

# Strategies for Advancing Preschool Adequacy and Efficiency in California

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## Key findings:

- Disadvantaged children, who are more likely to start school behind and stay behind, are also the least likely to attend high-quality preschool programs.
- California’s underfunded preschool system serves only half the eligible three- and four-year-olds, and the system does not reward higher-quality providers.
- Increasing access to high-quality preschool for disadvantaged children can narrow existing achievement gaps.
- In the short term, California can allocate existing resources more efficiently and provide infrastructure supports for raising quality in the future.
- In the longer term, new resources should be used to expand access to and raise the quality of preschool programs for those who can benefit most.

California has fallen behind on many key indicators of education performance, prompting policymakers to look for strategies to improve student outcomes. Among the policy options being considered is the possibility of expanding public funding for preschool education as part of a broader agenda of education reform. To provide a foundation for evaluating the potential of such an expansion and how best to implement it, the RAND Corporation conducted the California Preschool Study with three initial reports devoted to understanding

- the size of achievement shortfalls overall in the early elementary grades and gaps in school performance between groups—

defined, for example, by race-ethnicity or socioeconomic status—and the potential for preschool education to close existing gaps

- rates of access to high-quality early learning programs among California’s children
- how publicly funded early care and education (ECE) programs are structured and how effectively ECE funds are being spent.

This research brief summarizes the fourth and final report from this study, which synthesizes findings of the earlier reports and recommends policies to improve preschool education in the state.

## California Faces Shortfalls in Preschool Adequacy and Efficiency

The RAND researchers found that the state’s publicly funded preschool system is not adequate in terms of access or quality to ensure that all children enter school ready to learn; nor is it efficient in allocating resources to achieve maximum possible benefit from the system.

## Disadvantaged Children Are Least Likely to Be in High-Quality Preschool Programs

As Figure 1 shows, there are sizable deficits in student achievement by second and third grades, with even larger gaps for socioeconomically disadvantaged groups, including Latinos and African-Americans, English learners, those whose parents have less than a postsecondary education, and those with low family income. Moreover, these achievement differences have early roots: The same groups who are behind in third grades were behind when they entered kindergarten.

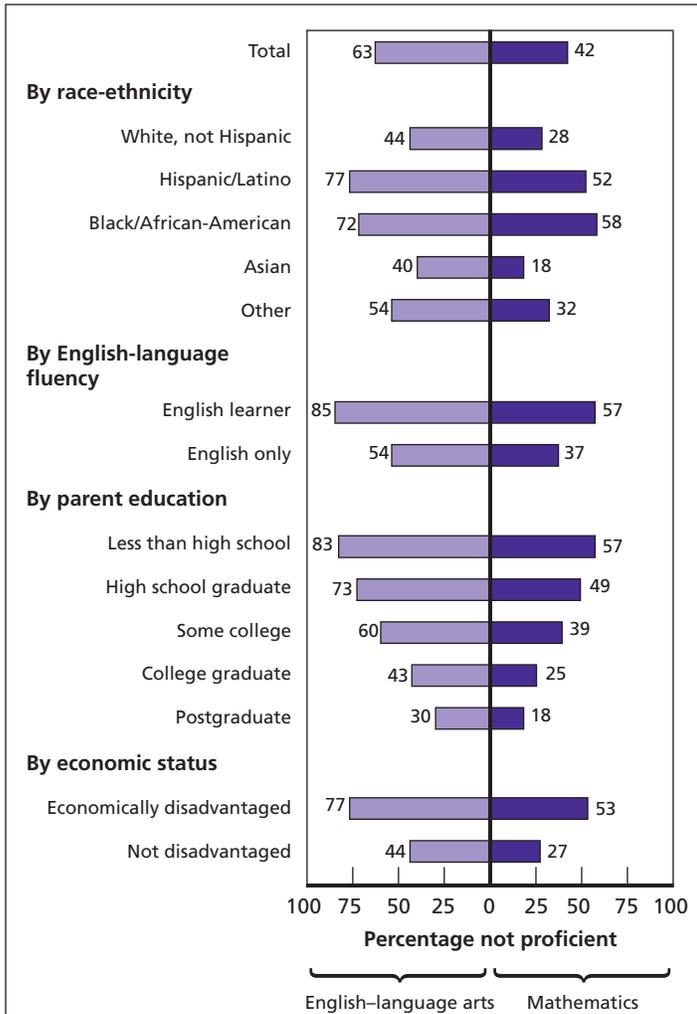
The children with the largest readiness and achievement gaps—those who could benefit the most from a high-quality early learning experience—are the least likely to attend center-based preschool programs of any quality (see Figure 2). Children from the most disadvantaged

