Early Childhood Care and Education Commission: Increasing Access to Quality

September 6, 2018
I. Welcome

II. Consideration of Information on the Early Childhood Market

III. Consideration of Louisiana’s Program Types and Funding

IV. Consideration of Access to Quality in Louisiana

V. Public Comment

VI. Adjournment
The Early Childhood Care and Education Commission shall study and make recommendations relative to establishing a vision for the future of early childhood care and education in Louisiana, building on the work of Act 3 in 2012.

- High quality early learning impacts children’s brain development.

- Since 2012, Louisiana has created a vision and framework to unify early childhood programs toward ensuring every child is prepared for success in kindergarten and life.

- Louisiana has community network leaders who have gone above and beyond policy requirements and have shown the path forward on local leadership toward improving access to high quality programs.

- The commission will develop recommendations to expand access to quality in early learning programs.
Introduction of Guests

Louise Stoney
Opportunity Exchange
Alliance for Early Childhood Finance

Elliot Regenstein
Foresight Law + Policy

Bridget Hamre
University of Virginia
Early Childhood Costs
Louise Stoney
Opportunity Exchange &
Alliance for Early Childhood Finance
Improving Early Care and Education in Louisiana:
Challenges and Opportunities

Presentation to the Early Childhood Care and Education Commission
September 6, 2018

Louise Stoney, Co-Founder
Opportunities Exchange
Alliance for Early Childhood Finance
The Commission’s Charge:

Establish a vision for the future of ECE, including:

- Access
- Quality
- Governance
- Finance

What Makes This Task Challenging:

- Early Care and Education (ECE) is the operative term – when children are very young you cannot separate care from education
- ECE is delivered in multiple public and private settings with uneven access to resources (financial + human). Most providers are small, independent ‘mom + pop” businesses
- ECE is market-driven – finance is largely based on parent choice
- Parent fees are a significant part of the financing strategy, so understanding markets and consumer behavior is key to effective finance
Biggest Challenge: Money!

- Must set priorities and target dollars (to specific neighborhoods, children, families, sites)
- Think strategically: Where is the biggest bang for the buck?
  - Teacher preparation + compensation
  - Program quality improvement
  - Improved data and planning (to better target subsidies)
  - Gap funding, so parent fees are not so high
  - Fully funded services for high-needs children
- Leverage dollars from multiple sources & all levels of government
  - State social services, education, economic development
  - Local tax levy
  - Private contributions (including parent fees)
“The significant problems we face cannot be solved at the same level of thinking we were at when we created them.”

Albert Einstein
Old Paradigm: Ozzie and Harriet Family

19th century industrialization supported a model where men engaged in paid work and women took responsibility for unpaid work—most especially caring for young children.

Caring for and education was viewed as a private concern.
New Reality: Women’s Income is Essential to Families + the Economy

- 61% of Louisiana mothers return to work in their child’s first year
- 67% of Louisiana children under the age of 5 have both parents, or their single parent, in the workforce

Source: Lousing Ground: How Child Care Impacts Louisiana’s Workforce Productivity and the State Economy (2017)
Contribution of Wives' Earnings to Family Income (percent change 1979-2000)

Source: National data from Bernstein & Kornbluh, New America Foundation, 2005
New Reality: Child Care Decisions Impact Employment

- 13.8% Turned down promotion
- 18.5% Reduced hours to part-time
- 9.5% Remained in part-time job
- 7.6% Fired due to child care challenges
- 16.1 Quit their job

LSU Survey: During the past 12 months [since birth of your child] did you or anyone in the family have to quit a job, not take a job, or greatly change your job because of problems with child care?

21% of respondents said YES!

Half of Parents Missed Work Regularly Due to Child Care Challenges

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missed Work</td>
<td>40.80%</td>
</tr>
<tr>
<td>Tardy</td>
<td>32.90%</td>
</tr>
<tr>
<td>Left Early</td>
<td>42.40%</td>
</tr>
</tbody>
</table>

Source: Losing Ground: How Child Care Impacts Louisiana’s Workforce Productivity and the State Economy (2017)
The Challenge: we still try to solve new problems with old thinking

Despite fundamental shifts in the economy, workforce, family life and research, we still view most early care and education as a private responsibility.

