

Texas Pre-K

Looking Ahead to the 2017 Legislative Session

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Helping kids start school ready to learn is one of the best ways to ensure all Texans have the chance to compete and succeed in life. Texas has long recognized the value of early education, and since 1985 has offered a state-supported Pre-K program that provides a half-day of educational instruction.

Research has shown positive results from the state-supported Pre-K program, yet Texas regularly receives low marks for quality in the National Institute for Early Education Research's (NIEER) annual [State of Pre-K Report](#). A recent Texas-specific study found that for every dollar invested in Pre-K the state saves \$3.50 through the reduced need for remedial or special education, lower crime rates, and decreases in participation in public programs.¹ In the short-term, Texas saves an estimated \$142 million annually due to fewer kids who participated in Pre-K needing special education services or having to repeat a grade.²

Pre-K, like every other grade, took a substantial hit in 2011 when the Texas Legislature cut \$4 billion from formula funding. In addition to the cut in formula funding, the Legislature cut \$1.3 billion from educational grant programs outside of formula funding. This included the elimination of the Pre-Kindergarten Early Start Grant Program that had provided \$208 million every two years to school districts to improve or expand their Pre-K offerings. A survey of school districts conducted by advocacy group Children at Risk found that 15 percent of respondents, representing over 900 Pre-K students, had reduced their Pre-K offering from full-day to half-day as a result of the budget cuts.³

The importance of high quality early education has been gaining attention nationally and in Texas. Governor Abbott declared Pre-K an emergency item for the 2015 Legislative session, signaling to the Legislature that a bill to improve Pre-K quality and funding was a priority. In the end, the Legislature created a \$118 million biennial grant program which is \$90 million less than what was in the grant program eliminated in 2011.

This policy brief explains how the state-sponsored Pre-K program is funded and other funding changes made by the 2015 Legislature with an eye toward the upcoming Legislative session. More information on the value of the Texas Pre-K program and recommendations from improvement can be found in our policy brief, ["Closing the Opportunity Gap."](#)

To build on the positive gains being made by the current Pre-K program, CPHP recommends:

- Establish Pre-K as a full-day program for currently eligible students;
- Improve quality standards such as class size limits, staff-to-student ratios, and health screenings;
- Establish an office of early learning to encourage and oversee collaborations between Pre-K, Head Start, child care providers, and state agencies.

Texas Public Pre-K Program

Public Pre-K is available in school districts that identify at least 15 children who are four-years old and are either economically disadvantaged, homeless, have limited English proficiency, are in the foster care system, or have a parent who is active-duty military or died during military service. Participation is voluntary for families who meet the eligibility criteria. The program prioritizes four-year olds, but three-year olds may enroll if the school district has the room and resources to serve them. The Texas Education Agency (TEA) defines a half-day program as a minimum of three hours and a full-day program as a minimum of seven hours a day.⁴

Districts are allowed to supplement state funding with local resources to expand the half-day program to a full-day of instruction, to reduce class sizes or staff-to-student ratios, and to charge tuition for students who do not meet the eligibility criteria. It is estimated that 49 percent of Texas Pre-K students are enrolled in a full-day program, and 59 percent of districts have policies in place on class size limits, staff-to-student ratios, or both.⁵ This means that districts are making investments in Pre-K beyond what is required by the state.

Funding the State Pre-Kindergarten Program

In Texas, school districts serving eligible three- and four-year-olds receive state funding through the Foundation School Program formulas to provide a half-day of instruction. Grant programs and other discretionary funding, referred to as being “outside the formulas,” also provide support for Pre-K.

