



BIPARTISAN POLICY CENTER

Understanding State Challenges in Early Childhood Education

NATIONAL INSTITUTE FOR HEALTH CARE MANAGEMENT

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bipartisanpolicy.org

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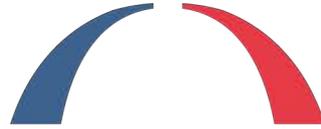
- BPC is a non-profit organization that combines the best ideas from both parties to promote health, security, and opportunity for all Americans.
- BPC drives principled and politically viable policy solutions through a three-pronged approach:
 - rigorous, credible, fact-based analysis;
 - negotiations across party affiliations and wide-ranging perspectives; resulting in concrete policy recommendations; and
 - aggressive campaigns to enact policy recommendations.
- In addition to early childhood, BPC focuses on health, energy, the economy, financial regulatory reform, housing, immigration, governance, and education.

BPC'S EARLY CHILDHOOD INITIATIVE



- BPC's Early Childhood Initiative launched in 2017 and was co-chaired by former PA Sen. Rick Santorum and former CA Rep. George Miller.
- Goal is to create a comprehensive and sustained approach to improving the quality of early care & education by developing broad consensus across party lines.
- Recent work includes a focus on:
 - Governance and administration of early childhood systems at the state level
 - Early childhood infrastructure reform
 - A spotlight on Early Head Start-Child Care Partnerships
 - Developing a multi-disciplinary approach to expanding support for high quality early care and learning





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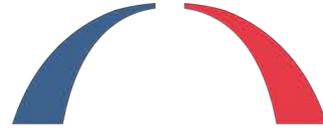
Overview of Early Care and Education (ECE)



- 60% of children birth to 5 are in at least one weekly nonparental care setting.
- Families spend on average 20% of their weekly household income on child care for children under age 6. Lower-income families spend a higher proportion of their incomes on child care, with families under the federal poverty line spending 26% of their income versus higher income families that spend 10%.
- There are almost 2 million paid teachers and caregivers in a variety of ECE settings. Despite the high price of care, median pay for a child care worker is \$11.17 per hour or \$22,240 per year. Child care workers often lack benefits, including health insurance.
- The ECE industry generates an estimated \$47 billion in direct revenue and \$52 billion in spillover in other industry sectors, for an estimated total economic impact of \$99 billion in the U.S.



- 61% of mothers with children under 3 are employed, and 25% of new mothers go back to work within 2 weeks of giving birth.
- Because the first 3 years of a child's life are critical to healthy brain development, safe, enriching care environments critical.
- Finding affordable, high-quality ECE for infants and toddlers is particularly hard for working families.
- Stricter teacher-to-child ratios mean that caring for infants and toddlers is more expensive, both for the ECE provider and for the parents.
- The price of center-based ECE for an infant is about \$11,300 compared to \$8,900 for a 4-year-old.



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Basic Assumptions

CHILDREN ARE ALWAYS LEARNING



Children are learning 24/7, and every environment they're in is a learning environment.





Parents are a child's first teacher and are central to their success, especially from birth to age 5.



HEALTH AND SAFETY ARE THE FOUNDATION



Protecting the health and safety of children is foundational to ensuring their success. This includes making sure teachers are trained and facilities are safe.

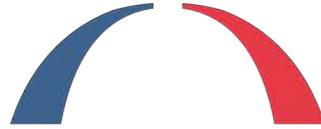


*Holes in the walls of a children's bedroom within a child's reach.
Source: HHS OIG*



High-quality developmental screenings can identify potential delays early enough for successful intervention and family support.





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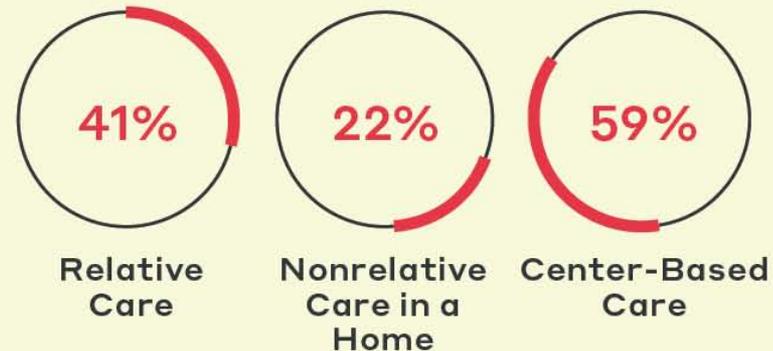
The Market-Based ECE System

