This paper addresses the importance of a high quality preschool education for children living in poverty; the long-term effects of such an educational experience; the long-term economic benefits to the children enrolled and their families; and the potential impact of privatization on preschool services. The cost-effectiveness and cost-benefits of early childhood education discussed are based on the 27 years of longitudinal data of the Perry Preschool Project (PPP). Research on the PPP has concluded that each dollar invested in high quality preschool education saved the public $7.61 of special services later. The paper also discusses the impact of political change in the United States and Eastern Europe on decentralization and privatization of educational services, including Head Start in the United States. It recommends that the U.S. government should: (1) provide economic and political incentives for the voluntary nonprofit sector to fill the void left when governments no longer provide needed services for children; (2) implement appropriate regulations and guidelines to protect children served by voluntary nonprofit agencies; and (3) fund adequately preschool services for children who are economically at-risk. (Contains 27 references.) (MDM)
Privatization and Preschool Education

Long-Term Economic Benefits of Preschool Services and the Potential Impact of Privatization

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Abstract

Increasing numbers of children are living in poverty in Eastern Europe, the United States, and throughout the world. Periods of political upheaval, such as Eastern Europe's adjustment to a market economy, impact vulnerable populations; young children are among the most vulnerable. When rapidly increasing levels of poverty occur, services for poor children are especially significant. This paper addresses (1) the importance of a high quality experience in the early childhood years for children living in poverty, (2) the long-term effects of such a preschool experience, (3) the long-term economic benefits to the children enrolled, to their families, and to society, and (4) the potential impact of privatization on preschool services. This paper reviews political changes affecting children during the decentralization of Eastern Europe and the current privatization movement in the United States.

The cost-effectiveness and cost-benefits of early childhood education discussed are based on the 27 years of longitudinal data of the Perry Preschool Project, the Cost, Quality and Child Outcomes in Child Care Centers study released in 1995, and 25 years of comparative data from the International Association for the Evaluation of Educational Achievement (IEA) and its recent Preprimary Project. The paper addresses the role of privatization and its possible impact on services to young children. Recommendations for maintaining or establishing appropriate preschool services to ameliorate the effects of poverty include: (1) Providing economic and political incentives for the voluntary nonprofit sector to fill the void left when governments no longer provide needed services for children; (2) Implementing appropriate regulations and guidelines to protect children served by voluntary nonprofit agencies; (3) Funding adequately preschool services for children who are economically at-risk.
Times of political and economic change produce the greatest stress on the most vulnerable members of the population. In the United States the current political climate is one of diminishing the role of government and cutting social and educational services. In Eastern Europe the fall of communism also brings a diminishing role for governments and the search for private support for what were formerly services provided by the government. In both the East and the West "the challenge is to protect children and other vulnerable groups while the economies are going through the throes of transition" (James P. Grant cited in Cornia & Sipos, 1991, p. xxi). This paper addresses the needs of young children during the current restructuring of the economies and societies of Eastern Europe and the United States.

**Context of the Discussion**

Children throughout many areas of the world are growing up as part of an underclass whose members are undereducated and unskilled; they are increasingly at-risk for health problems, school failure, and missing the benefits of social and economic progress. Many of these problems can be ameliorated or prevented by addressing the needs of children during the prenatal and preschool periods. "Investment in childhood is the best guarantee against poverty and social costs later in life, as well as an investment in national productivity" (Esping-Andersen & Micklewright, 1991, p. 46).

**Increasing Numbers of Children Living in Poverty**

Whether in Eastern Europe, the United States, or other parts of the world, there is growing awareness of the effects of poverty on the lives of young children. There is increasing evidence that preschool experience impacts young children's school achievement and their potential earning power as adults (Schweinhart, Barnes, & Weikart, 1993). The number of children living in poverty is growing in Eastern European countries (Sipos, 1991, p. 4) and in the United States. One in four infants and toddlers in the United States is living below the poverty line (Carnegie Task Force, 1994, p. 3). "During the decade of the 1980s, 4 million more American children fell below the official poverty line even as average incomes rose and the economy as a whole grew by 25%" (Grant, 1995, p. 3). The percentage of low-income children "lifted out of poverty" is 8.5% in the U.S. while Sweden, France, the Netherlands, and the United Kingdom have percentage rates above 73% (Children's Defense Fund, 1994, p. 7).

