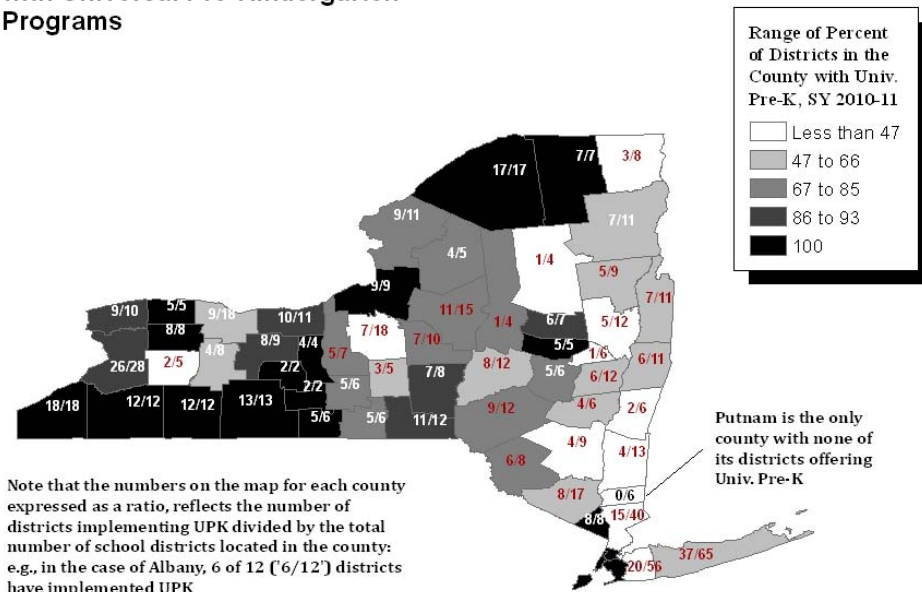
The UPK statute stipulates a formula to be used to calculate a district's grant award to serve students for a minimum of a two and one-half hour, five day a week, school year program. The formula has provided an annual minimum of \$2,700 per child. When fully implemented, every district in the State will have the option to offer a UPK program to all four year olds. By statute, districts are required to contract a minimum of ten percent of their grant with early childhood programs in community-based organizations (CBO) for the provision of the instructional program. This collaboration requirement has fostered the development of a prekindergarten system that builds upon and complements the preexisting early care and education system within communities. Classes may be located at the public school or at the CBO site. The contracting requirement is waived when a district can document that it has made diligent efforts but cannot identify a CBO that meets the established criteria. Statewide, approximately 54 percent of classrooms are contracted with CBOs.

UPK was designed to be phased in over a four-year period, beginning in 1998–99, with an increasing number of districts becoming eligible each year until the program was fully implemented in 2001-2002. In the first year of the program 62 districts (of the 126 eligible to apply for funding) served 18,200 four-year olds at a cost of \$57.1 million. In spite of steady growth during the initial years, the UPK formula used during the phase in process was suspended in 2001-2002. A very late State budget approval in August 2001 resulted in UPK being included in the general supports of that budget, instead of having a separate line item in the budget. Consequently, the number of eligible districts allowed to apply for funding was reduced to 224 (from a maximum of 419) and the State allocation was frozen at \$204.7 million. The funding freeze lasted through June of 2006 and significantly restricted implementation efforts during that period.

Currently about two-thirds of school districts in the state are implementing UPK. While not all districts implementing the program are serving the maximum number of four year olds whom they are funded to serve, some are serving more. The map in Figure 1 demonstrates the number of districts in each county implementing UPK out of the total number of districts located, primarily, in each county.

