



ANNUAL EVALUATION

AT-RISK PRESCHOOL EXPANSION PROGRAM

**Report to the Arizona Legislature
By the Auditor General
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Report 96-1**



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January 24, 1996

Members of the Arizona Legislature

The Honorable Fife Symington, Governor

The Honorable Lisa Graham Keegan
State Superintendent of Public Instruction

Transmitted herewith is a report of the Auditor General, an Annual Evaluation of the At-Risk Preschool Program. This report is in response to the provisions of Session Laws 1994, 9th Special Session, Chapter 2, Section 30.

This is the first in a series of reports. Reports are scheduled to be released annually on or before December 31. Our evaluation study finds that the Arizona Department of Education (ADE) has designed a program that has the potential to provide quality preschool experiences for at-risk children. The program guidelines are consistent with nationally recognized standards in early childhood education. However, we found that the process of allocating and distributing at-risk preschool funds could be improved to target areas most in need of at-risk services. In addition, ADE has not allocated the necessary resources to assist districts in implementing the program or to provide monitoring to assure that programs meet the guidelines. Finally, it is recommended that the ADE's proposal to move the program into an early childhood state block grant be postponed until the 1997-98 school year to allow for adequate planning.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be release to the public on January 25, 1996.

Sincerely,

Douglas R. Norton
Auditor General

SUMMARY

The Office of the Auditor General has completed the first-year program evaluation of the At-Risk Preschool Expansion (ARPE) Program administered by the Arizona Department of Education (ADE). The evaluation was conducted pursuant to A.R.S. §15-715. This report is the first in a series of reports that the Office of the Auditor General will prepare annually for the Program. Funds for the Program are currently appropriated through fiscal year 1995-96.

The ARPE is targeted at four-year-old children in Arizona who are at risk of failing in school. The ARPE was created by Laws 1994, 9th Special Session, Chapter 2 with 1994-95 and 1995-96 appropriations of \$10 million for each year. These appropriations are in addition to approximately \$2.6 million per year in at-risk preschool pilot project appropriations. The legislation allows public schools, federally funded programs, and private day care providers to provide direct services using these monies.

Approximately \$14.7 million of at-risk preschool monies have been distributed to 103 school districts for the 1995-96 school year. These funds are projected to serve approximately 4,900 children in 172 public school classrooms, 64 Head Start classes, 30 special education classes, and 66 private provider sites.

The Arizona Department of Education's At-Risk Program is Designed to Follow Nationally Recognized Standards and Goals (See pages 9 through 13)

The Arizona Department of Education has designed a program that has the potential to provide quality preschool experiences for at-risk children. The Arizona program compares favorably to other state-funded programs across the nation and is consistent with current standards in early childhood education. Three program guidelines, however, need ongoing assessment to assure the Program meets its potential.

To assure that quality programs are implemented and that children served by the ARPE are given the ongoing support they need to succeed in school, we recommend that the ADE and the Early Childhood Advisory Council (ECAC) continually reevaluate and update standards when appropriate for maximum group size, staff-to-child ratios, and teacher qualifications.

Fund Distribution Process Should Be Modified to Ensure Limited Funds Are Spent in Most Needy Areas (See pages 15 through 22)

The ADE has created an allocation and distribution process that has not taken into account the percentages of at-risk children in an area or the existence of similar preschool services. Instead, the ADE allocated monies to all districts that serve kindergarten to grade 3 children regardless of the districts' relative needs for at-risk preschool programs. The result is that many districts received allocations that are too small to be effectively used. Further, some districts with low relative need for at-risk services received large grants while districts with high need continue to have limited at-risk preschool services available. The ADE also made an error in calculating allocations. This error resulted in some districts receiving higher or lower allocations than they should have under the formula created by the ADE.

In addition, the ADE adopted income-eligibility guidelines for the Program that do not allow for enrolling children who are "at risk" for reasons other than income. Other criteria for at risk could include dominant language other than English, language delay, mother's age at child's birth, and parents' education. Furthermore, the ADE established a maximum amount per child that can be spent by any district. The maximum amount is lower than what is recommended by experts, and may limit districts' capacities to offer programs that fully meet local needs

When making allocations for the 1996-97 school year, the ADE should consider the specific needs of each school district. The ADE should revise the ARPE allocation and distribution processes to ensure that funds are directed to the areas most in need. The ADE also needs to expand its eligibility to include at-risk criteria other than income, and should consider eliminating its per-child expenditure limits.

The At-Risk Preschool Program Lacks Adequate Monitoring (See pages 23 through 26)

Problems exist in ARPE's monitoring. First, the ADE has assigned fewer than 2 full-time equivalent positions (FTEs) to provide administration plus program and fiscal monitoring, and technical assistance and staff development to the 103 school districts awarded grants. Second, school districts, many with limited early childhood expertise on staff, have the responsibility to monitor all ARPE interventions, including Head Start-based and private provider-based programs receiving ARPE monies. Third, while districts are expected to provide staff development for preschool staff, they have generally failed to budget for the effort.

To address these problems, the ADE should invest a larger percentage of the ARPE appropriation for resources to provide monitoring, staff development, and technical assistance during the early years of implementation. Experts stress the importance of these

activities in the early years to ensure that programs are effective and a good investment of public monies.

**At-Risk Preschool Expansion
Program Started Slowly
(See pages 27 through 30)**

ARPE's distribution of funds to school districts has been delayed. None of the \$10 million 1994-95 appropriation for expansion of at-risk preschool programs was expended during the 1994-95 school year. The 1995-96 school year began with no ARPE funds having been distributed and most programs did not begin to serve children until after the school year started. The delay resulted from a change in ADE administration and the multiple layers of approval the ARPE requires.

ADE has proposed including the ARPE in an early childhood block grant. Because of ADE's difficulties in rapidly planning and implementing the ARPE, we recommend that the ADE postpone implementation of this change until the 1997-98 school year. The ADE should use the 1996-97 school year to effectively plan the new process including developing a comprehensive request for proposal and an appropriate formula to allocate and distribute funds.

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has completed the first-year program evaluation of the At-Risk Preschool Expansion (ARPE) Program administered by the Arizona Department of Education (ADE). The evaluation was conducted pursuant to A.R.S. §15-715. This report is the first in a series of reports that the Office of the Auditor General will prepare annually for the Program. Funds for the Program are currently appropriated through fiscal year 1995-96.

Literature Shows Quality Preschools Are Effective for At-Risk Children

Quality preschool programs have been shown to be a good investment. The often cited, Michigan-based Perry Preschool Project has studied the effects, over a significant period of time, of a quality preschool, and many of the Perry Preschool findings have been corroborated by other studies. This research has identified the following benefits to individual adults who, as children, were served by a quality preschool:

- Greater likelihood of graduating from high school
- Lower probability of receiving special education services while in school
- Lower probability of being involved in the criminal justice system
- Higher income
- Greater likelihood of home ownership
- Greater chance of being employed
- Less chance of being a welfare recipient

The ongoing Perry Preschool research shows that for every \$1 spent on preschool for at-risk children there is benefit to the child, plus there is a cost avoidance of \$7.16 (through age 27) to the public. Using the Perry Preschool researchers' recommended spending level of \$5,500 per child, the investment in preschool would reap a total of \$33,880 savings per child to society through age 27. The Perry Preschool researchers' estimated cost avoidance comes from a variety of factors, including:

- Savings in schooling, primarily due to reduced need for special education services
- Savings in welfare assistance
- Savings to the criminal justice system
- Savings on in-court and out-of-court settlements for would-be crime victims

In addition, as adults, former preschool participants contribute to society through higher taxes because they have higher earnings.

In summary, quality preschool programs have been characterized not only as programs that promote educational, social, and health development, but also as programs that help prevent violence, delinquency, and crime.

History in Arizona

Laws 1990, Chapter 345 established a pilot grant program to be used for providing preschool services to at-risk preschool children. As a result of this law, ten schools began operating pilot at-risk preschool projects during the 1990-91 school year. The number of schools providing at-risk preschool projects expanded to 33 the following school year with the addition of 23 schools. In 1994, the Legislature significantly expanded the at-risk preschool program through Laws 1994, 9th Special Session, Chapter 2, which was accompanied by a \$10 million increase in the appropriation. The 1994 revision also added a provision that allows private day care providers, in addition to federally funded programs and public schools, to provide direct services under the program. In accordance with the legislation all at-risk preschool funds are distributed to school districts who then reimburse private and federal contractors for services they provide. The "at-risk preschool expansion" program, or ARPE, is used in this report to distinguish the Program expanded by the 1994 legislation from the at-risk pilot project created in 1990.

In addition, Laws 1995, 1st Special Session, Chapter 4, placed the ARPE into a block grant with four other state-funded programs: full-day kindergarten, kindergarten to grade 3 at-risk (K to 3 at-risk), dropout prevention, and gifted support. The block grant became effective with fiscal year 1995-96.

The legislation defines specific responsibilities of the State Board of Education and the ADE concerning policy decisions and administration of the At-Risk Preschool Program. In addition, there is a legislated role for the Early Childhood Advisory Council. The 1995 Block Grant legislation also gave the Joint Legislative Budget Committee (JLBC) responsibility for reviewing the distribution process. Finally, school districts are given some responsibilities to administer the Program (see Appendix A, pages a-i through a-ii, for a discussion of each of these entities' legislated roles).

Arizona Targets Children from Low-Income Families

While the legislation targets the Program at four-year-old children in Arizona who are at risk of failing in school, the ADE has further narrowed it to children of low-income families. The Program is aimed at poor children as a recent U.S. General Accounting Office study reports these children are less likely to attend preschool, are more likely to be part of immigrant families or families who do not speak English; families where the most educated parent has less than a high school diploma; families where parents do not work; and single-parent families. All these factors are associated with high risk of failing in school and its related outcomes: unemployment, welfare dependence, and criminal behavior.

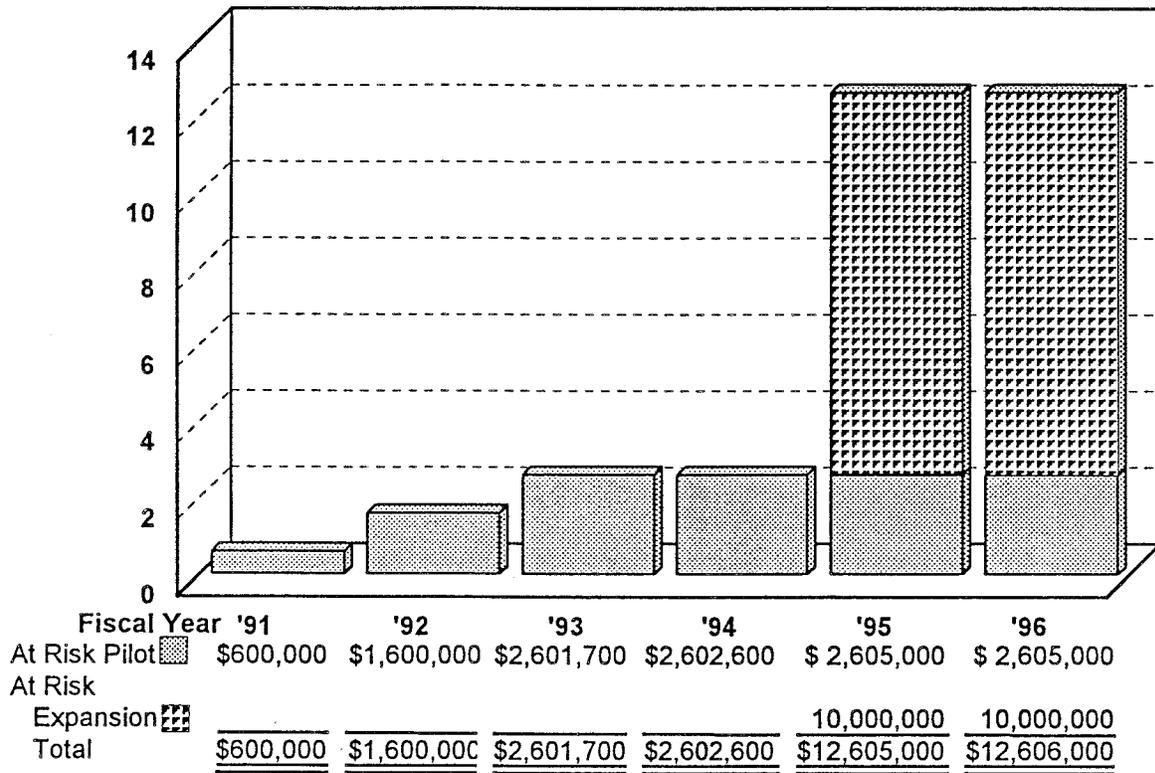
In Arizona, 9.6 percent of children live in extreme poverty, and 34 percent of all children live in or near poverty. For the 1995-96 school year, there were approximately 33,000 children eligible for the Program based on family income.