The major issues discussed in this paper are (1) the importance of a high quality preschool experience in the early childhood years for children living in poverty, (2) the long-term effects of such preschool experience, (3) the continuing economic benefits to the
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children enrolled, to their families, and to society broadly, and (4) the potential impact of privatization on preschool services for children. I make recommendations at the end of the paper based on information gained from the International Association for the Evaluation of Educational Achievement's (IEA) Preprimary Project, the 27 years of longitudinal data from the Perry Preschool Project, the Consortium for Longitudinal Studies, Head Start, the Cost, Quality, and Child Outcomes in Child Care Centers, and the United Nations Children's Fund (UNICEF).

From the time of Plato and Aristotle children have been recognized as having special needs during the formative years. Rousseau emphasized the nature of children; Pestalozzi built his farm program for poor children on Rousseau's Emile. Montessori addressed the needs of urban, poor children in Rome. Owen added a school for the children working in his factories. During times of political and social transformation societies refocus on children. Examples of political changes that have impacted children's services provide a context for this discussion.

Political Changes Impacting Children's Services

During periods of social upheaval the most vulnerable populations are at particular risk. The 1994 U.S. election changed the way the federal government does business. Social and educational services that have been in place under decades of Democratic control of Congress are threatened.

Head Start emerged during the Civil Rights era as a centerpiece of Lyndon Johnson's War on Poverty. After 30 years of compensatory education for America's poorest children who are at risk of school failure, Head Start is once again mobilizing sources of support. In 1995 there are more young children living below the poverty line than before. More mothers of young children are in the work force; more welfare mothers are required to go to work. To curtail Head Start and block grant child care services at a time of increasing need throws the burden of services for young poor children to non-government sources.

Political events surrounding the overthrow of communism have brought about a similar upheaval in societies formerly under the U.S.S.R. Governments have opened up services that were long their purview for private funding sources to become active.

Decentralization of Eastern Europe. As political events in Eastern Europe changed the way economic factors of those countries affect social and educational services, "the failed state socialist project [demonstrates] why the state-managed united economic and social policy had to give way to more democratically controlled and more pluralistic economic and social policies" (Deacon & Szalai, 1990, p. 1). "Market-oriented economic reforms reduce the importance of social policy regarding it as a burden on the economy;
with a consequent widening of inequalities, a privatization of some services and a lowering in the level of social security provided by the State" (p. 17). Five policy streams related to halting the expansion of the welfare state impact public policy: retrenchment in public spending, governmental decentralization, debureaaurcratization, deregulation, and deinstitutionalization (Kramer, Lorentzen, Melief, & Pasquindli, 1993, p. 2). The State then becomes a partner, patron, or purchaser of services of voluntary nonprofit organizations, seeking "a very delicate balance between the established order and the new initiatives" (Lane & Ersson, 1990, p. 31).

Privatization. As the United States Congress functions in an increasingly conservative mood, and is politically aligned in opposition to its president, the government is limiting funds for social and educational services, including those for prenatal and preschool populations. The next few years will be a period of rediscovery by both the Eastern-bloc countries and the United States concerning the special advantages of the voluntary nonprofit sector. Hill (1994) is attracting considerable attention for his notion of the privatization of U.S. education; boards of education are contracting with private business to run their public schools. Early education is even more likely to be funded by the private sector with its long history of programs sponsored by both public and private agencies.

The next section of the paper addresses the long-term effects of early education and the cost and benefits derived from high quality preschool programs, especially for poor children.

The Persistent Effects of Early Education

Studies during the decade of the 1950s revealed the malleability of the intelligence (IQ) of young children, depending on the stimulation they experience, their nutrition, and involvement of parents (Hunt, 1961). The idea that IQ could be increased was a new one, emerging at the time the United States was shaken by the 1957 launching of Sputnik by the Soviet Union. The country was experiencing a major upheaval as the Civil Rights movement unfolded; drastic measures were required. The resources and commitment to address past and present inequities were available. Early intervention became the means to save the next generation.

Significance of Findings from Preschool Data

Consortium for Longitudinal Studies

The U.S. government funded more than a dozen experimental programs between 1958 and 1969 in an attempt to discover the appropriate model for the national Head Start program (Lazar, Darlington, Murray, Royce, & Snipper, 1982). These research programs had experimental designs with children randomly assigned to experimental programs or to
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a control group of no preschool program. Each program developed a distinctive curriculum and carefully trained teachers and home visitors to ensure their adherence to the model. Researchers assessed children with pre- and post-tests during the preschool years and began following their progress as they entered primary school.