- We assume that if families need help with child care, they can find what they need in the private market.
- We think it's just poor families that need help with child care.
- We still see child care as separate from education, and often focus public dollars on one group of children – such as 4yr olds -- at the expense of early care and education for all children.
EARLY CARE & EDUCATION MARKETPLACE

Non-Profit Child Care Center

Private Preschool

Independently Owned For Profit Child Care

Public Pre-K in Private Preschool (NSECD)

Faith Based Child Care Program

Pre-k in Public Schools (LA-4, 8g, Title 1)

Family Child Care (paid, or with friend/relative)

Head Start & Early Head Start

Child Care in Charter or Private School

Nanny or other In-Home Caregiver
Most ECE Funding is Paid by Families

Figure 1. Shares of Funding in U.S. ECE Market (in billions, FY2015)

- Families: $46 Billion (46%)
- Government: $41 Billion (52%)
- Private Sector: $2 Billion (2%)
Most Public Funding
Focused on 4 year old Children

Of the estimated 211,510 “at-risk” children birth to four in Louisiana, publicly funded programs serve:

- 4.93% of infants
- 9.36% of ones
- 12.82% of twos
- 35% of threes
- 92.9% of fours

The cost to serve those who cannot currently access our system ranges from $182 M to $844M, depending on the definition of poverty and the funding level.

Source: Louisiana Department of Education and 2012 Census
Estimating Demand: Who Needs Child Care?

- General population data is not helpful for estimating demand
  - Most child care is not free; so need to estimate % of paid customers

- Public data is typically gathered by funding stream, not child/family
  - Funding based on different data definitions, scope, service, ages of children served

- Bottom line: estimating demand for child care is VERY different from estimating demand for slots in public school or Head Start
Need to Estimate *Effective* Demand

**effective demand**

*noun*  
ECONOMICS

the level of demand that represents a real intention to purchase by people with the means to pay.

- Parents vote with their feet. If they cannot afford to pay for ECE they won’t buy it. If they have multiple children, and a higher income, they are likely to prefer a nanny + part-time preschool.

- Customers in the ECE sector are VERY price-sensitive!

- Even when researchers estimate high demand, programs often have vacancies.
If you build it .... they may NOT come!  *Capacity and Funding are Linked*

- **Enough Money**  
  - Good Supply of High-Quality Care
- **Not Enough Money**  
  - Limited Supply of High-Quality Care
The Cost of Child Care: Who Pays and How Much?

Cost estimate for center-based care at min licensing, Center for American Progress, 2018: Where Does Your Child Care Dollar Go?
Subsidy co-payment @ 135% poverty; Market price @ $29-$26/day State max CCAO reimbursement minus parent share
Unlike Public Schools, Child Care is a Small Business

Bottom-Line Issues for ECE Businesses:

- Ensure Full Enrollment – every day, in every classroom
- Collect Tuition & Fees – in full and on-time
- Establish Accurate Tuition Rates -- (fees cover cost or have 3rd party revenue source)
Enrollment Levels and Age Mix Determine Per-Child Costs...

- Only Infants/Toddlers: $11,553
- Only 3's and 4's: $9,731
- All Ages (0-4): $8,287

Per-Child Costs

80% Enrollment
Cost and Price from a Parent Perspective

Parent Choice

- Pre-K (LA-4) Free!
- Child Care Prices vary, but often expensive!
- Head Start Free!
- Federal government pays almost full cost (some philanthropy + state $)

Portion not paid by State must be covered with parent fees or fundraising

School Districts cover costs not paid by State
A New Level of Thinking about ECE Quality and Supply:

- Full enrollment is key to financial sustainability
- Many ECE programs are currently not fully enrolled
- Maintaining Preschool enrollment (3-4 yr olds) is essential. Serving more infants + toddlers often increases financial challenges.

- Improving access doesn’t necessarily mean MORE providers.
  - Increasing public dollars in fewer, higher-quality settings could increase access to quality and lower cost of quality compliance

Data on the supply AND enrollment of all high-quality settings (regardless of funding or auspice) is essential.
Prices are typically based on what families can afford or are willing to pay NOT the cost of delivering services.

Cost varies a lot by age of child & quality of care; but market prices can’t vary much or consumers might flee.