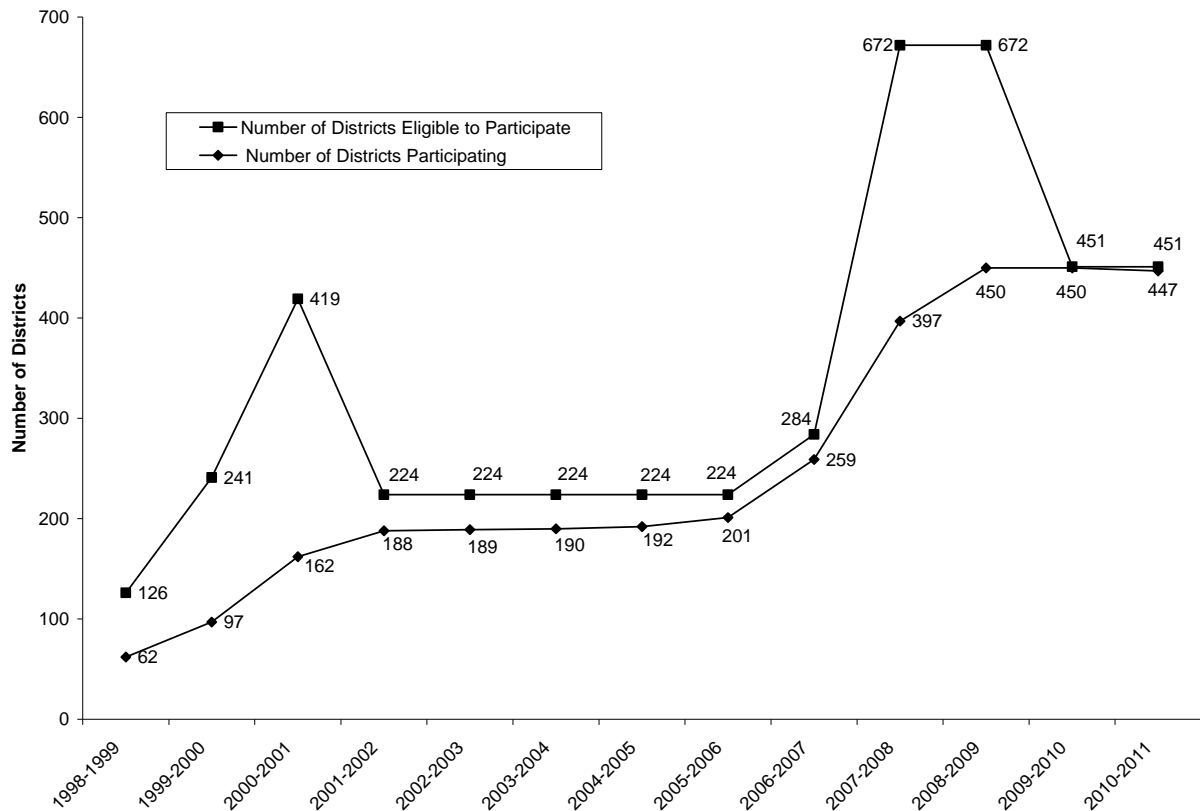
Figure 1: Approximately Two-Thirds of Districts are Offering UPK Programs

Percent of Districts in the County with Universal Pre-Kindergarten Programs



In 2006-07 a new funding formula allocated up to \$50 million for a supplemental UPK grant, increasing the State allocation to \$254.7 million with 284 districts eligible for participation. However, the total number of districts participating in UPK remained at fewer than half of the total districts (677) in New York State. Based on a new formula in 2007-08, virtually all school districts became eligible to apply for UPK funding. Figure 2 shows a steady increase in the number of districts implementing UPK from 1998-99 to 2010-11 and the total number which were eligible to apply each year.

Figure 2: Number of Districts Eligible to Participate and Those with UPK programs