The various curricular models improved children's IQ scores about 7 to 11 points; their school achievement was higher than children in the control groups. However, by the time children reached fourth grade the differences between the experimental and control groups in children's IQ and achievement scores evaporated. Favorable outcomes across the dozen projects participating in the consortium's longitudinal study clustered around the following factors: "the earlier the intervention, the better; the fewer children per adult, the better; the more home visits by the staff, the better; the more involvement by the parent [the better]; and programs which offered services to parents as well as their children had somewhat better outcomes" (Lazar, 1990, p. 371). As they moved through school they were less likely to be retained in a grade or be placed in special education classes. Girls who became pregnant were more likely to return and finish high school. Experimental subjects were more likely to seek post-secondary schooling or training.

The consistency of the findings of all twelve programs in the longitudinal study lends support to the importance of the early years, particularly for poor children (Consortium for Longitudinal Studies, 1983). Even though the original goal of raising IQ scores proved to be a short-term gain, the benefits to the participants and society are real and lasting. The statisticians reviewing the Consortium data took particular care to report data conservatively. In spite of the deliberate differences in program models, curricular variations, and the young age of the participants, robust, positive outcomes persisted into adulthood.

Perry Preschool Project

One of the programs in the Consortium for Longitudinal Studies was the Perry Preschool Project (PPP), now known as High/Scope. The participants in PPP have been followed longer than those in any of the other consortium studies. The latest data released in 1993 are based on participants' lives at age 27 (Schweinhart, Barnes, & Weikart, 1993). The major difference in the High/Scope data compared to the other consortium studies, other than the length of the follow-up period, is that High/Scope calculated economic benefits to society based on the lives of the experimental children versus those in the control group. The experimental children participated in a cognitive-oriented curriculum when they were three and four years old. At age 27 the experimental group, when compared to the control group with no preschool program, had half the number of arrests, four times as many earning $2,000 or more per month, three times as many owning their
own homes, one third more graduating from high school on time, one fourth fewer requiring welfare services as adults, and one third fewer out-of-wedlock births.

**Cost benefits.** A cost-benefit analysis calculated program costs with benefits estimated for: (a) the value of child care, (b) reductions in the costs of public education, (c) increases in earnings, (d) reductions in welfare payments, and (e) reductions in the costs of crime (Barnett, 1992, p. 300). Schweinhart, Barnett, and Weikart (1993), therefore, conclude that each dollar invested in high quality preschool education saves the public $7.16 of special services later. David Weikart has convinced state legislatures to increase their spending for at-risk preschoolers based on these findings. Even though Lazar and others have suggested that the economic data do not support a one-to-seven benefit, there is general acceptance of substantial savings based on lack of school failure and assignment to special education classes. Barnett (1992) summarized 22 studies of compensatory preschool education; all 22 studies found the same pattern of early effects (p. 282). "The studies reviewed suggest that compensatory preschool education has an important effect on long term school success, especially as indicated by school attainment, retention, and special education placement, but do not find that there are persistent effects on IQ or, usually achievement" (p. 292).

**Head Start**

Based on the political demands for equity and access for all citizens during the Civil Rights era in the U.S., and on the compensatory education models of the Perry Preschool Project and other consortium models, Head Start was begun in 1965 with high hopes. By the 1970s the economy had lost its vigor; the mood of the country and its politicians had changed from what it had been in the early Civil Rights period. The government then commissioned the Westinghouse Learning Corporation and Ohio State University to evaluate Head Start's impact on elementary children with Head Start experience. The Nixon administration used this study to support the idea that IQ gains of Head Start children were obliterated within a year (Lazar, 1990, p. 367) and the time was right to cut Head Start funding. Now, after 30 years of operation, Head Start serves a mere 30% of eligible children and has not known full funding since its earliest days.

In spite of critical funding cuts soon after its inception, Head Start continues to receive political 'protection' as the right thing to do for poor children at-risk for school failure. Parents have participated in Head Start from the beginning and supported Head Start ardently; many now work in Head Start centers. The Consortium's longitudinal educational outcomes, and High/Scope's economic benefits have convinced U.S. legislators and Congress that funding preschool programs for poor children is worth the costs involved. President Clinton came into office declaring his strong support for Head
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Start and its expansion. Under a conservative Congress, Head Start's future is linked to health and welfare reform and support for additional day care services for the working poor.

Cost, Quality, and Child Outcomes in Child Care Centers

Since the Women's Movement increased the number of women in the work force with children under the age of six, child care outside the home has become the norm in the U.S. "The Cost, Quality, and Child Outcomes Study provides the first comprehensive econometric and psychometric analysis of child care and children's outcomes" (Executive Summary, 1995, p. 1). After studying child care in California, Colorado, Connecticut, and North Carolina the investigators concluded "that only 1 in 7 centers provides a level of child care quality that promotes healthy development and learning. . .[and] that care for infants and toddlers may be even lower quality than previously thought" (p. 10). North Carolina had centers with the lowest quality, and of the four states studied North Carolina has the lowest child care licensing standards. The Cost and Quality study found that for-profit and church-affiliated centers provide lower quality services than centers operated by a variety of public agencies, worksite centers, and other programs with public funding. This study suggests that larger centers and those with full capacity can reduce costs, thereby increasing quality.