Appropriations

The appropriations for at-risk preschool increased from \$600,000 in 1990-91 to the current funding level of over \$12.5 million per year. The 1994 legislation significantly expanded the At-Risk Program by adding \$10 million to the fiscal year 1995 and fiscal year 1996 pilot program appropriations of approximately \$2.6 million per year. Figure 1 (see page 4) provides an overview of program appropriations.

Figure 1

**At-Risk Preschool Appropriations
Fiscal Years 1991 through 1996**



Source: State of Arizona Appropriations Reports for Fiscal Year 1992, 1993, 1994, and 1995.

Fund Allocation Process

The ADE created a process for distributing ARPE funds that included the following steps:

- 1) Determine which districts are eligible to receive ARPE funds
- 2) Compute an allocation for each eligible district¹

¹ While ADE determined an "allocation" amount for each district, districts did not receive monies until completed applications were submitted to the ADE and approved by the State Board of Education.

- 3) Notify each eligible district of its allocation, and provide directions to complete an application if the district wished to receive the funds
- 4) Complete and submit applications for the ARPE by interested districts
- 5) Review applications by the ECAC and the ADE
- 6) Approve applications by the State Board of Education; and
- 7) Distribute funds to the districts that submitted applications for their allocations

The ADE determined that the 198 public school districts that serve children in kindergarten through grade 3 are eligible for at-risk preschool funds. Since union high school districts do not serve children in kindergarten to grade 3, they were not included in the process.

District allocations were calculated by the ADE based on the estimated number of age- and residence-eligible children as required by the legislation, and at-risk eligible as defined by a family income that meets federal free-or reduced-lunch eligibility. The Department used these estimates to compute a maximum grant amount for each district. The formula is based on the estimated number of eligible children in each district, the total number of eligible children in the State, and the total amount of funds available for distribution across the State.¹ The ADE based the 1995-96 allocations on an amount of \$17.5 million available for distribution. Of this total, \$5 million is carryover from the nonrevertible unspent 1994-95 expansion appropriation, \$2.5 million is from the pilot program appropriation for 1995-96, and \$10 million represents the new 1995-96 expansion appropriation.

Using the formula, 196 of the 198 districts received allocations; two districts did not have eligible children. The distribution of allocations is provided in Table 1 (see page 6). Approximately \$452 was allocated for each eligible preschooler. The ADE expects that only 10 to 20 percent of eligible children will be served with these funds.

The ADE provided each of the 196 districts eligible to receive an allocation with an ARPE application package. Districts had to complete the application package and return it to the

¹ To assure continuity in the at-risk preschool pilot programs, the Department adopted an adjustment in the basic allocation. Districts that received at-risk preschool funds as part of the pilot program were eligible for at least their fiscal year 1994-95 pilot program funding amount. For example, one district that has been operating a pilot program for several years received a grant of approximately \$55,000 for 1995-96 that will continue the existing pilot program. Without the adjustment for an existing program, the district would have received only \$7,675. Seven districts received allocations based on their pilot status that were greater than would have been received based on a straight allocation method. The ADE has not determined if and how funding for pilot programs will be continued after 1995-96.

Table 1

**Distribution of Allocations to 198 Eligible
Districts That Serve Children
in Kindergarten to Third Grade**

<u>Total of Allocations to Eligible Districts</u>	<u>Number of Districts with Allocation in this Range</u>
\$0	2
\$1 to \$1,000	12
\$1,001, to \$5,000	26
\$5,001 to \$10,000	28
\$10,001 to \$30,000	39
\$30,001 to \$63,000	25
\$63,001 to \$500,000	58
More than \$500,000	<u>8</u>
Total	<u>198</u>

Source: Auditor General staff analysis of data provided by the Arizona Department of Education.

ADE by September 25, 1995, in order to receive their allocation.¹ One hundred three of the 196 districts submitted applications for their allocated monies. Representatives of the ECAC and the ADE reviewed applications that were approved by the State Board of Education prior to the release of any funds. The balance of the ARPE funds from the 93 districts that did not submit applications was redistributed to the participating school districts in November using a new formula.

Program Status

ARPE funds were distributed to school districts beginning in September 1995. Most ARPE sites did not begin operation until after the start of the 1995-96 school year. The approval process resulted in the distribution of funds as shown in Table 2 (see page 8). Approved program budgets range from \$4,626 to \$1,554,854, with a median of \$65,119. All 15 counties received allocations. See Appendix B (see page a-iii) for a distribution of funds by county.

¹ Applications were reviewed and processed as they were received by the ADE. Applications were reviewed and Board approved as early as August 28, 1995.

Evaluation Scope and Methodology

This report contains findings in the following areas:

- The Arizona program's consistency with national trends and early childhood standards
- Problems that arose in the allocation and distribution of At-Risk Preschool monies
- The need for more technical assistance, monitoring, and staff development
- The Program's slow start and the implications for ADE's proposal of a new way to block grant the program

The methods used in compiling this report include reviews of school district applications; interviews; literature review; content analysis of ADE documents and files including the ARPE application instructions; and direct observation. This report covers the Program from the enactment of Laws 1994, 9th Special Session, Chapter 2 (June 1994) through the State Board's approval of all initial applications for ARPE funds (October 1995).

The Auditor General and staff express appreciation to the State Superintendent of Public Instruction, and the management and staff of the Arizona Department of Education, for their cooperation and assistance throughout the evaluation.

Table 2

**At-Risk Preschool Programs Approved in
1995 by the State Board of Education**

Type of At-Risk Preschool Grant	Total Number of Districts	Total Dollars to Be Distributed	Public School Sites	Children Served by Public School Sites	Head Start Sites	Children Served by Head Start Sites	Special Ed. Sites	Children Served by Special Ed. Sites	Private Sites	Children Served by Private Sites	Other Sites ^a	Children Served by Other Sites
ARPE Projects	91	\$12,461,558	141	2,304	57	652	30	172	66	892	5	62
Pilot Projects Continued	<u>12</u> ^b	<u>2,299,045</u> ^c	<u>31</u>	<u>719</u>	<u>7</u>	<u>140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>103</u>	<u>\$14,760,603</u>	<u>172</u>	<u>3,023</u>	<u>64</u>	<u>792</u>	<u>30</u>	<u>172</u>	<u>66</u>	<u>892</u>	<u>5</u>	<u>62</u>

^a "Other sites" are sites that could not be clearly identified as private or public schools or federally operated.

^b Consists of pilot districts that submitted for pilot program allocations only; these districts received no monies above their pilot amounts.

^c Total dollar figure for all pilot programs including pilot grants for districts that also submitted applications for ARPE funds.

Source: Auditor General staff analysis of district applications for the ARPE and data provided by the Arizona Department of Education.

FINDING I

THE ARIZONA DEPARTMENT OF EDUCATION'S AT-RISK PROGRAM IS DESIGNED TO FOLLOW NATIONALLY RECOGNIZED STANDARDS AND GOALS

The Arizona Department of Education has designed a program that has the potential to provide quality preschool experiences for at-risk children. The Arizona program is consistent with other state-funded programs across the nation and current standards in early childhood education. Three program guidelines, however, need ongoing assessment to assure the Program meets its potential.

Arizona At-Risk Program Design Compares Favorably to Early Childhood Programs in Other States

Arizona is among at least 32 states that as of 1991-92 fund preschool programs, and the Arizona program compares favorably to other state-funded programs across the nation. The ARPE is similar to state trends in several respects, and includes some positive elements that are relatively unique. Two of Arizona's design factors, however, appear to negatively diverge from other states.

The Arizona program parallels other states' programs in several ways, such as allowing for state dollars to support preschool services in a variety of settings including private preschools, federal programs, and public schools. In addition, Arizona, like most other western states with preschool programs, uses no state funds to directly supplement Head Start.¹ Like most other states, Arizona's ARPE model requires comprehensive programming which includes health and dental screenings. Table 3, page 10, contrasts the Arizona program to other states' programs on a variety of factors. Further, the ARPE has unique strength in comparison to most other state programs in a number of ways. The ARPE addresses some of the needs of working parents, or parents involved in education or training. Individual programs may provide transportation, and are required to address the linguistic needs of children and families.

¹ The federally funded Head Start program that has historically served three-, four-, and five-year-old "at-risk" preschoolers is well established in many parts of the country and has a well-developed administration, infrastructure, standards, and recommended curricula. Some states have chosen to build on this experience by using state funds to supplement federal dollars and expand Head Start.

Table 3

Comparison of Arizona At-Risk Program to 22 Other States' Programs on a Variety of Design Factors

Factor	Arizona Model Incorporates this Factor	No. of Other States That Incorporate this Factor
Service Providers		
Services can be provided by Head Start and private providers	✓	13
Services only provided by public schools		9
Relationship with Head Start Programs		
Most state preschool monies are directed to expand existing federal Head Start Program		4
Some state preschool monies are directed to expand existing federal Head Start Program		10
No state funds are specifically directed to expand Head Start programs	✓	8
Preschool Services Directed to At-Risk Children		
Services are for at-risk children only	✓	18
Services for all preschoolers		4
At-Risk Criteria		
Must be income eligible	✓	6
At-risk identified by a variety of criteria		16
Age Eligibility		
Program for four-year-old children	✓	12
Program for preschool children		10
State Regulation of Group Size		
Regulates group size	✓	20
State does not regulate group size		2
Child-per-Adult/Teacher Maximum		
State regulates maximum	✓	22
State does not regulate maximum		0
Provision of Comprehensive (health and dental) Services		
Comprehensive services required	✓	12
Comprehensive services not required		10
Teacher Qualifications		
Teacher must have a bachelor's degree with certification in early childhood or elementary, or specialization in early education		11
Teacher must have a Child Development Associate Credential ^a and experience, or additional supervision, or an associate's degree, or special circumstances		5
Teacher must have a Child Development Associate Credential	✓	3
Experience only		3

a A Child Development Associate Credential (CDA) requires 120 clock-hours in early childhood education and 480 hours of experience with children.

Source: Based on a 1994 Children's Defense Fund report of 23 state prekindergarten initiatives in the early 1990s.

In other states, one-third report little or no efforts to meet the needs of working parents whose children were eligible for their programs; less than one-half of the programs help parents overcome transportation problems; and about half make no special accommodations to meet the needs of children and families whose primary language is not English.

There are two significant areas in which the Arizona program negatively diverges from national trends. First, the ARPE has some of the lowest preschool teacher qualifications of any of the states that report preschool credential requirements (see page 13 for further discussion). Second, income eligibility is the only criteria for determining if a child is at risk in the Arizona program, which could cause some at-risk children to be excluded (see Finding II, pages 15 through 22).

Arizona At-Risk Preschool Guidelines Consistent with National Standards

Arizona's specific guidelines meet standards developed by leading child education and childcare programs. In 1993, the Early Childhood Advisory Council (ECAC) developed Guidelines for Comprehensive Early Childhood Programs (Guidelines), which outline 12 major goal areas. As shown in Table 4 on page 12, these 12 goal areas are consistent with current standards in early childhood education and childcare.

Further, the Department has incorporated these goals into its fund application process. As part of the application for funding, each district that operates an at-risk program was required to specify the activities, processes, or techniques to be implemented to achieve each of the 12 goals. Applicants were also required to specify time lines for each activity, the person responsible, and the evaluation criteria for each goal.

Three Areas Need Ongoing Assessment

While the Arizona program addresses the necessary elements of a quality preschool program, it should be noted that in three very important areas – group size, staff-to-child ratios, and teacher credentials, Arizona's standards fall in the low range of the national standards. Currently, the Arizona guidelines are as lenient as possible while still being within the national standards. If programs do not meet the guidelines in these areas, they may not produce the positive outcomes for participating children that are the Program's goal.