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**Figure 1**  
**Socioeconomically Disadvantaged Children Are More Likely to Lack Proficiency in Key Subjects in Third Grade**



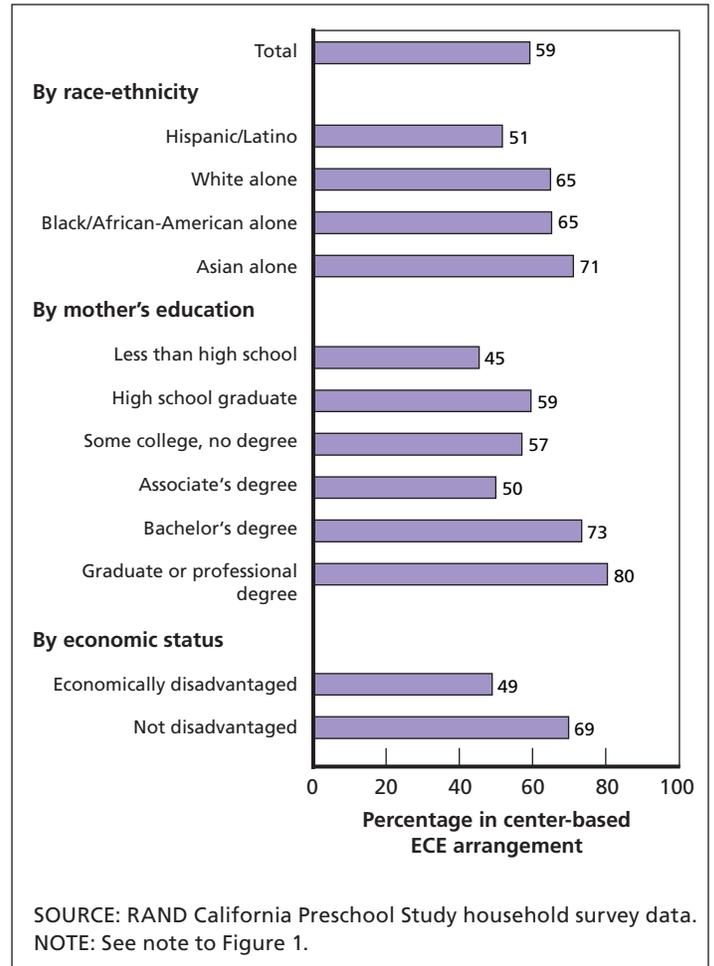
SOURCE: RAND analysis of 2007 California Standards Test data.  
 NOTE: *Economically disadvantaged* is defined as having family income below 185 percent of poverty level or the highest parent education below a high school diploma.

socioeconomic groups are also least likely to be enrolled in high-quality programs.

Even when children do attend preschool in California, center-based programs often lack features associated with quality. Measuring quality against the benchmarks attained in effective programs, the researchers found the greatest shortfalls for those measures strongly linked with promoting school readiness, such as providing developmentally appropriate learning supports. They also identified deficiencies in teacher education and training, use of research-based curricula, and health and safety.

A rigorous research base shows that disadvantaged children can experience sizable benefits in both the short and

**Figure 2**  
**Use of Center-Based ECE Programs Is Lowest for Socioeconomically Disadvantaged Children**



SOURCE: RAND California Preschool Study household survey data.  
 NOTE: See note to Figure 1.

long term from a high-quality preschool experience, yet California's system of publicly funded ECE programs targeted to lower-income children is underfunded and therefore able to serve only about half of eligible three- and four-year-olds.

**Allocation of Preschool Resources Is Inefficient**

Despite an investment of roughly \$2 billion per year in preschool programs, inefficiencies in the system are reducing its benefits. First, the minimal regulation of some publicly subsidized providers and the relatively weak standards in some domains for the more highly regulated Title 5 child development programs mean that there is no guarantee of quality in subsidized programs. Moreover, the current reimbursement structure offers no financial incentive for providers to boost quality.

