

# Maryland Policy Report

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## WHY MARYLAND DOESN'T NEED UNIVERSAL PRESCHOOL

BY DAN LIPS

### EXECUTIVE SUMMARY

IN 2009, GOVERNOR MARTIN O'MALLEY SIGNED legislation to create "Maryland's Preschool for All Business Plan"—a State Department of Education initiative to study the feasibility of creating universal preschool for all children in the Old Line State. In December 2009, the Department released this report, which stated its intent to "outline the direction for implementing the [universal preschool] program during the second decade of the 2000s."<sup>1</sup>

The December 2009 report was the latest in a series of state government proposals for creating universal preschool in Maryland. In January 2008, the Task Force on Universal Preschool Education released a report, "Preschool for All in Maryland," required by General Assembly legislation in 2006. The task force recommended that the state create a program to provide universal preschool to all four year-olds by 2014.<sup>2</sup> The task force's report called on the Maryland State Department of Education to develop a draft business plan, published in September 2008.<sup>3</sup> This business plan projected that offering preschool to all four-year olds would cost approximately \$120 million per year, and recommended that state and local governments bear these costs, paying 70 percent and 30 percent respectively.<sup>4</sup>

The Maryland Department of Education's December 2009 business plan offered an incremental proposal: expanding currently-available public preschool to all children from families with incomes below 300 percent of the poverty line. The MSDE projects this would cost \$20 million annually.

Policymakers in Maryland may soon consider whether to enact legislation that moves toward the goal of universal preschool for all children, outlined in these various plans. Before this happens, policymakers and the public should carefully examine the basic premise of those championing the universal preschool initiative. Put simply, should the Old Line State provide subsidized preschool for all children (including those from middle- and upper-income families)?

Maryland currently provides universal access to publicly-funded preschool to all four-year-old children in the state.<sup>5</sup> According to the National Institute for Early Education Research (NIEER), 37 percent of all four year-olds in the state are currently enrolled in preschool while 7 percent are enrolled in the federal Head Start program. Altogether, total spending per child enrolled in preschool in Maryland during the 2007-08 school year was \$8,558, including federal, state, and local funding.<sup>6</sup> NIEER ranked Maryland ninth in the United States for providing access to four year-olds to preschool.<sup>7</sup>

The "Preschool for All" initiative is based on the theory that providing universal access to preschool will boost students' school readiness and lead to lasting benefits in K-12 classrooms and later in life. For example, the universal preschool task force stated that access to high quality preschool will reduce grade retention, special education enrollments, teen pregnancy, and criminal arrests, while increasing high school graduation and employment rates.<sup>8</sup> A cost-benefit analysis published by Towson University es-

timated that creating a universal preschool program would lead to a 10.5 to 1 return for the United States and an 8.3 to 1 return for Maryland society as a whole.<sup>9</sup>

But Maryland policymakers should be skeptical of the promised benefits of the “Preschool for All” initiative for the following reasons.

First, the projected benefits of universal preschool are based on a few small-scale preschool programs that operated decades ago, and which are unlikely to be replicated if Maryland creates a universal preschool program. A careful study of the available research and empirical evidence of publicly-funded preschool programs casts doubt on the long-term benefits assumed by universal preschool supporters.

Second, the experience of Georgia and Oklahoma—states that have offered universal, publicly-funded preschool since the 1990s—provides a more appropriate comparison for policymakers in Annapolis while they consider a similar universal program for Maryland. Neither state has seen remarkable improvement in its students’ academic achievement after the implementation of universal preschool, as would be assumed if universal preschool was a key to improving children’s long-term outcomes.

Third, universal preschool would create a subsidy for middle- and upper-income families, who likely already have the financial means to pay for preschool or child care if they want it for their children. Maryland already subsidizes preschool for disadvantaged children. Offering subsidized preschool to all children would likely lead to a

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-crowd-out’ of the private preschool sector, with families choosing the public preschool option and thereby limiting the range of private preschool and child care options.

