Funding Child Care and Public Education

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Abstract
Ensuring the availability of high-quality, affordable child care to all families who need it is a goal of national importance. The authors suggest that a comprehensive financing and service delivery system for child care is needed to achieve this goal, and the system should ideally be grounded in an existing institution, already present in every community—the public school. The linkage of child care with the public education system would eliminate the false distinction between child care and education, and would create a universally accessible system of child care services for children. The School of the 21st Century is an example of such a system. Initially conceptualized by Zigler, it has now been implemented in 400 schools across 13 states, with the leadership and direction of Finn-Stevenson.

This article describes how school districts that have implemented the program employ a mixture of parent fees and local, state, federal, and private dollars to fund it, and then proposes an ideal financing model for the program. In the ideal model, the same mix of funding sources would be retained, but a per-pupil expenditure of about $9,000 per year is advocated to deliver child care and other social services to three- and four-year-olds. Funds for initial start-up could be derived from reallocation of existing dollars, especially state prekindergarten programs, but eventually new funds would be needed to support ongoing operations.

The preceding articles in this journal clearly illustrate that the child care issue is a crisis that needs to be addressed. However, despite increased attention to the issue over the past decade or so and some child care-related legislation, the United States has not instituted any meaningful solution to the problem with which parents struggle on a daily basis: ensuring good-quality, affordable child care.

This article outlines a plan for addressing the child care crisis by creating a child care system within an existing institution—the public school. The plan, known as the School of the 21st Century, was first presented in 1987 and has been implemented in more than 400 schools in 13 states. At its core, the program links public schools with full-day child care services for three- and four-year-olds and with before- and after-school and vacation care for school-age children. It may also include parent support and health ser-
The rationale for the School of the 21st Century flows directly from the data and ideas presented in the earlier articles in this journal issue.

First, as noted by Cohen in her article in this journal issue, the need for good quality child care is hardly new. This need was recognized more than two decades ago when Congress passed the Child Development Act of 1971, which would have created a national network of child care centers, with parent fees calibrated to parent income. This proposed child care system could have been refined and enlarged as needs changed. In 1971, however, public recognition of the child care problem was limited, opposition to any form of out-of-home care for children was enormous, and President Nixon eventually vetoed the bill. Further major legislative attempts to address various aspects of the child care problem—including increased demand for facilities and regulations to ensure basic standards to govern child care environments—also failed, until 1990, when $750 million was appropriated in the Child Care and Development Act. Although this legislation and other policy responses such as tax credits represent a beginning response to the child care problem, they meet only a fraction of the need, and they do little to assure good-quality, affordable child care for working middle-class families. (See the articles by Cohen and by Stoney and Greenberg in this journal issue.)

Second, families today are different from the families of decades past. The increased participation of women in the labor force, increased rates of divorce and single-parent families, and increased mobility of families all mean that fewer children are cared for at home by their parents, and fewer parents can count on friends and relatives for assistance with child rearing and care today than in the past. (See the article by Hofferth in this journal issue.) Increases in the number of families with young children living in poverty and a decline in the median income of families pose additional hardships for families. All these factors can create periods of stress and moments of crisis for families. At such times, social support programs such as home visiting services, family resource centers, parents’ groups, and child care services can help families cope with and ward off serious problems.

Third, recent research findings on the poor quality of existing child care suggest that the need for good-quality care is...
universal in scope. (See the article by Helburn and Howes in this journal issue.) Some affluent families may be able to purchase good-quality child care, but the majority of poor and working middle-class families spend high percentages of their income to buy care that is of poor or mediocre quality. Indeed, families pay a greater share of the cost of child care than any other single payer.

Fourth, child care staff members are the primary contributors to child care quality, but their wages and benefits are very low, with direct negative consequences for the quality of child care, especially with respect to staff turnover. (See the article by Helburn and Howes in this journal issue.)

Finally, as Cohen, Hofferth, and Stoney and Greenberg point out in their articles, there is no coherent child care financing or delivery system. Instead, a patchwork of child care services of variable quality is delivered in a variety of settings, funded at differing levels through a variety of funding streams with varying eligibility requirements, and administered by different agencies. Existing laws, such as the 1990 Child Care and Development Block Grant, allow states discretion in allocating funds, which primarily serves to perpetuate the current nonsystem for child care. (See the article by Stoney and Greenberg in this journal issue.) Additional funds alone cannot address the child care problem; a coherent system is necessary to make sure that quality improvements are implemented and sustained, and that consumers of all income levels have adequate access to services.