Second, the mechanisms allocating public funds to providers, through both contracts and vouchers, do not ensure that all funds allocated are spent in any given year. Thus, fewer children are served than what the funding allows.

Third, the complexity of the current system makes it costly for providers to administer, challenging for families to navigate, and difficult for policymakers and the public to understand, evaluate, and improve.

### Better Preschool Access and Quality Can Narrow Achievement Gaps

The data assembled by the research team show that preschool can raise average achievement levels and narrow gaps between groups of students. The largest *relative* gain in third-grade achievement scores for Latinos and African-Americans compared with whites is estimated to come from increasing participation in high-quality preschool programs among socioeconomically disadvantaged children, a larger proportion of whom are Latino or African-American. This targeted approach could be expected to narrow the racial-ethnic achievement-score gap by about 10 to 20 percent, depending on assumptions.

### Recommendations

The study considered various design options for a preschool system in California in four domains—access, delivery, quality, and infrastructure—as well as research evidence regarding the effectiveness of alternative approaches. Based on that analysis, recommendations supported four policy goals:

1. Increase access, especially for underserved groups.
2. Raise quality, either for underserved groups or across the board, especially for those quality dimensions with the biggest shortfalls.
3. Advance toward a more efficient and coordinated system.
4. Provide appropriate infrastructure supports.

In the short term, California cannot be expected to have significant new resources to expand and improve its preschool programs (the first two goals above). However, it could create a more efficient and coordinated preschool system and lay the foundation for improving access and quality in the future. The table lists nine policy recommendations that can be implemented with few additional resources in the short term and another four (marked with an asterisk) that will require more substantial resources in the future.

### Improve Efficiency

Recommended improvements to efficiency address all aspects of the system:

- **Access.** Ensure that children who can benefit most are served first and that there is stability in enrollment for those who start at age three.
- **Delivery.** Modify contract mechanisms so that funds can be allocated more flexibly to reduce the amount of

### Summary of Policy Recommendations by Domain

Domain	Recommendation
Access	<p>Align the eligibility-determination process and allocation of children to slots with the policy objective of first serving children who can benefit most</p> <p>* As access to preschool is extended, prioritize serving a larger share of currently eligible four-year-olds and three-year-olds in poverty</p> <p>* As access to preschool is extended to a larger share of the population, consider combining geographic targeting with income targeting</p>
Delivery	<p>Modify the contract mechanism for Title 5 and Alternative Payment programs to reduce the extent of unused funds and other inefficiencies</p> <p>Implement a common reimbursement structure within a system with mixed delivery and diverse funding streams</p>
Quality	<p>Increase the routine licensing inspection rate for child care centers and family child care homes, and make inspection reports publicly available on the Internet</p> <p>Develop and pilot a quality rating and improvement system (QRIS) and tiered reimbursement system, as part of the state's larger effort to create an Early Learning Quality Improvement System</p> <p>* Use a multipronged strategy—with an emphasis on measurement and monitoring, financial incentives and supports, and accountability—to promote higher-quality preschool experiences in subsidized programs</p>
Infrastructure	<p>Evaluate options for alternative governance structures in terms of the agencies that regulate and administer ECE programs, and change the structure if greater efficiency and effectiveness can be obtained</p> <p>Make greater use of the option to allocate Title I funds for preschool programs</p> <p>Fund the implementation of the preschool through higher education (P-16) longitudinal data system envisioned under recent legislation (SB 1298)</p> <p>Examine the adequacy and efficiency of the workforce development system for the ECE workforce and make recommendations to align with future preschool policies</p> <p>* Address workforce, facilities, and other infrastructure supports needed to provide high-quality preschool for children currently eligible and those who will be eligible under any future expansion of eligibility</p>

unused funds and other inefficiencies; implement a common reimbursement structure across different programs.

- **Quality.** Increase routine licensing inspections that produce Web-based reports; develop and pilot a quality rating and improvement system (QRIS) and tiered reimbursement system.
- **Infrastructure.** Assess the effectiveness of alternative approaches to governance, funding, information systems, and workforce development.