Given Maryland’s challenging fiscal situation (and the anticipated \$2 billion budget deficit during the upcoming fiscal year<sup>10</sup>), Maryland should not follow the recommendations for the “Preschool for All” initiative by enacting universal preschool. A better course of action would be to improve learning opportunities for disadvantaged students in Maryland by strengthening the state’s current preschool program and redoubling efforts to reform and improve the state’s K-12 public education system.

**AN OVERVIEW OF PRESCHOOL IN MARYLAND**

Historically, Maryland has been a national leader in offering publicly-funded pre-kindergarten. Since the 1980s, the state has offered public preschool, starting with low-income children in Baltimore City and Prince George’s

**TABLE 1: 2007-08 STATE ESTIMATES FOR MARYLAND CHILDREN’S PRESCHOOL AND CARE STATUS**

	<b>ALL CHILDREN</b>	<b>LOW-INCOME CHILDREN</b>
<b>PUBLIC PRE-KINDERGARTEN</b>	39%	51%
<b>HEAD START</b>	7%	13%
<b>CHILD CARE CENTER</b>	15%	8%
<b>NON-PUBLIC NURSERY SCHOOL</b>	17%	2%
<b>HOME / INFORMAL CARE</b>	18%	22%
<b>FAMILY CHILD CARE</b>	5%	4%

*Source: Maryland Department of Education, “Maryland’s Preschool for All Business Plan,” which cites information from the MSDE School Readiness data for 2007-08.*

County.<sup>11</sup> Since 2002 and the “Bridge to Excellence in Public Schools Act,” access to publicly-funded preschool was expanded to include all low-income children in the state.<sup>12</sup> Between 1982 and 2008, enrollment in Maryland’s public pre-kindergarten grew from approximately 2,500 to more than 27,500.<sup>13</sup>

**PRESCHOOL ACCESS**

The Maryland State Department of Education reports that most Maryland children have access to some form of preschool. Table 1 presents an overview of how Maryland children spend the 2007-08 school year before entering kindergarten. Among low-income students, 51 percent participated in public pre-kindergarten.

**CURRENT PRESCHOOL COSTS**

Both the Maryland State Department of Education and the National Institute for Early Education Research report that the average annual cost of a student attending a public preschool program in Maryland in 2007-08 was approximately \$8,600.<sup>14</sup> These costs are shared by the federal, state, and local government. According to NIEER, Maryland’s state government’s share of this per-child cost was \$3,770.<sup>15</sup> The Maryland Department of Education estimated that expanding access to all low-income children since 2002 has cost local education agencies \$5,600 per student.<sup>16</sup> Altogether, total spending per child enrolled in preschool in Maryland during the 2007-08 school year was \$8,558, including federal, state, and local funding.<sup>17</sup> The average per-child expenditure at a Head Start center was \$8,218.<sup>18</sup>

**EVALUATING THE EFFECTIVENESS OF MARYLAND’S CURRENT PRESCHOOL PROGRAM**

The Maryland State Department of Education reports that expanding access and participation in publicly-funded preschool for low-income students has led to an improve-

ment in the school readiness of participating children. The Department's 2008 "Preschool for All Business Plan" included the following summary about the effectiveness of the current preschool program:

Evaluation results from the Maryland Model for School Readiness (MMSR) kindergarten assessment indicate that since 2001, when school readiness data were first collected, the percentage of children fully ready for kindergarten has significantly grown from 49 percent to 68 percent in 2007. Specifically, as the pre-kindergarten program has expanded to serve all children from economically disadvantaged backgrounds, the percentage of kindergarteners eligible for free and reduced-price meals who were fully ready for school increased from 34 percent to 59 percent. Of those children entering kindergarten in 2007 who were previously enrolled in Maryland's pre-kindergarten program, 70 percent were assessed to be fully ready for school, compared to only 57 percent of kindergarteners who did not previously attend any preschool program and stayed at home or in informal care with a relative or family friend.<sup>19</sup>