Table 4

**Arizona Preschool Guidelines in Comparison to
Minimum Standards for Quality Preschool Programs**

Arizona Goal	Standard Requirement	NAEYC ^a	Head Start ^b	NASBE ^c	NRC ^d	NECPA ^e	Arizona ^f
Goal 1: Program administration	Staff trained in early childhood development	✓	✓	✓	✓	✓	✓
	Group size maximum of 16 to 20	✓	✓	✓	✓		✓
Goal 2: Preschool program operation	Staff child ratios range of 1:7 to 1:10	✓	✓	✓	✓		✓
	Developmentally appropriate practices and curriculum	✓	✓	✓	✓	✓	✓
	Space and facilities	✓	✓		✓		✓
	Health and safety assurance	✓	✓			✓	✓
Goal 3: Linguistic and cultural integration	Active appreciation of each child's culture		✓		✓	✓	✓
Goal 4: Parent involvement	Parental involvement	✓	✓	✓	✓	✓	✓
Goal 5: Staff development and qualifications	Provision of supervisory support and in-service	✓	✓	✓		✓	✓
Goal 6: Evaluation of the program	Evaluation of the program	✓				✓	✓
Goal 7: Program meets the needs of the working parent	Program meets the needs of the working parent					✓	✓
Goal 8: Comprehensive programming	Health care		✓	✓		✓	✓
Goal 9: Nutrition	Nutrition	✓	✓	✓			✓
Goal 10: Social services	Social services		✓				✓
Goal 11: Community-school district support	Community involvement					✓	✓
Goal 12: Child assessment	Developmentally appropriate assessment practices	✓	✓	✓		✓	✓
	Stability and continuity of caregivers				✓		

^a Guidelines from the National Association for the Education of Young Children.

^b Performance standards for the federally funded Head Start Program.

^c Recommendations made to the National Association of State Boards of Education.

^d Standards from the National Research Council, Institute of Medicine.

^e Guidelines from the National Early Childhood Program Accreditation.

^f The Arizona Guidelines for Comprehensive Early Childhood Programs.

Source: Auditor General staff analysis of Guidelines from the National Association for the Education of Young Children; Performance Standards for the federally funded Head Start Program; Recommendations made to the National Association of State Boards of Education; Standards from the National Research Council, Institute of Medicine; Guidelines from the National Early Childhood Program Accreditation; and The Arizona Guidelines for Comprehensive Early Childhood Programs.

Experts consistently state that the factors most important in the creation of quality preschool programs are group size, staff-to-child ratios, and teacher quality. In Arizona:

- Group size is at the maximum of 20 – smaller group sizes are important for young children. Group size recommendations for four-year-olds range from 16 to 20.
- Staff-to-child ratios of 1 to 10. This is the maximum within the recommended range of 1 to 7 through 1 to 10.
- Teacher qualifications are some of the lowest in comparison to other states. A 1991-92 survey of state preschool programs found that Arizona was one of only six states that allowed teachers with only a Child Development Associate Credential (CDA) to teach preschool. Since 1991-92, a number of states have raised their qualifications for early childhood educators while Arizona's standards have remained unchanged.

RECOMMENDATION

The ADE and the ECAC should continually reevaluate and update standards for the following three areas to assure that they promote effective preschool programs:

- Maximum group size,
- Staff-to-child ratios, and
- Teacher qualifications

FINDING II

FUND DISTRIBUTION PROCESS SHOULD BE MODIFIED TO ENSURE LIMITED FUNDS ARE SPENT IN MOST NEEDY AREAS

The ADE has created an allocation and distribution process for at-risk preschool monies that has not taken into account districts' relative need for at-risk programs and the availability of existing services within districts to meet those needs. By not focusing on these factors, the ADE has spread funds too thin to allow many districts to implement quality programs. In addition, the ADE made an error in calculating allocations that resulted in some districts receiving larger allocations and some districts receiving smaller allocations than they should have if the ADE had accurately applied the formula it developed. The ADE also instituted income guidelines for program participation that resulted in some at-risk children being excluded from the Program. Finally, in order to allow districts the flexibility they need to meet the specific needs of their at-risk population, the ADE should remove the maximum per-child limit on expenditures.

Background

The following elements of the at-risk preschool program are specified by A.R.S. §15-715:

- *Schools (are) to provide preschool services to at-risk preschool children who have reached the age of four by September 1 of the current year and who reside in the school attendance area.*
- *Services must at a minimum focus on pupils who are not succeeding in the school environment . . . and may include children who do not qualify for special education services . . . who exhibit characteristics of attention deficit disorder or learning patterns attributable to prenatal substance abuse.*
- *A school is eligible to apply for a preschool project if it has been identified by the state board of education as having a large percentage of pupils in kindergarten programs and grades one through three who are at risk of not succeeding in the education system.*

The ADE added the following provisions to the ARPE:

- A family income criteria in addition to age and residence eligibility for the program. The family income guidelines correspond to the federal government free lunch income eligibility guidelines.

- A “not to exceed funding” of \$3,150 per child per 180 days of service.

While the State significantly expanded at-risk preschool services in 1994, the current funding level cannot provide services for all children who qualify. Based on the methods used by the ADE in allocating the ARPE monies, only about 1 out of 7 children (14 percent) who are income eligible for the Program can actually be served by it.

Allocation Process Results in Districts Receiving Allocations That Are Too Small to Support Comprehensive Programs

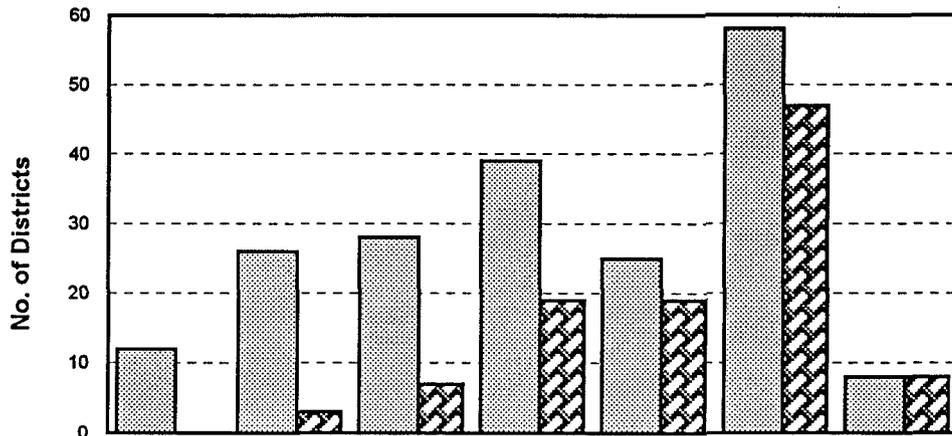
ADE has determined that all school districts that serve kindergarten to grade 3 children are eligible for at-risk preschool expansion (ARPE) funds, regardless of relative need. As a result, limited funds have been spread too thin to allow districts to implement quality programs.

Process results in large number of small allocations – One hundred and ninety-eight school districts were included in ADE's allocation of ARPE funds. Of these 198 districts, the allocation method resulted in 196 districts being eligible to receive fiscal year 1995-1996 grants in amounts ranging from \$46 to \$1.5 million.¹ Many district allocations were too small to support even one child. Further, as shown in Figure 2 (see page 17), the size of the allocations impacted the likelihood that school districts would apply for funding and the smaller the allocation, the less likely the district was to apply.

¹ Two districts had no age- and income-eligible children.

Figure 2

**Number of Districts Applying for At-Risk Preschools
Monies According to Size of Allocation**



Budget Size	Less than \$1,000	\$1,001 to \$5,000	\$5,001 to \$10,000	\$10,001 to \$30,000	\$30,001 to \$63,000	\$63,001 to \$500,000	More than \$500,000	Total
No. of Districts with Allocations	12	26	28	39	25	58	8	196
No. of Districts Submitting Applications	0	3	7	19	19	47	8	103

Source: Auditor General staff analysis of information provided by the Arizona Department of Education.

Allocations are not sufficient to support programs – The allocations provided are not sufficient to allow districts to implement quality programs. ADE has estimated districts need at least \$63,000 to support a classroom. However, as shown in Figure 2, only 34 percent (66) of the 196 districts received allocations in excess of \$63,000. Districts with insufficient funds to support a classroom must use other placement options to serve at-risk children. The requirement that district applicants collaborate with private and federal childcare providers in serving the needs of at-risk preschoolers could be one solution to the problem. However, there are a number of factors that limit the extent to which collaboration is feasible:

- Many of the 130 districts with allocations of less than \$63,000 have no private childcare providers in the district. In addition, 92 have no Head Start program, 46 have no special education preschools, and 46 have neither.
- Where Head Start and special education programs do exist, these providers must still meet group size and staff-to-child ratio guidelines and may already be operating at the maximums; consequently, they may not have the space for children supported by ARPE funds.
- The maximum expenditure figure is lower than the dollar amount needed to support children in some Head Start programs.¹
- Special education placement can be problematic since special education classrooms are only required to operate for 6 hours per week, contrasted to the 15 hours per week that ARPE requires.

ADE Needs to Direct Resources to Most Needy Districts

Instead of distributing funds to almost all districts, ADE needs to direct its resources to the most needy districts. ADE should follow statutes requiring that monies be directed at schools with high percentages of at-risk children. In addition, ADE should take into account existing programs to further target monies and more effectively provide at-risk preschool programs.

Statutes require targeting of funds – A.R.S. §15-715 requires that allocations be awarded to schools with high percentages of at-risk children. Specifically, A.R.S. §15-715 indicates:

“The grants shall be disbursed by the state board of education to school districts to be used in individual schools to provide preschool services to at-risk children. . . A school is eligible to apply for a preschool project if it has been identified by the state board of education as having a large percentage of pupils . . . who are at-risk of not succeeding in the educational system . . . the department shall make a list of qualifying at-risk attendance areas available to the public. . .the state board shall select schools to receive grants.”

¹ At least one of the eight Head Start providers is absorbing expenses above the \$3,150 because of its commitment to working with the ARPE to provide quality preschool services to children. This same Head Start program is raising its maximum class size from 18 to 20 to accommodate ARPE children.

While ADE originally intended to direct monies toward only those schools with large numbers of at-risk children, it later decided to include all districts. In October 1994 the Board did identify eligible schools according to the percentage of at-risk pupils under the Request for Proposal process. Under this system, only 88 districts would have been eligible for funding. However, ADE later, without formal Board approval, changed to an allocation/application process, which made all 198 districts eligible for allocations, regardless of percentages of at-risk children. Further, of the 103 districts that applied for their at-risk allocations, 41 did not have an ADE-defined school with high percentages of at-risk children.

ADE needs to take into account existing services – In addition to using percentages of at-risk students in its distribution decisions, ADE should also consider existing services so that funds can be directed to areas with the greatest unmet need. Current funding levels of the ARPE limit the number of children that can be served and, given this constraint, it is important to target the funds to areas that most need at-risk preschool programs. By taking into account other services and the statutory requirement of directing services to schools with high percentages of at-risk children, the ADE can target monies to more effectively address the needs of the most at-risk areas.

Of the variety of existing programs, Head Start programs are most like the ARPE in terms of target group, and should be taken into account when distributing ARPE funds. Head Start is specifically targeted at preschoolers, and there is significant overlap among the children that are eligible for the ARPE and the Head Start programs.¹ All four-year-old children who meet Head Start family income guidelines meet ARPE income guidelines. Analysis of the ADE allocation/distribution process shows that the ADE has distributed funds to several districts where up to 100 percent of all eligible children are being served by Head Start or one of several other publicly funded programs that target at-risk preschoolers.² In districts where almost all eligible children are served, there is little or no need for ARPE monies. In contrast, there are districts with high percentages of at-risk children but no Head Start program. In these districts only about 14 percent (1 in 7) of the eligible population will be served, and only through the ARPE. These districts and the children they serve could benefit from additional ARPE funds.

¹ Head Start funds are distributed by the federal government to local contractors. There are 8 state contractors and 13 tribal Head Start contractors in Arizona. Head Start programs often operate in district classrooms, but districts do not have administrative, fiscal, or program control of Head Start. Federal and state special education funds go through the ADE to local districts.

² Seven districts appear to have more children served by Head Start than ADE estimates are eligible for the at-risk program. This may occur due to an imprecision in either the Head Start reports and/or the ADE estimates.

