

THE FUTURE OF PRESCHOOL IN COLORADO | BRIEF 3 OF 7

Funding Considerations

This brief examines how funding for preschool might flow from the state to preschool programs and how money might be divided across different types of preschool programs and regions of the state.

When talking about funding preschool, there are two key considerations: *funding allocation* and *funding adequacy*.

FUNDING ALLOCATION: Who receives funds (e.g., counties, school districts, families), how much is distributed, and what determines funding amounts

FUNDING ADEQUACY: Ability of funds to meet learning and quality goals

National Funding Landscape

The per-child cost of universal preschool is influenced by the length of school day and year, teacher salaries, program settings, and other factors. Annual state spending ranges from approximately \$2,000 to over \$18,000 per child, with a national average of \$5,374 per child.¹

STATES WITH AT LEAST 50% OF 4-YEAR-OLDS ENROLLED IN UNIVERSAL PRESCHOOL (2019)

STATE	SPENDING PER CHILD ENROLLED	MINIMUM HOURS OF OPERATION PER WEEK	OPERATION SCHEDULE	% OF 4-YEAR-OLDS ENROLLED
DISTRICT OF COLUMBIA	\$18,669	32.5	School or academic year	87%
WEST VIRGINIA	\$7,316	25.0	School or academic year	59%
NEW YORK	\$6,668	12.5	School or academic year	54%
GEORGIA	\$4,539	32.5	School or academic year	60%
OKLAHOMA	\$4,264	12.5	School or academic year	76%
WISCONSIN	\$3,321	12.5	Determined locally	72%
IOWA	\$3,295	10.0	School or academic year	64%
FLORIDA	\$2,253	Determined locally	Determined locally	75%
VERMONT	Not reported	10.0	School or academic year	78%

Source: 2019 State of Preschool Yearbook (NIEER).

1 Friedman-Krauss, A. H., Barnett, W. S., Garver, K. A., Hodges, K. S., Weisenfeld, G. G. & Gardiner, B. A. (2020). *The State of Preschool 2019: State Preschool Yearbook*. New Brunswick, NJ: National Institute for Early Education Research.

At the program level, the cost of delivering preschool services depends on class size, teacher qualifications, salaries and benefits, length of school day and year, curriculum and assessments used, professional development offered, rent, and utilities. These costs can be shared between state and local school districts, and sometimes include a required family contribution.



Source: Colorado Preschool Program Legislative Report 2021

Colorado Funding Landscape

Several funding sources may help pay for preschool for children in Colorado, including:

- Preschool Special Education Services, for children with learning and development challenges
- Colorado Preschool Program (CPP), which serves children who meet specific risk criteria, such as low income, poor social skills, language delays, and homelessness

In 2019, Colorado spent \$2,787 per child enrolled in CPP.² The program is required to provide an average of 10 hours of programming per week.³

CPP funding comes mainly from the state school funding formula at half the rate of funding for a K-12 student. State General Fund Appropriations and local dollars also contribute.

Colorado's preschool funding can be complex. Blending and braiding of funds is used to combine dollars from different funding sources to pay for early care and learning services.

Blending combines sources to fund a specific set of program services for a group of children.

Braiding coordinates multiple funding sources to support the total cost of services for individual children.⁴

Stakeholder Input on Colorado's Funding Landscape

Stakeholders and community members identified several benefits and challenges of Colorado's current approach to funding preschool. Common themes from the Future of Preschool in Colorado engagement process are included here.

BENEFITS

Blended Funding. Early care and learning programs can combine funds from different sources to create programming options to meet the needs of families. Drawing from a large pool of funding sources also improves program sustainability.

Special Education. Colorado is a recognized national leader for its high rate of inclusive preschool settings.

Predictability. CPP and Preschool Special Education funds are fairly predictable sources for programs that receive them. This results in stable enrollment and financial sustainability.

CHALLENGES

Inadequate Funding. There is not enough money to meet the needs of all children and families who want to access early learning. Inadequate funding results in preschool educators being compensated at rates well below their K-12 peers.

Complexity. Colorado's early childhood funding system puts the burden on programs to manage the braiding and blending of funding streams. This takes time and staffing capacity away from service delivery and increases operational costs.