Infants & toddlers are very expensive to serve; most families cannot afford to pay the full cost, so programs must price at a loss.

Cost Modeling makes it possible to understand the cost of delivering services at various levels of quality & more effectively allocate state and family contribution.

What do you know about the gap in cost and price, (public & family share) for various age children, in Louisiana?
A New Level of Thinking about ECE quality, supply, finance and governance:

Size Matters

- Cost modeling suggests that a stand-alone child care center needs at least 100 children to meet NAEYC standards & make ends meet financially & closer to 300 in order to pay decent wages.

- How big are most child care centers in Louisiana? Are they sustainable?

- Shared management & collaborative staffing can enable scale but keep sites small – boosting sustainability AND quality

- Encouraging Shared Service networks could be part of a local governance strategy

Can you help centers and homes better understand costs and explore Shared Services?
Strong Fiscal and Program Leadership Are Essential to Quality

- Child development expertise
- Classroom coaching
- Teacher supervision
- Instructional leadership
- Child assessments

- Full enrollment
- Fee collection
- Cost-per-child calculation
- Fundraising
- Reporting
- Regulatory compliance

Pedagogical Leadership + Business Leadership = High Quality ECE
Impact of Scale: Multi-Site Centers More Likely to Attain + Sustain Quality

Centers with Star 3 or Star 4 Rating
(Philadelphia, PA)

- Single site: 22%
- Multi site: 78%
Quality at Scale: New Business Models for Sustainable High-Quality

Staff-sharing Alliances help ECE programs to be big where big matters and small where small matters
A New Level of Thinking about ECE finance:

Leadership (at all levels)

Linkages (not funding silos)

Leverage (investments as yeast for change, scale, and sustainability)

- Federal Government: CCDF, Head Start/Early Head Start, PreK grants, Title 1, CACFP Food Program, etc.
  - Make sure to tap every dollar!

- State Government: CCAP, LA-4, NSECD, 8(g), School Readiness Tax Credits, etc.
  - Increase State $; target dollars to better quality + high-need children/families

- Local Government: Schools, Cities, etc.
  - Quantify role – in $ and supply
  - Explore new local tax levy for “Children’s Services Districts” modeled on Florida?

- Private Philanthropy
  - Strategic support for planning, pilots, and leverage
  - Investments in R&D for the industry: innovations focused on scale, sustainability, quality improvement
Bold, Actionable Strategies:

Policy Options for Consideration

- Link any new $ to quality standards
- Tap funding at all levels of government + private sector
- Focus on babies & toddlers
  - Most high-need 4yr olds are served
- Understand actual per child cost and use this info to guide policy
- Use vacancy data to maximize supply
  - Do not open new classrooms if high-quality slots are available in the area
- Understand the power of scale and encourage efficient operations + provider networks with shared staff

If we want high-need children in high-quality settings we must ensure those settings can succeed in the marketplace
For more information

Louise Stoney
louise.stoney@gmail.com

http://opportunities-exchange.org/
http://www.earlychildhoodfinance.org/
Louisiana has worked to unify the early childhood system – birth to pre-K – to prepare all children for kindergarten since 2012.

**Vision for Kindergarten Readiness**

- **Shared high standards for what children should learn and what excellent teaching looks like.**
- **Teachers are excellent at interacting with children and guiding learning.**
- **Expectations for health, safety, and learning are consistent with adequate funding levels for programs that serve children well.**
- **Families can easily enroll and choose the best option for their children.**
### Publicly-Funded Early Childhood Seats