Inclusion of Ineligible Children in Estimating Numbers of Children Results in Allocation Errors

The ADE used a different criteria in estimating eligible children than they used for determining children's eligibility for the Program. This resulted in some districts receiving larger or smaller allocations than they would have received if estimates were based on the same criteria.

The ADE used several factors to estimate the number of four-year-olds in each district who are at risk of failing in school. They used the number of children in each district who are eligible to receive a free or reduced-priced lunch, along with factors regarding each district's average percentage of growth and student counts. Funds were allocated based on these calculations; however, children were eligible only if their family's income was within the free-lunch income guidelines. Free-lunch income eligibility is \$1,642 per month for a family of four for the 1995-96 school year. Reduced-lunch eligibility for a family of four is \$2,336 per month.

Estimation based on including the higher income children results in districts receiving allocations that differ from the amounts they would have received if the estimations were based on lower income children only. While all districts were affected in varying degrees by this error, in one case a district received an allocation of \$88,000 more than it should have, and another district received about \$55,000 less than it should have if the formula that was created by the ADE had been accurately applied.

Income as Sole Indicator of At Risk Excludes Some At Risk Preschoolers

ADE needs to expand its definition of "at-risk" to ensure it includes all statutorily required groups. ADE currently assesses eligibility for the At-Risk Program based solely on family income. However, ADE's decision to use income-based eligibility criteria to enroll children in the ARPE will exclude some children for whom the Program was established. For example, a child "who exhibit(s) characteristics of attention deficit disorder or learning patterns attributable to prenatal substance abuse," (A.R.S. §15-715, Ch. 7 §1), but whose family income exceeds the guidelines, would not be eligible.

The ADE selected low income as the only measure of a child being at risk because it reports that there is a high correlation between low income and school failure and because it is convenient, easy, and quick to use. The inappropriate exclusion of at-risk preschool children whose families do not meet the income guidelines could easily be overcome by allowing the income requirements to be waived where appropriate, or expanding the eligibility criteria.

Eliminating Expenditure Limits Would Enhance District Flexibility in Implementing At-Risk Programs

ADE needs to consider lifting its limit on per-child expenditures to allow districts the flexibility needed to meet their at-risk populations' specific needs. ADE currently has limited state fund expenditures to a maximum of \$3,150 per child. However, the expenditure may not be sufficient to cover comprehensive service costs in all parts of the State and is lower than the funding levels recommended by early childhood experts.

ADE's current expenditure cap is not sufficient to meet the needs of all schools throughout the State. For example, 8 of 32 pilot programs spent more than this amount per child during the 1993-94 school year.¹ In addition, 18 districts have submitted applications with higher per-child expenditures, with the balance being covered by the districts. However, districts that cannot supplement the ADE funds are in danger of offering low-quality programs.

The \$3,150 ADE-imposed maximum expenditure per child is also lower than the funding level recommended for similar programs. The ADE figure compares to a \$5,500 cost per child that is recommended by the Perry Preschool researchers, \$5,500 that is recommended by a National Head Start Association Silver Ribbon Panel, and a 1992 federal Head Start program expenditure per child of \$4,100. Early childhood experts report that these higher expenditure levels are needed to support:

- Individualized instruction conducted by qualified preschool educators that promotes intellectual, social, and emotional growth
- The child's health through the early identification of health problems during physical, vision, hearing, and dental screenings, and a nutrition component including a meal and a snack
- Parent involvement in education, program planning, and program operation
- A social services component that helps families assess their needs and identify ways to meet them

While the ARPE should provide individualized learning and include parental involvement in its children's preschool experience, its funding levels will support only limited health and social services and may not support more highly trained staff.

¹ One of the 33 pilot programs had not submitted its 1993-94 completion report as of October 5, 1995.

RECOMMENDATIONS

ADE should revise the ARPE allocation and distribution process for the 1996-97 school year to:

1. Comply with state statute by allocating at-risk funds to district or school service areas only if they have high percentages of at-risk children
2. Take into account existing services when developing a distribution process for ARPE funds
3. Use the same criteria for estimating eligible children as for determining children's eligibility for the Program
4. Expand eligibility to include at-risk criteria other than income
5. Remove the maximum per-child expenditure

FINDING III

THE AT-RISK PRESCHOOL PROGRAM LACKS ADEQUATE MONITORING

During the early implementation of a program, quality control through program monitoring and staff development are important to assure its success. However, the ADE has not devoted adequate resources to provide administration plus program and fiscal monitoring, and technical assistance and staff development to the 103 school districts that have been awarded grants. In addition, school districts, many with limited early childhood expertise on staff, have the responsibility to provide technical assistance to all ARPE programs including school-based, Head Start-based, and private provider-based programs. Finally, while districts are expected to provide staff development for preschools, they have generally failed to budget for the effort.

Program Monitoring and Staff Development Necessary for Quality Control

Program monitoring and staff development are important components of a successful program. Monitoring helps ensure that programs meet the guidelines established to maintain quality while staff development helps to ensure the children's needs are being met.

Benefits of program monitoring — Program monitoring, particularly in the program's early years, is a key element in assuring quality. A 1994 Children's Defense Fund study of prekindergarten programs stresses the importance of early program monitoring. Through the monitoring process it is possible to identify programs that are in need of improvement and allow technical resources to be targeted to those programs, and to identify and eliminate poor quality programs. It may be essential for states to periodically visit or evaluate their local programs to make sure they are providing quality services.

Guidelines or requirements alone are not sufficient in and of themselves. Monitoring is important in preschool programs to assure that programs use developmentally appropriate practices (DAP), and that teachers have training in and receive ongoing in-service training in DAP. Program monitoring can also help to assure that group size and teacher-to-child ratios are within the standards and that all 12 goals outlined in

Finding I (see pages 9 through 13) are being addressed. The failure to provide adequate program monitoring for quality assurance can have at least two negative consequences:

- Children receive services in settings that have little or no positive impact on their development
- Public funds are spent on services that are not high quality.

On-site visits are one important element of monitoring for program quality and compliance with program guidelines. At least eight other states, including Colorado and California, have established extensive program monitoring of their preschool programs. The monitoring assures that programs meet the minimum guidelines that have been designed to assure quality.

State-sponsored staff development and technical assistance help local programs provide quality – State-sponsored staff development and technical assistance can assure that districts and other providers have access to the resources they need to meet the guidelines. Technical assistance can help districts access resources in their own communities.

Staff development can be a critical tool in building staff competence and knowledge of best practices, fully communicating the program's goals, and unifying the staff. Staff development should occur at all levels within the system, and program managers as well as teachers need to learn about the various domains of appropriate preschool practice. Without adequate staff development, programs are more likely to use inappropriate practices, and may fail to meet the needs of the children being served.

ADE Has Not Committed Resources for Program Monitoring or Staff Development

With only 1.8 full-time equivalents (FTEs) in the ADE to administer the ARPE at 103 school districts, it is not likely that comprehensive program monitoring, technical assistance, and staff development will occur. In addition, the ADE has not set aside funds to support state-sponsored activities through contracted services.

As the Program has grown over the past two years, administrative costs and FTEs have remained essentially level. In addition, the administration for at-risk preschool has been at a lower level than for two similar programs in the same division. Less than 1 percent of all at-risk preschool funds are used by the ADE for program administration compared to about 7 percent and 5 percent for 2 similar programs. The limited number of FTEs that are supported through administrative monies are also responsible for

assuring that the districts are in fiscal compliance with the program guidelines, as well as the program's general administration.

While ADE is the most appropriate entity to oversee the State's ARPE program, statutes do not require state-level program monitoring. Further, the ADE does not believe that it has a role in monitoring. It believes that school districts are accountable for program quality and use of state funds.

Historically, the ADE has provided staff development for early childhood educators. During the 1994-95 school year the ADE offered five staff development and four program advisory sessions. No staff development activities are planned for 1995-96. This decreased commitment to training seems poorly timed given the expansion of state-funded programs and their need for qualified staff. The ADE has not set aside any ARPE funds for such training activities.

School Districts with Limited Staff and Expertise Are Responsible for Monitoring Private and Federal Providers

As currently designed, the only quality assurance monitoring for the private and Head Start providers will come from school district staff. In addition to limited staffing at the ADE, school districts in Arizona lack on-staff expertise in early childhood education. Even larger school districts report they have limited staff with the knowledge and credentials necessary to plan and administer an early childhood program. The school districts report that they are not well staffed and do not know how they will be able to assure quality in district-based services, let alone at other sites. Districts' responsibility for monitoring private providers appears to have prevented at least one district from applying for at-risk funds.

Monitoring of private providers is particularly important because:

- Childcare regulations are less strict than early childhood guidelines. For example, Department of Health Services childcare standards are less strict than the ADE's Early Childhood Guidelines regarding teacher qualifications, adult-to-child ratios, child group size, and the provision of a variety of developmentally appropriate activities during the day.
- Childcare providers have indicated they may have difficulty in meeting the guidelines within the maximum dollar amount allowed.

The inclusion of private childcare providers and federal providers in the Program increases the importance of quality monitoring. Research suggests that good early childhood programs can take place in any setting that has the necessary financial and

physical resources and an adequate number of qualified staff. Research also shows, however, that there is variation in the quality of programs across types of sites. A U.S. Department of Education-sponsored study conducted by Abt Associates, Inc., the RMC Research Corporation, and the Development Assistance Corporation found that childcare center-based programs tended to have lower quality ratings and have a higher percentage of classrooms at the lower end of the quality range than programs operated by public schools and Head Start.

Districts Do Not Include Staff Development in Their Preschool Budgets

A review of ARPE budgets approved by the ADE and the State Board of Education reveals that few districts budget to provide for preschool staff development activities. While districts should provide for staff development under the guidelines, their failure to budget for these activities, and the lack of state-sponsored activities, will prevent most sites from having the staff development that is necessary to assure that programs implement best preschool practices in the classroom.

RECOMMENDATION

The ADE should ensure that adequate resources are made available for:

- Monitoring all program sites for quality
- Staff development and technical assistance

FINDING IV

AT-RISK PRESCHOOL EXPANSION PROGRAM STARTED SLOWLY

ARPE has been slow in its distribution of ARPE funds to school districts, resulting in delays in program implementation. The primary causes of the delay were the changes in ADE administration, and the multiple layers of approval required prior to fund distribution. Given the past problems in implementing the program, the planned revision of the distribution process to an early childhood block grant should be delayed one year to allow adequate planning to occur.

Implementation Slowed by Funding Delays

School districts have not received ARPE funds in a timely manner. ARPE legislation was passed in June of 1994, allocating an additional \$10 million per year to at-risk preschool programs. Because the funding did not go into effect until September 1994, the ADE did not expect to expend any funds until the second half of 1994-95. However, other than the \$2.5 million for the existing pilot programs, no at-risk funding expenditures were made during the 1994-95 school year. Further, the 1995-96 school year began with no ARPE funds having been distributed, and most school districts did not begin to serve children until after the school year started. The first distribution of funds did not occur until September 1995.

Changes in Leadership and Interpretation of Legislation Create Delays

A primary cause of delays in funding distribution was ADE's leadership change resulting from the November 1994 election, which led to an agency reorganization in January 1995, and included a change in philosophy. Consequently the ADE made major changes in the ARPE's design. While much planning and work had been put into the ARPE by the previous administration, most of the planning was discarded and the process was begun anew with the incoming administration. The former administration had developed a RFP process resulting in 33 program proposals. This RFP process, which was modeled on the method that had been used in allocating pilot program funds in 1990-91, was abandoned by the ADE more than six months into the process, and the current administration developed and implemented an application process. The extensive amount of time that was originally put into developing an RFP was duplicated with the change to the application process. Since the legislation that created the ARPE allows for multiple interpretations,

processes developed by both administrations have been deemed by the Attorney General's Office to be consistent with the law.

Different interpretations of specific areas of the ARPE legislation resulted in program design changes from the former to the current administration, both of which devoted significant time to clarifying each of these issues:

- The correct way to implement the program specific to assuring compliance with the statutory requirements of private provider participation
- Defining districts' and schools' eligibility for the funds
- Developing a fund-distribution mechanism
- Developing fund-application guidelines
- Determining the Early Childhood Advisory Council's correct role in the process.

After addressing these issues, the ADE then had to go through the following steps.

- Select criteria for estimating the number of at-risk children.
- Estimate the number of at-risk children in the State and in each district.
- Determine a dollar amount to be allocated on the basis of the eligible child count.
- Determine how to take into account pilot program funding.