It is encouraging to see that participating low-income children appear to benefit from public preschool. This outcome should not be surprising, considering that state and local governments are allocating approximately \$8,600 annually per student in the state's preschool program.<sup>20</sup> Despite these encouraging results, Maryland policymakers should be cautious about assuming long-term benefits of the state's preschool intervention. A number of researchers evaluating preschool programs have observed a problem of "fade out." That is, early positive gains made by students participating in a public preschool program can ultimately disappear over time as a student passes through the elementary and secondary education system.<sup>21</sup> Hopefully, Maryland's low-income students benefiting from the state's preschool program will not experience "fade out" and will demonstrate positive benefits throughout their K-12 years.

### **THE "PRESCHOOL FOR ALL" INITIATIVE**

Over the past decade, Maryland offered publicly-funded preschool to all low-income children in the state. Today, many policymakers and education advocates are promoting proposals to expand publicly-funded preschool to all children in the state. For example, the General Assembly in 2006 created the Task Force on Universal Preschool Education, which has published a series of reports recommending that the state offer universal preschool to all four year-olds by 2014. The group called on the Maryland State Department of Education to create a business plan, which estimated that offering preschool to all four year-olds would cost approximately \$120 million annually. In December 2009, the MSDE offered its latest business plan, which included an additional, incremental proposal to

expand currently available public preschool to serve children from families with incomes under 300 percent of the poverty line, at an annual cost of \$20 million.

### **RE-EXAMINING THE CASE FOR UNIVERSAL PRESCHOOL**

Given the state's current fiscal crisis (with an anticipated state budget deficit of as much as \$2 billion), policymakers should be careful to re-examine the case for universal

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preschool before committing an additional \$120 million or \$20 million annual expenditure to the budgets of state and local governments. Supporters of universal preschool, including the Task Force on Universal Preschool Education, have asserted that taxpayer "investment" on universal preschool would yield large, lasting benefits for participating children. But this theory deserves to be scrutinized.

Consider some of the large benefits that universal preschool advocates have promised. The Maryland task force predicted that access to high quality preschool will reduce grade retention, special education enrollments, teen pregnancy, and criminal arrests, while increasing high school graduation and employment rates.<sup>22</sup> The task force's predictions were supported by a cost-benefit analysis published by Towson University, which estimated that creating a universal preschool program would lead to 10.5 to 1 return on investment for the United States and an 8.3 to 1 return for Maryland.<sup>23</sup> Preschool supporters in Maryland are not alone. President Barack Obama made similar claims in a 2009 speech, saying: "For every dollar we invest in these [early childhood education] programs, we get nearly \$10 back in reduced welfare rolls, fewer health care costs, and less crime."<sup>24</sup>

Universal preschool proponents support projections of these significant long-term benefits by pointing to the effectiveness of a handful of preschool programs that researchers have found to have lasting long-term benefits. However, policymakers in Maryland should understand that these projections are based on the results of small-scale preschool programs that served low-income students decades ago. These programs are different from the proposed "preschool for all" in Maryland in significant ways.

Proponents of universal preschool often point to the success of the Perry Preschool Program experiment in

**TABLE 2: SCORES ON THE NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS 4TH GRADE READING TEST**

	<b>NATIONAL AVERAGE</b>	<b>OKLAHOMA</b>	<b>GEORGIA</b>	<b>MARYLAND</b>
<b>2007</b>	220	217	219	225
<b>2005</b>	217	214	214	220
<b>2003</b>	216	214	214	219
<b>2002</b>	217	213	215	217
<b>1998</b>	213	219	209	212

Source: National Assessment of Educational Progress, “State Profiles,” [www.nces.ed.gov/nationsreportcard/states](http://www.nces.ed.gov/nationsreportcard/states).

