Home > Question of the Month: What mechanisms do states in the Midwest use to provide funding for preschool programs?

By:
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According to the National Institute for Early Education Research, 18 states had at least 30 percent of 4-year-olds enrolled in state-funded preschool as of 2016. That compares to only two states in 2002. In the Midwest, Wisconsin and Iowa have the highest rates. (Nationally, only Florida and Oklahoma rank ahead of Wisconsin.)

The Wisconsin Constitution calls for schools to be “free and without charge for tuition to all children between the ages of 4 and 20 years,” and local districts receive state dollars for 4-year-old kindergarten via the K-12 funding formula (aid is equivalent to 0.5 or 0.6 dollars per child). Nearly all of Wisconsin’s school districts now provide voluntary, universal kindergarten to 4-year-olds. Iowa also is among the nine U.S. states that provide districts with preschool dollars via their K-12 funding formulas, according to the Education Commission of the States. School districts in Iowa receive foundation aid based on their enrollment count for 4-year-olds (50 percent per child). The number of children served through Iowa’s preschool program has more than quadrupled since its inception in 2007, with about 98 percent of the state’s school districts now participating.

In Michigan, which ranks third in the region in terms of 4-year-olds’ access to state-funded preschool, the amount of state dollars going to the Great Start Readiness Program has risen from $174 million to $244 million over the past five years. The state’s intermediate school districts get this money via a state funding formula; in turn, they administer local preschool programs for 4-year-olds at risk for educational failure.

In 2006, Nebraska established an Early Education Endowment Fund of $60 million — $40 million from the state (the result of legislation and a voter-approved constitutional amendment) and $20 million from private donations. The Legislature now supplements endowment income with general fund appropriations of $5 million a year. The endowment fund supports local programs for at-risk children, ages birth to 3. Nebraska’s state-funded Early Childhood Education Grant Program provides preschool for ages 3 to 5, and in 2016, lawmakers established school readiness tax credits (LB 889) for qualifying early-childhood programs and workers.

Illinois has the Midwest’s highest percentage of 3-year-olds enrolled in state-funded preschool — 19.9 percent, second-highest rate in the nation. Its Preschool for All Program prioritizes services for children between the ages of 3 and 5 who have been “identified as being at risk of academic failure.”

Indiana and Minnesota legislators made significant new investments in early learning in 2017. Indiana’s HB 1004 calls for $20 million to be spent over the biennium on the On My Way Pre-K program, which is for 4-year-olds from low-income households. Minnesota’s HF 2 included more money for early-childhood programs (scholarships for families as well as aid to school districts for school readiness initiatives and voluntary prekindergarten) and created a new School Readiness Plus initiative for at-risk 4-year-olds.

General funds are used to pay for many of these pre-K programs, but the Education Commission of the States points to other revenue sources being employed by states: lottery proceeds (five states), gambling revenue (Missouri), a dedicated portion of the sales tax (South Carolina), and tobacco settlement dollars (three states, including Kansas).

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