In January’s State of the Union address, President Obama announced his support for universal preschool. The push is based on years of studies documenting the impact of high-quality early education on child development. As President Obama noted, students attending high-quality preschool are “more likely to read and do math at grade level, graduate high school, hold a job, form more stable families of their own.” A longitudinal study of New Jersey’s low-income preschool program released in March of this year found similarly positive effects for children who attended one or two years of preschool.¹

Put simply, high-quality preschool works. It is also a very cost-effective investment. The president noted that every dollar invested in early education pays back $7 in benefits to the individual and society. These benefits include not just increased earnings, but also lower government spending on crime and problematic students in later grades. James Heckman, a Nobel Prize winning economist who spent years running the numbers on investments in different forms of human capital, found that investments in high-quality early education offer the biggest bang-for-buck.²

New Jersey’s role as the pioneer in funding high-quality preschool to both three- and four-year-olds is concentrated in 31 “Abbott” districts, as ordered by the New Jersey Supreme Court in 1998. The state enacted the 2006 School Finance and Reform Act, with the Court’s blessing, as the means of extending preschool (and other Abbott mandates) to poor children regardless of ZIP code. When the Great Recession hit, revenues plummeted, school funding was put on the chopping block, and expanded preschool aid stalled. But throughout, the Christie administration’s budgets have sustained the 100 percent state funding of almost $600 million or so for the Abbott district preschools.

In February, the president outlined a preschool plan proposing a federal-state “cost-sharing partnership” to expand access to preschool for four-year-olds in families below 200 percent of the poverty line. On April 10, the president released additional details in his Fiscal Year 2014
budget proposal. The proposal describes two new preschool grants: a formula-based “Preschool for All” grant and a competitive “Preschool Development” grant. The 2014 budget proposes $1.3 billion for Preschool for All grants and $750 million for Preschool Development grants. Funding for Preschool for All is planned to ramp up in future years, resulting in a ten-year price tag of $75 billion to be paid for by a cigarette tax increase.

New Jersey stands to benefit from both newly proposed federal programs. According to the New Jersey Department of Education, Abbott districts enroll 40,000 three- and four-year-olds in full-day programs, but the other 550 or so school districts serve only about 5,000 full-day students (many of them because of disabilities) and about 11,000 half-day students. The new programs present an opportunity to expand and improve preschool in the 96 non-Abbott districts where at least one in five children is poor. These districts serve more than half the children who are eligible for free or reduced meals.

If Congress approves all $1.3 billion of the president’s budget proposal for 2014, New Jersey might be in line for $30 to $40 million in new federal aid for preschool. This represents less than five percent of $646 million proposed for preschool in the governor’s 2014 budget. However, since these federal funds would presumably go to currently underfinanced programs in the non-Abbott districts that received only about $50 million in state support in 2013, this additional funding would provide a significant boost where New Jersey needs it most.

Given the high quality of New Jersey’s preschool programs and the relatively high level of access in the state, New Jersey would be well positioned to take advantage of the Preschool for All funds and may benefit from the competitive Preschool Development grants as well. While all states would qualify for the Preschool for All funds, states would be required to provide matching support of 5 to 10 percent in the first year and a growing percentage in succeeding years. Furthermore, states would be required to extend preschool to at least half of all eligible four-year-olds and state preschool systems would have to meet a set of standards, such as small class sizes, well-qualified teachers, and well-designed curricula, among other hallmarks of preschool quality. For the competitive Preschool Development grants, states like New Jersey that already have robust preschool programs may qualify for additional federal support to improve program quality in districts that have fewer and less experienced personnel with preschool expertise.

