



POLICYPOINTS

Quick Facts from the Commonwealth Foundation

Taxpayer-Funded Preschool: Counting the Costs

Governor Ed Rendell's budget proposal for the 2007-08 fiscal year includes \$75 million for "Pre-K Counts"—a taxpayer-funded program which would provide grants to school districts, Head Start programs, and government-approved providers at a projected cost of \$6,750 per child. "Free" preschool would be made available to parents of 11,100 children in the first year and a projected 30,000 students by year two as Governor Rendell and other advocacy groups work to implement universal, taxpayer-funded preschool for all three- and four-year-old children in Pennsylvania. But at what cost to the taxpayers?

"PRE-K COUNTS" COSTS TAXPAYERS

To support this expansion of taxpayer-funded preschool, Governor Rendell and the Pennsylvania Department of Education (PDE) commissioned a study to tout the benefits of preschool education but gave only scant attention to the real costs of these programs. However, using data from the PDE study, the Commonwealth Foundation estimated the total cost of both "targeted" (income-based) and universal preschool:

- ▶ Targeted preschool cost estimates range from **\$413 million to \$623 million**.
- ▶ Universal preschool cost estimates range from **\$1 billion to \$3.1 billion**—a nearly 20% increase on what state and local taxpayers currently spend on K-12 education.
- ▶ The average property tax increase to pay for these expansions range from **\$120 to \$894 per homeowner**.

Estimated Additional Annual Cost to Taxpayers for Public Preschool for 3- and 4-Year-Olds

	Targeted Preschool (20% Utilization)	Universal Preschool (50% Utilization)	Universal Preschool (100% Utilization)
Est. Preschool Students	61,280	152,000	304,000
Pre-K Counts*			
Cost per Student	\$6,750	\$6,750	\$6,750
Total Cost to Taxpayers	\$413,640,000	\$1,026,000,000	\$2,052,000,000
Property Tax Increase per Homeowner	\$120	\$297	\$593
Current K-12 Expenditures**			
Cost per Student	\$10,173	\$10,173	\$10,173
Total Cost to Taxpayers	\$623,401,440	\$1,546,296,000	\$3,092,592,000
Property Tax Increase per Homeowner	\$180	\$447	\$894

* Based on estimated per-pupil cost, Rendell FY 2007-08 Budget

** Based on per-pupil current expenditures of Pennsylvania school districts, 2005-2006

PRESCHOOL CHOICES

In contrast to proposals for taxpayer-funded universal preschool, Pennsylvania already has a successful model of funding preschool education for low-income families—the Educational Improvement Tax Credit (EITC).

- The EITC provides tax credits to corporations that contributed money to state-approved scholarship organizations.
- The preschool scholarship portion of the EITC—which is currently limited to \$5 million per year—has provided nearly 11,000 students over the last three school years at a per-student average cost of \$1,370. Gov. Rendell’s “Pre-K Counts” program would cost taxpayers \$75 million per year at an average per-student cost of \$6,750.
- The EITC promotes educational and academic diversity by encouraging private, religious, and public delivery of preschool education. “Pre-K Counts” will promote a homogenous approach in which government bureaucrats make important decisions, and the values of Harrisburg—rather than the values of parents and school communities—are taught.
- The EITC encourages businesses to take an active role in funding preschool options for families, whereas “Pre-K Counts” will cost state taxpayers and lead to higher school property taxes.

	Governor Rendell's "Pre-K Counts"	Preschool Educational Improvement Tax Credit
COST OF PROGRAM	\$75 Million (FY 2007-08)	\$15 Million (FY 2004-05 to FY 2006-07)
TYPE OF PROGRAM	One-Size-Fits-All <i>(Delivered primarily through public school system)</i>	Educational and Academic Diversity <i>(Delivered through private, religious, public schools)</i>
CHILDREN SERVED	11,100	10,935
COST PER CHILD	\$6,750	\$1,370
WHO GETS THE MONEY?	School Districts and Government-Approved Schools	Children Attending a Quality Private, Religious, or Public School
WHO PAYS THE MONEY?	State Taxpayers and School District Homeowners and Taxpayers	Businesses across Pennsylvania
WHO MAKES IMPORTANT DECISIONS?	Government Bureaucrats	Parents and the School Community
WHOSE VALUES ARE TAUGHT?	Government Bureaucrats	Parents and the School Community

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For additional information on the **Costs and Benefits of Preschool**, go to CommonwealthFoundation.org or call 717.671.1901.

The Commonwealth Foundation (www.CommonwealthFoundation.org) is an independent, non-profit public policy research and educational institute based in Harrisburg, PA.