Guiding Principles
Given the scope of the child care problem and the limitations inherent in current public funding streams such as the Child Care and Development Block Grant, a comprehensive child care system is needed. The School of the 21st Century is such a system. It is guided by several principles:

- The child care system must provide universal access to high-quality child care. School of the 21st Century child care is supported by parental fees that include sliding-scale provisions to subsidize middle- and low-income families. Additional direct subsidies for low-income families are provided through federal, state, and/or local funding.

- Universal access does not mean that all children must attend child care programs. Rather, parents decide which services, including child care, of the School of the 21st Century they want to use.

- Child care must promote the optimal development of the whole child, including not only his or her cognitive development but physical, social, and emotional development as well. Child care services for three- and four-year-olds in the School of the 21st Century, for example, emphasize play and social interaction.

- Child care must be predicated on a partnership between parents and providers. Much of the success of programs such as Head Start has been attributed to the active participation of parents in the services provided to their children. Parents are encouraged to participate in planning the School of the 21st Century in their community and to interact with child care providers.

- Child care providers must be supported through training and upgrades in wages and benefits. For example, Schools of the 21st Century have established benefit programs and training programs for child care providers in the community.

- Any proposed child care system must be flexible and able to adjust to families’ differing needs for child care and other support services. Schools of the 21st Century conduct community needs assessments to determine which services to offer, and families are able to select the services they want to use.

- A stable, reliable, good-quality child care system must be integrated with the political and economic structure of society to survive. The School of the 21st Century is tied to a recognized and easily accessible societal institution—the public school.
**The School of the 21st Century**

**Description**
The School of the 21st Century program was conceptualized as a way to create a coordinated, accessible child care system. The program's goal is to ensure the optimal development of children through the provision of good-quality child care and family support services. The program calls for implementing a child care system for three- and four-year-olds within the existing educational system and, where possible, making use of school buildings and various administrative support services of local education agencies. In a School of the 21st Century, the school is not simply a place in which formal schooling is delivered during limited hours; it becomes a place where formal schooling, child care, and other family services occur together.

**Components**
The School of the 21st Century (21C School) includes two core child care components and several outreach services. The child care components include all-day, year-round child care for children ages three, four, and five; and before- and after-school and vacation care for school-age children up to age twelve. The outreach services can include parent education and support services for parents of children under age three, based on the Parents as Teachers or other home visitation programs; information and referral for child care and other services; health referrals and/or services and nutrition education; and outreach to family child care providers to help ensure they have access to training, social support, and other services. These service components are illustrated in Figure 1.

These elements ensure a comprehensive array of services for children and families, and provide the continuity in child care and support needed as a foundation for subsequent learning. The focus of the School of the 21st Century is the provision of good-quality, affordable child care for children from ages three to twelve. The strength and ultimate potential of this model stems from its integration with the education system. By eliminating the distinction between child care and education, the model embraces and puts into practice the view that learning begins at birth and occurs in all settings, not just within the classroom. The model’s emphasis on flexibility and responsiveness to local needs allows schools to plan a School of the 21st Century program that includes all or only some of the outreach components, or adds services that may be needed in different communities.

All schools are expected to begin implementation by (1) determining the community need for child care for preschoolers and school-age children and (2) responding to the need by implementing child care programs in the school or coordinating with existing child care programs. Other support services may be phased in over time, in response to community need and interest.

**Implementation**
The School of the 21st Century program has been implemented in more than 400 schools that vary widely in size, geographic location, availability of resources, leadership potential, socioeconomic mix, and services offered. Nevertheless, all 21C Schools adopt the principles described above, and all share a common goal of providing good-quality, developmentally appropriate child care that is accessible to all families who want and/or need the services. Factors such as program quality, staff training, and the level of commitment of school district personnel affect the performance of any 21C School.

The Yale University Bush Center in Child Development and Social Policy (the Yale Bush Center) offers training and technical assistance to school district personnel, ranging from superintendents to child care staff members, to help schools conduct a community needs assessment and an organizational appraisal, and to address implementation issues. The needs assessment provides an indication of which child care and other support services exist in the community, whether parents would be willing to use and pay for the child care services in the school,
which hours of child care parents require, how many families would need child care subsidies, and which other services may be needed. For example, in a poor rural community with no access to health care, medical services as well as child care might be priorities. The organizational appraisal provides answers to questions regarding availability of facilities, staff resources, the school district’s commitment to implementing the program, and the potential for funding. School districts use the results of these assessments to decide which services to provide immediately as well as to develop a three- to five-year plan for phasing in additional services as deemed necessary.

