

**Department of Education**

**SCHOOL READINESS**

**Fiscal Year 2014 Request**

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For carrying out activities authorized by part D of title V of the Elementary and Secondary Education Act of 1965, \$750,000,000 for a preschool development grants program: *Provided*, That the Secretary shall make competitive grants to States to carry out activities that support high-quality preschool programs for children from families at or below 200 percent of the Federal poverty line<sup>1</sup>: *Provided further*, That the Secretary may permit or require States to subgrant a portion of grant funds to local educational agencies, or local educational agencies in partnership with other early learning providers, for the implementation of high-quality preschool programs for children from families at or below 200 percent of the Federal poverty line<sup>2</sup>: *Provided further*, That up to 5 percent of such funds for competitive grants shall be available for national activities<sup>3</sup>.

#### NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document, which follows the appropriations language.

### Analysis of Language Provisions and Changes

Language Provision	Explanation
<u><sup>1</sup>Provided, That the Secretary shall make competitive grants to States to carry out activities that support high-quality preschool programs for children from families at or below 200 percent of the Federal poverty line</u>	This language authorizes the Secretary to make competitive Preschool Development grants to States.
<u><sup>2</sup>Provided further, That the Secretary may permit or require States to subgrant a portion of grant funds to local educational agencies, or local educational agencies in partnership with other early learning providers, for the implementation of high-quality preschool programs for children from families at or below 200 percent of the Federal poverty line</u>	This language allows States to subgrant funds to local educational agencies or local educational agencies in partnership with other early learning providers.
<u><sup>3</sup>Provided further, That up to 5 percent of such funds for competitive grants shall be available for national activities.</u>	This language allows the Secretary to reserve up to 5 percent of program funds for national activities.

**Appropriation Adjustments and Transfers**  
(dollars in thousands)

Appropriation/Adjustments/Transfers	2012	2013	2014
<b>Discretionary:</b>			
Appropriation .....	0	0	\$750,000
<b>Mandatory:</b>			
Appropriation .....	<u>0</u>	<u>0</u>	<u>1,299,982</u>
Total, discretionary and mandatory appropriation.....	0	0	2,049,982

**Authorizing Legislation**  
(dollars in thousands)

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Activity	2013 Authorized	2013 Estimate	2014 Authorized	2014 Request
Preschool Development Grants	0	0	To be determined	750,000
Preschool for All	0	0	To be determined	<u>\$1,299,982</u>
Total discretionary appropriation (subject to reauthorization)				1,299,982
Total mandatory appropriation (not authorized)				750,000

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(in thousands of dollars)

Account, Program and Activity	Category Code	2012 Appropriation	2013 Appropriation	2014 President's Budget	2014 President's Budget Compared to 2012 Appropriation	
					Amount	Percent
<b>School Readiness (proposed legislation)</b>						
1. Preschool development grants	D	0	0	750,000	750,000	---
2. Preschool for all	M	0	0	1,299,982	1,299,982	---
Total		0	0	2,049,982	2,049,982	---
Discretionary	D	0	0	750,000	750,000	---
Mandatory	M	0	0	1,299,982	1,299,982	---

NOTES: D = discretionary program, M = mandatory program; FY = fiscal year

- FY 2013 discretionary appropriation amounts are based on P.L. 112-175, the Continuing Appropriations Resolution, 2013, that provided appropriations through March 27, 2013. FY 2013 mandatory amounts are either specifically authorized levels, or are based on FY 2013 President's Budget Policy, updated for more recent estimates of mandatory costs, or FY 2014 President's Budget Policy, as applicable.
- Programs authorized by the Elementary and Secondary Education Act for which funds are requested or that are proposed for consolidation in FY 2014 are proposed under new authorizing legislation.
- Multiple programs affected by the proposed ESEA reauthorization have been renamed and moved among accounts, some of which also have been renamed.
- Account totals and programs shown within accounts in FY 2012 and FY 2013 have been adjusted for comparability with the FY 2014 President's Budget.

Detail may not add to totals due to rounding.