In addition, the placement of the Program into a block grant as a result of Laws 1995, 1st Special Session, Chapter 4, created additional effort on the ADE's part. While ADE was still in the process of allocating funds for 1995-96, it was also required to determine how the block grant should be administered.

Multiple Layers of Approval Slow Down Implementation

The ADE, the ECAC, the State Board of Education, and the JLBC all have statutory responsibilities for reviewing the process. Overall, the ADE has worked with a number of entities to design the ARPE. While each entity has added something to the quality of the process, their involvement has slowed implementation.

The ADE had the primary responsibility for developing the process for ARPE fund distribution. In its attempt to assure statutory compliance, it has had to consult with each of the other entities at some stage in the process. Each contact with another entity took time and significant effort. At each stage the ADE staff had to provide the other entity with extensive information that often raised questions, which the ADE then took time to address. For example, delays from the ECAC occurred when members expressed concerns over the application process.

In an apparent attempt to speed up the process, the ADE did not submit the application process to the Board for review and approval.

ADE Proposes Early Childhood Block Grant

The ADE has proposed that the ARPE be placed into a new early childhood block grant for the 1996-97 school year. This new block grant proposal has the potential to result in many changes in early childhood education. However, the ADE has not demonstrated an ability to quickly, efficiently, and effectively implement a new system of funding programs. Given the significance and size of the proposed block grant, it is recommended that the block grant not be implemented until the 1997-98 school year.

In its September 1, 1995, block grant report to the JLBC, the ADE proposed that the at-risk preschool program be placed into an early childhood block grant that would also include the full-day kindergarten, k-3 at-risk, and family literacy programs. Based on fiscal year 1996 appropriations for these four programs, the total amount that would be distributed under the block grant is approximately \$20,000,000.¹

As of December 1, 1995, the ADE proposed a competitive block grant through an RFP process. Grants would be awarded in a minimum amount of \$60,000 to serve at least 15 preschoolers. Individual sites could spend up to \$80,000 to provide services to 20 preschoolers. The plan would require each provider to offer appropriate adult education services to parents/guardians of the children served. The Program would target children ages three to five. While the focus would be on the preschooler, the proposal incorporates many of the concepts of intergenerational family literacy programs such as the federal Even Start program and Arizona's Family Literacy program. The ADE proposes that the block grant be implemented for the 1996-97 school year. No program currently funded under the four separate programs would be funded unless it competed for and received funding under the competitive block grant process.

This proposal to place these four programs into one block grant has merit, but also the potential to result in some negative consequences for at-risk programs. For example, the proposed block grant does not specifically target at-risk children and could redirect services

¹ The ADE proposes to include the federally funded Even Start program funds in the state block grant. If approved by the federal government, the total dollar amount would be \$21.1 million.

that were designed to target at-risk preschoolers to all preschoolers. In addition, some districts that currently operate programs report that if there is a break in funding for early childhood programs, they may not reestablish the programs due to the time, effort, and money involved in activities such as recruiting and training staff and furnishing classrooms. In addition, for the service providers, this would be the third method for applying for ARPE funds in less than two years.

Finally, the delays ADE experienced in starting ARPE suggests that the ADE may not be in a position to implement the block grant for the 1996-97 school year. It should also be noted that extensive planning is necessary to implement a statewide educational block grant and to appropriately allocate \$20 million in funds. The ADE has limited experience with state block grants and has limited staff available to plan and administer the block grant.

RECOMMENDATION

If the ADE's proposed early childhood block grant is approved, the block grant should not be implemented until the 1997-98 school year. The 1996-97 school year should be used as a planning year by the ADE to:

1. Prepare a comprehensive request for proposal
2. Develop an allocation/distribution formula that addresses districts' and schools' relative need for the program.
3. Ensure that there is no unnecessary disruption or interruption in funding for early childhood programs

OTHER PERTINENT INFORMATION

During the course of the evaluation we obtained other pertinent information about the at-risk preschool program.

Expansion of State-Funded Preschool May Displace Existing Head Start Programs

An unanticipated consequence of the expansion of the at-risk preschool program is that some districts with large allocations are finding it necessary to move Head Start classrooms out of public school sites. Some Head Start directors have reported that they are competing with ARPE classes for space and will have to relocate existing classes to make room in school districts for the ARPE classes. Head Start will relocate the classes when possible, or will close classes if they are unable to find suitable space. The ARPE may worsen the scarcity of classroom space that already exists. A national study found that of 1,300 Head Start programs that tried to rent or purchase space in the 1992-93 school year, about two-thirds had difficulty doing so. With a statewide school enrollment growth rate in Arizona of approximately 5 percent per year, classroom space is at a premium.

Many Head Start programs offer quality preschool services. The displacement of existing Head Start programs will not contribute to the ADE's goal of serving as many children as possible, and may result in the elimination of existing quality programs while limiting the options for preschool placements in the districts that are affected by this problem.

Four-Year-Old Age Eligibility Limits Ability to Use Funds in Collaboration with Other Programs

The statutory requirement that children be four years old on September 1 to be eligible for the program limits the ability of local service providers to use the funds in collaboration with other programs. For example, the family literacy program enrolls parents and their three- or four-year-old children in an intergenerational literacy program. While some family literacy programs support the early childhood component of their family literacy program with ARPE funds, the requirement that children must be four years old limits the family literacy program's ability to serve parents with three-year-olds.

STATUTORY ANNUAL EVALUATION COMPONENTS

Laws 1994, 9th Special Session, Chapter 2, §30, requires that the Auditor General conduct an annual program evaluation of the At-Risk Preschool Project and provide the evaluations to the Speaker of the House of Representatives, the President of the Senate, and the Governor on or before December 31, 1995, and each year thereafter. We provide a response to each evaluation requirement.

1. Information on the number and characteristics of the children and the families of the children participating in the program.

Based on an analysis of school district applications for the Program, approximately 4,900 children will be served by the at-risk preschool program during the 1995-96 school year. This estimate does not include children served by the money that was distributed through a mid-year allocation.

Demographic characteristics for 1995-96 are not yet available. They will be reported in our second annual evaluation.

2. Information on the number of public schools, private day care operators, and federally funded preschools participating in the project.

Based on the ARPE applications that were approved as of the October 23, 1995, State Board of Education meeting, Table 5 (see page 34) presents the distribution of providers for the 1995-96 program.

3. Information on the average cost for each participant.

Based on the applications received, a total of \$14,760,602 ARPE dollars will be spent to support approximately 4,900 children in ARPE placements during the 1995-96 school year. This results in an average projected per-child cost of \$2,826. This figure does not take into account in-kind costs.

Cost per child for 32 of the 33 pilot programs for the 1993-94 school year was \$2,816 with a median over all programs of \$3,048, ranging from \$1,179 to \$6,325.¹ Approximately 4.46 percent of the total approved expenditures are for local administrative costs.

¹ 1993-94 completion report was not on file for one program.

Table 5

**Distribution of ARPE Site
by Type of Provider**

<u>Type of Provider</u>	<u>Number of Classes</u>
School Districts	172
Special Education classes (located in school districts and may be supported by federal, state, and local funds)	30
Private day care operators	66
Federally funded preschools	64
Other	5

Source: Auditor General staff analysis of information provided by the Arizona Department of Education, and district applications for the ARPE.

4. Information concerning the scholastic performance of previous participants in the project including but not limited to:

(a) The performance of past participants on nationally standardized norm-referenced achievement test.

Past participants from the first year of the pilot program are now in grade four. The ADE reports that standardized tests are not routinely given until grade 4. Test data will be analyzed for children whom districts have identified were in the pilot program. The ADE did not keep records that would identify any children who participated in the pilot program, making it necessary to go back to the districts to identify participating children. Not all districts have been able to provide this information. Standardized test analysis should be provided in our second annual report.

(b) The performance of similar students who did not participate in the project.

- See response to (a) above.

(c) The performance of all students in the same grade at each of the schools at which the program was operated.

- See response (a) above.

5. A summary of the program information required to be provided under section 26 of this Act.

The Arizona Department of Education has designed an application package for the at-risk program that requires districts to provide information in the following areas:

An assessment of the needs of the at-risk preschool children who reside in the school attendance area.

- An assessment of the academic and readiness needs of children in the at-risk program. This is the first part of the Program Services Narrative Description section of the application.
- The most appropriate number of days and hours per week during which the Program will operate. Districts must report the number of sessions per day, number of hours per session, and number of days per week for each site on the At-Risk Preschool Services Overview section of the application.
- Child care needs, including nutrition. Districts must address nutritional services under goal 9.0 of the At-Risk Preschool Service Plan section of the application.

A proposal detailing a program specifically designed to provide assistance to the at-risk preschool pupils.

- A description of the procedures used to identify the at-risk children. In the Application Directions the ADE has defined eligibility as residing in the district, being four years old as of September 1, and being eligible for the federal free lunch program. Districts are to use a screening process to prioritize children in the event that they have more applications for the Program than they have spaces.

- A description of clearly defined goals for meeting the academic and readiness needs. Districts must address these areas in the At-Risk Preschool Service Plan section of the application.
- A description of the instructional approach to be used in meeting the identified needs of the at-risk preschool pupils that is developmentally appropriate and consistent with nationally recognized standards of early childhood education. Districts must address this issue in Goal 2.0 and Goal 3.0 of the At-Risk Preschool Service Plan section of the application.
- A list of the staff qualifications and experience. The Guidelines for Comprehensive Early Childhood Programs provide minimum qualifications for staff. In addition, districts must address this issue in Goal 1.0 and 5.0 of the At-Risk Preschool Service Plan section of the application.
- A plan for the provision of in-service training for personnel involved in the preschool project. Districts must address this issue in Goal 5.0 of the At-Risk Preschool Service Plan section of the application.
- A description of the service delivery model including the extent to which the project will collaborate with other at-risk preschool programs in the district attendance area. Districts must address this issue in Goal 11 of the At-Risk Preschool Service Plan section of the application.
- A plan showing how the programs developed under this Act will be articulated with existing programs in kindergarten programs and grades one through three. This area is addressed through Goals 1.0 and 11.0 of the At-Risk Preschool Service Plan section of the application.
- A plan for involving families of at-risk preschool pupils in the Program. Districts must address this issue in Goal 4.0 of the At-Risk Preschool Service Plan section of the application.

The application was approved by the Early Childhood Advisory Council. The application process was not approved by the State Board of Education.

6. An evaluation of the overall effectiveness of the pilot project based on performance-based outcome measures including the subsequent scholastic performance of participants.

This area cannot be addressed at this point. As described under item 4 of this section, outcome data is not yet available for analysis. Preliminary information on the overall effectiveness will be presented in our second annual report.

7. Recommendations regarding the effectiveness of the project.

Based on the analyses provided in Finding II (see pages 15 through 22) it is recommended that the ADE revise the ARPE allocation and distribution process for the 1996-97 school year to:

1. Comply with state statute by allocating at-risk funds to districts, or schools, only if they have high percentages of at-risk children.
2. Take into account existing services when developing a process for distribution of ARPE funds.
3. Use the same criteria for estimating eligible children as for determining children's eligibility for the program.
4. Expand eligibility to include at-risk criteria other than income.
5. Remove the maximum per-child expenditure.

Also, based on analyses provided in Finding III (see pages 23 through 26) we further recommend that the ADE ensure that adequate resources are made available to:

- Monitor all program sites for quality
- Provide staff training and technical assistance

8. Recommendations regarding the continuation of the program.

The ADE has designed a preschool program that follows nationally recognized standards and goals. However, outcome evaluation results, including the information on scholastic performance, are not yet available to determine whether the Program should be continued.

9. Any other information or evaluative material that the Auditor General determines to be useful in considering the programmatic and cost-effectiveness of the project.

This report provides information on problems with the ADE allocation process Finding II (see pages 15 through 22). These issues have the potential to affect the programmatic and cost-effectiveness of the project.

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Agency Response



State of Arizona
Department of Education

Lisa Graham
Superintendent of
Public Instruction

January 22, 1995

Mr. Douglas Norton
Arizona State Auditor General
2910 N. 44th St., Suite 410
Phoenix, Arizona 85018

Dear Mr. Norton:

Thank you for the opportunity to respond to your annual program evaluation of the At-Risk Preschool program which was conducted pursuant to Laws 1994, Special Session, Chapter 2, §30. I wish to extend my appreciation to your staff for their professional demeanor during the review.

