

FEDERAL EARLY CHILDHOOD POLICY GUIDE FOR THE FIRST 100 DAYS

Steve Barnett and Ellen Frede, NIEER Co-directors

Introduction

As the president-elect and Congress develop an economic recovery plan to address the worst economic downturn since the Great Depression, it is important that they attend to the impact on young children and their families. Immediate changes in federal early care and education policy must be part of an effective plan to help get the economy back on track. Why?

- A major goal of the economic recovery plan will be job creation. For families with young children, going back to work also requires that they be able to find affordable child care.
- If parents are forced to use poor quality child care, young children will be harmed with negative consequences for their learning and development.
- New investments in high-quality child care and early learning programs will directly stimulate the economy and produce long-term economic returns.

Unfortunately, current trends in federal and state early care and education policy are directly the opposite of what is needed to support economic recovery and job creation. Federal investments have failed to keep up with inflation over several years. States are actually cutting back on child care subsidies. This decreases the availability of affordable child care. And, neither federal or state policies promote the quality needed to ensure that children's learning and development are enhanced rather than harmed by child care and other preschool programs.

If the economic recovery plan is to help rather than harm young children, the new administration and Congress will have to move quickly in the first 100 days to make significant changes across a wide range of federal early childhood programs and to reverse the damaging steps many states have already begun to take.

Recommendations

- Invest in early learning programs that provide child care as part of the economic recovery plan up to \$19 billion *over two years*:
 - \$15 billion in grants to states to construct new early care and learning facilities for 1 million more children.
 - \$1 billion in start-up funds to adequately equip new classrooms.
 - Up to \$3 billion in matching grants to states to raise quality and increase enrollment for early learning programs that provide child care.

- Increase the Child Care and Development Block Grant (CCDBG) by at least \$500 million to restore purchasing power, expand access to child care access, and improve quality.
- Increase Head Start/Early Head Start appropriations by at least \$1 billion to provide cost-of-living increases, expand coverage and fund collaborations with state programs.
- Create a presidential Early Learning Council to coordinate major federal programs for early learning and child care and to facilitate federal-state cooperation.

Background

The new president must coordinate new child care and early learning policies across many different federal and state agencies including Education, Human Services, Agriculture, Health, and Treasury. A brief overview of key federal and state policy landscape is as follows:

- Major federal programs by Department with funding levels for *children under age 5*:
 - Head Start (HHS): \$6.9 billion (includes \$700 million for Early Head Start)
 - Child Care Subsidies (HHS): \$4.9 billion (with state reallocations)
 - Child Care Food Program (USDA): \$1.3 billion
 - Tax Credits (Treas.): \$2.5 billion
 - DOD Child Care (DOD): \$300 million
 - Title I (ED): spending on preschool estimated at \$400 million (out of \$14 billion)
 - Early Reading First (ED): \$112 million
 - Even Start (ED): \$66 million
 - Preschool Special Education (ED): \$374 million
 - Early Intervention for infants and toddlers with disabilities (ED): \$436 million
- Major state programs by Department with funding levels for *children under age 5*:
 - State Pre-K(ED, or ED & HHS jointly): \$5 billion (not including local school share)
 - Pre-K Special Education (ED): \$5 billion (including local school share)
 - Early Intervention (Dept. varies): \$2 to \$3 billion
 - Child Care Subsidies (HHS): \$2.4 billion plus
- Funding for Head Start and direct child care subsidies has not kept up with inflation. The economic downturn is having serious negative consequences with state budget cuts for child care and early learning programs now anticipated in most states.
- The 110th (2007-2008) Congress introduced 402 bills with provisions relating to child care and 101 bills relating to preschool. Federal Head Start reauthorization was completed last year, but the major direct child care subsidy program has not been reauthorized since 2002.

Key Details

The Economic Recovery Package

- Programs that simultaneously provide child care and improve children's learning and development ultimately pay back taxpayers for their costs. If programs provide quality education and child care,

new facilities and expanded services will provide short-term economic stimulus *and* increase economic growth *at no long-term cost to the taxpayer*. Multipliers for child care are 1.91 for total output (91 cents in additional economic activity on top of each dollar of federal investment) and 1.50 for employment (1 additional job created for every two new jobs created by federal investments in child care). Providing quality early education to every child at ages 3 and 4 alone could increase GDP by 3.5 percent over the long term. This is important because these types of investments that increase long-run productivity enable the country to pay down the debt incurred to pay for the economic recovery plan.