### **Summary of Request**

The Administration requests \$2.5 billion for FY 2014 to support school readiness. The request would provide \$750 million for Preschool Development Grants to support grants to States to carry out the activities needed to ensure that every State willing to commit to expanding preschool access has the high-quality programs required to successfully serve 4-year-old children. The Department is also proposing \$1.3 billion in mandatory funding for Preschool for All to support grants to States for the implementation of high-quality preschool programs that are aligned with kindergarten-through-12<sup>th</sup>-grade elementary and secondary education systems.

## SCHOOL READINESS

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### Preschool Development Grants

(Proposed legislation)

(dollars in thousands)

FY 2014 Authorization: To be determined

Budget Authority:

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Change from 2012</u>
0	0	\$750,000	+\$750,000

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### PROGRAM DESCRIPTION

The Administration's 2014 request includes significant new investments that will establish a continuum of high-quality early learning through kindergarten entry. The signature program in this effort is Preschool for All, a proposed \$75 billion mandatory investment over 10 years. This historic new program calls for a Federal-State partnership that would provide high-quality preschool to all 4-year-olds from low- and moderate-income families, while also creating incentives for States to expand publicly funded preschool services to middle-class families and promoting access to high-quality full-day kindergarten and high-quality early learning programs for children under the age of 4.

In order to enable more States to provide high-quality preschool through the Preschool for All program, the Administration is requesting \$750 million in discretionary funds for Preschool Development Grants, which would pave the way for the successful implementation of Preschool for All by providing competitive grants to the States most willing to commit to creating or expanding a high-quality preschool system that can serve all of their 4-year-olds from low- and moderate-income families, including children with disabilities. The grants would address fundamental needs like facility creation and workforce development, as well as quality improvement efforts and the scale-up of proven preschool models. The Department would make awards to (1) low-capacity States—those with small State-funded preschool programs or without any State-funded preschool programs— to develop the critical physical and program quality infrastructure needed to participate in the Preschool for All program, and (2) States with more robust State-funded preschool systems to improve the quality of existing programs and support the expansion of high-quality local programs that could serve as models for the Preschool for All initiative. The definition of high-quality preschool, based on nationally recognized standards, includes, at a minimum, the following elements: (1) high staff qualifications, including a bachelor of arts for teachers; (2) professional development for teachers and staff; (3) low staff-child ratios and small class sizes; (4) a full-day program; (5) developmentally appropriate, evidence-based curricula and learning environments that are aligned with the State early learning standards; (6) employee salaries that are comparable to those for K-12 teaching staff; (7) ongoing program evaluation to ensure continuous improvement; and (8) onsite comprehensive services for children.

## SCHOOL READINESS

### Preschool Development Grants

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Each applicant would be required to submit a plan that describes (1) how the State will extend access to preschool in the neediest areas of the State, (2) the State's strategy for ensuring an adequate supply of high-quality early learning spaces, and (3) the capacity of its teacher training and certification programs to develop a workforce that can serve additional children effectively. In some instances, States might wish to use these funds to build components of the early education program quality infrastructure that will be required under the Preschool for All program, such as (1) developing or enhancing comprehensive early learning and development standards and high-quality preschool program standards; (2) linking preschool and elementary and secondary school data; (3) implementing or improving the State's tiered quality rating and improvement systems (TQRIS); and (4) implementing a comprehensive early learning assessment system. The Secretary would permit States that meet certain quality benchmarks to subgrant a portion of their grants to local educational agencies (LEAs), or other early learning providers in partnership with LEAs, to scale up high-quality preschool programs that can serve as national models for the Preschool for All initiative.

### FY 2014 BUDGET REQUEST

The Administration requests \$750 million in fiscal year 2014 for Preschool Development Grants to support the first year of the program. This new program would support State efforts to establish the infrastructure for high-quality preschool to enable more States to meet the eligibility requirements for the Preschool for All program. The Department would award competitive grants to States with preschool systems at various stages of development that are planning to provide universal access to high-quality preschool for 4-year-old children from low- and moderate-income families.