I am committed to high quality comprehensive educational programs that encompass: accessibility and high achievement by students throughout Arizona; provide for local control, which includes as much as possible for program design by school districts and schools; provide for parent involvement, which includes avenues for parents to choose the types of programs best suited for their children; and programs which provide for partnering opportunities with community based organizations and business.

The Preschool Expansion Program administered by the Arizona Department of Education is such a program.

I agree with Finding I that The Arizona Department of Education has designed a program that has the potential to provide quality preschool experiences for at-risk children in Arizona.

Detailed comments on findings and recommendations are attached to this letter. I would like to bring to your attention the following specific points:

1. An error is noted on page 5, second paragraph, which summarizes funding as "\$10 million is carryover from the nonrevertible unspent 1994-995 expansion appropriation, \$2.5 million is from the pilot program appropriation and \$5 million represents one half of the new 1995-1996 expansion appropriation." The correct figures are as follows: \$12.5 million is from the 1995-1996 appropriation and \$5 million is carryover from the nonrevertible 1994-1995 appropriation.

2. I disagree that the Preschool fund distribution process did not take into account the percentages of at-risk children. Funds were allocated to school districts based on their level of poverty, as determined by Free and Reduced Lunch data from school districts. Poverty is the most consistent factor associated with a child's "at-riskness". Poor children have many of the other elements of "at-riskness". To this point, the report on page 3 cites a recent U.S. General Accounting Office study which reports that "these children (poor) as less likely to attend preschool, and are more likely to be part of immigrant families or families who do not speak English; families where the most educated parent has less than a high school diploma; families who do not work; and single parent families. All these factors are associated with high risk of failing in school and its related outcomes: unemployment, and welfare dependence and criminal behavior."

3. The section in Finding II under the heading "Inclusion of Ineligible Children in Estimating Numbers of Children Results in Allocation Errors" is misleading and could be misinterpreted by the reader to mean that schools received, in some instances less funding and in others funds to serve ineligible children. The report cites "a school district received an allocation of \$88,000 more than it should have, an another district received about \$55,000 less than it should have if the formula that was created by the ADE had been accurately applied." It is our understanding that both districts are large districts with allocations greater than \$1 million.

"Allocation" consists of setting a maximum level of available funding to school districts, using standard criteria, for them to apply for. **"Funding"** is determined and approved based on an application, by the district, to the department. Part of that school district application includes the identification of the eligible number of students to be served by the program. **"Payments"** to school districts are made based on the approved application.

The formula, used by the department in its allocation process, used Free and Reduced Lunch data on file at the department. Actual funding decisions were made based on the number of eligible (free lunch eligible) children, and type of program, identified by the school districts in their application.

The data used by the department in preparation of allocations and that used by the districts in applying for funds will differ because both reflect different time spans where population shifts may have occurred. The department uses best available data on file at the department and school districts use current data at their district at the time of application. The potential for differences in counts between "allocation", "application" and "funding" will always exist. Decisions on funding are made on school district counts which are the most reliable and most current. Funds are not approved for the provision of services to ineligible children.

The comparison in the report between the departments allocation which was made on Free and Reduced Lunch Data vs. projected allocations, by the representatives of your office, based on Free Lunch data could have merit only for the very specific period compared (assuming the comparison was for the same period) and does not relate to the provision of services to eligible clients. We can not comment on the accuracy of \$88,000 and \$55,000 allocation comparisons for the two school districts because the data used to make those comparisons have not been made available to us.

4. I disagree with the statement on page 25, second paragraph, which states " the ADE does not believe that it has a role in monitoring". The ADE is very concerned about its fiduciary responsibilities which include monitoring the implementation of programs to ensure compliance with state statutes and regulations. However, school districts share a similar fiduciary responsibility to monitor programs of their contractors. The role of the ADE remains to monitor its contractors, which includes school districts. Part of this monitoring includes an assessment of the district monitoring of their contractors. Resources have been allocated for this purpose.

5. I disagree with that the Preschool application process was not approved by the State Board. The State Board of Education approved the application process for the Preschool program at the State Board meeting of June 26, 1995.

6. The emphasis on change in administration at ADE resulting in program delays is misplaced. Preschool Expansion legislation was passed by the Arizona Legislature in June of 1994. That law did not become effective until September 1994. This was after the beginning of the school year. The Department initiated a Request for Proposal (RFP) on December 28, 1994, through the Arizona Department of Administration. Bids were due to the Department of Administration by January 31, 1995. The process to follow was a review of 40 proposals and decisions made on which proposals to fund. Those decisions were still pending in mid March of 1995. The contract ending date on the RFP was August 30, 1995. Irrespective of the change in administration, or the change in direction, nine months had transpired since the legislation had passed and the program had not been implemented. The RFP was canceled on March 17, 1995.

It should be noted that the RFP was for a summer program only, it was replaced with the full year program.

Finally, I agree with language on the bottom of page 27 and the top of page 28 which states...."Since the legislation that created the ARPE allows for multiple interpretations, the process developed by both administrations have been deemed by the Attorney General's Office to be consistent with the law." Any statement or insinuation, in the report, to the contrary is inappropriate and should be removed.

The focus of the At-Risk Preschool Program is to build local partnerships amongst service providers, both public and private. This method of program development, which seeks complimentary and effective partnerships between public and private agencies, places the program at the vanguard of state-level early childhood programs. Clearly, the program is poised to meet the challenges that the future holds for educational programs. The ADE has discussed the details of program development with many agencies to ensure statutory compliance and to provide the most effective program possible.

I am requesting that the report be modified where necessary. Staff from the department are available to assist in any manner. If you have any questions, please call Mr. Ralph Romero at 542-7462. Once again thank you for the opportunity to comment.

Sincerely,



Lisa Graham Keegan
Arizona State Superintendent of Public Instruction

Response to the Office of the Auditor General's Report

on the

Arizona At-Risk Preschool Expansion FY96

**Arizona Department of Education
Lisa Graham Keegan, Superintendent**

January 22, 1996

Response to Introduction and Background Information

History in Arizona (page 2). The Auditor General's Office states, in the last paragraph, "*The 1995 Block Grant legislation also gave the Joint Legislative Budget Committee (JLBC) responsibility for reviewing the distribution process.*" The Department of Education contends that the agreement between the JLBC and our agency, gave the JLBC oversight of the distribution of funds among the five programs that were consolidated into the fiscal year 1996 State Block Grant. The ADE monitors the categorical assignment of program funds through budget amendment reports and, for FY96, submits a monthly report to the JLBC concerning the assignment of program funds within the parameters of the State Block Grant. It is our understanding that this does not mean that the JLBC had oversight over the determination and assignment of program allocations and awards to local school districts.

Arizona Targets Children from Low-Income Families (page 3). The Auditor General's Office states, "*While the legislation targets the Program at four-year-old children in Arizona who are at risk of failing in school, the ADE has further narrowed it to children of low-income families.*" There are many subjective factors that suggest a child may be at risk of school failure and as specified in statute (ARS 15-715) school districts may conduct assessment or diagnosis for developmental delays for the purposes of providing the best early educational experience for specific children. However, the ADE specified that family income is the most reliable, objective, and equitable measure of at-risk student populations in determining state-wide allocations. Further, the low-income factor is included in ARS as the primary definition of at-risk pupils.

Fund Allocation Process (page 5). The Auditor General's Office states, "*The ADE based the 1995-96 allocations on an amount of \$17.5 million available for distribution. Of this total \$10 million is carryover from the nonrevertible unspent 1994-95 expansion appropriation, \$2.5 million is from the pilot program appropriation for 1995-96, and \$5 million represents one-half of the new 1995-96 expansion appropriation. The ADE plans to distribute the balance of the nonrevertible 1995-96 appropriation in the 1996-97 school year.*" The Department of Education, through internal agency planning and in testimony to the JLBC specified that the allocation and awards of program funds for the current school year 1995-96 would use \$5 million of the nonrevertible funds from 1994-95 and the balance of those funds would be awarded in 1996-97. The \$2.5 million for the Pilot At-Risk Preschool programs was used to, at a minimum, fully fund the pilot programs. As stated, the balance of nonrevertible funds from 1994-95, \$5 million will be allocated and awarded to program service for the 1996-97 school year.

Non-Eligible School Districts (page 5). As stated in the report, "*...196 of 198 districts received allocations, two districts did not have eligible children.*" The two school districts in question are small and did not have any student population in the age-range of the program services. The Auditor General's report could be interpreted by

readers that the two school districts may have had student populations, but were not at-risk of school failure. The ADE contacted the school districts to verify that no student population for the program services exists, and this was found to be true.

Application Due Date and the Review Process (page 5-6). The Auditor General's report states, "*Districts had to complete the application package and return it to the ADE by September 25, 1995, in order to receive their allocation.*" The At-Risk Preschool Program application, developed by the ADE, that was distributed to school districts included the program application, lists of licensed child care centers in their attendance areas, lists of federally-funded preschool programs in their attendance areas and a budget planning packet with instructions. School districts had three "deadlines" to submit the application on behalf of their community service providers and themselves. These deadlines coincided with State Board of the Education meetings and allowed for a review period by the Early Childhood Advisory Council. The final deadline was September 25, 1995, however the subsequent months had submission dates, review processes and approval activities by the State Board of Education. The first award was granted by the State Board of Education August 28, 1995 and the first program payments were made on or about August 20, 1995.

Response to Finding I

"The Arizona Department of Education's At-Risk Program is designed to follow nationally recognized standards and goals."

Guidelines for Comprehensive Early Childhood Programs. As specified in ARS the Early Childhood Advisory Council, an advisory group to the State Board of Education, developed program guidelines. Over a period of two years, community members, education professionals, parents, and business and civic leaders determined what is best for young children in Arizona. In the fall of 1993, the State Board of Education adopted the *Guidelines* as the service model for the Arizona At-Risk Preschool program. To date, local school districts and community-based organizations have used the *Guidelines* to implement the At-Risk Preschool program in their communities. The *Guidelines* include specifications for the administration, community partnerships, family education and service, as well as educational preschool services.

Response to Finding II

"Fund distribution process should be modified to ensure limited funds are spent in most needy areas."

Background (page 15). The Auditor General's Report states, "*The ADE added the following provisions to the ARPE: (a) A family income criteria in addition to age and residence eligibility for the program. The family income guidelines correspond to the federal government free lunch income eligibility guidelines.*" The report suggests that the ADE developed arbitrary eligibility requirements without authority. The aforementioned eligibility criteria were stated specifically in statute. The eligibility criteria were: the definition of "at-risk pupil", included the primary characteristic is economic deprivation

(Laws 1989, Ch. 273, sec. 1), the age requirement of four year old prior to September 1 of the current year (9th SS, section 26), and child and family residence within the school district attendance area (9th SS, section 29)

Allocation Process to Districts (page 16). One hundred and ninety-eight school districts were allocated program funds to develop an application for collaborative program services under the specifications of the At-Risk Preschool program. As indicated in the Auditor General's report 66 school districts were allocated more than \$63,000 dollars to implement this program in partnership with federally-funded preschools and child care providers that are licensed by the Department of Health Services. Of the remaining 130 school districts and their communities, 64 were allocated more than \$10,000 to implement the program. The remaining 66 small and isolated school districts (ARS 15-901) were allocated less than \$10,000 to augment existing community services. Two small, isolated school districts were not projected to have any four-year-old children in attendance area for the 1995-96 school year and consultation with local administrators verified this finding.

Allocations are not sufficient to support programs (page 17). School districts and community-based organizations are compelled to enter into formal agreements with federally-funded program or child care centers in their school attendance areas. The program funds were not intended solely to create new classrooms, but to extend and expand upon existing preschool services. This method of program expansion yields the maximum amount of program availability for the allocated amount of program funds. Local administrators and community leaders have discretion to create child and family services through collaboration with community preschool programs that have the capacity to comply with the *Guidelines for Comprehensive Early Childhood Programs*. As previously addressed in the Auditor General's report, the Guidelines closely reflect the program practices of Head Start and other nationally recognized early education programs.