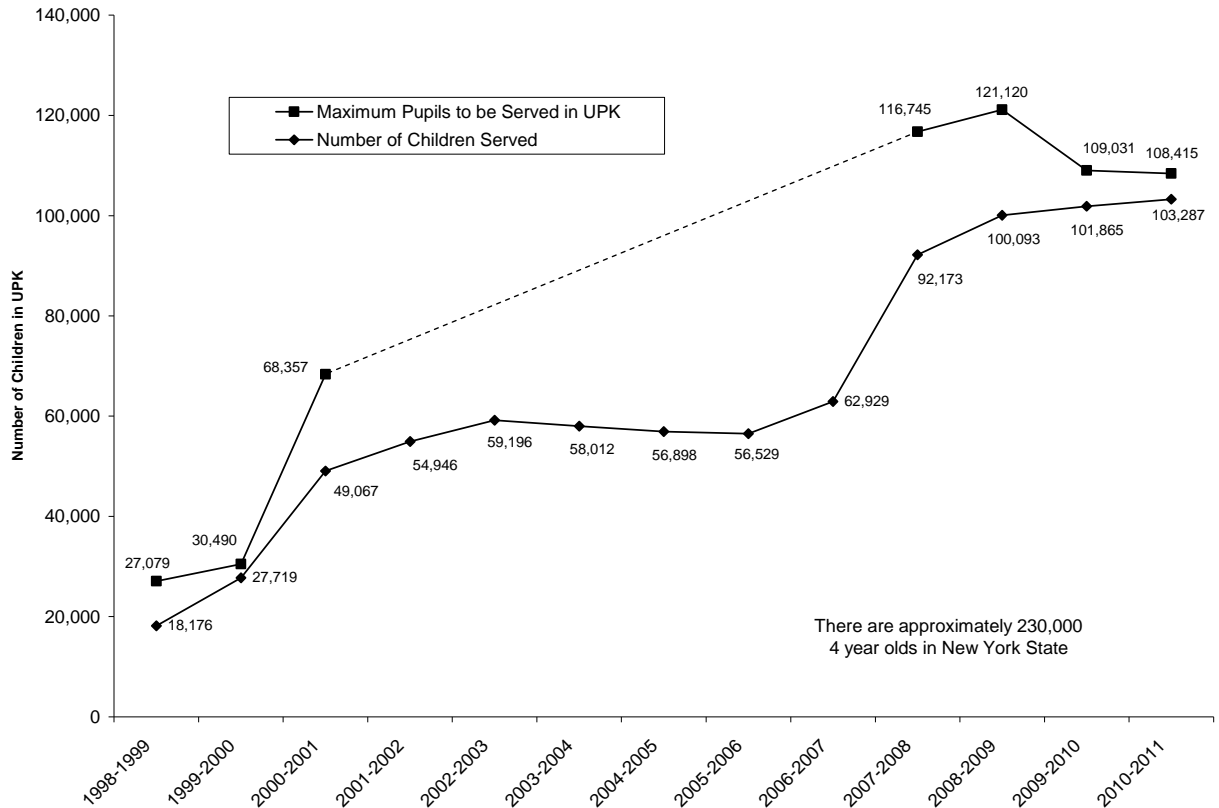


In an effort to encourage and support the participation of eligible districts, a provision in of the Laws of 2008 allowed districts to apply for grant funding to either plan a UPK program to be implemented the following year or expand their current program. However, when subsequently the State’s enacted a funding freeze at the prior year level, the availability of UPK funds was restricted to the 451 districts already operating a program. Thus the 14 districts that had received planning grants were unable to apply for funding to implement their programs.

Figure 3 shows the maximum number of pupils who could be funded by the State UPK grant and the number of students actually enrolled in the program. The total number of students served includes those supported with State funds as well as those served with additional, other, sources of funding if districts opt to serve more students than their grant supports. Alternately, some State funded slots (a slot is used to refer to the per child allocation) go unfilled if districts do not participate in UPK. Some of the reasons that districts chose not to apply for their maximum allocation include: too few children funded to launch a program; the per child amount is insufficient to cover the cost of a program without additional funds, especially with local funding constraints; and uncertainty about the UPK’s future stability. There was a hiatus between 2001-02 and 2005-06 during which the formula was suspended and there was no requirement that

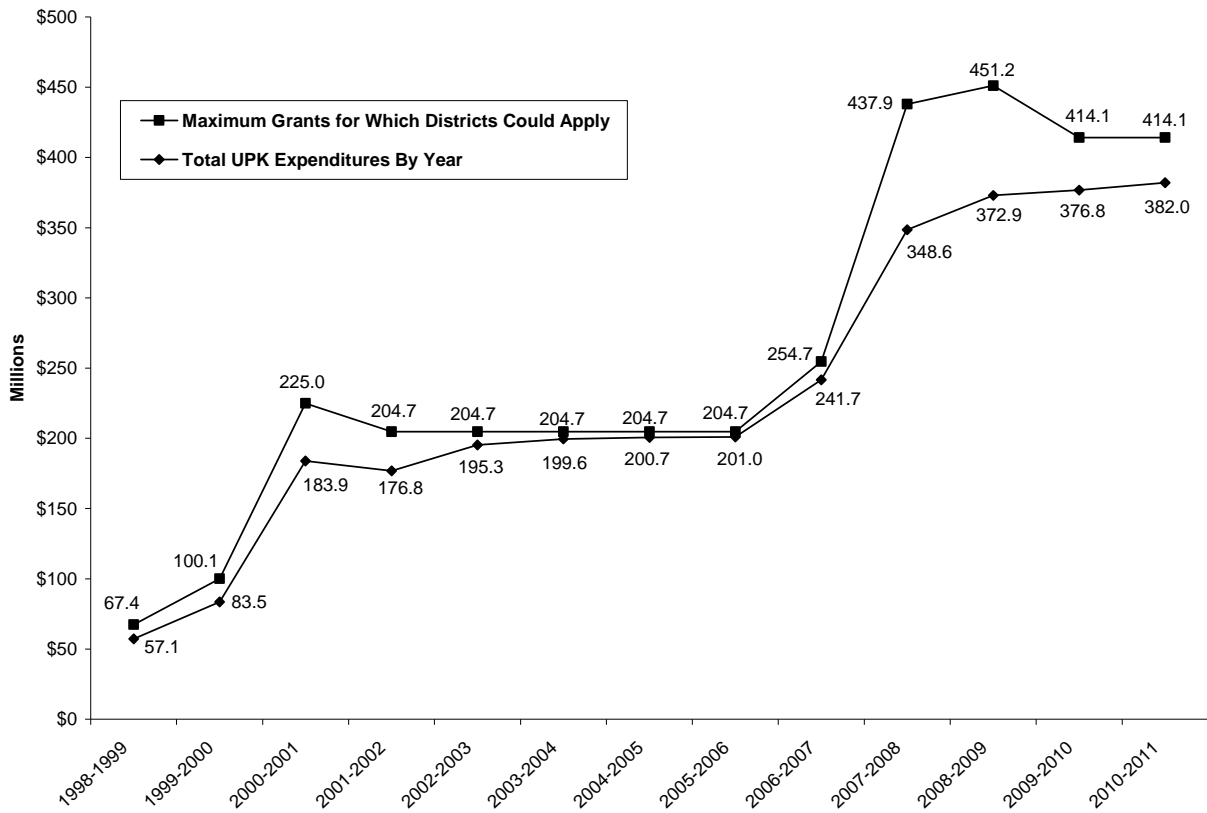
the maximum number of children be served in order for a district to receive its maximum allocation. The dotted line in the chart below incorporates this time period.