Michigan in 1962.<sup>25</sup> This experimental study observed the effects of a preschool program on 123 low-income, African-American children. The students were randomly assigned to two groups: some children received aggressive preschool intervention (which included daily classes with teachers with bachelor’s degrees and home visits), while the other children did not. Researchers studying the participants over decades have found that the “treated”

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group experienced a number of lasting, positive benefits, ranging from improved school readiness upon leaving the program to increased high school graduation rates, higher life earnings, and reduced incarceration rates, compared to the control group (that did not participate in the preschool program).<sup>26</sup>

But the evidence from small-scale studies like the Perry Preschool Program and others which focus on serving low-income children with a very aggressive intervention should not be interpreted as evidence that all publicly-funded preschool programs would provide the same benefit to middle- and upper-income children.<sup>27</sup> Researchers from the RAND Corporation reviewed the empirical evidence on the effectiveness of preschool programs on children from different socio-economic and familial backgrounds in 2005. RAND researchers reported, “The literature is more limited in providing scientifically sound evidence of the long-term benefit of high-quality preschool programs for more-advantaged children.”<sup>28</sup> Continuing, the RAND researchers noted one quasi-experimental study of long-term effects of untargeted preschool, which found that “children participating in preschools not targeted to disadvantaged children were no better off in terms of high school or

college completion, earnings, or criminal justice system involvement than those not going to any preschool.”<sup>29</sup>

Evidence also suggests that preschool programs, even when focused on serving disadvantaged students, may not yield the lasting benefits that supporters claim. Consider the tragic history of the federal Head Start program. Created in 1965 by the Johnson administration, Head Start was created to provide preschool and health services to low-income children. After 45 years, the federal government has spent more than \$100 billion on it. With annual funding of approximately \$7 billion, Head Start currently spends at least \$7,300 annually on each of the 900,000 low-income children served. Despite this considerable investment, there is little evidence that Head Start provides lasting benefits to participating students. In 2010, the Department of Health and Human Services released the results of a national evaluation of Head Start, which found that children who had participated in Head Start experienced zero lasting benefits compared to their peers who did not attend Head Start by the end of first grade.<sup>30</sup>

Moreover, other researchers studying preschool programs have concluded that all children would not benefit from universal preschool in the ways that universal preschool proponents suggest.<sup>31</sup> For example, a 2005 study of 14,000 kindergarteners, conducted by researchers from Stanford University and the University of California, found that long hours spent in preschool negatively impacted the social skills of white, middle-class children. University of California, Berkeley Professor Bruce Fuller, a co-author of the report, explained, “The report’s a bit sobering for governors and mayors, including those in California, Florida, New York, North Carolina, and Oklahoma, who are getting behind universal preschool.”<sup>32</sup>

### **STATEWIDE UNIVERSAL PRESCHOOL? THE EXPERIENCE OF GEORGIA AND OKLAHOMA**

States that currently offer universal preschool, specifically Georgia and Oklahoma, offer Maryland policymakers a useful model to consider what could happen if the Old Line State offered universal preschool. In 1993, Georgia

became the first state to offer universal, publicly-subsidized preschool for all children. In 1998, Oklahoma became the second state to offer universal preschool. These universal preschool programs require significant funding in both states. In 2008, the state of Georgia spent \$325 million on preschool education, while Oklahoma spent \$139 million.<sup>33</sup>

Have these statewide universal programs yielded significant and lasting benefits since the 1990s? One way to try to answer this question would be to look at each state's performance on the National Assessment of Educational Progress's 4th grade reading exam. The NAEP exam, often called the "nation's report card," tracks national and statewide averages of student achievement. Policymakers often look to the NAEP test as a reliable barometer of state's educational performance. Given the importance of student

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mastering reading by the end of elementary school, the NAEP 4th grade reading test, in particular, is a critical measure of whether states are succeeding in teaching students critical skills.