MARKET-BASED ECE SYSTEM



- ECE in the U.S. is a market-based system where parents choose from a variety of for-profit and non-profit ECE providers.
- Millions of working parents rely on:

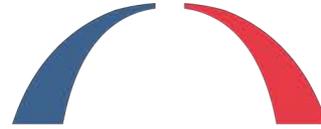
Percentages of children in at least one weekly nonparental care setting:



- ECE centers run by national/regional companies;
- ECE provided in the owner's home (often referred to as family child care or home-based);
- ECE provided in faith-based settings;
- Part-day pre-K in schools and other settings; and,
- Individual caregivers (such as nannies or relatives), who may provide care in the child's own home.



- Some families have access to publicly funded programs such as Head Start, Early Head Start, or public prekindergarten.
- Not all programs are available when parents are at work, so many families rely on multiple care arrangements to meet their needs.
- Many parents do not work the typical 9-to-5 Monday through Friday schedule, and need ECE overnight or on the weekend. But care during those hours is hard to find. In Pennsylvania, there are only 50,000 slots for the 150,000 families that may need care during nontraditional hours.
- Varying circumstances demand a variety of ECE options.



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Federal Role in ECE



- The federal government is the largest funder of early care and education programs.
- Federal programs have historically focused on providing support for low-income working families, through programs like the Child Care and Development Block Grant (CCDBG), and children with special needs, through programs like Part C of the Individuals with Disabilities Education Act (IDEA).
- Funding has focused on supporting work, which means that often the cost of providing high-quality ECE services has not been taken into account when setting funding levels or designing programs.
- This translates into underfunding for critical programs and administrative inefficiencies at the federal and state level.

MAJOR ECE FUNDING STREAMS



- At the federal level, most ECE funding flows through the Department of Health and Human Services, including the Child Care and Development Fund (CCDF) and Head Start.
- Together, CCDF and Head Start account for more than 90% of overall federal funding for ECE programs.
 - FY 2018 federal appropriations for the two programs were \$8.14 billion and \$9.86 billion, respectively.
- The majority of states are investing significant funding into state Pre-K programs for 3- and 4-year olds.
 - In FY 2018, 45 states and the District of Columbia spent \$8.15 billion on state Pre-K programs.
- These programs all aim to do the same thing: provide children with safe, enriching environments where they can learn, grow, and succeed.

ECE PROGRAMS AND FUNDING



In 2017, GAO identified 9 federal programs with the primary purpose of supporting early childhood education. BPC recently analyzed funding for 8 of those programs.

Program	Appropriation			
	FY 16	FY 17	FY 18	FY 19
U.S. Department of Health and Human Services				
Child Care and Development Fund (CCDF) (includes funds from CCDBG)	\$5.68 billion	\$5.77 billion	\$8.14 billion	\$8.19 billion*
Head Start (includes Head Start, Early Head Start, and Early Head Start-Child Care Partnerships)	\$9.17 billion	\$9.25 billion	\$9.86 billion	\$10.06 billion
U.S. Department of Education				
Preschool Grants for Children with Disabilities (IDEA, Part B, Section 619)	\$368 million	\$368 million	\$381 million	\$391 million
Early Intervention for Infants & Toddlers with Disabilities (IDEA, Part C)	\$459 million	\$458 million	\$470 million	\$470 million
Child Care Access Means Parents in School	\$15.1 million	\$15.1 million	\$50 million	\$50 million
Preschool Development Grants	\$250 million	\$250 million	\$250 million	\$250 million
Striving Readers Comprehensive Literacy	\$190 million	\$190 million	\$190 million	\$190 million
Promise Neighborhoods	\$73 million	\$73 million	\$78 million	\$78 million

Note: The 9th program is Family and Child Education (FACE) administered by the U.S. Department of the Interior. The program promotes early childhood development and parental involvement in Tribal communities. Because the funding crosses state lines, BPC did not include it in its state-by-state analysis.