Figure 3: Number of Students Enrolled in UPK has Increased but Fewer than Half of Four-Year-Olds are Served in Program



Funding for UPK was launched in 1998 with a State allocation of \$67.4 million, of which participating districts expended \$57.1 million. Initially funding was ramped up quickly, as the legislation intended, but after the first three years the funding formula was suspended and the program was essentially flat funded for several years. In 2006-07 the formula was restored and many new districts became eligible to apply. UPK reached a maximum allocation of \$451.2 million in 2008-09 with 672 districts eligible to apply. Fifty-three new districts began implementation, resulting in 450 districts participating and 100,093 students served. However, a change to the funding formula occurred and aid was calculated based on final grant expenditures in the 2006-07 year. This change caused 101 districts to receive less funding than they had applied for through the grant process. Figure 4 shows the growth in the maximum statewide allocation for each year since the program's inception, contrasted with the actual expenditures for each year by all participating districts.

Figure 4: Funding has Increased but in Some Years Not All Funds Were Spent



ISSUES OF CONCERN

Need for Stable Funding

Since its inception in 1998, UPK has had many starts, stops, and slow downs on the way to becoming fully implemented. It is currently far from being “universal.” Due to the difficult fiscal climate, UPK funds have been frozen, consistent with some other State initiatives, and the statewide maximum for UPK has been reduced to \$414.1 million. The UPK program is available only to the 451 districts that implemented UPK prior to and during 2008-09. Approximately 220 districts have yet to implement UPK, and because of the issues of flat funding, were unable to do so in 2010-11. In addition, the UPK formula is complex and based on data that can change during a single funding year. A financial mechanism that supports stable funding for UPK, in addition to full-day kindergarten is essential if prekindergarten is to be an integral part of the P-16 educational system.

Maintenance of Effort

Before 2007, State law required districts to maintain their prior year expenditures for UPK as a condition for receiving the same allocation of State funds. If they didn't, State funding was reduced by the amount that the district reduced their local UPK expenditures. Legislative revisions adopted in 2007 altered the Maintenance of Effort (MOE) requirement. The revised requirement stipulated that a district could not reduce the number of students served in the prior year or their UPK grant would be reduced accordingly, as calculated on a per child basis. In other words, the requirement became the maintenance of students served, not funds expended. This was, and continues to be, a disincentive for expanding UPK because districts may be serving more students than those funded through their State UPK grant, specifically through the use of federal or local dollars. During these fiscally stressed times, the supplemental funds which districts used to serve more students than their UPK grant permitted, may not be available. The MOE requirement penalizes districts by reducing State Aid if they serve fewer students in a subsequent year. As districts cut back on their local (or federal) support for UPK, State funds are reduced by the same amount.

An example of the MOE problem follows. In 2008-09, District A received a UPK grant for \$85,188 to serve 31 students. Using local taxpayer dollars they served an additional 20 students for a total enrollment of 51 students. In the 2009-10 school year, the district has elected not to maintain its local effort and proposed serving only the 31 students funded by their UPK grant. However, because they had served 51 students during the prior year, their MOE requirement is for 51 students. Therefore, by serving 20 fewer students, their UPK grant will be reduced by that number and they will only receive funding for 11 students, or \$30,227. This is a disincentive for districts to serve additional students, when economically possible, and may result in districts discontinuing their UPK programs altogether.