Costs, revenue, and support. The authors state their econometric analyses in terms of the expended costs (cash costs incurred to run centers), donations (goods and services donated to support child care), foregone wages (difference between wage earned in child care and the wage a staff person could earn elsewhere based on education, gender, age, race, and marital status), full cost (amount to operate centers if all costs were included), and total revenue (total amount of income received by the center). "Center child care, even mediocre-quality care, is costly to provide. Even so, donations and foregone wages are large, accounting for more than one-fourth of the full cost of care" (p. 5). This study estimates the full cost of "center care services is $2.83 per child hour, or $.72 per child hour more than expended costs" (p. 5), further evidence of the subsidy that staff paid low wages make to child care.

One of the more interesting findings of this complex study is that good-quality programs cost more than mediocre quality, but not a lot more. The additional cost to offer good-quality services compared to mediocre-quality care was about 10% They found that parent fees represent only about 71% of center revenue and 55% of full cost (p. 7) indicating the necessity of funding sources in addition to parent fees. Although cost of care varied across the four states, the study found strong competition in local markets. Both profit and non-profit sectors realize similar low rates of profit or surplus (3.7%) (p. 9).
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International Data Sources

United Nations Children's Fund (UNICEF)

UNICEF's 1990 World Summit for Children set goals for reducing illiteracy, deaths, malnutrition, disease and disability; five years later, a majority of nations are moving toward achieving most of these goals. UNICEF data from former U.S.S.R. countries are sparse compared to the other country categories listed; however, adult literacy ranks in the 99 percentile for adults in these countries (UNICEF, 1995, p. 84), among the highest in the world. The under-5 mortality rate in 1993 ranked at the lowest in the world in former U.S.S.R. and industrialized countries (p. 85).

The vast majority of nations, 167 in 1995, have ratified the U.N. Convention on the Rights of the Child. "The Convention, [is] widely considered to be the most progressive, detailed, and specific human rights treaty ever adopted by the Member States of the United Nations" (NAEYC Public Policy Alert!, March 2, 1995, p. 4). Only 14 nations, including the United States and Saudi Arabia, have not signed on as of March, 1995. The U.S. continues an ambivalent relationship with the United Nations. Far-right political groups see the United Nations as a threat to nationalist concerns.

International Studies

International Association for the Evaluation of Educational Achievement (IEA)

"The International Association for the Evaluation of Educational Achievement (IEA), a non governmental, nonprofit organization of research institutions in 45 countries, is well known for its 25 years of comparative international surveys in science, mathematics, written composition, and other academic areas" (Olmsted & Weikart, 1989, p. ix). "The IEA Preprimary Project [with 14 participating countries] is an ongoing international study investigating the nature, quality, and effects of the experiences of children prior to formal schooling" (p. xxi). Recurring themes of the IEA preprimary study are "deficits in service availability, in agency coordination, and in personnel quality" (p. 402).

Policies on Children's Services

Some countries have no explicit policy governing young children's care and education that applies to all families (p. xxi). The United States' array of policies reflects a historical consensus that families, rather than the government, should be responsible for children's early experiences. Many European countries, in contrast, have explicit national policies with specific quality standards of care and education. In developing countries national early childhood policies often are in dramatic contrast with the daily reality. The decreasing infant morality rate, the increase in one-parent families, and the participation of
women in the labor force around the world increases the number of young children requiring child care services.

Countries are examining their national data collected for the Preprimary Project in the context of broader, international findings. Phase 1 of the Preprimary Project reports household surveys from eleven countries (Olmsted & Weikart, 1995). Portugal set goals to move from serving approximately 30% of preschool children to serving 90% of five-year-olds by 1993 (p. 9). In Albania until 1955, only 56.3% of children attended kindergarten; the goal is 100% to attend state kindergartens by 2000. "Early education has emerged from the context of the family, while primary schooling is the sole responsibility of the state and includes all Albanian children" (Dedja, 1992, p. 29). "Since November, 1989, processes aimed at transforming the country into a democratic and constitutional state and at demolishing the totalitarian administration have taken place in Bulgaria. This will inevitably lead to a change in the system of preschool education--in its forms, methods, and means—that will promote humanistic and democratic principles" (Radev, 1992, p. 146).