Research findings provide strong justification for Federal investment in high-quality preschool programs. Children who attend high-quality preschool are better prepared for school, less likely to be retained in grade, score higher on reading and math assessments in the elementary grades, and are more likely to graduate from high school than children who do not attend such programs. These benefits are particularly strong for children from low-income families.

In addition to the educational gains, investment in high-quality preschool provides economic benefits. A review of various long-term studies show that for every \$1 invested in high-quality preschool, taxpayers saved an average of \$7 in future costs due to lower remedial education costs, increased labor productivity, and reduction in crime.

There are currently 52 State-funded preschool programs in 39 States and the District of Columbia; however, the quality of these programs varies substantially across and within States due to the wide range of early learning standards and program requirements among the States.<sup>1</sup> Fewer than 3 in 10 4-year olds are enrolled in high-quality programs. According to the National Institute for Early Education Research, 29 States' programs require preschool teachers to have a bachelor's degree, and 45 require some specialized training in early childhood education. Further, 11 States offer full-day programs; 12 States offer only half-day; and 28 States allow this decision to be determined locally. These data demonstrate that while several States are well-prepared to participate in Preschool for All, others would benefit from targeted quality

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<sup>1</sup> 2010 Yearbook, National Institute for Early Education Research, Rutgers, NJ.

## SCHOOL READINESS

### Preschool Development Grants

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investments to prepare them to offer high-quality preschool to all 4-year-olds from low- and moderate-income families.

Preschool Development Grants would help States to overcome these quality challenges and support systemic workforce, facility, or comprehensive services improvements to accelerate their participation in Preschool for All. This program is a key part of the Administration's overall strategy to address both the quality and start-up costs of universal preschool that would bring the benefits of high-quality preschool to more than a million children from low- and moderate-income families and expand access for children from additional middle-class families.

#### PROGRAM OUTPUT MEASURES (dollars in thousands)

	<u>2014</u>
<u>Measures</u>	
Amount for new awards	\$705,000
Number of new awards	8-15
Peer review of new award applications	\$7,500
National Activities	<u>\$37,500</u>
Total, Preschool Development Grants	\$750,000

## SCHOOL READINESS

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### Preschool for All

(Proposed legislation)

(dollars in thousands)

FY 2014 Authorization: To be determined

Budget Authority:

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Change from 2012</u>
0	0	\$1,300,000	+\$1,300,000

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### PROGRAM DESCRIPTION

The Administration's 2014 budget includes significant new investments that will establish a continuum of high-quality early learning through kindergarten entry. The signature program in this effort is Preschool for All, a proposed \$75 billion mandatory investment over 10 years, beginning with \$1.3 billion in fiscal year 2014. This groundbreaking proposal calls for a new Federal-State partnership to provide all low- and moderate-income 4-year-olds with high-quality, publicly funded preschool. Preschool for All would also encourage the expansion of these programs to reach additional children from middle class families and promote access to full-day kindergarten and high-quality early learning programs for children under the age of 4.

This level of investment reflects the fact that the path to college completion begins during a child's earliest years. High-quality preschool provides the foundation for children's success in school and can eliminate the school readiness gap that exists between children from low- and higher-income families. High-quality preschool drives increased school readiness across multiple domains, including language and literacy development, cognition and general knowledge (including early mathematics and science development), approaches toward learning, physical well-being and motor development, and social and emotional development. Longer-term improved outcomes include narrower achievement gaps, fewer placements in special education programs and services, and a reduced need for remediation in the early elementary grades.

The Preschool for All program would award Federal funds through a cost-sharing model with States to provide access to high-quality preschool for all 4-year-olds from low- and moderate-income families. Funds would be used to improve outcomes for children through enhancing the quality of existing preschool programs and expanding the number and availability of high-quality preschool programs. The definition of high-quality preschool, based on nationally recognized standards, includes, at a minimum, the following elements: (1) high staff qualifications, including a bachelor's degree for teachers; (2) professional development for teachers and staff; (3) low staff-child ratios and small class sizes; (4) a full-day program; (5) developmentally appropriate, evidence-based curricula and learning environments that are aligned with the State early learning standards; (6) employee salaries that are comparable to those for K-12 teaching staff;

## SCHOOL READINESS

### Preschool for All

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(7) ongoing program evaluation to ensure continuous improvement; and (8) onsite comprehensive services for children.