**Staffing**

Although the school district superintendent’s commitment is necessary for successful implementation, two of the most important staff positions are school principal and site coordinator. The site coordinator is of critical importance because, typically, the...
time of principals, teachers, and other support personnel in schools is already fully committed to delivering traditional educational services. These people cannot be expected to take on the additional responsibility of operating child care and family support services, and they may not have the required training or expertise to work with young children and families. Instead, the site coordinator, who has a degree and training in early childhood education or a related field, manages services in the 21C School. The site coordinator reports to the school principal who, especially during the first year of implementation, may spend as much as 20% to 40% of his or her time facilitating program implementation. Evaluations of several sites indicate that implementation was more successful in schools where principals spent more than 20% of their time on the program than in those where principals spent 10% or less time on implementation.18

Qualifications, backgrounds, and salaries of those staff members who provide the day-to-day care of children in the program vary across schools. In all instances, staff members are either trained in or undergoing training in early childhood education, but some schools require certificates or degrees in early childhood education and pay their staff on the regular K-12 teacher salary scale. Others require college degrees only of site coordinators. In such schools, beginning salaries for child care staff members are similar to those of providers in child care centers in the community, although staff members are eligible for benefits and pay upgrades as they receive additional training (which is not always typical for traditional community child care programs).

Facilities
All schools experience cyclical periods of rising and falling enrollments, meaning that the availability of space in school buildings fluctuates, too. Currently, school enrollment levels are high, and 21C Schools have responded by renovating unused space, purchasing modular units, and relocating classrooms. In one school, for example, two modular units placed on the school grounds by the school district are being used by children in fourth and fifth grades, and the first floor of the school building itself has become an early childhood wing that includes a preschool.

Schedule
In most schools, buildings are in use for part of the day, nine months a year. In contrast, most 21C Schools operate from 6:00 A.M. to 6:00 P.M., year-round, and some 21C Schools even operate from 5:30 A.M. to 10:00 P.M. During summer, child care programs that during the academic year were housed in individual schools in a district are consolidated in one or two schools. The child care programs can then use the entire school building, and money is saved on utilities and maintenance.
Despite fears that extended school schedules would pose problems with custodial services, these problems have not materialized, perhaps because custodians, teachers, and other staff members have all worked together to plan program implementation and feel a vested interest in the program. Some schools seek to increase that support by making the 21C School child care services available to all teachers, administrators, and school support staff, even those who live outside the district.

**Success of the Model**

Many of the Schools of the 21st Century are relatively new (75% are less than five years old), but in all sites progress in implementation is evident. Among sites in operation three or more years, the program has often expanded to include (1) more schools within the district, (2) increased participation among children and families, and (3) additional services beyond child care. An independent study of one district’s 21C School concluded that the district’s experience indicated that a high-quality, affordable preschool program could be implemented in a public school setting, that the program was adaptable to a variety of communities, and that reasonable parent fees did not appear to be a barrier to enrollment.19

In addition, 21C Schools address inequities in enrollment in center-based child care programs (see the article by Hofferth in this journal issue) by ensuring that every child, regardless of family income, has access to preschool services. In this way, Schools of the 21st Century follow the example of several industrialized nations, such as France, where school enrollment begins in the preschool years.20

**Financing the School of the 21st Century**

The following describes first how the School of the 21st Century is currently funded in many of the places in which it operates and then how it should be financed. Under both the current and ideal financing plans, parent fees represent an important element. However, society should also assume responsibility for a system of child care, as it currently does for public education.

**Current Funding Practices**

Currently, school districts that have created 21C Schools fund start-up and ongoing operations in a variety of ways, including parent fees, in-kind support from school districts, support from corporations, and public local, state, and federal dollars.

Schools need start-up funds to support building renovations (see Appendix B in this journal issue), to purchase materials, and to pay for program operation during the first year. Most schools have been able to secure start-up funds from community foundations, corporations, or state governments. In Connecticut and Kentucky, for example, state funds are available for 21C Schools. In Connecticut, 1988 legislation to implement three demonstration programs was broadened in 1989 and supplemented in 1993 by a three-year federal grant. As of early 1996, 18 schools in the state operate Family Resource Centers, as the program is known in Connecticut and Kentucky. In Kentucky, the program is part of the 1990 Kentucky Education Reform Act (KERA), which is introducing Family Resource and Youth Services Centers into school districts over a five-year period.

**Funding Child Care Services**

As indicated earlier, child care is the core of the School of the 21st Century. In all instances, the child care services are funded by parent fees, set on a sliding scale to ensure that children from low-income families have access to care. The care of children from low-income families is typically subsidized through public or private (including corporate) support. Table 1 lists the range of funding sources used by several 21C Schools to support child care services.