*No specific seat allocation but can fund early childhood instruction

# Seats controlled entirely by the Department

<table>
<thead>
<tr>
<th>Funding Source/ Funding Control</th>
<th>Seat Determination/ Seat Control</th>
<th>Infants</th>
<th>Ones</th>
<th>Twos</th>
<th>Threes</th>
<th>Fours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cecil J. Picard Early Childhood Program (LA 4)</td>
<td>TANF &amp; SGF/LDE</td>
<td>LDE/LEA</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td># Child Care Assistance Program (CCAP)</td>
<td>CCDBG/LDE</td>
<td>LDE</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Early Head Start/Head Start</td>
<td>Fed. HS/Grantee</td>
<td>Grantee</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Education Excellence Fund (EEF)</td>
<td>EEF/LDE</td>
<td>LEA</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Every Student Succeeds Act (ESSA)</td>
<td>Title I/LDE</td>
<td>LEA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Individuals with Disabilities Act</td>
<td>IDEA Part B 619/LDE</td>
<td>LEA</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louisiana’s Quality Early Education Support Fund (8(g))</td>
<td>(8(g))State Board</td>
<td>LEA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonpublic School Early Childhood Development</td>
<td>SGF/State Board</td>
<td>LDE</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td># PreK Expansion Grant</td>
<td>PDG/LDE</td>
<td>LDE</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>*Rural Education Achievement Program (REAP)</td>
<td>REAP/LDE</td>
<td>LEA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Louisiana Believes
### Children Served by Program Type

<table>
<thead>
<tr>
<th>Program</th>
<th>Child Care Assistance Program</th>
<th>Head Start/ Early Head Start</th>
<th>LA-4</th>
<th>NSECD</th>
<th>PreK Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility criteria</strong></td>
<td>Families that are:</td>
<td>Families that are at or</td>
<td>Families with four-year-olds who are at or below</td>
<td>Families with four-year-olds who are at or below</td>
<td>Families with four-year-olds who are at or below</td>
</tr>
<tr>
<td></td>
<td>• At or below 55% of SMI</td>
<td>below 100% FPL (30% up to</td>
<td>185% (2017) or 200%</td>
<td>185% (2017) or 200%</td>
<td>185% (2017) or 200% (2018) of the Federal</td>
</tr>
<tr>
<td></td>
<td>in training 20 hours per week</td>
<td></td>
<td>Poverty Line</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program requirements</strong></td>
<td>Type III Child Care Centers and home based providers</td>
<td>LEA’s, educational service districts, community action agencies, faith-based organizations, community colleges/universities</td>
<td>Local education agencies (LEAs) apply for seats for LA 4</td>
<td>Eligible providers for NSECD are non-public schools and Type III child care centers</td>
<td>Community Networks and Lead Agencies apply to be the subgrantee with the Type III center(s), schools, or Head Starts</td>
</tr>
<tr>
<td><strong>Average hours/Days</strong></td>
<td>10-hour day, for the full year</td>
<td>6-hour day for the school year</td>
<td>6-hour day for the school year</td>
<td>6-hour day for the school year</td>
<td>6-hour day for the school year</td>
</tr>
<tr>
<td><strong>Total funding and source</strong></td>
<td>Total: $65,330,848 Source: Child Care Development Fund</td>
<td>Total: $162,701,078 Sources: Federal ACF Funding</td>
<td>Total: $74,294,713 Sources: State General Fund and TANF</td>
<td>Total: $6,472,236 Source: State General Fund</td>
<td>Total: $9,771,891 Source: Federal PreK Expansion Grant</td>
</tr>
</tbody>
</table>
# Primary Funding Streams in ECE in Louisiana

<table>
<thead>
<tr>
<th>Number of children served</th>
<th>Child Care Assistance Program</th>
<th>Head Start/ Early Head Start—federal program</th>
<th>LA-4</th>
<th>NSECD</th>
<th>PreK Expansion Grant—federal program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant: 1,505</td>
<td>Infant: 578</td>
<td>16,221 four year olds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 year old: 3,004</td>
<td>1 year old: 984</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 year old: 3,550</td>
<td>2 year old: 1,812</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 year old: 3,381</td>
<td>3 year old: 11,104</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 year old: 2,086</td>
<td>4 year old: 7,174</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 and above: 3,924</td>
<td>Total: 21,652</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total: 17,450¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount of public funding per child</th>
<th>Average funding per child: $3,744²</th>
<th>Early Head Start, $14,119</th>
<th>Head Start, $7,438</th>
<th>$4,580 per child³</th>
<th>$4,580 per child</th>
<th>$5,185 per child plus an additional $1,244 per child to improve 130% of their seats³</th>
</tr>
</thead>
</table>

1 Annual average enrollment (based off of October 2017)
2 This reflects an average per child for all age groups and does not include bonuses or Quality Start
3 This reflects per child allocation, not average expenditure
Louisiana’s Push for Quality
Quality Ratings Scores

