



Systems Alignment and Integration through the Lens of Financing

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Our Goals for This Session

Convince you that...

- Taking a deep look at how you are financing your system and how your funding streams do (and don't) work together to fund the level of quality you want has to be a primary component of your needs assessment and strategic plan
 - This is a multiple year undertaking, and we will talk about how to approach this step by step



Your Burning Questions



Financing is Critical to Systems Alignment and Integration of a B-5 State System

Develop recommendations to *better use existing resources* in order to improve the overall participation of children in a mixed delivery system of Federal, State, and local early childhood care and education programs.

- *More efficiently using existing Federal, State, local, and non-governmental resources to align and strengthen the delivery of existing programs;*
- *Coordinate the delivery models and funding streams existing in the State's mixed delivery system; and*
- Leverage partnerships



**Your system...
any system is
perfectly designed
to produce the
results you are
obtaining.**

If we don't address financing, we will just be admiring the problem, not solving it.



**LET'S TAKE A SERIOUS LOOK AT
FINANCING**



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Strong Foundations For
Our Youngest Children

 Alliance for
Early Success

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Aspire & Innovate

- ✓ Aspire- What do you want your state's *financing of the early learning system* to look like in 1 year, 5 years?
- ✓ Innovate- Use the federal funds, plus state and local goals, resources and public will to achieve your vision.
 - ❖ Plan to Plan (Activity 1 & 2)
 - ❖ Plan to Do (Activity 3, 4, 5)
 - ❖ Plan to Review -- Performance Evaluation



Build Financing Strategically Into Your Proposal

- Max Pts 8- **State B5 Mixed Delivery System and Vision**
~ describe current system, including all public or private resources
- (Activity 1- Max Pts 10) - **Conduct a periodic statewide needs assessment**
- (Activity 2- Max Pts 9) - **Develop a strategic plan**
- (Activity 4- Max Pts 7) - **Share best practices** among early childhood education program providers in the State to increase collaboration and efficiency of services.
- Max Pts 12- **Program Performance Evaluation Plan**
- Max Pts 9 - **Logic Model**
- Max Pts- 4- **Sustainability Plan**



Challenges in EC Financing



A “broken market”

- Higher quality ECE services cost more than most families can afford.
- The ECE market is split between ‘free’ programs like PreK, Head Start, special education and ‘tuition-based’ programs like child care and nursery schools.
- Tuition-based ECE encourages price competition – to keep tuition fees low – which discourages investment in quality.

Financing strategies tied to current market-based prices will fail to fund the true costs of quality programs



Limited resources = Difficult choices

- Recent National Academies report showed that the system receives about 1/3 of the public funding it needs to fund equitable access to high quality early education and care
- The lack of resources creates dilemmas:
 - Fund more intensive (and potentially more effective) services, or fund more children with less intensive services (e.g., full-day vs. part-day)
 - Implement policies requiring higher salaries (and fund programs to provide these salaries), or serve more children in programs that continue low salaries
 - Concentrate limited child care subsidy funding on high-quality services, or allow them to be used to access more custodial care

Ways to fund for quality -- PROGRAM LEVEL + SYSTEM

- “Tiered reimbursement” or other types of rate add-ons for subsidized care (but must actually be enough to fund cost differential)
- Quality grants and/or tax credits to support programs providing higher quality care
- Wage subsidies and/or tax credits to support better compensation
- Layered funding streams to support particular aspects of quality
- SYSTEM INFRASTRUCTURE- need to account for funding to implement, monitor and improve quality