Parent fees for child care in 21C Schools tend to be about average or slightly below average in comparison with child care fees in their community. These fees prove to be sufficient because, unlike many other child care centers, 21C Schools typically do not...
pay rent for the use of the building. Admittedly, some community-based, non-profit child care centers also use donated space (see the article by Helburn and Howes in this journal issue); but, unlike the 21C Schools, these programs still have to pay for custodial and/or utilities costs, insurance, and secretarial and administrative expenses, which are provided by the school district in 21C schools. This support for overhead operational expenses is a significant advantage of linking child care with the existing educational system.

After the first year, many schools are able to operate in the black on the basis of parental fees for the child care services and the school district’s support. Surpluses are usually plowed back into staff training, staff salaries, or other program services. Figures 2 and 3 illustrate sources of start-up and ongoing support during the

Table 1

<table>
<thead>
<tr>
<th>Component</th>
<th>Funding Source</th>
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</table>
| Before- and after-school child care for school-age children | Sliding-scale fees (paid by parents)  
AFDC vouchers  
State grants  
Foundation grants  
Drug-Free Schools grant  
Employer subsidies for child care  
Family Resource Center grants  
(in Kentucky and Connecticut) |
| Preschool child care                           | Sliding-scale fees (paid by parents)  
Special education funds  
AFDC vouchers  
State grants  
Head Start  
Foundation grants  
Child Care and Development Block Grant  
Town Council  
Employer subsidies for child care  
Title I of Elementary and Secondary Education Act  
Department of Education funds  
Family Resource Center grants  
(in Kentucky and Connecticut) |
| Parent outreach                                | State grants  
Department of Education funds  
Department of Human Services grants  
Foundation grants  
Title I of Elementary and Secondary Education Act  
Drug-Free Schools grant  
Child Care and Development Block Grant  
Family Resource Center grants  
(in Kentucky and Connecticut) |
| Family child care provider network             | Supported by other components  
Child Care and Development Block Grant |
| Information and referral                       | Partnerships with local child care resource and referral agencies  
Supported by other components  
State grants  
Foundation grants  
Title I of Elementary and Secondary Education Act  
State Department of Education funds |
second year of implementation that occurred in two 21C Schools, one in an urban area (Figure 2) and one in a suburban area (Figure 3). As is evident in the figures, parental fees pay a greater share of the cost after the initial start-up phase of the program.

**Other Sources of Revenue**

Schools of the 21st Century also use public special education funding to include children with special needs in the same child care program with other children. In addition, they sometimes use Title I funds, allocated by the federal government to school districts in low-income communities, to help children succeed in school. Title I funds have often paid for remedial services, but at 21C sites the focus is on prevention, and the funds have enabled 21C schools to pay the salaries of child care teachers.

Although there is no formal policy for linking the School of the 21st Century program and Head Start, several of the sites
have created programmatic links. In some school districts, for example, children from Head Start attend classes with the child care children, although only for part of the day. The funding associated with each child’s attending Head Start is added to the operating money for the child care components. In other schools, the Head Start program remains separate but is under the overall 21C umbrella, facilitating such activities as joint staff training. In at least one school district, a partnership was established between the school and a community-based Head Start grantee; the district contracted with the grantee to implement the early childhood child care component of the 21C Schools program. Several schools have trained staff nurses to establish a Medicaid case management system. Nurses identify children eligible for Medicaid and document which health services those children receive. Medicaid reimburses for such services, so the school district can redirect the funds required to provide them. Although such funds may be redirected to various programs and services.
within the district, this funding mechanism can be used to support 21st Century Schools.22

Funding the School of the 21st Century: The Vision

Although the 400 schools implementing the School of the 21st Century constitute a good start, the concept of linking child care and education is unlikely to expand nationally without changes in policy that dedicate funds specifically to the program. The policy and funding changes needed are described below. The financing plan, although presented as a vision, is grounded in reality. Many states already have significant prekindergarten programs, often linked with schools, and many others have embraced the notion of using schools as centers for children and family services.23 Radical changes in how the United States regards child care are needed if this nation is to reach the ideal wherein good-quality child care is seen, like education, as the right of each American child and financed accordingly. Such changes will likely only occur incrementally; nevertheless, change must begin now.

The following plan calls for supporting the School of the 21st Century on the basis of parental fees for services combined with financial support from state government, local education agencies, and the federal government.