In short, the president seeks to extend high-quality preschool programs like those offered in New Jersey to four-year-olds in every state. In fact, the proposed federal standards – college trained teachers in small classes with challenging curricula – could have been taken directly from New Jersey’s existing high-quality preschool standards. The federal dollars could be used by New Jersey to support efforts to increase preschool access throughout the state. The plan stops short of proposing similarly high levels of preschool support for three-year-olds. However, states that already provide preschool to four-year-olds would still be able to use Preschool for All funds to expand access to three-year-olds.
While the president’s plan offers real hope for improving preschool access in New Jersey, important questions remain. The U.S. Department of Education has yet to release key details for both the formula Preschool for All grants and the competitive Preschool Development grants. While formula funding would be primarily determined by the number of four-year-olds in families below 200 percent of the federal poverty level, the precise amount of support is not yet known. And, of course, it remains to be seen whether Congress will pass this or any other program to improve access to high-quality preschool.

Public Preschool Programs in New Jersey

New Jersey provides preschool to low-income students through three main pathways: Head Start, aid to 31 Abbott school districts, and aid to non-Abbott districts. The remainder of this report examines the characteristics of the programs, trends in enrollment, and funding history.

Head Start vs. New Jersey State Preschool

Preschool is Not Head Start. Head Start is a federally funded “whole child” approach to early childhood development for low-income three- to five-year-olds. Unlike state-supported preschool, Head Start is designed to provide a range of services that address a child’s education, physical health, and emotional well-being. Due to flexibility in federal grant rules, Head Start components and quality vary greatly between programs. Still, Head Start preschool quality is generally high when compared to private-sector alternatives like day care.

Because Head Start is not an entitlement, eligible children are denied enrollment when funding runs out every year. For this reason, only about 40 percent of children nationwide who are eligible for Head Start receive its services. By comparison, all children in Abbott districts qualify for state-supported preschool in New Jersey. Most Head Start programs in Abbott districts receive state funding to implement the higher academic standards of the state preschool program, which is combined with federal funding for Head Start’s health and family services components.

High-Quality Preschool is Very Effective. Much attention was focused on a recent study that documented that the purely academic gains of Head Start “graduates” were “washed out” by third grade.6 But because many confuse “Head Start” for “high-quality preschool,” they forget that Head Start is a comprehensive program with a broader focus on social, health, and other non-academic goals.

New Jersey’s Abbott preschool program, on the other hand, is producing encouraging – even dramatic – academic gains, particularly for students who attended as both three- and four-year-olds, as shown in a 2013 report by the National Institute for Early Education Research.7

Students who attended Abbott preschool, particularly for both years, performed significantly better on the 2010-11 New Jersey Assessment of Skills and Knowledge (“ASK”) for fifth grade
literacy and math than their classmates who did not. In effect, preschool graduates moved from the 50th to 60th percentile in math and science.

Strikingly, fifth graders who had two years of preschool closed the gap with middle-class peers by a range between 22 and 37 percent; those with one year by 12 to 18 percent. Just as important for their futures (and for the taxpayers), preschoolers were 40 percent less likely to repeat a grade and 31 percent less likely to be classified for special education as students from similar backgrounds.

**Head Start and Abbott Funds Provide Most Public Preschool Support**

New Jersey currently supports preschool programs for Abbott and, to a much lesser extent, non-Abbott school districts. The largest of these programs serves about 40,000 children in 31 high-poverty Abbott school districts, reaching more than 80 percent of all eligible three- and four-year-olds in those districts. According to the National Institute for Early Education, 18 percent of the state’s three-year-olds and 21 percent of the state’s four-year-olds attended these Abbott district preschools in the 2010-2011 school year.

Outside of the Abbott districts, state preschool support is much sparser. Other state programs serve about 7 percent of the four-year-olds in the state – but no three-year-olds. The federal Head Start program serves roughly 6 percent of the state’s three-year-olds and 7 percent of the state’s four-year-olds. And roughly 4 percent of New Jersey’s three-year-olds and 5 percent of its four-year-olds attend state-supported special education programs. All told statewide, roughly one quarter of New Jersey’s three-year-olds and one third of the state’s four-year-olds attend state-supported preschool programs.
A 2012 report by First Focus and Save the Children gave the United States a grade of C+ for its early learning programs, but New Jersey supports preschool for its three- and four-year-olds better than most states. According to the National Institute for Education Research, New Jersey spends more per three- and four-year-old enrolled in preschool than any other state. For the 2010-2011 school year, spending per enrolled student was $11,669 – more than double the $4,847 average per-enrolled student spending among the 39 states that offer state preschool programs. In 2012-2013, New Jersey’s investment has risen to more than $14,000 per student.