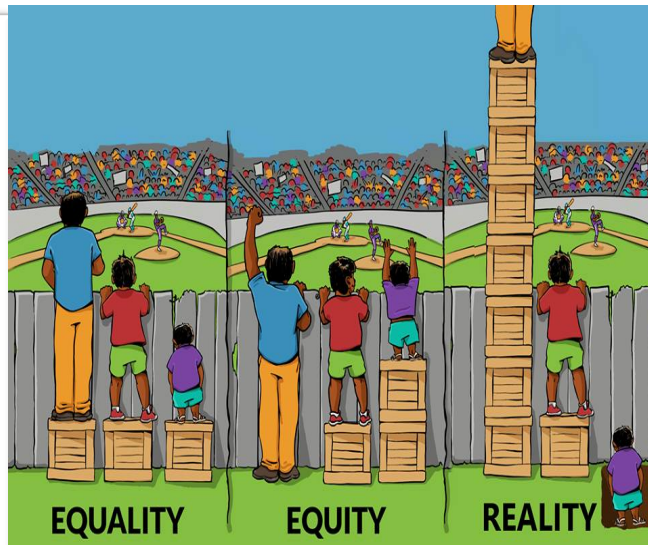
Following All of the Money

- Programs on the ground are using funding from many different funding streams
 - Head Start/Early Head Start
 - State preschool
 - Other education funding (e.g., Title I)
 - Child care subsidy
 - Scholarships/vouchers
 - Parent fees
- You have to account for all of these as you think about each of these!



Visioning: What Would Be Different About the Financing of Your EC System

- What does your system look like now?
- What are your goals for an aligned and integrated State B-5 system?
- How do your goals impact what financing looks like in your state?



BE BOLD - WHAT WOULD IT TAKE TO USE THIS YEAR TO IDENTIFY “GAME CHANGERS” IN FINANCING

- To design and implement a new vision of an early care and education system that gives “equitable” access to high quality programs for all children and families.
- What do you hope will be different?
 - Adequate funding for quality
 - Equitable allocation of funding
 - Efficient distribution of funding
 - Increase access
 - Increase quality
- How do the answers to these questions drive the scope and purpose of the needs assessment?
- How are you going to make decisions about the priorities and recommendations in the strategic plan around financing?



If B-5 State EC System...

THEN

Develops/Updates/Implements a Strategic Plan That...

**COORDINATES
DELIVERY
MODELS AND
FUNDING
STREAMS**

**BETTER USES
EXISTING
RESOURCES TO
IMPROVE
PARTICIPATION OF
CHILDREN**

**ENCOURAGES
PARTNERSHIPS
AMONG ALL
SECTORS (Head
Start, Tribes, LEAs,
Faith Based, Others)**

**MORE EFFICIENTLY
USES RESOURCES**

**ALIGNS AND
STRENGTHENS THE
DELIVERY OF
PROGRAMS**

**LEVERAGE
PARTNERSHIPS TO
IMPROVE
COORDINATION,
PROGRAM QUALITY,
AND DELIVERY OF
SERVICES**

- All resources maximized
- Barriers to efficient program eligibility and funding eliminated
- Funding is adequate, stable and equitable to ensure quality
- Public and private funders share responsibility = increase \$
- All kids have access to quality programs they need



Maximizing and Leveraging CCDBG

- How is your state prioritizing use of CCDBG dollars?
- What do you know about existing gaps and planned strategies, e.g. for infants and toddlers?
- What existing CCDBG plans can you build upon or complement?
- What policies impact both programs, and what policy changes would support coordinating finances, at the state, local, and program level?



Think strategically about how to finance care for infants and toddlers

- Know what high-quality infant-toddler care costs.
- Explore financing strategies that link public reimbursement to cost rather than price.
- Ensure that service providers can successfully collect revenue, including private tuition, in full and on time.
- Understand the unique role of ECE as both a market-based service and a public good.
- Think outside the box, and explore a range of funding sources and financing strategies.
- Encourage and support system building at the provider level, so that ECE service providers are able to support both pedagogical and business leadership.

Source: Financing High Quality Center-Based Infant and Toddler Care: Options and Opportunities. Early Educator Central (2015)



Know where the money is: 40+ GOV'T PROGRAMS FUND ECE, MOST OF THE MONEY IS IN 3 PROGRAMS

Funding for Early Care and Education at Ages Birth Through Five by Level of Government, 2016

Program	Federal		State		Local		Total	
	amt., bn.	% total	amt., bn.	% total	amt., bn.	% total	amt., bn.	% total
Head Start	\$7.1	39.0%	\$0.2	2.0%			\$7.3	23.3%
Early Head Start	\$2.0	11.0%					\$2.0	6.4%
Title II-VI*	\$0.1	0.5%					\$0.1	0.3%
CCDF, TANF, SSBG	\$3.6	19.5%	\$1.2	11.7%			\$4.8	15.2%
CACFP	\$2.3	12.7%					\$2.3	7.4%
Tax Subsidies	\$1.6	8.5%					\$1.6	4.9%
Dept. of Defense	\$0.7	3.8%					\$0.7	2.2%
State Pre-K	\$0.2	1.1%	\$7.2	70.6%	\$0.6	19.8%	\$8.0	25.3%
Preschool Special Ed	\$0.3	1.6%	\$1.6	15.7%	\$1.0	33.4%	\$2.9	9.2%
Local Pre-K	\$0.4	2.2%			\$1.4	46.8%	\$1.8	5.7%
Sum	\$18.3		\$10.2		\$3.0		\$31.5	