The Role of States

States should play a major role in stimulating and coordinating the development of the School of the 21st Century program statewide. Each state should invest its general revenues in the program by supporting districts’ start-up costs and, later, by supporting the ability of the state’s department of education to evaluate and coordinate the program and provide schools with technical assistance and training in early care and education. Most state

Box 1

Three-Year Diminishing State Grants for Start-up of the School of the 21st Century

ASSUMPTIONS

- Number of school districts in the state is 120
- Approximately 20% of children live in poverty
- Of school-age children, 30% receive free or reduced-cost lunches
- In 20% of the districts, more than 50% of children qualify for free or reduced-cost lunches

THE STATE ROLE

The state’s major role is to stimulate and coordinate the development of a statewide network of Schools of the 21st Century by passing legislation that will appropriate:

- Grants to districts: an average of $425,000 per district (over three years) to create a network of Schools of the 21st Century. The program would be phased in over seven years, with the maximum outlay for startup costs being $12.75 million in any year. The first year will be devoted to designing an evaluation plan, training modules, and a request for proposals (RFP) and selecting the first cohort of participating districts. In each subsequent year, one quartile of the districts would receive startup grants after completing an RFP. Grants would be based on a formula that favors districts with more students who are eligible for free and reduced-cost lunches (for example, a $75,000 base grant plus $50 for each student who receives free or reduced-cost lunch).

- Support for administration and technical assistance: The state’s department of education will oversee the program and provide training. Annual appropriations for seven years equal 5% of grants to districts, beginning with $300,000 in the first year.

- Support for evaluation: Annual appropriations for seven years equal 1% of grants to districts, beginning with $60,000 in the first year.
education agencies already have specialists in early childhood or an early childhood division that could be expanded to include additional staff to coordinate 21C Schools.

Box 1 projects statewide funding requirements to launch and then provide ongoing training and technical assistance for the 21C School program in a typical state where the various population assumptions approximate national averages: (1) There are 120 school districts in the state; (2) approximately 20% of children are in poverty in the state; (3) 30% of school-age children receive free or reduced-cost lunches; (4) in 20% of the school districts, more than 50% of children participate in the free or reduced-cost lunch programs; and (5) the total population of three- and four-year-olds in the state is about 215,000.

The state would provide each school district with three years of start-up funds in gradually diminishing amounts. For example, a district would receive $200,000 the first year, $150,000 the second, and $75,000 during the final year. The amount awarded to each district might vary, based on a formula favoring districts with more students who are eligible for free and reduced cost lunches. Various formulas are possible. For example, the base grant per school district could be $75,000 plus an additional $50 for each student who is eligible for the free or reduced-cost lunch programs, up to a maximum of $200,000 for the first year of the start-up grant. Start-up funds would be used for facilities, materials, and operations during the start-up phase.

In addition to the start-up grants—which would be phased-in over a seven-year period to reach all school districts across the state (see Table 2)—the state would need to appropriate funds for (1) the administration of the program by the state’s department of education and the provision of technical assistance and training, calculated at an annual appropriation of 5% of the grant program for seven years, and (2) evaluation, calculated at the rate of 1% of the grant program for seven years. The total start-up investment for

<table>
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<tr>
<th>Year 1</th>
<th>Planning</th>
<th>Grants to First Quartile Districts</th>
<th>$0</th>
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<td>First 25% of eligible districts</td>
<td>6,000,000</td>
<td>0</td>
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<td>Year 3</td>
<td>Second 25% of eligible districts</td>
<td>4,500,000</td>
<td>6,000,000</td>
<td>0</td>
<td>0</td>
<td>10,500,000</td>
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<td>Year 4</td>
<td>Third 25% of eligible districts</td>
<td>2,250,000</td>
<td>4,500,000</td>
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<td>12,750,000</td>
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<tr>
<td>Year 5</td>
<td>Final 25% of eligible districts</td>
<td>0</td>
<td>2,250,000</td>
<td>4,500,000</td>
<td>6,000,000</td>
<td>12,750,000</td>
<td></td>
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<tr>
<td>Year 6</td>
<td>0</td>
<td>0</td>
<td>2,250,000</td>
<td>4,500,000</td>
<td>6,750,000</td>
<td></td>
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<td>Year 7</td>
<td>0</td>
<td>0</td>
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<td>2,250,000</td>
<td>2,250,000</td>
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<td>Total State Expenditures</td>
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<td>$12,750,000</td>
<td>$12,750,000</td>
<td>$51,000,000</td>
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* Based on assumptions and the state role as outlined in Box 1.
* Excluding evaluation and state administrative costs.
* This is the planning year for the overall state grant program. During this year, the state would develop the administrative structure that would govern the School of the 21st Century program, issue a request for proposals, select the first cohort of school districts to participate, and devise plans for overall evaluation of the statewide 21C program. (Evaluation and administrative costs are listed in Table 3.)
the state under this option is $54,420,000 over a seven-year period (see Table 3), and would serve about 38,400 children.24