Targeting Funds to Needy Districts (page 18-19). The intent of the allocation of program funds was to provide all school districts and communities in Arizona with an equal opportunity to submit an application to participate in the At-Risk Preschool program. One hundred ninety-six school districts and their surrounding communities were offered the opportunity to submit a program application with the support of the ADE staff and members of the Early Childhood Advisory Council. Fifty-three percent of all eligible school districts, 103 programs, were awarded preschool funds during the fall of 1995. As suggested on page 16 of the Auditor General's report, "*ADE has determined that all school districts that serve kindergarten children to grade 3 children are eligible for at-risk preschool expansion (ARPE) funds, regardless of relative need. As a result, limited funds have been spread too thin to allow districts to implement quality programs.*" The At-Risk Preschool Program awards mirror the population patterns for young children and their families across Arizona. All school districts have preschool-age children who are at risk of limited school success. Using low-income as an objective and equitable funding facto, the ADEr focused higher percentages of available program funds to those

school districts and communities that have high numbers of at-risk preschoolers. School districts and their community partners were to design and implement a preschool program that was appropriate to the needs of the children in their school attendance areas. The application and review process that was conducted by the ADE staff, in conjunction with the Early Childhood Advisory Council members, set a course to develop quality preschool programs through partnerships among school districts, federally-funded programs and child care centers.

Each program implementation design, from 1994 to the current 1995 program, targeted program funds to those school attendance areas with high levels of poverty that indicate high numbers of at-risk children. Broadening the number of eligible school districts and their community partners provided the opportunity for greater access to children and families. Also, the 1994 program model used school and child data from 1992-93 to determine at-risk percentages in school districts. As previously stated, poverty (as indicated by free and reduced lunch eligibility) in local school districts is the most reliable and valid method of project program eligibility. Also, this objective measure allows local programs to determine individual child eligibility and provide parents the freedom to select from a variety of preschool programs.

During the June 26, 1995 meeting of the State Board of Education, a public presentation to the members of the Board, included the program specifications, the lists of eligible participants and the state-wide funding allocations. At that time, it was explained that a funding allocation was not a program award. School districts and their community organizations were provided the allocation amount as a fiscal guideline to develop the scope of work for their At-Risk Preschool program. School districts acting on behalf of their communities submitted program applications to the ADE for review by staff specialists and members of the Early Childhood Advisory Council. Included in this application is a services overview form on which local administrators, must delineate their eligible population and propose a preschool program accordingly. The Auditor General's report stated, "*ADE has distributed funds to several districts where up to 100 percent of all eligible children are being served by Head Start or one of several other publicly funded programs that target at-risk preschools.*" The footnote on page 19 of the report suggests that these percentages may be due to inaccurate child attendance records of publicly funded preschool programs. The ADE must rely upon the population estimates that are included in the application forms. The accuracy of these forms is monitored by ADE staff and the scope of services is regularly reviewed through program and budget amendments submitted by local school districts on behalf of their service providers.

During regularly scheduled, public meetings of the Early Childhood Advisory Council recommendations for program awards were discussed and votes were conducted regarding program awards. A contract for program awards was presented in August, September and October to the State Board of Education for their approval.

Inclusion of Ineligible Children (page 20). This section of the report is misleading and could be misinterpreted by the reader to mean that schools received, in some instances, less funding and in others funds to serve children who are not eligible for program services. The Arizona At-Risk Preschool program used poverty as indicated by aggregated school data on free and reduced lunch eligibility as a percentage factor in the funding formula. A projection of kindergarten through grade three student population for the 1995-96 school year was developed to determine a projection of four-year old children in each school attendance area. Variance in the ADE projections for the current school year may have occurred in the formula allocation process due to extreme growth or decline among the eligible student population in communities, or changes in family income levels among the eligible student population. Allocating funds to a school district does not imply that a program award will be made. School districts were required to analyze their eligible population with respect for their program allocation and then submit the information as part of their annual application. The program funds allocated to school districts and community organizations in their attendance area, amounted to approximately 16 percent of the need in their attendance area.

Income Eligibility (page 20). There are many well-researched factors that influence the success or failure of young children in school. These factors are often subjective, self-reported or intrusive on the lives of parents, children and families. The most reliable and objective at-risk characteristic is the family income. Other factors like parents' education level, the primary language of the household, employment history, single-parenthood, and the age of the mother at the time of the child's birth, are subjective factors related to the objective measure of family income. Research suggests that poverty and failure to experience early educational success are highly correlated. Since the ADE specified that preschool services be child-specific, based on income eligibility to support parent choice (9th SS, section 29), each child participating in the program is eligible and no children that are ineligible are receiving services. As specified in ARS 15-715, school districts have discretion in admitting children to the programs based upon measured intelligence, diagnosis of Attention Deficit Disorder (ADD), or the diagnosis of Fetal Alcohol Syndrome (FAS) or prenatal exposure to other illicit substances. These handicapping conditions are difficult to assess in preschool-age children and require medical prognoses to make an accurate assessment.

Further, the application of family income eligibility has been successful for more than 30 years in the federally-funded Head Start program. The income eligibility criterion that was established by the ADE is approximately 20 percent above the poverty level that is used by Head Start programs. This "gray area of eligibility" allows young children and families that do not qualify for Head Start service, to qualify for the state-funded At-Risk Preschool program. In summary, income eligibility is objective, specific to the needs of children in our state, and allows parents greater freedom to select programs that best serve their children.

Program Expenditure Guidelines (page 21). The Arizona Department of Education specified that no more than \$3,150 was to be spent per child during a school

year. This guideline did not include any capital expenditures that may be proposed by school districts and their community partners in their annual program application for review by the ADE program staff. Rather than focus on nationally aggregated data from early childhood programs throughout the country, the ADE staff reviewed the historical budget expenses from the 27 school districts that implemented the state-funded Pilot At-Risk Preschool program for the past four years. Moreover, consideration was given to other preschool programs in Arizona, as well as in the four corner states. For example, the historical expenditures of the Pilot At-Risk Preschool program indicate that the average expense per child has been less than \$2,700 per child per year. The Colorado State Department of Education limits program expenditures to \$2,000 per child for a variety of preschool and child care program services. The Arizona Special Education Preschool program offers approximately \$2,500 per child through a combination of state funds calculated from average daily membership and federal program funds. The Arizona At-Risk Preschool program compares favorably to other Southwestern early childhood programs, and based upon a review of the FY96 program budgets the majority of participating school districts and service providers are spending less than \$3,150 per pupil. Although, more money for young children in preschools or removing expenditure guidelines may appear to be favorable, national data for higher program expenditures does not consider the variable costs of program operation. To achieve an accurate analysis of national program expenditures consideration is suggested for the following: regional variance of personnel costs, variable monthly costs of program operations, variable costs for transportation and other regional factors.

The Arizona Department of Education is consistently seeking methods of funding school districts accurately and equitably. Through collaborative program analysis with Head Start programs, special education preschools and licensed child care data provided by the Department of Health Service we hope to achieve a more accurate measure of community need and appropriate program funding.

Response to Finding III

"The At-Risk Preschool Program lacks adequate monitoring."

Monitoring and Staff Development (page 23). The Arizona Department of Education is committed to its fiduciary responsibilities in program monitoring and in supporting school districts and community agencies in developing local preschool initiatives that are complimentary to existing child and family services. The focus of state-level technical assistance is to assist local administrators in integrating their preschool program into the overall educational mission of their community and to develop a level of program understanding that will build into ownership, autonomy, and program independence. Following the final program awards by the State Board of Education, two program specialists have been assigned to work with school districts and community service providers. The ADE fully supports community program development, effective and equitable program implementation and parental involvement.

ADE Resources (page 24). The Pilot At-Risk Preschool program has operated for the past four years with \$2.5 million being awarded to local school districts. During the 9th Special Session of the Arizona Legislature in June of 1994, the At-Risk Preschool program was expanded by 400 percent to an annual funding level of \$12.5 million in assistance to community-based programs. Also, with the program expansion, HB 2002 compelled local school districts to diversify program services through the development of partnerships with eligible service providers that could include federally-funded preschools and licensed child care centers. The development of various program sites within communities empowers parents to determine the placement of their children that will best suit their educational level and developmental need.

The Arizona Department of Education is meeting the challenge of program support through several initiatives under the specifications set forth in the *Improving America's Schools Act* (IASA). Those activities include the development of Consolidated School Districts Plans with specific sections addressing early childhood programs and Collaborative School District Technical Assistance and Program Review Teams. Additionally, building partnerships with existing community agencies presents challenges for educational continuity and overall quality of preschool programs. The ADE currently has three full time professionals whose primary responsibility is technical assistance and support to local school districts implementing the At-Risk Preschool program. One full-time secretary and one full-time fiscal clerk are devoted to the daily operations of the Early Childhood Unit, that is a part of the Academic Support Division. Members of the Academic Support Division administer many federal programs that include Title I, Title II and Title VI, as well as Bilingual Education, Migrant and Indian Education programs, and Even Start programs. Each of these federal initiatives impacts on Early Childhood programs and those resources are available to support the Preschool Program within the ADE and in local school districts.

In December 1995, the Academic Support Division sponsored a large technical assistance conference, of more than 600 educators, parents, and administrators, incorporated the key features of the aforementioned state and federal education programs. The Academic Support Division, that includes the Early Childhood Unit, dedicated three days of technical assistance and training for administrators on a wide range of topics, including six sessions addressing the At-Risk Preschool Expansion. This conference provided many administrators and teachers an event that was time- and cost-effective. During the first three months of 1996, eight regional training events will be conducted to address local program development and block grant funding from the state.

School District Expertise (page 25). The Arizona At-Risk Preschool Expansion is in its first year of operation in 103 school districts. The program serves four-year-old children that have distinct developmental needs that are different from services typically offered by public schools. Furthermore, school districts are compelled by statutes to enter into partnerships with private and public agencies in order to provide program options for parents. The challenges that are part of program implementation are formidable in this case and school districts are making every effort to develop exceptional

programs. With rapid program expansion, teacher availability is a concern. However, the *Guidelines for Comprehensive Early Childhood Programs* suggests a range of credentials that are appropriate for various jobs in the preschool program. School districts and their community agents are making every reasonable effort to meet or exceed the staff requirements established in the *Guidelines* that were adopted by the State Board of Education in 1993.

Budgets for Staff Development (page 26). Staff members of the Academic Support Division communicate every working day with school district's involved with the At-Risk Preschool Expansion. Local program goals and objectives, as well as program budgets, are analyzed and modified to best serve children and families within existing statute and policies. Local staff development activities for the At-Risk Preschool program will include in-service teacher workshops that school districts conduct for themselves, as well as training events that are conducted by early childhood professional organizations and educational institutions that engage in formal teacher training. Although staff development is an important component for these programs, the majority of resources in this first year program have been dedicated to program start-up costs including facilities and materials, enrolling children and parents in the program and staff recruitment among several service providers in each community. Also, many school districts are electing to "absorb" staff development costs for the first several year in order to expedite program development and to serve the most young children possible.

Response to Finding IV

"At-Risk Preschool Expansion Started Slowly."

The change in the administration of the Arizona Department of Education in January 1995 was not the primary cause for delays in program implementation. The program funds were increased, through one legislative action, by 400 percent and the specifications of program implementation at the local level changed to include both public and private preschool service providers in school district plans (9th SS, section 29). These significant program changes, along with several legal questions that arose during the implementation process, and the multiple reviews of local program applications made necessary the extension of the implementation time line.

Implementation Slowed by Funding Delays (page 27). House Bill 2002 (1994) included program specifications and funds to expand the At-Risk Preschool program into a state-wide initiative. The funds were not made available to the Department of Education until September 1994. In October 1994, the State Board of Education approved a program implementation plan that had two key components. First, they approved a proposal and award process that was to be administered by the Procurement Office at the Department of Administration. Second, the first "Request for Proposals" would be for service providers to conduct a summer program in 1995 and a second "RFP" would be for the 1995-96 school year.

In March 1995, the RFP process was stopped by the ADE and a plan was developed, over the next two months that would develop a single application process for school districts and their community agencies. Working in conjunction with community leaders, early childhood experts, and the Early Childhood Advisory Council it was determined that the ADE would use an application process directed to local school districts acting on behalf of federally-funded preschools and licensed child care centers in their school attendance areas. In June 1995, the State Board of Education approved a process for program application, review, and approval that was consistent with existing program statutes and policies that involved the Early Childhood Advisory Council in the application review process. In August 1995, the State Board of Education made the first set of program awards to 28 school districts, based on a recommendation from the Council. In the following months, program awards were made to school districts throughout Arizona and the reallocation of uncommitted program funds was made in November 1995. To date, all available At-Risk Preschool Program funds for FY95 have been awarded to 103 school districts and 2 county superintendents acting on behalf of smaller school districts working as county consortia.