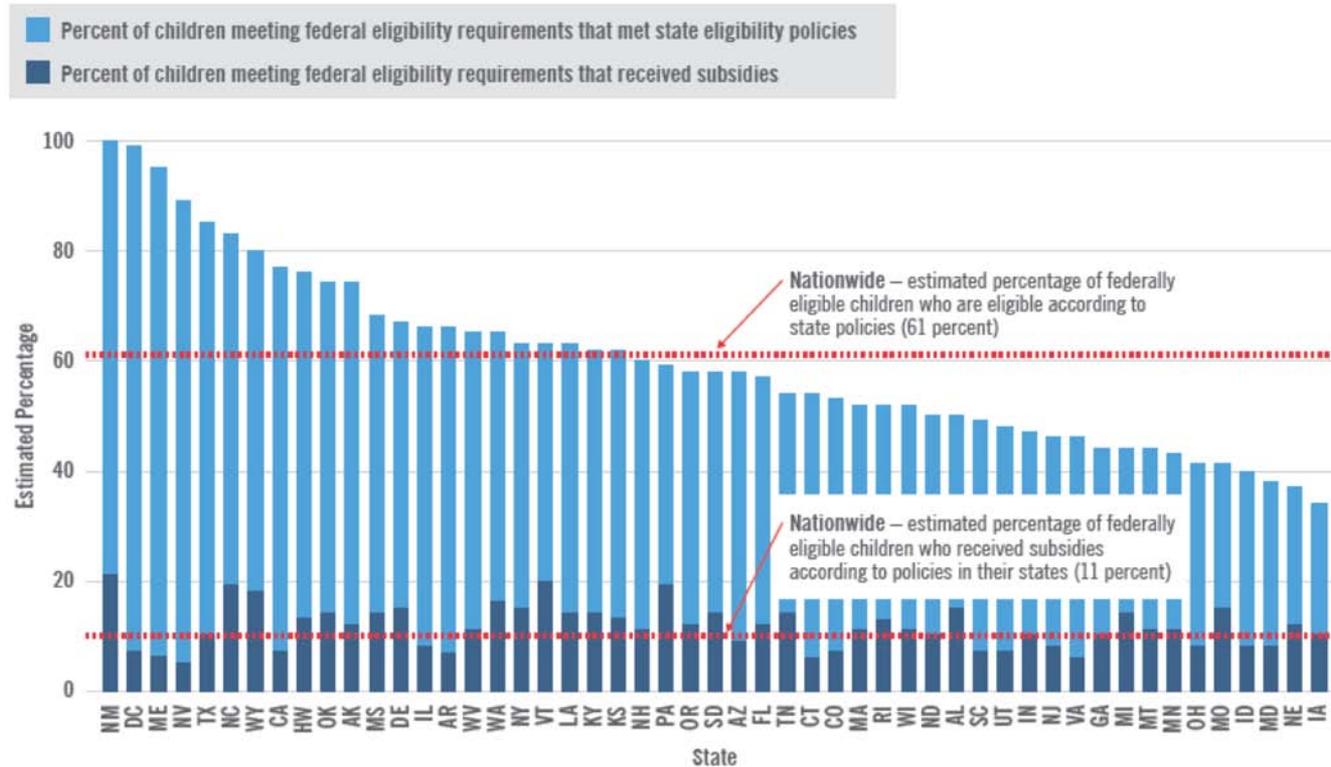
- The federal government invests billions of dollars each year in ECE programs.
- However, these investments do not meet the needs of families across the country.
- Head Start only reaches 31% of eligible children and Early Head Start only reaches 7% of eligible children.
- In 2015, the Child Care and Development Fund (CCDF) only served 15% of children eligible under federal rules, and 25% of children eligible under states rules.

LACK OF FUNDING HURTS FAMILIES



Lack of funding has real consequences for working families who need child care assistance so their children can access high-quality child care settings while parents maintain a job or attend training or school.

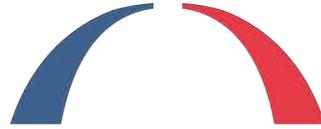
Figure 1: Percentage of Children Eligible for Federal Child Care Subsidies Who Also Qualify Under State Policies and Receive Assistance



SOURCE: GAO Analysis of Urban Institute Transfer Income Model, version 3 data in Department of Health and Human Services (HHS) *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012*, page 13 and of HHS data.