*ESSA funds for teachers, literacy, ELL, charter schools, student support, and AIAN

KNOW HOW MUCH PARENTS WHO PAY SOMETHING SPEND ON ECE PER YEAR/ CHILD?

Annual Cost Estimate -- Out-of-Pocket Expense Paid Per Child

	Primary Relative	Primary Nonrelative	Primary Center
Child's age			
Less than one year	\$4,692	\$8,567	\$11,117
1–2 years	\$5,549	\$9,146	\$9,548
3–5 years	\$4,220	\$6,294	\$7,446
Household income			
\$20,000 or less	\$3,464	--	\$3,276
\$20,001–\$50,000	\$5,020	\$6,071	\$5,457
\$50,001–\$75,000	\$5,151	\$5,260	\$6,310
\$75,001–\$100,000	\$3,907	\$7,017	\$7,999
\$100,001 or more	\$6,049	\$10,428	\$11,032

STRATEGIC PLANNING

- Recommendations to more efficiently use existing resources to align and strengthen the delivery of existing programs;
- Coordinate the delivery models and funding streams existing in the State's mixed delivery system; and
- Leverage partnerships
 - IMPACT- How strongly will strategy impact progress
 - FEASIBILITY- how politically/logistically feasible is the strategy
 - SPECIFICITY - is the strategy specific enough to be implemented well