But New Jersey’s high per-pupil rankings mask somewhat stagnated total funding over the years. Adjusted for inflation, spending per child has actually decreased since 2003. By comparison, spending per enrolled child for K-12 education increased by more than 30 percent over the same period. That said, no other large-scale state-funded program came through the 2010 budget cuts as well as preschool for the former Abbott districts. State aid to K-12 programs was reduced by 11 percent; those for preschool were held even and have been modestly increased in successive budgets.
Preschool Accounts for About 2 Percent of New Jersey’s Budget

In 2003, state spending of preschool accounted for just less than 2 percent of the state’s budget, and in 2011 it still only accounted for roughly 2 percent. By comparison, the state has spent nearly double that amount on corrections every year over the past decade.

New Jersey’s Public Preschool is Very High in Quality

Some states have started low-quality preschool programs to provide early education on the cheap, but this is not the case in New Jersey. According to the National Institute for Early Education Research, New Jersey preschools serving more than 80 percent of enrolled students received a score of 9 out of 10 on the preschool Quality Standards Checklist, and the remaining state-supported preschools received an 8 out of 10. Only five states in the country – Alabama,
Alaska, Georgia, North Carolina, and Rhode Island – meet all ten standards, but none of them serve three-year-olds or invest state funds to deepen quality (Alaska is closest at 58 percent of New Jersey’s funding level). Rhode Island is a demonstration program serving only 126 children.

**Access to Preschool Remains High for Three-Year-Olds but Is Declining for Four-Year-Olds**

New Jersey has received consistently high rankings for preschool access for three-year-olds, but its ranking for access for four-year-olds has been declining for nearly a decade. Since 2003, the National Institute for Early Education Research has dropped New Jersey from 9th place to 16th place for access for four-year-olds. New Jersey now ranks behind states like Texas, Florida, West Virginia, and New York on this measure.

![Access to Pre-K Declining for New Jersey’s Four-Year-Olds](image)

**What’s Next for New Jersey Preschool?**

In 2008, the New Jersey state legislature passed the School Funding Reform Act, which included an expansion of state preschool for low-income children in non-Abbott districts. The funding for this expansion was to occur over the course of several years, but it was derailed by the Great Recession, which produced a $1 billion reduction in state aid. While the economic downturn has
required cuts to almost all large state programs, the Christie administration has spared the Abbott district preschools from cuts. However, expansion of preschool to children in non-Abbott districts has ground to a halt.\textsuperscript{10}

As New Jersey’s slow crawl out of the recession continues, a high priority should be placed on investment in high-quality preschool for low-income children in non-Abbott districts. President Obama’s Preschool for All and Preschool Development grants could bolster state efforts to expand services to these children. The proposed state-federal partnership is a promising model, though it remains to be seen what level of support New Jersey stands to receive and what set of requirements will be attached to the proposed federal grants.

Given the well-documented positive impact and high rate of return from public investments in preschool, Congress should strongly consider a program like the president’s that would help New Jersey and other states expand high-quality preschool programs to all three- and four-year-olds.

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Endnotes

2 James Heckman, *Heckman Equation Brochure*, http://www.heckmanequation.org/content/resource/heckman-equation-brochure
4 For a full list of districts that fall into these categories, visit the Department of Education Division of Early Childhood Education’s Preschool Funding website (http://www.nj.gov/education/ece/psfunding/psfunding.htm). “Former Abbott and Expansion Districts” on that page are referred to as Abbott districts in this paper; “Former Early Childhood Program Aid Districts” are the 96 districts non-Abbott districts that receive some state support for preschool.
5 Assuming that New Jersey receives a similar portion of these federal funds that it has received from past formula federal funding.