- Programs that improve early learning and development decrease school failure, increase economic productivity, and decrease crime and delinquency. In the long-term, this raises earnings and government revenues and decreases the costs of education, social services, and the criminal justice system as well as the drag on the economy from crime.
- Programs that provide child care (while delivering a good education) increase parental employment and earnings in both the short-term and long-term. Child care subsidies lower the cost of work and are particularly effective at increasing the employment of low-income workers. Each dollar of child care subsidies generates more additional hours of work than a dollar in increased wage subsidies. Free child care is estimated to increase the labor supply of all women with children by 10 percent with larger impacts on low-income single mothers. Effects on lifetime earnings are even larger as women pay a high price in lost future wages for time out of the labor force. Making more reliable child care available also benefits the economy. Business loses \$3.5 billion annually from disruptions in child care. One in five parents reports missing work because of child care problems.
- Without an influx of federal funds and incentives for states to maintain spending rather than cut back, inadequate access to high-quality child care and early learning programs will hinder efforts to put parents of young children back to work and force parents to use poor quality child care in order to take jobs. Government spending on child care and early learning is already inadequate and becoming worse as states announce cutbacks and the federal government continues to underfund its programs. There is mounting evidence that the poor quality of much subsidized care is already harming the development of young children, which will reduce their future productivity and increase the future costs of education, health care, and the criminal justice system. Steps must be taken in the first 100 days of the new administration to increase access to quality programs so that parents do not have to make tradeoffs between employment and their children's future.
- Construction of classrooms for 1 million additional children birth to age 5 is feasible over the next two years. Facilities account for only about 10 percent of the costs of pre-K and child care, but because they are up-front they can pose a serious barrier to expansion. The economic downturn presents an opportunity because many states have plans for early childhood facilities construction ready to go, but put on hold due to the economic downturn. Construction of new facilities for child care, Head Start, and pre-K are a sensible part of an economic stimulus package.
- Every new classroom needs materials and equipment. To adequately equip an early learning program the start-up cost per classroom is \$20,000. This money is an immediate stimulus to the economy with purchases of furniture, toys and playground equipment, which have long-term educational and economic benefits. If the federal government provided these start-up funds for 1 million new places the cost could amount to \$1 billion over two years.

- A new federal grants program should offer to match existing and new state funding for early learning programs that provide child care in order to turn around state policies over the next two years. These grants would require states to spend the funds on programs that meet basic standards for providing high-quality early learning experiences and meet parent's child care needs. Funds could be used to raise quality in existing programs, expand enrollment, and better meet parents' needs for child care by increasing the length of the program day or providing wrap-around care. To receive funds, states would have to integrate state pre-K, child care, and Head Start.

Presidential Early Learning Council

- The president should immediately create a new Early Learning Council (ELC) to coordinate federal policy and work with the states. The ELC would have the job of ensuring that policies are coordinated to improve young children's learning and development, facilitate parental employment, and improve the economy. It would ensure policy coordination from birth through elementary school and across programs in each age range: (up to age 3) parental leave, home visitation, Early Head Start, early intervention, and child care; (ages 3-4) Head Start, state pre-K, preschool special education, federal education programs, and child care; and (ages 5-8) after school, child care, and K-3 education programs.
- Require states to have a comprehensive 0-5 plan for early care and education, and set aside part of the new federal funds for 0-3. This includes 3-year-olds who have much less access than 4-year-olds to quality early learning programs.
- Create data systems that work across Departments (at state and local levels). The federal government does not know how many children ages 0-5 receive each type of service, cost per child for each service, or how much each funding stream contributes to each type of service.

State Pre-K and Child Care

- New federal matching funds for state expenditures on pre-K and child care programs as part of the economic recovery plan should: improve learning and development, increase parental employment and earnings, and benefit the economy. Eligible state programs would: (1) set a timetable for serving all 3- and 4-year-olds; (2) establish uniform standards that apply to all early learning programs; (3) incorporate and coordinate pre-K, Head Start and child care; (4) develop a process for continuous improvement of teacher preparation, professional development, and practice; and, (5) create a birth through age 8 state early learning plan. Maximum cost to the federal government over two years could be limited to \$3 billion.
- Standards and quality vary greatly across state pre-K programs. States should be required to set out a time table for fully implementing higher standards and for improving classroom practice including: licensed teachers with adequate salaries, reasonable class sizes and ratios, qualified assistant teachers, inclusion of children with special needs, effective education of Dual Language Learning (e.g., Spanish and English) children, better teacher preparation, a continuous improvement cycle at state and local levels including benchmarks for observed classroom quality, integrated data systems across early learning programs, and a state Early Learning Council or other mechanism to coordinate, if not integrate, child care and early education policies across departments of state government.