The three-year start-up phase would enable the school district to build a strong foundation for its 21C School program and gradually shift from state to local and parental support. If a state decided for reasons of economy to provide only one year of start-up funding for the program, the cost for the start-up phase would be about $26 million.25

Whether the start-up phase was one or three years, state grants would facilitate the implementation of the program in one or two schools within a district. The usual program implementation pattern is that each district begins with one or two schools and is eventually able to provide the services in every elementary school. Experience in other school-linked service initiatives is similar. In Seattle, for example, one school-based health clinic funded by a state grant served as a catalyst for districtwide clinics that were funded through a special tax.26

The Role of Local School Districts

The state start-up grant would enable local school districts to initiate implementation of the School of the 21st Century, assuming parental fees for services and support from the local school district were available. After the start-up period, operational expenses are supported by parental fees and subsidies, as mentioned above. Currently, parents who pay for care pay between $3,000 and $4,000 per year for all-day child care for preschoolers in 21C Schools. The fees vary depending on factors such as market rates, teacher salaries, and the availability of child care in different communities. Ideally, these fees and subsidies would be supplemented by the local school district which, in addition to covering some of the operational expenses such as maintenance and utilities, should support every child in child care to some extent. Currently, school districts spend $5,583 per child each year for K-12 educational services. This amount is derived as follows: 6.6% from federal sources, 47.3% from the state, and 46.0% from localities (or $368 federal, $2,640 state, and $2,568 local dollars per pupil per year).27 If school enrollment began earlier, at age three, the district’s $5,583 per child would be added to parental fees, raising the amount available per child in child care to approximately $8,000 to

<table>
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<th>Implementation Phase</th>
<th>Grants</th>
<th>Evaluation</th>
<th>Administration</th>
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<td>$ 0</td>
<td>$ 60,000</td>
<td>$ 300,000</td>
<td>$ 360,000</td>
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<td>Year 2 25% of districts</td>
<td>6,000,000</td>
<td>60,000</td>
<td>300,000</td>
<td>6,360,000</td>
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<tr>
<td>Year 3 50% of districts</td>
<td>10,500,000</td>
<td>105,000</td>
<td>525,000</td>
<td>11,130,000</td>
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<td>Year 4 75% of districts</td>
<td>12,750,000</td>
<td>127,500</td>
<td>637,500</td>
<td>13,515,000</td>
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<tr>
<td>Year 5 100% of districts</td>
<td>12,750,000</td>
<td>127,500</td>
<td>637,500</td>
<td>13,515,000</td>
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<tr>
<td>Year 6 100% of districts</td>
<td>6,750,000</td>
<td>67,500</td>
<td>337,500</td>
<td>7,155,000</td>
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<tr>
<td>Year 7 100% of districts</td>
<td>2,250,000</td>
<td>22,500</td>
<td>112,500</td>
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<td>Total State Expenditures</td>
<td>$ 51,000,000</td>
<td>$ 570,000</td>
<td>$ 2,850,000</td>
<td>$ 54,420,000</td>
</tr>
</tbody>
</table>

* Based on assumptions and the state role as outlined in Box 1.
* Including start-up grants, evaluation, and administrative costs.
$9,000, which is about the cost of high-quality child care, according to the National Association for the Education of Young Children.\footnote{Admittedly, schools can operate the program on user fees alone, but with greater numbers of schools involved, additional funds would be essential to ensure a good-quality care. Such funds would be used for training, to enhance staff salaries, and to create career ladders for child care staff, all of which are essential aspects of the professionalization of child care and the provision of good-quality care.}\footnote{States and localities should see their role in this plan as providing an investment. The state’s role includes supporting a start-up period (described in Table 3) and providing the state’s share of the per-pupil spending in subsequent years. In addition to the $26 to $54 million in start-up funds discussed earlier (depending on whether start-up is one or three years in duration), the state should also make a contribution to the operating costs of educating and caring for the state’s three- and four-year-olds. In the hypothetical example that was used to project the start-up costs in Table 3, it was assumed that there were approximately 330,000 children under the age of six, of whom 215,000 were three- or four-year-olds. If 65% of these children use child care and the state will fund the education of three- and four-year-olds at the same level it currently funds that of school-age children ($2,640 per pupil per year),\footnote{Then the required increase in state spending would be $3.7 billion per year. Although the $26 to $54 million in start-up funds probably can be generated by reallocating existing dollars, new sources of revenue are likely to be necessary to provide ongoing operational support equivalent to that provided for school-age children.} then the required increase in state spending would be $3.7 billion per year. Although the $26 to $54 million in start-up funds probably can be generated by reallocating existing dollars, new sources of revenue are likely to be necessary to provide ongoing operational support equivalent to that provided for school-age children. }