Under Preschool for All, States would increase access to and improve the quality of preschool programs in part by demonstrating that they have (1) early learning and development standards across the essential domains of school readiness, (2) high-quality program standards, (3) requirements for teacher and staff qualifications, and (4) the ability to link preschool data with K-12 data. In addition, each State would be required to submit a plan that describes how it will provide access to high-quality preschool with open enrollment for all 4-year-olds from families with incomes at or below 200 percent of the Federal poverty line within a reasonable time period. If a State opts to expand participation in high-quality preschool for children with family incomes above 200 percent of the Federal poverty line, its plan should also describe its expansion strategy and goals. Each State would also address how it would develop and implement the infrastructure that is crucial to ensuring program quality, such as a system that evaluates, rates, and makes public the quality of programs and a comprehensive early learning assessment system. Since a participating State would be permitted to expand Federally funded activities once it has made preschool universally available to low- and moderate-income 4-year-olds, the plan would also address how the State will promote access to full-day kindergarten and, if it is already provided, how the State will extend high-quality preschool to low- and moderate-income 3-year-olds.

The Federal Government would assume a significant share of the program costs in the first years of the program with States gradually assuming more responsibility over time. Each State that receives a grant would be required to contribute non-Federal matching funds and would be eligible for all or part of a reduced (incentive) match rate if it has a plan to serve additional children from families with incomes above 200 percent of the Federal poverty line in high-quality public preschool programs. The State match would be very modest in the early years, with Federal funds covering the majority of the program costs. For example, over the first 5 years, Federal funds would support 83-88 percent of the costs in a typical State, depending on whether the State qualified for the incentive rate.

	State Match	
	Regular Rate	Reduced (Incentive) Rate
Year 1	10%	5%
Year 2	10%	5%
Year 3	20%	10%
Year 4	30%	20%
Year 5	40%	30%
Year 6	50%	40%
Year 7	75%	50%
Year 8	100%	75%
Year 9	150%	100%
Year 10	300%	250%

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### Preschool for All

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A State may access its full match reduction once it serves 50 percent of its children from low- and moderate-income families statewide, has a plan to expand access to high-quality public preschool for additional children from middle class families, and demonstrates progress on expanding statewide access for children from low- and moderate-income families. A State may access a proportional share of its match rate reduction if it serves 50 percent of children from low- and moderate-income families in a particular region or service area(s) and demonstrates progress expanding statewide access for children from low- and moderate-income families. The share of the match rate reduction will be proportional to the share of low- and moderate-income children statewide that are in the region or service area served. Whether a State receives a full or partial match rate reduction, to continue to receive this reduced match rate, a State must make progress on expanding statewide access for children from low- and moderate-income families and children from families with incomes above 200 percent of the Federal poverty line.

Allocations to States would be based on each State's relative share of 4-year olds from families at or below 200 percent of the Federal poverty level. Program funds would support preschool for 4-year-olds with family incomes at or below 200 percent of the Federal poverty level. The allocations to States would also take into account a set of factors, such as the level of program participation and the estimated cost of the activities specified in the State plan.

In the first 4 years of its grant, each State would be permitted to reserve up to 20 percent of its funds for quality improvement efforts and an additional one half of 1 percent for administrative costs. States would be required to subgrant no less than 80 percent of their awards to local educational agencies (LEAs), or other early learning providers in partnership with LEAs. Such other early learning providers may include child care centers, community-based organizations, and private providers. If a State does not reserve funds for quality improvement efforts, it would be required to use not less than 99 percent of its allocation to make subgrants to eligible local entities.

Each State that receives grant funds would be required to maintain its fiscal support of its State-funded preschool programs. Additionally, Preschool for All funds must be used to supplement and not supplant other Federal, State, and local public funds expended on public preschool programs in the State.