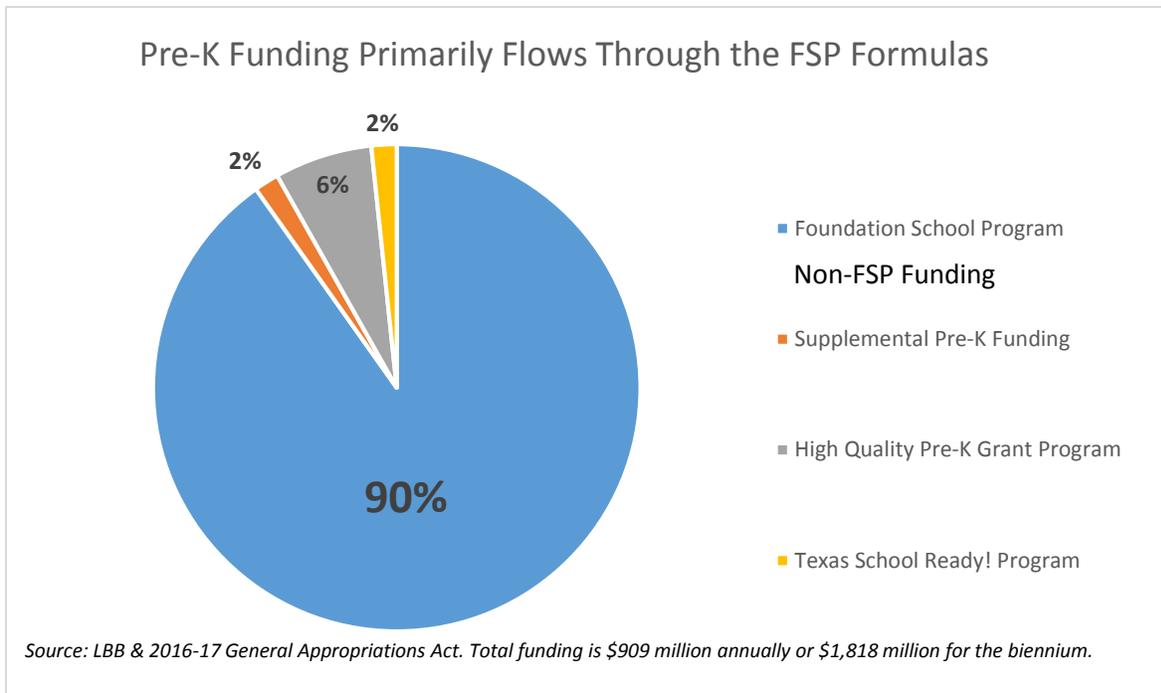
Foundation School Program Funding

The Foundation School Program refers to the formulas and laws that determine the amount of money public school districts and charter schools receive for operations and facilities. The Foundation School Program formulas fund Pre-K, like any other grade, on the basis of Average Daily Attendance.¹

The primary difference between how Pre-K and K-12 are funded has to do with how TEA counts students. Because the state only supports a half-day Pre-K program, each Pre-K student counts as half of a student in Average Daily Attendance. For example, in 2015-16, 221,331 individual students were enrolled in public Pre-K statewide,⁶ so districts across the state received funds for approximately 110,665 Pre-K students in Average Daily Attendance.

The vast majority of state funding for Pre-K is provided through the Foundation School Program formulas. Of the \$900 million allocated annually to public Pre-K programs in Texas, the Legislative Budget Board (LBB) estimates that the Foundation School Program formulas will provide \$820 million, or 90 percent of all funding, for Pre-K by fiscal year 2017.⁷

¹ Average Daily Attendance is the sum of attendance for each day of instruction divided by days of instruction.



Legislative changes made to the Foundation School Program during the 2015 legislative session impact Pre-K like any other grade. Find a summary of the changes made to the Foundation School Program in our policy brief, [“The Texas School Finance Challenge and What to do About It.”](#)

Funding Outside the Foundation School Program

There are three additional sources of funding that support Pre-K beyond the Foundation School Program. These sources are “outside” the Foundation School Program funding formulas:

- High Quality Pre-Kindergarten Grant Program (HB 4 – 2015 Legislative session) - \$118 million appropriated in the 2016-2017 budget;
- Supplemental Pre-K Funding - \$30 million appropriated in the 2016-2017 budget;
- *Texas School Ready!* - \$30 million appropriated in the 2016-2017 budget.

Texas School Ready! is a joint program between the Texas Workforce Commission and TEA that provides curriculum, student monitoring, and professional development for teachers in public schools, charters, Head Start programs, and for- or non-profit childcare center based programs. A more thorough explanation of this program is beyond the scope of this policy brief because it provides support to Pre-K programs outside the state-sponsored Pre-K program.

High Quality Pre-Kindergarten Grant Program

At the urging of the Governor, the Legislature passed HB 4 in 2015 to create the High Quality Pre-Kindergarten Grant Program. To qualify for a grant, a district must demonstrate the ability to meet enhanced quality standards related to curriculum, teacher qualifications, academic performance, and

family engagement.⁸ The grants are flexible enough that districts can use the funds to expand to a full-day program, reduce class sizes and staff-to-student ratios, or otherwise improve the quality of its Pre-K program.

In addition to creating a grant program, HB 4 requires all districts with a Pre-K program to report to TEA class sizes and staff-to-student ratios for each Pre-K classroom. TEA and the Department of Family and Protective Services (DFPS) are also required to develop recommendations for optimal class sizes and staff-to-student ratios.⁹ Classroom sizes for grades K-12 are currently capped at 22 students per class, however there is no limit for Pre-K classrooms. NIEER recommends that Pre-K class sizes should be limited to 20 students with a staff-to-student ratio of 1:10. The new reporting requirements will give the public and policymakers a greater understanding of how districts are structuring Pre-K classrooms and if overcrowding is an issue for districts.

The 2015 Pre-K law caps funding at \$130 million over the 2016-2017 period,¹⁰ but the General Appropriations Act directs only \$118 million to the grant program.¹¹ This is \$90 million less than the \$208 million Pre-Kindergarten Early Start Grant program that the Legislature eliminated as part of the \$5.3 billion cut to schools in 2011.¹²

The new grant program provides approved districts with up to \$1,500 per child per year in addition to formula funding. However, grant amounts will be based on the number of students within approved Pre-K programs. TEA approved grant funding for 578 districts,¹³ representing slightly more than 159,264 Pre-K students or 72 percent of all students in a state-sponsored Pre-K program. Because a high number of children will receive grant funding, the individual awards are \$367 per student for each year of the grant program. That is only 24 percent of the maximum amount of \$1,500 per student.