- The patchwork nature of the programs, and the limited focus of many programs as being work supports, overlooks the importance of the quality of the programs.
- Programs do not invest enough in quality drivers, including facilities improvements, health and safety training, increased wages for teachers and caregivers, and professional development.
- BPC estimates that the cost of providing high-quality infant and toddler care is between \$12,000 and \$21,000 annually. However, the average annual child care subsidy payment for an infant is only \$6,800.
- States have significant control in how the funds are spent and can refocus investments in a way that helps families afford high-quality ECE while ensuring ECE teachers and providers can thrive.



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State Funding for ECE



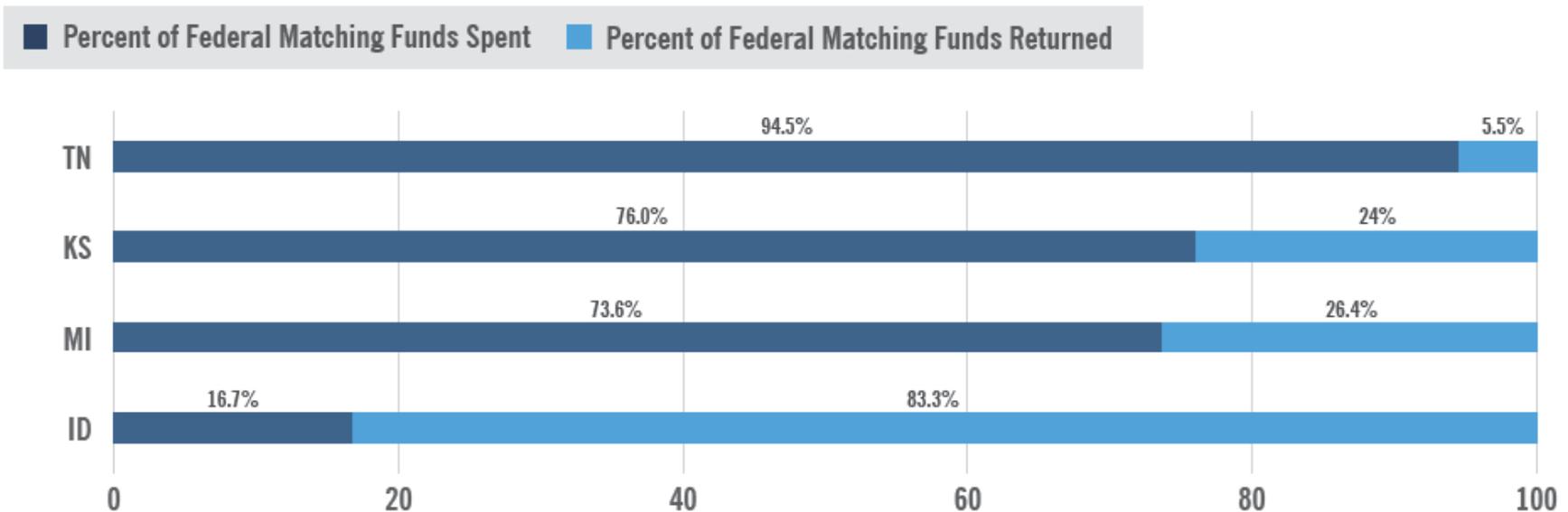
- The majority of state spending on ECE is focused on public prekindergarten programs.
- Over the last 16 years, states have increased their investment in public pre-k from \$2.4 billion in 2002 to \$8.15 billion 2018.
- 45 states and the District of Columbia operate public pre-k programs, which served 1.3 million 4-year-olds and 227,000 3-year-olds in 2018.

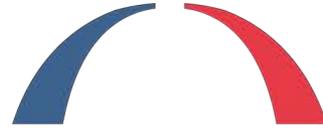
UNSPENT CCDF FUNDS



- States must spend a certain amount of their own funds in order to access their full federal CCDF grant.
- States that don't must return these funds to the federal government.
- Returned funds are reallocated to states that met the state spending requirement.
- In FY 2016, 46 states and D.C. spent enough state funds to receive their full award. Idaho, Kansas, Michigan, and Tennessee returned about \$27 million of CCDF matching funds to the federal government.