If the existence of universal, public preschool was providing a real boost to students' long-term academic achievement and life outcomes (as proponents predict), some effect would probably be evident on the students' 4th grade NAEP reading scores. However, a comparison of the 4th grade NAEP scores of Oklahoma and Georgia with the national average suggests that no such boost is evident, at least in this critical measure of student performance. As Table 2 shows, between 1998 and 2007, 4th grade NAEP reading scores in Oklahoma actually declined. In Georgia, 4th grade test scores indeed improved; however, Georgia's 4th graders have progressed at roughly the same rate as the national average. Compared to both of these states where universal preschool has been offered since the 1990s, Maryland actually made significantly more improvement on NAEP 4th grade reading scores during the same period.

On its own, this simple analysis does not prove if universal preschool is effective or ineffective in Georgia and Oklahoma. Many other factors certainly affect student performance on the NAEP 4th grade reading exam. It is also possible that test scores would be lower in Oklahoma

and Georgia had universal preschool not been available during that period. However, this simple comparison does suggest that the lack of universal preschool in Maryland has not hindered Maryland students' progress in elementary school, at least judged by their improvement on the 4th grade NAEP exam during the same period.

### **POTENTIAL UNINTENDED CONSEQUENCES: CROWD OUT OF PRIVATE PRESCHOOL, FAMILY CARE**

While this policy brief has focused primarily on empirical evidence and past experience with preschool programs and their effect on academic achievement, it is also important for policymakers to understand some of the practical outcomes that will occur if the state initiates a statewide universal preschool program for all four year-olds.

One potential unintended consequence of a universal preschool program is the potential for a "crowd out" effect. That is, as government-subsidized care becomes available (and offered at no cost to families), it could have a negative effect on existing private preschool and childcare providers. If a free public preschool program were made available, families would have a strong financial incentive to enroll their child in the free program even if they preferred their previous care arrangements (whether a preschool program, child care, or parental or family care). As this shift from the private preschool and child care sector occurs, fewer private options will remain available, limiting the available choices of families outside of the public program.

In addition to limiting choices, offering a free, public preschool program would provide a disincentive for families to provide parental or other familial care, since families could choose a "free" option to family- or maternal care. Researchers have identified a link between the amount of time a child spends outside of his or her parents' care with behavioral problems.<sup>34</sup> A policy that encourages parents to enroll their children in a public preschool program instead of family- or maternal-care may have negative unintended consequences in this and other respects.

### **CONCLUSION**

Maryland policymakers should reject the repeated proposals to enact universal, subsidized preschool for all children in the state. The Old Line State is a leader in offering preschool to economically-disadvantaged children. Empirical evidence and practical experience from other states that offer universal, subsidized preschool suggest that universal preschool proponents' predictions of large, long-term benefits are likely to be realized. These claims of lasting gains from preschool are largely based on small-scale preschool programs from decades ago. Other evidence, including the experience of the federal Head Start program and the state universal preschool programs in Georgia and Oklahoma, suggests that preschool programs are not yielding lasting long-term benefits.

Since Maryland currently offers preschool to all low-income children, calls for providing universal preschool are largely focused on ensuring that middle- and upper-income children can also attend public preschool. However, it appears that most middle- and upper-income children currently have access to some form of satisfactory preschool or child care arrangement. Offering subsidized preschool to all families would likely result in a “crowding out” of the private sector, as families transfer children from private arrangements to the public program, thereby limiting families’ options.

Given the current fiscal crisis, investing \$20 million to \$120 million annually to expand preschool to serve non-economically disadvantaged children is not a prudent strategy for improving public education in the Maryland. Rather than expand preschool, state policymakers should instead focus on improving the quality of the state’s K-12 public education system to ensure that all students have access to a quality primary and secondary education.

**DAN LIPS** is a Senior Fellow with the Maryland Public Policy Institute.

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