### The Role of the Federal Government
The federal government should have a dual role. First, the federal government should expand its current levels of support for the care of children from low-income families and with special needs so as to enable states to provide subsidies to all eligible children. Additionally, expansions in programs such as Head Start could result in some added revenues for the School of the 21st Century program if the Head Start grantee organization is the local school district and if it becomes part of the overall School of the 21st Century. Other federally funded programs, Title I of the Elementary and Secondary Education Act (ESEA) in particular, should be modified to encourage their use in preventive services. This would enable school districts with a high proportion of students at risk for poor school outcomes to supplement the state start-up grant and operational revenues with federal funds.

Second, the federal government should actively promote linkages between child care and education. For example, the federal government could provide financial incentives (perhaps $2 million per year) to states to create an infrastructure that would support the training and professionalization of 21C School staff. Additionally, the federal government should appropriate funds to support a national center to provide policy leadership and training, and to conduct and disseminate research concerning the program.

### What It Will Take to Finance 21st Century Schools
This plan represents a practical approach to financing the School of the 21st Century and relies on a combination of user fees as well as local, state, and federal support. It is based on experience with existing 21C Schools, which has shown that parents are willing to use and able to pay moderate fees for child care in the school. It is also based on the way education is currently funded, primarily with state and local, not federal funds. A recent review indicated that annual spending for elementary and secondary education is about $246.3 billion, of which, $115.2 billion is provided by the states, $114.1 billion by localities and nonfederal sources, and only a small portion—$17 billion—by the federal government.\footnote{The Role of the Federal Government}

### Sources of Funds for Start-up
During these times, it seems evident that many Americans believe in less rather than
more government support for social services, and many even doubt the government’s ability to address social problems. However, the concept of a state investment in start-up should appeal to the public as an example of efficient government, and new funds may not even be necessary to launch the program. Instead, it may be possible to redirect existing funds such as those state funds currently targeted for prekindergarten programs. In a review of states’ services, the Children’s Defense Fund found that, in 1992, states invested about $665 million in programs to help at-risk prekindergarten children succeed in school. This likely understates the amount available because it does not take into account the spending on initiatives that focus primarily on parents or those that provide early interventions for children with disabilities, and it does not include spending in two states, Pennsylvania and Wisconsin, where schools offer kindergarten beginning at age four, as opposed to age five.

Such a redirection of funds is completely consistent with the purpose of prekindergarten programs. The experiences provided preschoolers in the 21C School are essentially the same as those provided to children in a good nursery school or in a state-funded prekindergarten program that is designed to help all children enter school ready to learn. Indeed, since 21C schools include services in addition to child care, they can perhaps better address the goal of prekindergarten initiatives. In addition, the 21C programs are full-day rather than part-day as are most state prekindergarten programs, so they can better meet the needs of families with working parents. Also, because 21C programs rely on a mix of funding rather than only on state funds, they will be able to serve more children. Finally, in states not currently investing in prekindergarten, the 21C School approach of universal services and its time-limited requirement for state investment for start-up could attract greater political support than the traditional model of state prekindergarten programs.

Sources of Funds for Ongoing Support
As described above, it is proposed that ongoing operations of 21C Schools be supported through parent fees, supplemented by primarily state and local funds, allocated on a per-pupil basis (as K-12 education currently is supported). Currently, a state’s share of funding for education is derived from state revenues from income and other taxes and from state lotteries. Each state can decide which mechanism to use to raise the additional revenue needed. The additional state funds for ongoing operations would follow the start-up grants, so that their initiation would be phased in over a five- or seven-year period.

In terms of the local share of per-pupil education spending, currently, the main source of revenue for those dollars is the local property tax. Just as state funds for operations could be phased in, so too could local dollars. After the start-up period when parents and others in the community have had an opportunity to see the merits of the 21C School, they would be more willing to support it through bond levies or increased property or local taxes if necessary. In many instances, this may not be necessary. The number of three- and four-year-olds who would be enrolled is limited to those who would be using the child care services, which would be, at most, approximately 65%. To illustrate potential costs, it is possible to once again use a hypothetical state with about 215,000 three- and four-year-olds, approximately 65% of whom would need child care, or a total of 139,750 children served by 120 school districts. In each school district, the increased enrollment would be approximately 1,165 children, and assuming districts continue to spend about $2,568 per child, the increased per pupil spending requirements for a local districts would be just under $3 million.