Figure 7: States Returning Federal Funds in FY 2016





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State Organization of ECE Programs



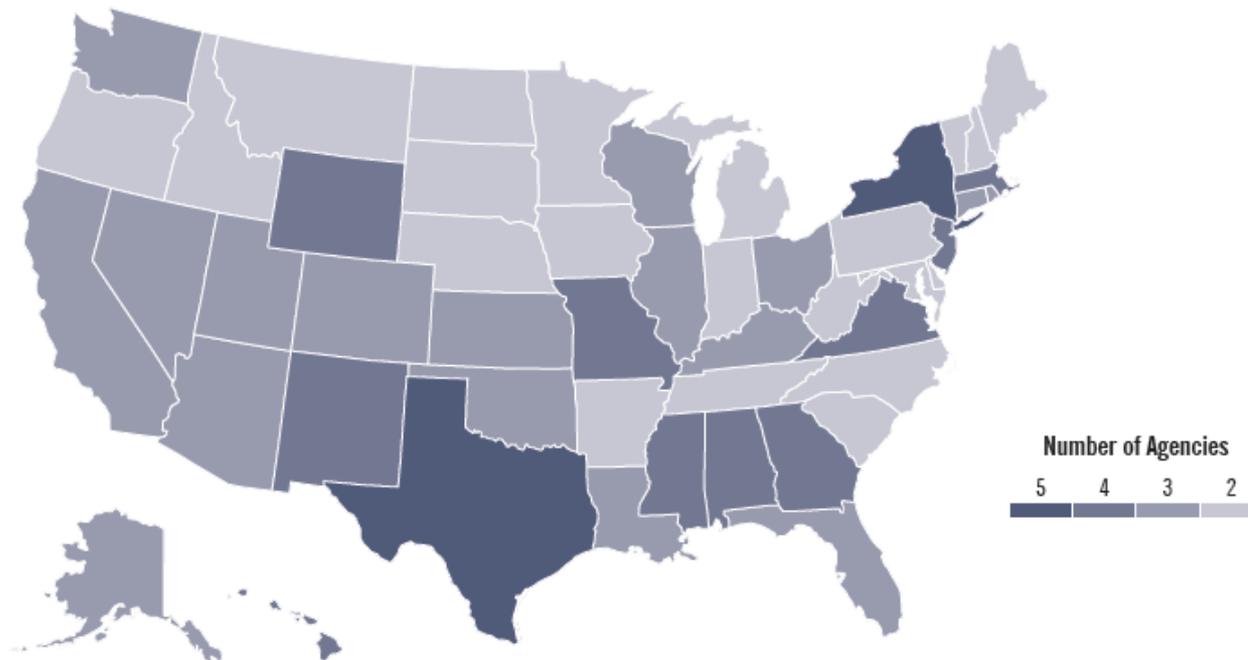
- Fragmentation, bureaucratic inefficiency, and lack of coordination create barriers for families to access services they need.
- In December 2018, BPC released *Creating an Integrated Early Care and Education System to Better Support Children and Families: A State-by-State Analysis.*
- The report includes:
 - Administration of ECE programs in 50 states and the District of Columbia
 - Flexibility states have in determining how ECE funding and programs will be administered
 - State profiles and comparisons across states
 - Recommendations for Congress, federal agencies, and state policymakers

NUMBER OF AGENCIES ADMINISTERING PROGRAMS



In 29 states, 3 or more agencies are involved in administering ECE programs.