The Administration's proposal includes set-asides of one-half of 1 percent for both the Department of Interior's Bureau of Indian Education and the Outlying Areas; each of these entities would have to meet the same eligibility requirements as those established for States in order to receive Federal funding. The Administration's proposal also reserves up to 1 percent, not to exceed \$30 million, for national activities.

### FY 2014 BUDGET

The Administration is proposing to authorize \$75 billion in mandatory funding over 10 years for the new Preschool for All program, including \$1.3 billion in fiscal year 2014 to support the first year of the new program. The \$1.3 billion first-year request is based on estimated State participation rates, costs of high-quality preschool per child, and expected State expansion of

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### Preschool for All

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preschool services. The Administration estimates that 15 States will be approved to receive grant awards in the first year, with all States expected to qualify for grants by year 3.

Research findings provide strong justification for Federal investment in high-quality preschool programs. Children who attend high-quality preschool are better prepared for school, less likely to be retained in grade, score higher on reading and math assessments in the elementary grades, and are more likely to graduate from high school than children who do not attend such programs. Furthermore, these benefits are particularly strong for children from low-income families.

In addition to the educational gains, investment in high-quality preschool provides economic benefits. A review of various long-term studies show that for every \$1 invested in high-quality preschool, taxpayers saved an average of \$7 in future costs due to reduction in remedial education costs, increased labor productivity, and reduced crime.

States have led the way in translating this research into action. As of 2013, 39 States and the District of Columbia have at least one publicly-funded State preschool program in place. Despite these efforts, the Department estimates that more than one-third of 4-year-olds from low-income families are not enrolled in any preschool program. Often, the high costs of private preschool and lack of public programs also narrow options for middle-class families. Moreover, access to publicly funded programs varies significantly across States and localities, ranging from no children served in some areas to near universal coverage in others.<sup>1</sup> In addition, the quality of existing programs varies widely among providers because of the wide range of early learning standards and program requirements among the States.<sup>2</sup> Fewer than 3 in 10 4-year-olds are enrolled in high-quality programs. Research consistently demonstrates that only high-quality preschool delivers real benefits for children, which is why the Administration's Preschool for All proposal includes requirements for quality based on nationally recognized standards that research shows can lead to closing the opportunity gap between children from lower-income families and their peers from higher-income families.

The Preschool for All program is a key part of the Administration's overall strategy to provide children with a high-quality foundation that will prepare them for success in school and in life. As part of this strategy, the Administration is launching Early Head Start-Child Care Partnerships in the Department of Health and Human Services (HHS) to expand high-quality early learning programs for infants and toddlers and proposing to expand HHS's voluntary evidence-based home visiting services. Preschool for All is also integral to President Obama's Opportunity Agenda, which involves a wide range of activities across the Federal Government—including a proposed \$300 million investment in the Promise Neighborhoods program—designed to provide cradle-to-career support for children and families in America's highest-poverty communities. The \$1.3 billion investment in Preschool for All proposed for 2014 would help expand high-quality preschool to thousands of children in such communities.

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<sup>1</sup> 2010 Yearbook, National Institute for Early Education Research, Rutgers, NJ.

<sup>2</sup> 2010 Yearbook, National Institute for Early Education Research, Rutgers, NJ.

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### Preschool for All

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#### PROGRAM OUTPUT MEASURES (dollars in thousands)

	<u>2014</u>
<u>Measures</u>	
Amount for new awards	\$1,261,000
Number of new awards	12-18
Set-Aside for the Outlying Areas	\$6,500
Set-Aside for BIE	\$6,500
National Activities (including technical assistance and evaluation)	<u>\$26,000</u>
Total, Preschool for All Grants	\$1,300,000

#### PROGRAM PERFORMANCE INFORMATION

The Department will develop performance measures for the Preschool for All program. At a minimum, these measures will track a State's progress in: (1) increased school readiness; (2) decreased educational gaps; (3) decreased placement in special education programs and services; and (4) decreased need for remediation in the early elementary grades.