Due to a one-year delay in developing the grant program, districts will receive the first year's distribution of \$367 per student in the summer of 2016 to support the implementation of a high-quality program for the 2016-17 school year and another distribution in the fall of 2016 to support that implementation.

In order to implement and sustain a high quality Pre-K program, districts need a reliable and stable funding source. Unlike formula funding, grant programs are easier to cut or eliminate because they are shown as individual line items in the budget. Variable grant amounts make it difficult to prepare for the future and set districts up for failure when funding runs out or decreases significantly. There is no guarantee the Legislature will invest in the program at current levels or at all next session, and even if they do, funding levels can be expected to change year-to-year depending on student enrollment and the number of qualified districts.

Supplemental Pre-Kindergarten Funding

Categorized as a down payment on improving Pre-K funding in 2013, the Legislature appropriated \$30 million in supplemental funding for the 2014-15 biennium. The 2015 Legislature continued this funding for the 2016-17 biennium.¹⁴

For the 2015-16 school year, districts will receive \$155 per student in Average Daily Attendance in addition to formula funding based on their prior year's Pre-K enrollment.¹⁵ Because the state only funds a half-day Pre-K program, two pre-K students are needed to equal one student in Average Daily Attendance. As a result, the supplemental Pre-K funding provides only \$77.47 per individual Pre-K student.

Because most districts divert resources from other district priorities to enhance the quality of their Pre-K program, the supplemental funding is appreciated. However, \$77 a student doesn't go far enough when districts are struggling to hire quality teachers and expand facility space to meet the need for Pre-K services. School districts also have no idea how long the Legislature will make this supplemental funding available, making it hard to anticipate funding available for coming years.

Conclusion

The Supreme Court of Texas ruled in May 2016 that the school finance system is minimally constitutional and urged the Legislature to improve funding for schools in the state. Lawmakers should consider early education funding needs when they come together with educators, advocates and others to debate how to renovate our outdated and underfunded school finance system.

Texas has seen positive gains from its modest Pre-K program. However, to build on and maintain these gains, Texas must increase its investment in early education. Increased investments in Pre-K would allow the state to implement class size limits and staff-to-child ratios by giving districts the resources they need to hire additional teachers and classroom aides. Additional funding would also make it possible for districts to expand to a full-day program without sacrificing other educational programs.

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- ¹ Taylor, L., et.al. A Cost-Benefit Analysis of Universally-Accessible Pre-K Education in Texas. Texas A&M University; May 2006.
- ² Child and Family Research Partnership. Pre-K is Good for Kids and For Texas: Short-term Savings from Pre-K Estimated at Nearly \$142 Million Annually. April 2015.
- ³ Goff, Sarah and Dr. Robert Sanborn, EdD. Doing More with Less? Public Education in a New Fiscal Reality. Children at Risk. September 2012.
- ⁴ Texas Education Agency. State Initiatives: Prekindergarten Full/Half-day Programs http://tea.texas.gov/index2.aspx?id=2147497206&menu_id=2147483718
- ⁵ Winkler, Andrea. Texas Education Agency Prekindergarten Programs: An Issue Brief from the Legislative Budget Board. Legislative Budget Board. September 2014; and Sanborn, Robert. et al. The State of Pre-K: Realities and Opportunities in Texas. Children at Risk, 2014
- ⁶ Texas Education Agency. PEIMS Standard Reports, Student Enrollment.
- ⁷ Legislative Budget Board. Texas Education Agency, Summary of Recommendations – Senate, page 23; February 6, 2015. http://www.lbb.state.tx.us/Documents/SFC_Summary_Recs/84R/Agency_703.pdf
The 96 percent figure includes the \$30.4 million appropriated for the *Texas School Ready!* program.
- ⁸ Texas Education Agency. House Bill 4 High-Quality Prekindergarten Grant Program: http://tea.texas.gov/Curriculum_and_Instructional_Programs/Special_Student_Populations/Early_Childhood_Education/House_Bill_4_High-Quality_Prekindergarten_Grant_Program/; accessed June 2016.
- ⁹ Legislative Budget Board. 84th Regular Session, Fiscal Note for HB 4 as Passed 2nd House; May 11, 2015.
- ¹⁰ Legislative Budget Board. 84th Regular Session, Fiscal Note for HB 4 as Passed 2nd House; May 11, 2015.
- ¹¹ General Appropriations Act 2016-17. Article IX – Contingency and Other Provisions; Sec. 18.32.
- ¹² General Appropriations Act 2010-11. Article III, rider 45. Shows the last appropriation for the Pre-Kindergarten Early Start Grant Programs at \$104.3 million for each year of the biennium.
- ¹³ Texas Education Agency. House Bill 4 High Quality Prekindergarten Grant Program; http://tea.texas.gov/Curriculum_and_Instructional_Programs/Special_Student_Populations/Early_Childhood_Education/House_Bill_4_High-Quality_Prekindergarten_Grant_Program/
- ¹⁴ General Appropriations Act 2016-17. Article III – Texas Education Agency; rider 58.
- ¹⁵ Texas Education Agency. Supplemental Funding for Pre-Kindergarten 2015; Oct. 26, 2015.

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