Figure 2: Number of Agencies Administering ECE Programs

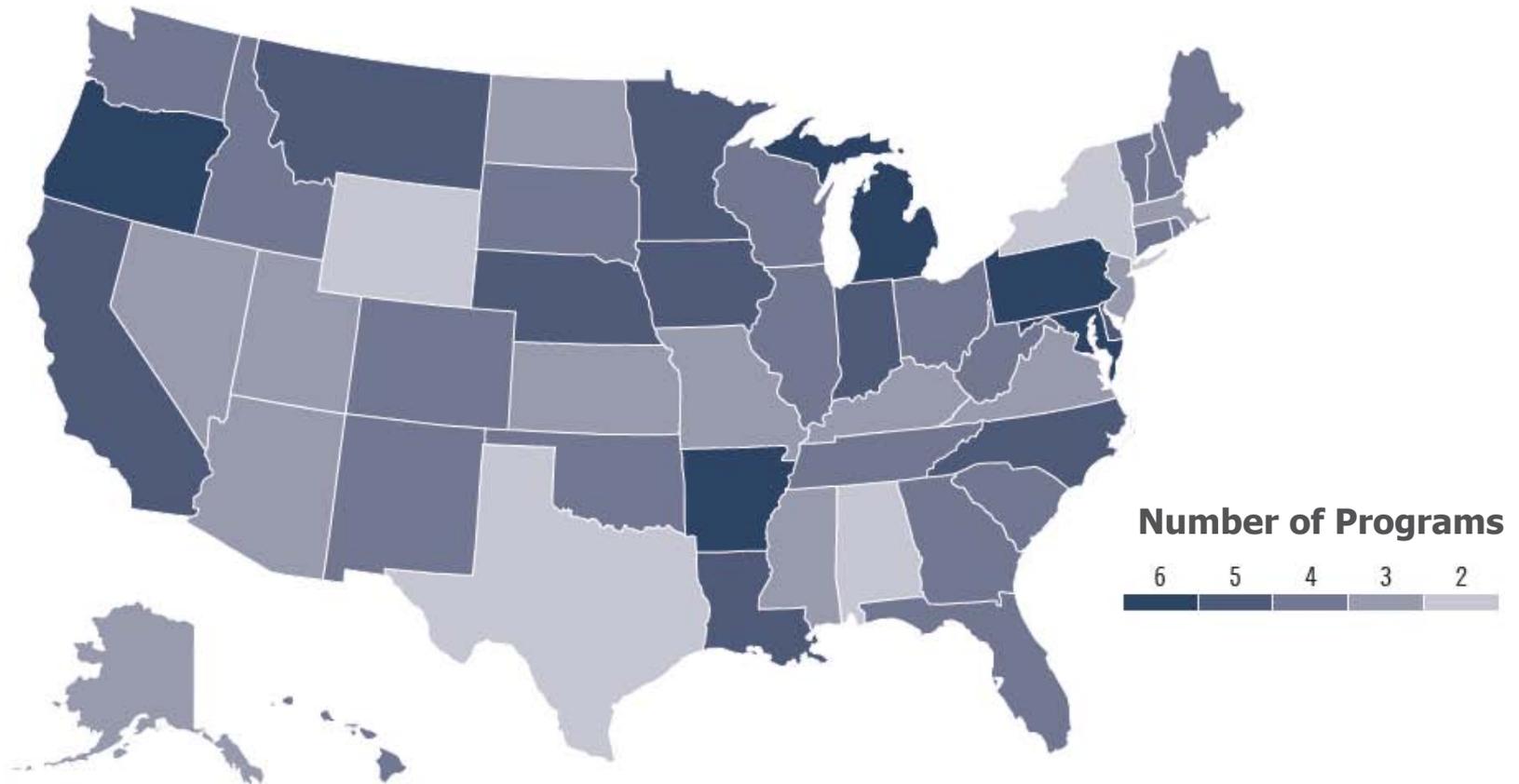


As the number of agencies increases, it becomes harder to coordinate administration and monitoring (program quality and accountability).

CONCENTRATION OF PROGRAMS WITHIN AGENCIES



Highest Number of ECE Programs Administered Together



PLACEMENT OF STATE ADVISORY COUNCILS (SAC)



The Head Start Reauthorization of 2007 directed Governors to create or designate a state advisory council (SAC) to support comprehensive ECE systems. The SACs must include representatives from different offices, including state health or mental health agencies.

- 45 states and D. C. have established a SAC based on FY 2016-2018 CCDF state plans submitted to HHS.
- 5 states do not have SACs – Florida, Idaho, Kansas, South Dakota and Texas
- While BPC reviewed the location of SACs, further analysis is needed to determine SAC functionality.