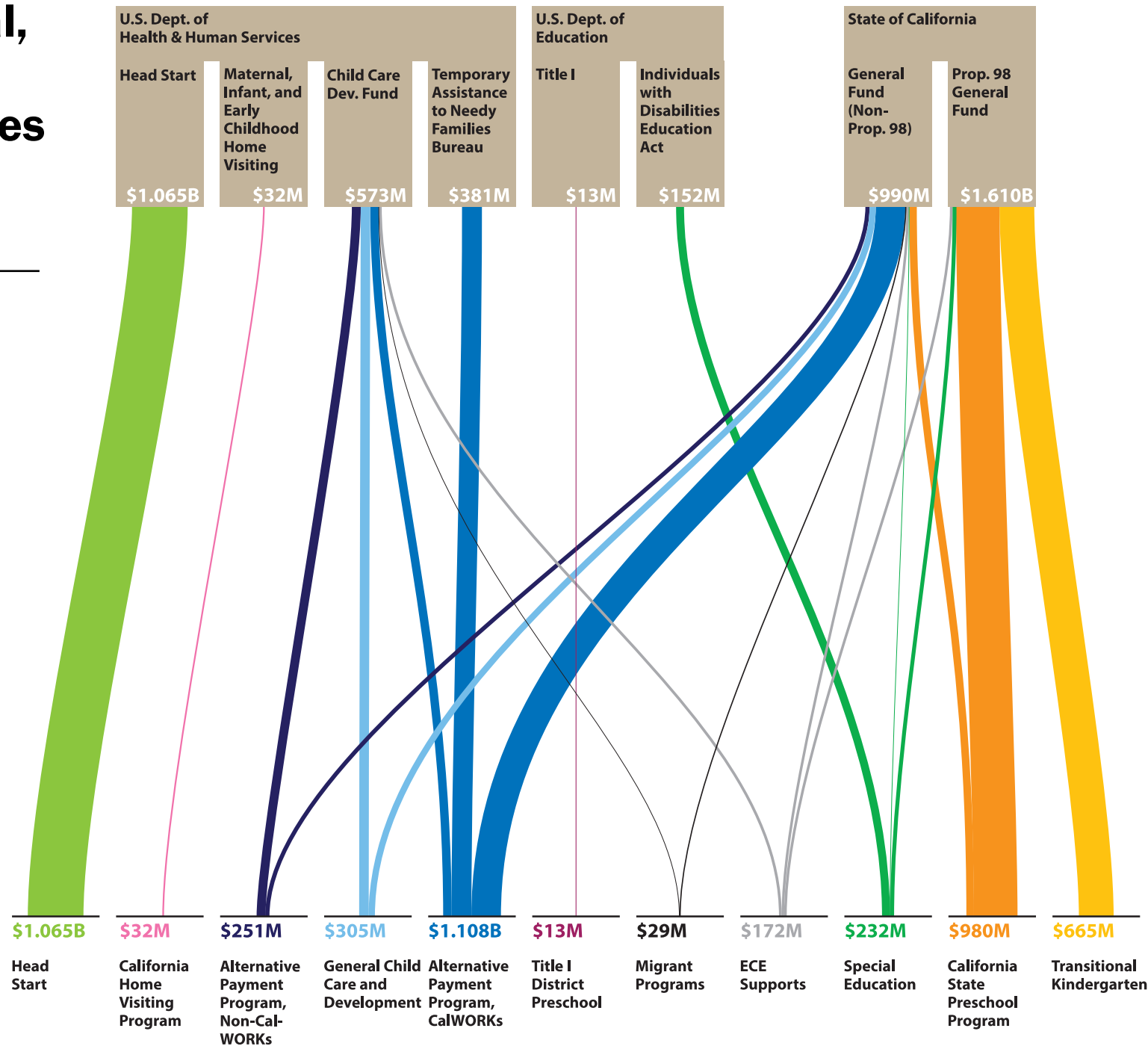


State Example: CA

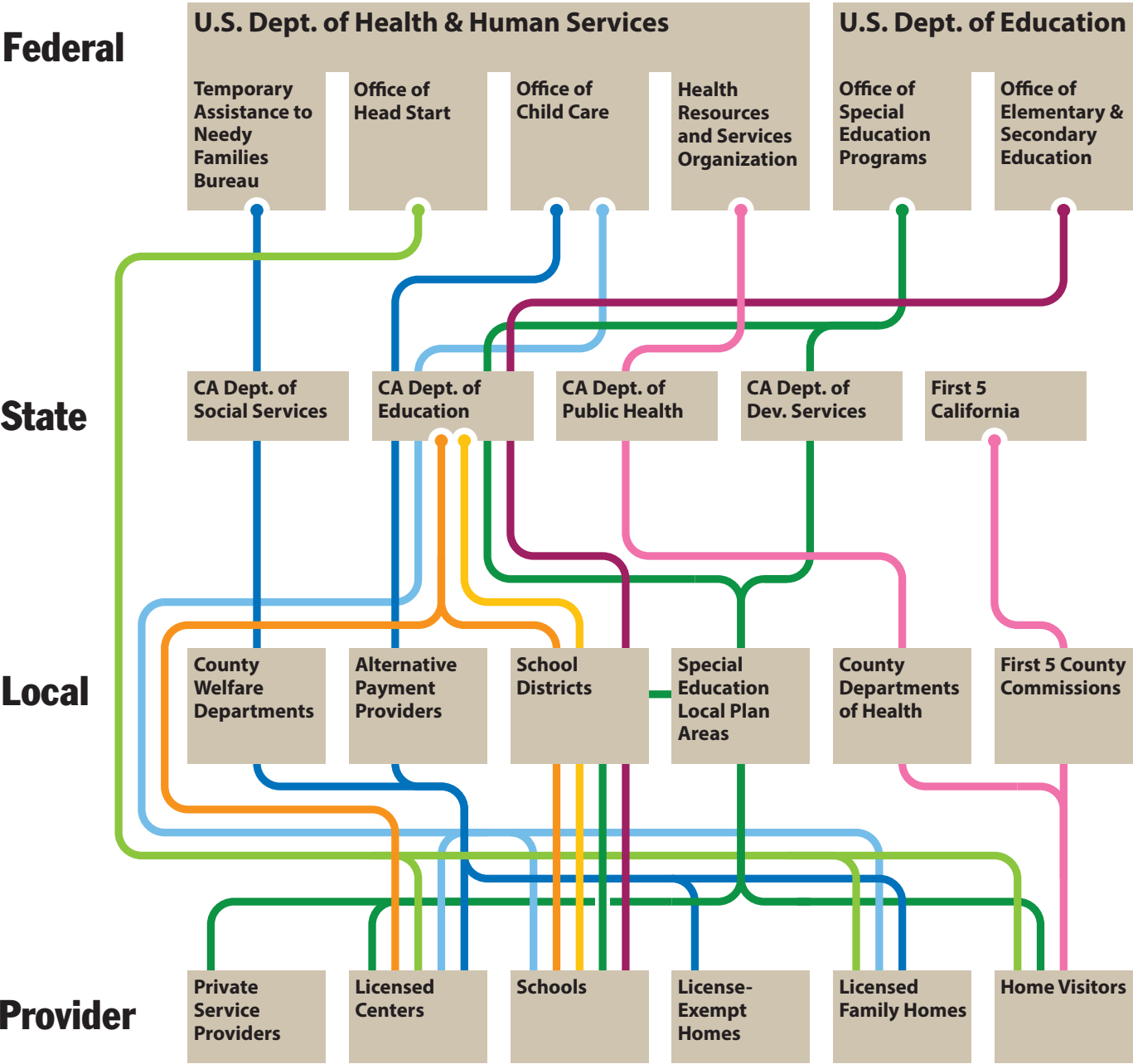
A multi-phase strategy

- Understanding California's early care and education system (2017) - Landscape Analysis of ECE funding and programs
- Building an early learning system that works: Next steps for California (2018) - Implementation at the local level
- Modeling the Cost of CA Future EC System (2018)

Many federal, state, and local agencies fund ECE programs



Many federal, state, and local agencies administer ECE programs



LPI modified Cost of Preschool Quality and Revenue for 0-5, modeling high/low costs programs, in mixed delivery

High/low costs programs, in mixed delivery													
Slots		Funding		Quality Standards		Infrastructure and Costs							
				State		Provider							
TRUE	Annual Slots (B.2.a.1)	TRUE	Funding Streams (B.2.a.2)	TRUE	Maximum Class Size (B.2.b.1)	FALSE	Professional Learning and Support (B.2.b.6)	TRUE	Inflation (B.2.c.1)	TRUE	Program Evaluation (B.2.c.6)	TRUE	Personnel Costs (B.2.d.1)
				TRUE	Staff-Child Ratio (B.2.b.2)	FALSE	Early Learning & Development Standards (B.2.b.7)	TRUE	Baseline Administrative Cost (B.2.c.2)			TRUE	Non-Personnel Costs (B.2.d.2)
				TRUE	Lead Teacher Degree (B.2.b.3)	FALSE	Continuous Quality Improv. System (B.2.b.8)	FALSE	Capacity Building (B.2.c.3)			TRUE	Other Direct Costs (B.2.d.3)
				TRUE	Assistant Teacher Degree (B.2.b.4)	FALSE	Curriculum Supports (B.2.b.9)	TRUE	Additional System Supports (B.2.c.4)			TRUE	Indirect Costs (B.2.d.4)