### Invest New Resources to Raise Access and Quality

The study made the following long-term recommendations:

- Extend preschool access by giving priority to serving a larger share of currently eligible four-year-olds and three-year-olds in poverty; place-based targeting may be combined with person-based targeting so that all children in targeted communities would be able to participate even if they are not otherwise eligible.
- Raise preschool quality, especially for program features most important for child development, through a multi-pronged approach that includes quality measurement and monitoring, financial incentives and supports, and accountability through evaluating child outcomes.
- Improve infrastructure in areas such as workforce development and facilities.

For most of the policy changes listed in the table, a period of piloting and evaluation is appropriate. Given the variation in the provision of preschool programs across California's counties, California has natural laboratories for test-

ing and evaluating new approaches. As efforts are expanded, continued studies can assess whether the desired outcomes are attained or whether further refinements are needed.

### Broader Implications

Many of the programs and funding streams that support services for preschool-age children are embedded within a larger 0-to-12 child care and early education system. For the most part, the same eligibility rules, licensing and program standards, contracting mechanism, and reimbursement structure apply to subsidized programs no matter what the age of the children served. Some of the reforms recommended for preschool programs could benefit the entire system, such as a more flexible contracting mechanism, a common reimbursement system, or a QRIS.

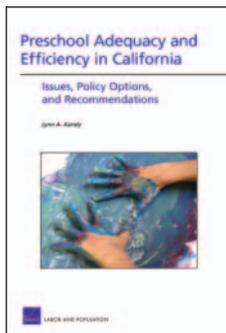
Many of the recommendations for preschool are similar to those made for the K-12 education system by groups such as the Governor's Advisory Committee on Education Excellence and the Superintendent of Public Instruction's P-16 Council. Some general strategies in terms of governance, financing, English learners, and workforce development may benefit from a coordinated approach. Ultimately, California needs to create a P-12 system that is truly integrated.

Finally, advancing preschool access and quality cannot be expected to eliminate existing achievement gaps. To raise achievement for all students, particularly for more disadvantaged children, it is vital that preschool programs be considered part of a continuum of services for children and families from birth to age three, as well as school-age services to support continued learning. ■

*The California Governor's Committee on Education Excellence, the California State Superintendent of Public Instruction, the Speaker of the California State Assembly, and the President pro Tempore of the California State Senate requested the RAND California Preschool Study. The David and Lucile Packard Foundation, W. K. Kellogg Foundation, The Pew Charitable Trusts through the National Institute for Early Education Research, The W. Clement and Jessie V. Stone Foundation, and Los Angeles Universal Preschool provided funding. The project has been guided by an advisory group of academic researchers, policy experts, and practitioners.*

*Three companion reports and their associated research briefs are also available:*

- Who Is Ahead and Who Is Behind? Gaps in School Readiness and Student Achievement in the Early Grades for California's Children, by Jill S. Cannon and Lynn A. Karoly, TR-537-PF/WKKF/PEW/NIEER/WCJVSF/LAUP, 2007, available at [http://www.rand.org/pubs/technical\\_reports/TR537/](http://www.rand.org/pubs/technical_reports/TR537/)
- Early Care and Education in the Golden State: Publicly Funded Programs Serving California's Preschool-Age Children, by Lynn A. Karoly, Elaine Reardon, and Michelle Cho, TR-538-PF/WKKF/PEW/NIEER/WCJVSF/LAUP, 2007, available at [http://www.rand.org/pubs/technical\\_reports/TR538/](http://www.rand.org/pubs/technical_reports/TR538/)
- Prepared to Learn: The Nature and Quality of Early Care and Education for Preschool-Age Children in California, by Lynn A. Karoly, Bonnie Ghosh-Dastidar, Gail L. Zellman, Michal Perlman, and Lynda Fernyhough, TR-539-PF/WKKF/PEW/NIEER/WCJVSF/LAUP, 2008, available at [http://www.rand.org/pubs/technical\\_reports/TR539/](http://www.rand.org/pubs/technical_reports/TR539/).



This research brief describes work done for RAND Labor and Population and documented in *Preschool Adequacy and Efficiency in California: Issues, Policy Options, and Recommendations*, by Lynn A. Karoly, MG-889-PF/WKKF/PEW/NIEER/WCJVSF/LAUP (available at <http://www.rand.org/pubs/monographs/MG889/>), 2009, 194 pp., \$37, ISBN: 978-0-8330-4743-4. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.

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