

Early Childhood Care and Education in the Midst of State Fiscal Woes

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With nearly all the states in fiscal crises, no program is safe from the chopping block. State preschool programs have been cautiously awaiting their legislatures to approve essential funds needed for the maintenance and growth of their programs. Early education supporters should remain cautiously optimistic. As bleak as the fiscal realities are, many state preschool programs have maintained current funding levels and some states have even seen an increase in funding. Behind many of these success stories are the voices of parents, politicians, researchers, and special interest groups who have worked diligently and passionately to save the preschool programs from reduction in funds or elimination.

The numbers paint a dismal picture. The funds needed for universal state preschool programs and the money available to fund the programs continue to grow in divergent directions. The cost for providing preschool nationwide with no parental fees requires new public expenditures of \$25 to \$35 billion each year (CED, 2003). According to the National Conference of State Legislators, states are entering the third straight year of budget shortfalls. During the last three years, state lawmakers have had to close a cumulative \$200 billion budget gap. Relief may not come in the near future. Although it is too early to derive accurate budget predications, estimates show that 41 states will face a cumulative budget gap of \$78.4 billion in fiscal year 2004.

States must make tough decisions. Unlike the federal government, states are not typically allowed to operate on large ongoing deficits. Instead, states may search for the loopholes in balanced budget rules or tap into rainy day funds. Each

state has different rules for creating and using the reserve funds. Florida is required to keep at least 5 percent of yearly appropriations as reserves, and if used, the reserve fund must be repaid to reach 5 percent of appropriations within five years. Florida currently has roughly \$940 million in its reserve and has not tapped into the reserve fund for fear of extended recession years and its ability to repay the reserve. In contrast, New Jersey spent its entire \$720 million statutory reserve in fiscal year 2002. Once the loopholes are exhausted and the reserve funds are spent, states face the difficult decision of raising taxes or cutting spending.

Each state faces a unique situation in its attempt to balance the budget while trying to keep education



and other social programs alive. Many states are implementing broad cost-cutting measures across services including medical eligibility, social services, and corrections. While primary and secondary education are often considered protected from budget cuts due to public support, strong unions, and constitutionally mandated funding, in these times, education is no longer safe from state budget cuts.

States have already begun making cuts to state funding of early childhood education programs. According to an informal survey conducted by the

Children's Champions, states reported cuts to Early Head Start programs, early childhood professional development programs, and child care subsidy programs. Nearly half the states in the nation have reduced child-care subsidies for poor families resulting in a growing waiting list. Connecticut, Massachusetts, Michigan, South Carolina, and Tennessee have already experienced cuts in state-funded pre-kindergarten. On a brighter note, even through a budget crisis, Louisiana received additional funds for their LA4 pre-kindergarten program this year.

The budget cuts have not escaped heated opposition and debate, and New York's budget battle this year was no exception. The governor's budget cut proposal was defeated due to strong opposition from constituents, advocacy organizations, and the state legislature. An unusual alliance of individuals and organizations, many who are usually at odds with one another, banded together to defeat the governor's proposal. Republicans, Democrats, teachers unions, police officers, parents, and students rallied against the drastic cuts in state funded programs proposed by Gov. George Pataki, and the funding for state preschool programs was restored.

A gloomy forecast of a \$9.3 billion budget gap hung overcast over the entire state of New York in 2003. During his state of the state address in January, Pataki warned that no program, with the exception of public security, would be spared from budget reductions. Programs held their breath as the governor worked on his budget proposal.

When Pataki's budget proposal was released, programs including health care and social services received drastic budget cuts. The state's preschool program did not fare as well. In a budget proposal for fiscal year 2004, Pataki proposed an end to state funding for universal pre-kindergarten. The governor proposed eliminating \$204 million in funding from the Universal Pre-kindergarten program and \$7.5 million in funding from the Experimental Pre-kindergarten program. Just six years ago in 1997, New York approved a measure to establish the Universal Pre-kindergarten program for all 4-year-olds in low-income district. State funding had been frozen at \$200 million due to the economic downturn following the events of

September 11, and the program was in danger of elimination.

Opponents to the governor's budget proposal rallied together to restore the education budget. The opposition to the budget unified Democrats with Republicans and activists with bureaucrats with the common theme of investing in education through tough economic times. New York's education commissioner Richard Mills vowed to fight the planned education cuts. Mills stated that the governor's proposal would be particularly detrimental to low-income inner-city families, many of whom depend on state preschool programs. Parents, teachers unions, school boards, students, policemen marched to the state capital to voice their opposition to the governor and to the state legislature. Fight Crime: Invest in Kids held a press conference to release a report that predicted a rise in crime in New York if the state cut pre-kindergarten programs.

A heated battle took place in the state legislature. The governor was at odds with members of his own party who control the state Senate. Pataki's usual ally and supporter, Senate Majority Leader Joseph Bruno (R), rejected the governor's proposal. Instead, Bruno partnered with Assembly Speaker Sheldon Silver (D) whose party controlled the Assembly. The \$93 billion Bruno-Silver plan restored funding for programs including preschool programs and called for higher income and state taxes. Pataki vetoed the budget, but the state legislature overrode the vetoes issued by the governor making Pataki the first governor since the early 1980's to veto a budget bill and have it overridden. On May 14, 2003, the New York State Legislature restored \$1.3 billion in spending axed



by the governor. Pataki criticized the new budget and said that spending is beyond what the state can afford. He also stated that the budget would impose the biggest tax increase and biggest deficits in state history over the next two years. Only time will reveal if the governor's predication are correct.

It is uncertain how long states will face budget deficits. With limited funds and increased competition for the diminished state funds, early childhood education advocates will have to monitor state budgets closely. It will take the commitment and dedication of educators, parents, lobbyists, and legislators to ensure that access to high-quality early education programs are maintained at its current level and to seek new ways to improve and expand preschool programs.

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