Changes in Leadership and Interpretation of Legislation Cause Delays (page 27).

The Department of Education has developed a model of funding distribution, program application review and program awards that is consistent with the specifications of HB 2002 (9th SS, 1994) and with the policies of the State Board of Education. Furthermore, internal ADE program processes are consistent with the administration of federal and state programs that preceded the At-Risk Preschool program. The interpretation of the law has not notably changed from the 1994 program model to the current model. Emphasis was placed on HB 2002, sections 28 and 29, that call for school districts to conduct local administrative duties and to reimburse public and private providers on behalf of participating children and families. The "Request for Proposals" that was conducted by the Department of Administration yielded 40 program applications to conduct a summer program for preschoolers. A second RFP was going to be necessary to fund programs for the 1995-96 school year. This was determined to be burdensome for local service providers and costly to the State.

Multiple Layers of Approval Slow Down Implementation (page 28). The Department of Education has created an application for local school districts to create community partnerships with federally-funded preschools and licensed child care centers. In most cases, the amount of funds that will be transferred between school districts and their local agencies, on behalf of participating parents, is greater than \$10,000. Therefore, procurement processes must be conducted by local school administrators, as well as contract approval by local school boards.

When an application is sent to the ADE, staff specialists and fiscal specialists review for accuracy and compliance with existing statutes and policy. Members of the Early Childhood Advisory Council review the applications, noting their recommendations, and then submit the program to the State Board of Education for program awards. These reviews are in keeping with mandatory statutory requirements. The JLBC does not

review individual program applications or specific awards to school districts. However the JLBC is provided with monthly reports concerning the categorical movement of program funds among the five educational programs included in the State Block Grant FY96.

The goal of the ADE was to include the Early Childhood Advisory Council, an advisory group to the State Board of Education, in the entire process. The Council recommended the application document, the review process and the method of determining school district allocations to the State Board of Education. These recommendations were made following two public meetings conducted for the purpose of program implementation. As previously mentioned in this response, the State Board of Education, during its June 26, 1995 meeting was informed of the changes in the application process and was presented with a packet of information that included: (a) the program allocations that would be used by school districts to plan their scope of program services, and (b) the lists of eligible service providers in their school attendance areas.

ADE Proposes Early Childhood Block Grant (page 29). The early childhood block grant program, entitled *Parents and Children in Extraordinary Education (PACE)*, is in its development stages. As a significant part of program development, school district administrators, community members and parents have been included in discussions of program specifications. At this time, the proposal that is outlined in the Auditor General's report does not contain the most current form of the PACE program. The significant aspects of the PACE program are: (a) locally determined scope of work, (b) services to children between the ages of three years to grade three, (c) the final minimum and maximum funding levels would be established after the FY97 allocation is determined, (d) consolidation of the at-risk preschool, full-day kindergarten and K-3 academic assistance programs in order to reduce administrative work burdens in schools and community organizations, (e) development of a higher degree of program articulation with existing federal and state educational programs. The ADE is committed to providing an early childhood block grant program, specifically PACE, for the 1996-97 school year and is ready to provide an immediate program application process pending the approval of the state's education budget for FY97.

Response to Other Pertinent Information

Program Displacement (page 31). The issue of available classroom space in communities, schools and neighborhoods is an on-going an issue in Arizona due to rapid program implementation, state-wide population growth rates and student mobility rates. In program applications for the current school year, school districts and the community partners were required to conduct a needs assessment in order to prepare budgets and program activities that do not extend beyond the capacity of their facilities. School districts and community service providers were directed to conduct their needs analysis with respect to existing program services that were conducted in their school attendance areas. Significant program growth, comparable to the increase in funding that occurred in 1994, will impact upon available classroom locations for all service providers. There are

some school districts and communities in Arizona that have limited classroom availability. However, state-wide classroom capacity in both public and private preschools has not be reached.

Age Eligibility Limits Program Collaboration (page 31). The Department of Education consistently seeks methods of creating educational programs that are congruent and complimentary with other state and federal programs that have similar program goals. The child age eligibility that is specified in ARS 15-715 restricts some children from participating in the program. However, when broadening the eligibility criteria, the characteristics of the participants diversifies and the study of program results may be impacted. The Department of Education suggests that adding three-year-old children as eligible participants in the program would be beneficial to the administration and implementation of the program. These educational benefits for individual children would outweigh any negative impact on the research conducted on the program's overall performance.

APPENDICES

Appendix A

Legislated Roles of The Board of Education, Department of Education, Early Childhood Advisory Council, Joint Legislative Budget Committee, and School Districts in the Administration of the At-Risk Preschool Program

All legislated roles except for the JLBC are found in A.R.S. §15-715. Specific sections and subsections are noted in parentheses.

The responsibilities of the **Board of Education** include:

- Disbursing preschool funds (1, A).
- Establishing requirements for application, evaluation, reporting, and reapplication (1, A).
- Selecting schools to receive grants (1, A).
- Developing a list of public schools, private day care operators, and federally funded preschool providers that have been selected to participate in the project, and to distribute the list to all school districts in the State (28, D).

The **Department of Education** is responsible for:

- Making public a list of qualifying school attendance areas (1, A).
- Developing an annual self-reporting data format for school districts (1, A, 4).
- Reviewing annual reports, making on-site visits, and notifying districts that are out of compliance with the district's approved proposal (1, B).
- Providing technical assistance to bring districts into compliance (1, B).
- Developing a procedure by which school districts reimburse private day care operators or federally funded preschools participating in the Program (29, A).
- Disbursing funds to districts for reimbursement to private and federal providers (29, B).

The Early Childhood Advisory Council (ECAC) consists of 13 members appointed by the State Board of Education. Members of the ECAC include teachers, parents of eligible children, public school administrators, the superintendent of public instruction, the Director of the Governor's Office for Children, and representatives of state human service agencies, business and industry, childcare providers, early childhood associations, and state and federal at-risk preschool programs. The ECAC has three responsibilities that apply to the at-risk preschool expansion program:

- Advise the Department of Education about the at-risk preschool project (2, A,1).
- Establish guidelines for comprehensive early childhood programs for at-risk four-year-old children that reflect best practice on comprehensive early childhood programs (2, A, 2).
- Review applications and reapplications for at-risk preschool project grants and make award recommendations to the State Board of Education (2, A, 3).

The Joint Legislative Budget Committee (JLBC) has the responsibility to:

- Review the ADE's plan for the distribution of the state block grant for preschool at-risk, full-day kindergarten, kindergarten to grade three at-risk, gifted support, and dropout prevention (Laws 1995, 1st Special Session, Chapter 4, Section 4).

The legislation has provided school districts with a number of responsibilities. Specifically, school districts are responsible for:

- Assisting private day care operators and federal program providers in meeting the application requirements (28, A).
- Reimbursing private day care operators or federally funded preschools for services provided through the at-risk preschool program (29, C).
- Submitting annual data on the program if they receive funding (1, A, 4).

Appendix B

Table 6
Distribution of ARPE Allocations and
Approved Grants by County

<u>County</u>	<u>Total Allocations</u>	<u>Total for Programs Approved by the State Board of Education</u>	<u>Percentage of Allocation Approved for Distribution</u>
Apache	\$ 594,589	\$ 464,457	78.11%
Cochise	468,408	328,511	70.13
Coconino	400,375	274,279	68.51
Gila	180,041	102,682	57.03
Graham	172,786	28,396	16.43
Greenlee	38,260	38,214	99.95
LaPaz	95,912	54,584	56.91
Maricopa	9,443,912	8,491,520	89.92
Mohave	427,636	389,398	91.06
Navajo	584,896	271,465	46.41
Pima	2,715,627	2,458,670	90.54
Pinal	783,229	534,564	68.25
Santa Cruz	246,960	239,915	97.15
Yavapai	368,075	271,265	73.70
Yuma	829,295	813,792	98.13
Total	<u>\$17,350,000</u> ^a	<u>\$14,761,712</u> ^b	<u>85.08%</u>

^a This figure is less than \$17,500,000 because the ADE set aside \$150,000 for rural consortia and county superintendents' offices who may administer the program if local districts do not apply for funds.

^b This figure is based on data provided by the ADE. The total is slightly different from the total on Table 2 (page 8), which is also based on data provided by the ADE.

Source: Auditor General Staff analysis of data received from the Arizona Department of Education.

Appendix C

Guidelines for Comprehensive Early Childhood Programs Prepared by the Early Childhood Advisory Council

Program Administration

- Guideline 1.1. A written philosophy is used as the basis for program planning, implementation, evaluation, and modification.
- Guideline 1.2. The preschool program is supervised, administered, and implemented by qualified early childhood personnel.
- Guideline 1.3. Districtwide policies are used as the basis for efficient and effective preschool program operation at each school.

Preschool Program Operation

- Guideline 2.1. Each school system has a developmentally appropriate preschool curriculum to support the development of the total child.
- Guideline 2.2. Children's growth in all developmental areas is routinely assessed. Assessments of children are used for program planning, implementation, communicating with parents, identification of children with special needs, and program evaluation and accountability.
- Guideline 2.3. All children have equitable opportunities to learn through teacher-directed and child-initiated experiences that match their needs, interests, and developmental levels.
- Guideline 2.4. Children have many opportunities to inquire about their environment, reflect on their experiences, and develop communication skills by asking and responding to questions. Staff actively seeks meaningful conversations with children.
- Guideline 2.5. The daily program immerses children in a wide range of communicative experiences and literacy events that promotes conceptual development, encourages children to express thoughts and feelings, and helps them attain self-determined goals.

- Guideline 2.6 Children's curiosity and natural inclination to investigate and solve problems is nurtured and stimulated through a daily balance of guided developmentally appropriate and independent experiences in social studies, science, and mathematics.
- Guideline 2.7 Children's natural inclination to be creative is nurtured and stimulated through a daily balance of guided developmentally appropriate and independent activities in music, physical movement, and the arts.
- Guideline 2.8 Adults create an environment in which children can show initiative, act independently, and make choices. Adults observe, guide, and respect children as they develop personal and interpersonal living skills.
- Guideline 2.9 The preschool environment evolves from children's needs, interests, and experience; facilitates their independence, exploration and discovery; and reflects their ideas, accomplishments, and products.
- Guideline 2.10 Children's health and safety are ensured throughout each program day.

Linguistic and Cultural Integration

- Guideline 3.1 Linguistic and cultural needs are served by emphasizing strategies for integrating multi-cultural and anti-bias themes into all curricular areas.

Parent Involvement

- Guideline 4.1 There is two-way communication between staff and parents on a regular basis throughout the program year.
- Guideline 4.2 Parents have opportunities for experience and activities that lead to enhancing the development of their skills, self-confidence, and sense of independence in fostering an environment in which their children can develop to their full potential.
- Guideline 4.3 Parents are involved in the process of making decisions about the nature and operations for the classroom(s).

Staff Development and Qualifications

- Guideline 5.1 The school system and/or school seeks and provides professional development opportunities for the preschool staff in order to strengthen their competencies in planning and implementing appropriate and effective educational programs for young children.

Program Evaluation

Guideline 6.1 The school (system) evaluates its preschool program on an annual basis and uses the results to acknowledge its strengths and address its weaknesses.

Comprehensive Programming

Guideline 7.1 The school system supports comprehensive programs that meet the care and needs of families in the community.

Health Services

Guideline 8.1 - *no statement* -

Nutrition Services

Guideline 9.1 Nutritious and varied meals and snacks (2/day – child care food program for breakfast, lunch, and snacks).

Guideline 9.2 Sensitivity to cultural food preferences.

Guideline 9.3 Regular cooking/tasting in classroom.

Guideline 9.4 Gardening – growing vegetables to taste – origins of foods.

Guideline 9.5 Nutrition curriculum – tasting, health foods, field trips.

Guideline 9.6 Nutrition part of parent education program – workshops, home visits.

Guideline 9.7 Involve community agency programs such as dairy council, women, infant and children, and child and adult care food program.

Guideline 9.8 Mealtime is used to encourage conversation and eating etiquette.

Social Services

Guideline 10. Assist the family efforts to improve the condition and quality of family life.

Community and District Support

- *no guideline* -

Child Assessment

- *no guideline* -