Pupil Transportation

Transportation is another issue of concern. While districts have the legal authority to transport UPK students, and transportation costs are an allowable grant expense, districts are not able to receive Transportation Aid if they opt to transport students. While districts are allowed to put students on existing bus runs if there are available seats, no aid is generated for these students. Districts which do provide transportation typically absorb the costs at the local level. Those which do not provide transportation can only serve students whose parents or guardians are able to provide transportation. This means that children in districts with fewer local resources available to support the cost of transportation, or those with parents or guardians who are unable to transport them, will be less likely to attend UPK programs. These may be the same children expected to benefit the most. In these difficult times, where transportation costs are high, especially in rural districts serving large geographic areas, it is becoming increasingly difficult for districts to afford to transport UPK students.

Additional challenges associated with transporting UPK students include:

- Given that a large number of UPK students attend their instructional program at locations that are not housed at the public school, there needs to be clarity that districts have the legal authority under Education Law 3635 to transport students to sites other than public or non-public schools, licensed day care centers or after school child care programs. CBO settings include nursery schools, group family child care centers, and other early childhood programs not specifically listed in the law.
- Regardless of whether UPK transportation becomes an eligible expense under Transportation Aid, bus monitors are not aidable. If districts and parents believe that four year old children require a bus monitor, that expense would be a local cost.
- If students are three years of age when they begin UPK (turning four later in the fall) they must sit in car seats. The cost of car seats would be a district expense and space would be limited to two students per seat.
- While very few districts engage in this practice, it is allowable for districts to contract with CBOs located outside district boundaries. Districts have no legal authority to transport enrolled public school students to school settings outside of their own geographic boundaries, unless the setting is a BOCES program.

Inclusion of Children with Disabilities

A universal system of prekindergarten education would provide access to the program for all four year old children, with and without disabilities. Currently UPK and preschool special education are two separate systems. Although approximately five percent of children served in UPK have identified disabilities, we would expect the incidence to be closer to 10 percent given the classification rate for young children, in conjunction with some children's need for more restrictive programs, even if the UPK system was available to all preschool special education four year olds. While this level of participation may not be possible until UPK is fully phased in, this paper explores the current system requirements that affect participation of children with disabilities, and options for moving in a direction that allows for increased access.

As defined in Regulations of the Commissioner, all students who are district residents and meet age eligibility criteria, as defined by the district, must have an equal chance of being selected if there are fewer funded slots than applicants (except for homeless students who must have the option for enrollment by federal law). Therefore, the inclusion of four year-olds with disabilities is difficult to guarantee as random selection disallows slots to be reserved for any child regardless of their circumstances. Until UPK is fully implemented and there is sufficient funding to guarantee a funded slot for every applicant, the inclusion of children with disabilities will undoubtedly remain at about the same level as it has since the program began, i.e., approximately five percent,

unless a change is made. It is important to make the necessary modifications to ensure that all funds for young children are used cost effectively and children with and without disabilities have access to UPK programs, including any special services needed. An increase in the availability of a variety of special education models within UPK (e.g., special education itinerant teacher services, half day and full day Special Class in an Integrated Setting) could provide valuable access for students with disabilities to their non-disabled peers during this critical developmental period and could reduce the current preschool special education system's over-reliance on full-day segregated models.

CURRENT OPPORTUNITY

Although this fiscal period is very challenging for districts, it does provide an opportunity to step back from the current funding structure and allocation process and retool components of the formula that need correction. It also presents an opportunity for the Department to advocate for a process that will provide the State with a fiscally stable UPK program. Staff recommends that program goals be re-established and that a revised fiscal structure support the vision of full implementation of UPK across the State.

LONG TERM GOALS

- Commitment and funding for the full implementation of UPK so that all school districts and charter schools are eligible to serve interested four year olds. Ensure that the P in P-16 provides universal access.
- Funding structure that provides a streamlined approach and ensures predictability and stability, especially during the phase-in period.
- Ensure transportation for all children using the Transportation Aid formula. Legal obstacles will need to be resolved.
- Provide funding sufficient for a full-day program if districts elect to offer full day UPK.
- Maintain community-based organizations as an integral part of the service delivery system.
- A larger percentage of students with disabilities will be guaranteed a slot in the UPK program if that setting is determined to be an appropriate general education placement. This supports the full inclusion of four-year olds with disabilities who can benefit from placement in a UPK program and could reduce costs over the long-term as students are provided opportunities for integration with non-disabled peers.

References

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