Marshaling support for this spending will require a change in policy orientation. The 21C School should be regarded as an investment in human capital, not as a cost to be assessed in terms of present value. Considerable research indicates that investment in this kind of program by school districts and society may yield long-term bene-
fits, including improved grade retention rates, reduced use of special education and other special services, fewer graduates on welfare, increased rates of college attendance, and decreases in delinquency and social problems. For approximately every dollar invested in high-quality, developmentally appropriate preschool programs, as much as seven dollars in savings may be realized.

Opposing Views
Some may oppose schools’ role in the provision of preschool services. Some critics have argued, for example, that the school is not a suitable place for preschool-aged children because schools may provide an inappropriately academic program. Indeed, studies indicate that highly academic environments “may dampen creative expression, and may create some anxiety” for very young children and do little to improve academic skills. Of course, the potential for such an academic orientation exists in all child care and early intervention programs, not solely in those operated in school settings, and 21C schools can guard against this problem by emphasizing the need for a developmentally appropriate curriculum (for example, one that is child directed and is based on cooperative play experiences), by hiring staff members with backgrounds in child development and early childhood education, and by ensuring ongoing staff training. Additionally, 21C Schools are encouraged to conduct regular self-assessments to ensure appropriate child care environments and to work toward accreditation by the National Association for the Education of Young Children. (For a discussion of accreditation, see Box 1 in the article by Helburn and Howes in this journal issue.)

Others have argued that schools simply do not have the physical space for school-based child care and family support services. While this is true in some districts, accommodations such as modular buildings are being made by school districts committed to implementing the program. In addition, many school boards are now taking child care needs into consideration as they develop long-term plans for space allocation. In Ontario, Canada, each school district building a new school is required by law to make provisions for child care services, and this policy is being adopted by many schools in this country.

Turf issues may also arise when placing child care services in public schools. Child care providers may worry that schools will eventually take over the child care business. However, they have not done so in communities where the program has been implemented since 21C child care programs operate on parental fees and are voluntary. In addition, one of the goals for the program is for the school district to serve as the hub of service coordination and to optimize resources, not duplicate services. The idea is to offer parents the broadest

A comprehensive child care system must be based in part on parent fees and must be regarded as a state and local responsibility.

Conclusion
Given the current political and economic climate, it is clear that a comprehensive child care system must be based in part on parent fees and that it must be regarded as a state and local rather than federal responsibility. Child care, like education, is not mentioned in the Constitution; therefore, there is considerable precedent that it, like education, ought to be viewed as a state and local responsibility. Nevertheless, the federal government must still play a role in subsidizing the cost of care for children from low-income families and children with developmental disabilities.
High-quality, affordable child care must become an integral, institutionalized part of every community, available to every child requiring out-of-home care. The future of this country and its ability to compete in the world depend in great part upon the degree to which American children achieve their potential within the education system. The School of the 21st Century represents a viable strategy for creating a comprehensive system that would enable the nation to meet this goal.

The authors thank Erin Deemer for the calculations and preparation of the tables and figures in this article.

15. Elsewhere, Zigler presented a plan that addresses infant care. (See Zigler, E., and Lang, M. Child care choices. New York: Free Press, 1991.) Although no provisions are made in the School of the 21st Century for infant care, several 21C schools have established infant care components upon parents' requests.
21. As described in the article by Cohen in this journal issue, Head Start is primarily a part-day program. If children from Head Start need full-day child care, tuition or subsidies are required for the additional hours the children are in child care.


24. The number of children likely to be served was derived as follows: The typical school has 500 school-age children, of whom 250 would use the after-school program. In addition, 30 children would enroll in preschool child care, and 40 would participate in the home visiting component, for a total of 320 participating children per school. Assuming 120 schools (one per each of the state’s 120 school districts) yields an estimate of 38,400 children who would be served during the state’s start-up phase.

25. This cost figure is based on the assumption of a one-year start-up grant averaging $200,000 per school district, with poorer districts eligible for up to $250,000 per start-up grant. Calculations are available upon request from the author.


27. Note that these are average statistics and that spending per child as well as the relative share of federal, state, and local sources vary greatly from state to state. The statistics presented were compiled by the Finance Project. See Gold, S.D., and Ellwood, D. Spending and revenue for children’s programs. Washington, DC: The Finance Project, December 1994.


30. See note no. 27, Gold and Ellwood.

31. This figure is based on annual averages.


33. At some 21C sites, community support has been extensive. Parents utilizing the services constitute a core of enthusiastic voters in favor of schools so that bond levies are more easily passed.