FUTURE OF PRESCHOOL IN COLORADO ENGAGEMENT PROCESS

Preschool Policy Leadership Committee (PPLC): Thirty-one governor-appointed members who explore policy ideas for designing and implementing universal preschool.

Preschool Policy Advisory Group (PPAG): Open to anyone with an interest in informing program design, this group is focused on shared learning and input.

Community Input Sessions: One-time meetings hosted by more than 40 local or special-interest groups to get input on people's goals and concerns for universal preschool.

*For more information about the engagement process and methodology, visit earlymilestones.org/futureofpreschool.

2 Friedman-Krauss, A. H., Barnett, W. S., Garver, K. A., Hodges, K. S., Weisenfeld, G. G. & Gardiner, B. A. (2020). *The State of Preschool 2019: State Preschool Yearbook*. New Brunswick, NJ: National Institute for Early Education Research.

3 CPP Act requires 360 contact hours per year or approximately 10 hours per week.

Program Requirements. (2020, October 15). Colorado Department of Education. <https://www.cde.state.co.us/cpp/cpphandbook-programrequirements>

4 Wallen, M. & Hubbard A. (2013) *Blending and Braiding Early Childhood Funding Streams Toolkit*. Chicago, IL: The Ounce of Prevention Fund.

Stakeholder Input on Possible Funding Models

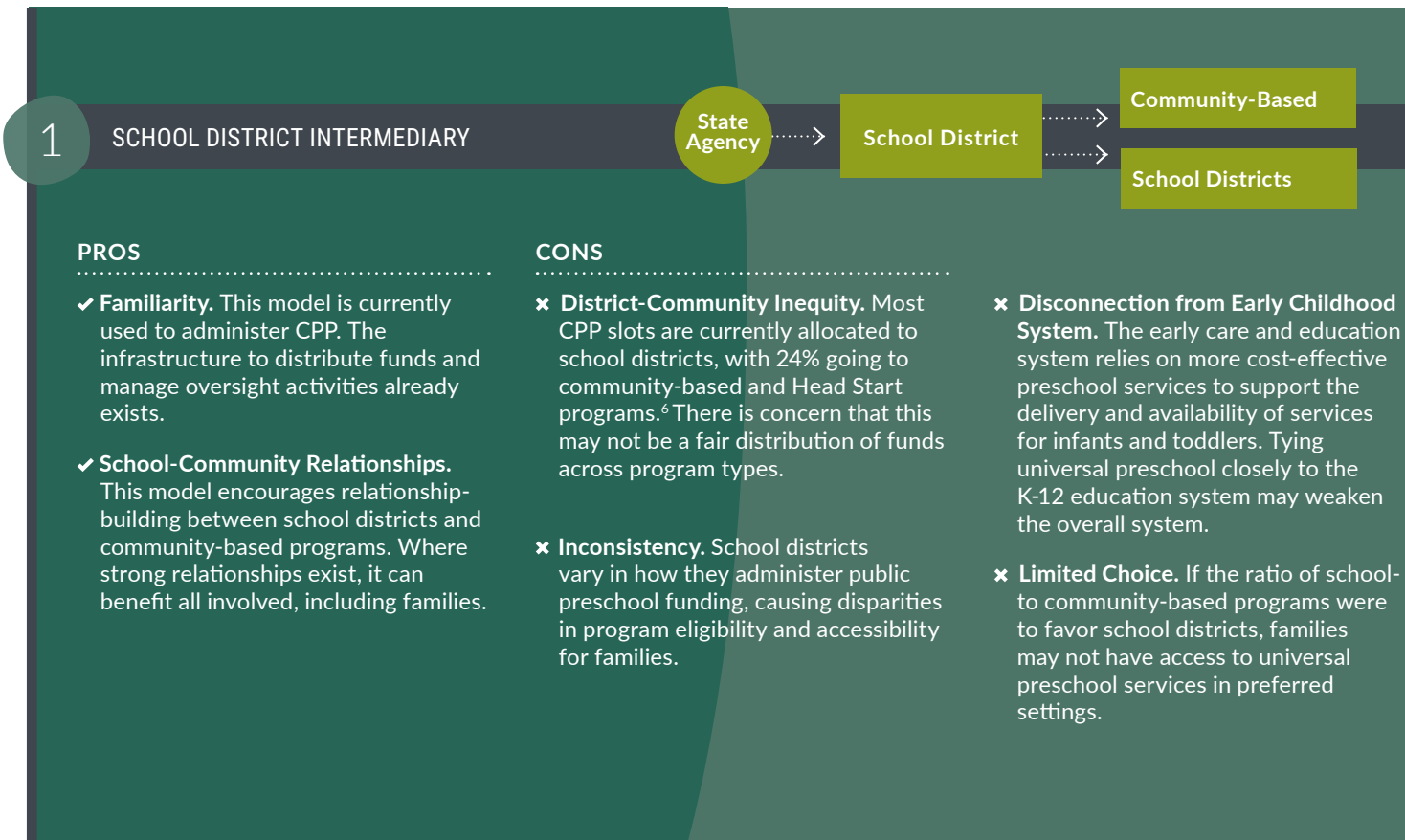
The flow of money from the state to school- and community-based universal preschool programs can take several different forms:⁵

