



The effects of universal state pre-kindergarten on the child care sector: The case of Florida's voluntary pre-kindergarten program



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ABSTRACT

Over the past two decades states have drastically increased their investments in pre-kindergarten programs. One major question about state investments in early childhood education programs is to what extent these initiatives create new child care options rather than crowd-out existing private child care options. We investigate this issue using Florida's universal pre-kindergarten program (VPK), a national leader with respect to preschool access, as a case study. Leveraging a 9-year panel of data we find that the introduction of Florida's VPK program expanded the size of the state's licensed child care market by 13% relative to the predicted market size. Using a synthetic control difference-in-difference approach we also show that VPK led to an increase in the percentage of 4-year-olds enrolled in formal care but a drop in the percentage of 3-year-olds enrolled in these settings. Implications are discussed.

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1. Introduction

Over the past decade states have increased their investments in pre-kindergarten programs substantially. Since 2002, the percentage of 4-year-olds enrolled in state-funded preschool programs has doubled (Barnett, Carolan, Squires, Clarke Brown, & Horowitz, 2015). In eight states and Washington, D.C. more than 50% of 4-year-olds are

enrolled in state-funded preschool programs, and other states are scaling up towards similar “universal” initiatives (Barnett et al., 2015).

The primary goal of these public preschool initiatives is to ensure that all children have access to high quality early childhood opportunities. A large existing body of research demonstrates that participation in preschool can have meaningful impacts on a host of short- and long-term outcomes. However, in order for large-scale, early childhood initiatives to yield meaningful benefits, they must provide access to more intensive or higher quality programs than children would have experienced in their absence. Therefore, one important unanswered question

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about state investments in early childhood education programs is to what extent these initiatives supplant or expand existing child care options.

Critics of universal preschool argue that these programs use public resources to subsidize care for middle income families who are already using private sector care. Advocates, on the other hand, suggest that state pre-kindergarten initiatives provide slots and services for children who otherwise would not have access to high quality programs.

Our study adds to a limited body of research about “preschool crowd-out” by investigating how Florida’s universal pre-kindergarten program impacted the child care sector. In 2005, Florida introduced Voluntary Pre-Kindergarten (VPK), a free preschool initiative open to all 4-year-olds. The implementation of the VPK program represents the most rapid expansion of state preschool in the United States. In its first year, VPK served nearly half of Florida’s 4-year-olds. Today, the program serves roughly 75% of 4-year-olds, and is among the largest public preschool programs nationwide.

The paper explores two primary questions. First, to what extent did the introduction and expansion of universal preschool in Florida lead to changes in the size of the early childhood sector (including both *formal* classroom-based arrangements such as child care centers, pre-kindergarten, and Head Start programs as well as *informal* arrangements such as family day care homes)? Second, did universal preschool lead to changes in the services provided by the child care sector? Specifically, is there evidence of a market shift towards serving VPK-eligible children (e.g., 4-year-olds) and away from serving VPK-ineligible children (e.g., 3-year-olds)?

Leveraging data from the Florida Department of Children and Families (DCF), we analyze a unique nine-year panel (2003–2011) of county-level data on the capacity of *all* child care facilities in the state, including both formal and informal settings. We combine these data with county-level information on VPK expansion from its inception in 2005 through 2011. We exploit the within-county variation in the expansion of the VPK program to estimate the impacts of public preschool on the size of the overall child care sector. Our results indicate that Florida’s VPK program led to a 13.3% increase in slots in Florida’s licensed child care market relative to the predicted market size in the absence of VPK.

Further, using national data from the Current Population Survey (CPS) and a synthetic control difference-in-difference framework we show that VPK increased the percentage of 4-year-olds enrolled in formal care arrangements. Notably, however, VPK led to a drop in the percentage of 3-year-olds enrolled in school, suggesting potential unintended consequences of the expansion.

2. Motivation

The most compelling evidence about the benefits of preschool participation comes from studies examining the long-term impacts of interventions that took place decades ago (Arteaga, Humpage, Reynolds, & Temple, 2013; Campbell et al., 2012; Reynolds, Temple, White, Ou, & Robertson,

2011; Schweinhart et al., 2005). These studies are the ones most cited to motivate state interventions in early childhood education.

While the rigor of these studies makes their positive findings compelling, it is difficult to gauge their generalizability to current contexts. When those early interventions were introduced, most young children did not participate in *any* form of preschool. For instance, when the Federal Head Start program was introduced in 1965, less than 10% of 3- to 5-year-olds were enrolled in any type of preprimary program (Bianchi, 2000). Today the majority of children ages 0 to 5 in the United States experience non-parental care regularly. Nearly half of infants are in non-parental care. Among 4-year-olds the figure rises to 82%, most of whom are primarily enrolled in formal arrangements such as day care centers, preschools, and pre-kindergarten programs (Bassok, 2010).

Today’s preschool programs are thus situated within a very different landscape than the programs investigated in those earlier studies. This change in the “status quo” early childhood experience has meaningful implication for the likely returns to public preschool initiatives (Feller, Grindal, Miratrix, & Page, 2014; Kline & Walters, 2016; Zhai, Brooks-Gunn, & Waldfogel, 2014).

2.1. Crowd-out in early childhood education

To date, most of the research on the impacts of state-funded pre-kindergarten has focused on programs’ direct effect on children’s cognitive and social functioning (Fitzpatrick, 2008; Gormley, Gayer, Phillips, & Dawson, 2005; Lipsey, Hofer, Dong, Farran, & Bilbrey, 2013; Weiland & Yoshikawa, 2013; Wong, Cook, Barnett, & Jung, 2008).

While these impact analyses address a critical question, the existing research has not sufficiently addressed a major critique of universal preschool initiatives, namely that universal programs primarily subsidize child care for middle income families who would send their children to similar programs even in the absence of government intervention (Besharov & Call, 2008; Burke, 2010; Finn, 2009). There is relatively little evidence on the extent to which public preschool programs create new slots or supplant existing ones.

The few studies that exist generally do suggest some “crowd out.” Bassok, Finch, Lee, Reardon, and Waldfogel (2016) show that between 1998 and 2010 there was a marked drop in private preschool participation among middle and high-income families, and that this trend coincided with an increase in public preschool participation for the same groups. Similarly, Cascio and Schanzenbach (2013) found that universal preschool programs in Oklahoma and Georgia led to drops in private preschool enrollment among children whose mothers had some college education or more. Studies of closely related policy initiatives such as subsidized child care (Baker, Gruber, & Milligan, 2008) or the introduction of kindergarten (Cascio, 2009) also indicate substantial “crowd-out.” These studies raise concerns that the returns to universal preschool initiatives may be lower than advocates suggest due to the existence of widely-utilized and fairly similar alternatives.

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