Head Start

- Head Start has been flat-funded for years. An increase of \$1 billion in federal funding over current levels is required just to make up for the failure to keep up with inflation since FY 2005. This will allow Head Start to address a need for a cost-of-living increase and salary increases to accommodate required increases in teacher qualifications. A series of reports have indicated that better information on Head Start operations and resource allocation is needed to determine more precisely how much funding Head Start needs in the future.
- Head Start has been found to be more effective than many other early learning programs, but it still falls short of producing the gains disadvantaged children need. Stronger gains in learning and development are achieved when teachers are better prepared and better paid. Increased Head Start funding together with federal matching grants can address this issue.
- Head Start must respond to changing circumstances. Head Start now serves disadvantaged children in isolation from their more advantaged peers. The rationale for this isolation is that Head Start provides more comprehensive services than other programs. However, other programs and the public schools now provide many of the same services. Also, studies find that children benefit from being educated with a broader cross-section of their peers, and many parents choose programs open to all children over Head Start. This suggests that Head Start should be better integrated with child care and pre-K.
- Integration of Head Start with the larger early learning system is more complex than simply absorbing it into state pre-K or child care. Head Start standards are higher than those of some state pre-K programs, and child care licensing standards often are far below those of Head Start. Many states have little infrastructure to support the improvement of program quality. In most states Head Start carries nearly the entire burden of education for disadvantaged 3-year-olds. State Early Learning Councils should include Head Start.

Early Head Start and Home Visitation (0-3)

- Programs working with very young children and their parents have great potential, but this potential remains mostly unrealized. Research on Early Head Start (EHS) has found a diverse set of small benefits that must be increased if the program is to accomplish its goals. Past studies through age 3 and age 5 have not produced consistent findings regarding the most effective approaches. A common misunderstanding regarding EHS is that there are three models: home visiting, center-based, and mixed, with the mixed programs most effective. In fact, mixed programs tend to use home visiting with some families and center-based with others, rather than deliver a balanced mix to all. The mixed programs were not more effective at age 5 follow-up. Expansion of EHS should be done with systematic variation in well-defined models that are rigorously studied to identify the most effective approaches for continuation and expansion.
- Home visitation programs for children under age 3 are popular, but most fall short of their goals for improving children's learning and development. The Nurse-Family Partnership has been most consistently effective. Research to develop and identify additional effective models and to identify procedures for ensuring that results are consistently obtained when programs operate on a large scale would be extremely valuable. Existing programs could be funded to test and develop improved models in a national planned variation study.

Child Care Subsidies

- Subsidized child care today has, at best, small positive effects on early learning and development. There is mounting evidence of negative effects on children—reducing school readiness and increasing the obesity problem. This situation can be reversed by increasing payments and directing subsidies to higher quality child care. Coordinating child care subsidies with Head Start, state pre-K, and school-age programs with higher standards will also help. In addition, the federal government should strongly incentivize or require states to limit redetermination of eligibility so that children can complete at least one school year when a child care program serves as a child's primary early learning program. An immediate increase of \$500 million for the CCDBG would offset losses due to inflation and be a first step toward quality improvement, which together with the matching state grants program could increase both access and quality.
- Over the long-term, we need to reform the system of direct subsidies and tax credits to provide a more equitable and effective approach to investing in early care and education. One approach would be to replace existing tax credits with early learning savings accounts modeled after 529 college savings plans. Parents could use these tax-free accounts to pay themselves for parental leave and to pay for child care. These accounts would stimulate private savings through matching federal credits paid on a sliding scale with income rises. The funds could be used for paid parental leave as well as high-quality child care and early learning programs.

Special Education

- Federal funding for early intervention birth to age 3 and preschool special education has failed to keep up with inflation and the rising numbers of children enrolled in these programs. This has imposed a steadily increasing financial burden on state and local government. Increased funding for both IDEA Part B and Part C could relieve some of this burden and provide financial incentives for increased integration of preschool special education services with pre-K and child care. Parents of children with special needs have greater difficulty securing adequate child care than do parents generally. Finally, the federal government has imposed on states an approach to assessment of children's learning and development that has significant problems and is not coordinated with efforts in Head Start and state pre-K programs. This approach should be revised in the context of overarching policies on assessment across all early learning programs. Federal and state Early Learning Councils should seek to better integrate special education policy with other early childhood policies.

This guide was developed by NIEER (Dr. Steve Barnett and Dr. Ellen Frede, co-directors) to inform the incoming administration about immediate changes needed in federal child care and early learning policies for children under age 5.