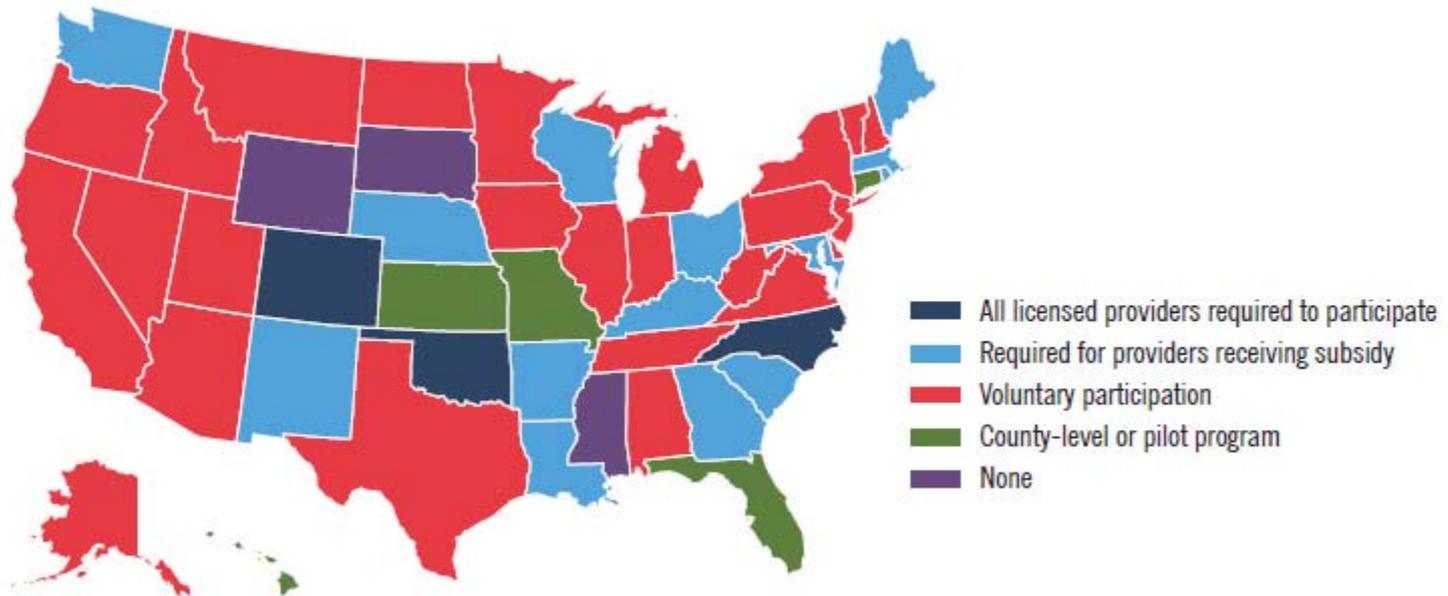
BPC was not able to determine (from publicly available resources) how SAC activities compared to federal statutory charges.

QUALITY RATING AND IMPROVEMENT SYSTEMS (QRIS)



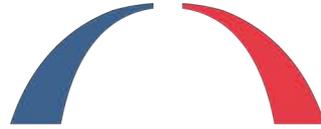
In most states, QRIS is a voluntary system parallel to licensing, and providers who serve children on a subsidy are not required to participate in QRIS.

Figure 5: State Quality Rating and Improvement Systems





- ***For Governors and State Policymakers:***
 - **Program Administration.** Appoint an independent review board to complete a business analysis and develop concrete recommendations to improve ECE program administration and governance at the state level.
 - **Coordinated Monitoring.** Ensure monitoring is coordinated between the child care licensing agencies, Child and Adult Care food Program (CACFP), and QRIS system.
 - **Data Integration.** Support or create an early childhood integrated data system (ECIDS).
- ***For Congress:***
 - **Align Eligibility.** Align early childhood eligibility requirements, including income ranges and prioritization, across ECE programs.
 - **Early Intervention System Alignment.** Consider a birth-to-age-5 alignment of IDEA Part C and Part B to allow families with young children to maintain eligibility until school entry.



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**For more information about BPC's
Early Childhood Initiative, visit
[https://bipartisanpolicy.org/policy-
area/early-childhood/](https://bipartisanpolicy.org/policy-area/early-childhood/).**

Thank you!