In 2017-2018, Louisiana rolled out the performance profiles, improved teaching and learning, launched more child care teacher preparation programs and strengthened support the field.

https://www.youtube.com/watch?v=RTRlKZvlTew
Performance Profile Ratings - Improvement over Time

- Unsatisfactory: 1.10% (2015-2016) vs. 0.60% (2016-2017)
- Approaching Proficient: 36.80% (2015-2016) vs. 31% (2016-2017)
- Proficient: 60.20% (2015-2016) vs. 65.80% (2016-2017)
- Excellent: 1.90% (2015-2016) vs. 2.60% (2016-2017)
Children Birth to Three and Access to Quality, 2016-2017

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Unsatisfactory/Approaching Proficient</th>
<th>Proficient/Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infants</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>1-year-olds</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>2-year-olds</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>3-year-olds</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>4-year-olds</td>
<td>13%</td>
<td>87%</td>
</tr>
<tr>
<td>Total</td>
<td>20%</td>
<td>80%</td>
</tr>
</tbody>
</table>
Pathway to Quality

Data from CLASS™ observations and performance profiles have provided the Department information to drive improvement.

- 1,200 reliable CLASS™ observers conduct 14,000 observation each year.
- Performance profiles are released annually with information about observations, teacher qualifications, and program’s use of curriculum.
- 77% of publicly funded programs now utilize high quality curriculum.
- 4,500 child care teachers now hold an ancillary teaching certificate.
- On-site coaching and professional development targets improvement in CLASS domains.
- Low performing centers receive targeted guidance to improve from LDE staff.
- The scores in every domain for toddler and pre-K have gone up in every program type.
Early Childhood Quality:
Bridget Hamre
University of Virginia
Early Childhood Impact –
Turning Vision into Reality

Bridget K. Hamre, Ph.D.
Research Associate Professor

Dr. Hamre is also Co-Founder and Chief Impact Officer at Teachstone – which disseminates CLASS and related professional development programs.
Quality Rating and Improvement System: The Vision

- Quality Improvement Efforts
- Classroom Experiences
- Children’s Development
QRIS in reality...
What makes Louisiana QRIS Unique?

Unified  Focused  Local
Interactions Matter!

There are now well over 150 peer-reviewed papers linking teacher-child interactions, as measured by CLASS, to children’s development and learning.
Child Care and Stress

70 to 80% of children in center-based care show increasing levels of cortisol throughout the day.
Children are less stressed in strongly emotionally supportive classrooms.

Hatfield et al., 2013
In Louisiana, as elsewhere, there is substantial variation in program quality, both overall and by sectors.
What does this look like?
Too much time in whole group, rote instruction with limited engagement.
Children in child-directed activities with very little engagement with teachers.
Very few opportunities for children to interact with teachers in cognitively engaging ways.
CLASS provides organizations with a shared:

✓ Understanding  ✓ Language  ✓ Lens
Early Evidence for Impact

• Local ratings are associated with children’s learning and development
• Improvements across sectors and communities
• Intriguing findings on turnover
Children in Louisiana classrooms with more effective interactions (local CLASS ratings) learned more during the preschool year (Vitiello et al., 2018).
System-wide improvements, with variations across communities
Leavers are less effective, stayers are getting better, and new entrants are more effective than those who left.
New Research: Understanding Improvement at Scale

Quality Improvement Efforts → Classroom Experiences → Children’s Development
Thanks from our whole team in Virginia!

- Daphna Bassok, Associate Professor of Education and Public Policy/Associate Director of EdPolicyWorks

- Bridget Hamre, Associate Professor and Associate Director of CASTL
Community Network Equitable Access to Quality

- Community level access and quality are reported side by side on the Community Network Profile.
- Communities are rated on the percent of at-risk four-year-olds served by public funds through all of the publicly-funded programs in their community.
- For each community, the at-risk birth-to-three access rate across all of the publicly-funded programs in their community is reported informationally.
Early Childhood Access to Quality:

Elliot Regenstein

Foresight Law + Policy
Questions & Discussion
Adjournment

Opportunity for Public Comment

Next meeting on October 3: Review Local Governance Release for Applications