Hungary (Pereszlenyi, 1992) and Albania (Dedja, 1992) report one teacher overseeing as many as 150 children during the 1800s. As early as 1891 Hungary made nursery education compulsory, but not universally available (Pereszlenyi, 1992). Nursery schools were nationalized in 1948. "Recent rapid changes in the Hungarian political and social life exert an influence on the development of preschool education...The state's monopoly over institutional education has been terminated...Modifications to the Education Act in 1990 allowed churches, denominational schools, and even individuals the right to organize and maintain nursery schools. The resultant possibility of 'multiple' maintenance will obviously cause conceptional changes as well as a wider choice in the future...Structural changes in the national economy and privatization raise the responsibility of the state to finance large-scale optional preschool preparatory institutional systems" (Pereszlenyi, 1992, p. 262). There has been no national curriculum in Hungary since 1986.

Bush and Phillips (1994) describe conceptions of quality early care and education from countries around the world. Their efforts toward "Expanding the Lens on Child Care: International Approaches to Defining Quality" helps to broaden the debate about quality programs for young children by comparing examples from other countries and the conceptions of quality that recur across countries. They found quality could be defined in terms of school preparation, a homelike environment, environmental safety, or group size (p. 1). Societies differ in their view of whether child care is a right or a privilege. In countries where child care is considered a right, a coherent family policy usually is in place. They "examined public or governmental child care systems as means of uncovering
dominant quality perceptions operating in a particular region or country" (p. 3). They, too, found a gap between beliefs and practices.

"Child care systems [often] originate as custodial care only for those children deemed to be 'at risk' economically or socially, and then gradually evolve into more universal coverage with more developmental or educational curriculum" (p. 5). The Scandinavian countries generally set the standard for child care. At the other end of the continuum, many developing countries base their child care services in health departments, indicating a survival orientation.

Free market societies value choice, autonomy, and privacy of the family related to child care issues. "Consistent with this ethos is the idea that private market provision of child care, without needless government intervention, is the best way to truly help families" (p. 27). In such a setting, publicly provided child care is frowned upon by society, which limits the provision of services, thereby conveying the message that mothers should stay home with their children.

Recommendations

As "the state-managed united economic and social policy ... give[s] way to more democratically controlled and more pluralistic economic and social policies" (Deacon & Szalai, 1990, p. 1) "market-oriented economic reforms [will cause a] widening of inequalities, a privatization of some services and a lowering in the level of social security provided by the state" (p. 17). One way to ameliorate the effects of diminished social services provided by the government is "a rediscovery by both the Right and the Left of the civil society [of] the special advantages of Voluntary Nonprofit Organizations (VNPO) (Kramer, Lorentzen, Melief, & Pasquinelli, 1993, p. 1). In this era of retrenchment in public spending, governmental decentralization, debureaucratization, deregulation, and deinstitutionalization in both the East and the West voluntary nonprofit organizations will necessarily play an enhanced role in providing preschool services.

Recommendation 1

Provide economic and political incentives for the voluntary nonprofit sector to fill the void left when governments no longer provide needed services for children.

Governments can require corporations investing in their countries to provide workers subsidized child care; they can require communities to set aside land and space for children's services.
Recommendation 2
Implement appropriate regulations and guidelines to protect children served by voluntary nonprofit agencies.

The Cost and Quality study provides convincing evidence that appropriate regulations positively influence quality and that lower standards enable the existence of lower quality services. States with low requirements had low quality programs compared to states with higher regulations. Where regulations exempt certain programs, such as church-sponsored preschools or Montessori programs, program quality usually declines. Government regulations should ensure minimum standards and a safety net for all children.

Recommendation 3
Ensure adequate government funding for preschool services for children economically at-risk.

"Although a positive economic return is not sufficient reason for a government to make an investment, it is presumed that other public expenditures have much less favorable evidence of positive returns" (Barnett, 1992, p. 301) than investment in the early years of poor children. "Compensatory preschool education can be an economically efficient and politically palatable public investment" (p. 304).

"The economic incentive for early intervention lies with the taxpayers who receive more than enough economic benefits to make it an attractive investment" (Barnett & Escobar, 1989, p. 685). Evidence of the cost-effectiveness of high quality preschool programs has enabled them to become part of the social safety net. "The common focus of [political restructuring] must be to give the protection of the normal physical, mental, and emotional development of children a first call on our concerns and capacities" (Grant, 1995, p. 60). The state of the world's children can be improved with help from the government and private sources working together to address their needs.
References