Model 1: Funding flows through school districts to school- and community-based sites.

Model 2: Some funding flows directly to school districts to serve specific populations and some goes from a state agency to both school- and community-based providers to achieve universal access.

Model 3: Funding flows through a community or regional intermediary organization to school- and community-based sites.

Participants in the Future of Preschool engagement process identified potential pros and cons for each model.



⁵ Workman, S. (Nov. 20, 2020). *Preschool Funding Considerations* [PowerPoint slides]. Note: Workman presented four models, two of which were merged into one for this brief to reflect the similarity of these models to each other and the likeness of the resulting feedback.

⁶ Colorado Department of Education (2021). Colorado Preschool Program Legislative Report 2021.

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DUAL PURPOSE FUNDING



PROS

- ✓ **Eases School District Burden.** Under CPP, school districts manage provider participation and quality. This model removes that burden from districts so they can focus on their own preschool programming.
- ✓ **School-Community Equity.** This model gives districts a clear role with targeted preschool and balances school and community access to universal program delivery.
- ✓ **Family Choice.** If community-based programs participate at high levels, families will have a broader choice of program types.

- ✓ **Coordination of Targeted Education Funding Streams.** CPP and Preschool Special Education currently flow from the education department to school districts. This model would leverage that existing infrastructure for targeted universal preschool services.

CONS

- ✗ **State Role Misfit.** It may be hard for a state agency to develop strong relationships with the large number of school- and community-based programs across the state. This may lead to uneven and unequal support across the system. A state agency also may not have the flexibility to meet community-specific needs.

- ✗ **Limited Support Infrastructure.** A state agency may not have the existing infrastructure to coordinate with and develop small preschool providers. Creating this capacity may be costly and take a long time.
- ✗ **Weakened Local Role.** Programs that trust and rely on existing relationships with local organizations may be less likely to engage with a state agency.
- ✗ **Agency Competition/Funding Fragmentation.** By splitting funding into a targeted and universal stream, this model may further complicate coordination between funding streams. It may also create tension in agency relationships if the streams are not managed by a single state department.

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REGIONAL OR COMMUNITY INTERMEDIARY



PROS

- ✓ **District-Community Equity.** Moving school districts from the role of funder to grantee puts school- and community-based programs on equal footing.
- ✓ **Community Orientation.** Intermediaries would be part of the communities they serve and may best understand local needs and opportunities. This model can build on the strengths and relationships of local organizations.
- ✓ **Program Collaborations.** Intermediaries can build collaborations between small and large programs and between school and community settings.

- ✓ **Nimble.** An intermediary that sits outside of state government may be more responsive and flexible in operations and creative in managing resources.

CONS

- ✗ **Administrative Costs.** Intermediaries may take money away from direct services to fund the administrative infrastructure.
- ✗ **District-Community Imbalance.** Inequity between school- and community-based programs could still exist.
- ✗ **Intermediary Capacity/Expertise.** Intermediaries may not have the infrastructure to manage oversight responsibilities or the expertise for specialty services (e.g., professional development, special education identification).

- ✗ **Inconsistent Implementation.** Intermediaries may differ in how they select programs, provide support, distribute funding, and engage partners. Some may have more expertise or capacity than others, which could lead to inconsistent results and unfair access for providers and families.
- ✗ **Complex Oversight.** State management of intermediaries with very different structures, skills, and capacity may be hard. The state agency in charge of universal preschool may need to develop a strong intermediary support system to address varying needs across the state.