				TRUE	Lead Teacher Specialized Training (B.2.b.5)	TRUE	Screening/Referral and Support Svcs. (B.2.b.10)	TRUE	External Technical Assistance (B.2.c.5)				

Input California-specific data wherever possible.

Otherwise, rely on the default parameters in the calculator.

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Otherwise, rely on the default parameters in the calculator.

Questions, Reflections, Comments



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Additional Resources

CA Early Learning Needs assessment, Recommendation, Cost study

<https://learningpolicyinstitute.org/topic/early-childhood-learning>

MN Early Childhood Legislative Report

<https://www.auditor.leg.state.mn.us/ped/2018/earlychildhood.htm>

Review of Budgetary Policies in the MA Subsidized Child Care System

<https://www.urban.org/research/publication/review-budgetary-policies-and-practices-massachusetts-subsidized-child-care-system>

Mapping Fiscal Resources to Support Early Success in Delaware

<https://www.doe.k12.de.us/cms/lib/DE01922744/Centricity/Domain/366/2010-Fiscal-Mapping-Report.pdf>

Kentucky Early Childhood Cost of Quality Study

<http://prichardcommittee.org/report-building-blocks-the-kentucky-early-childhood-cost-of-quality-study/>

Additional Resources (cont.)

- **State Preschool Development Grant: Making the Most of It**
 - [BUILD Landing Page](#)
- **EC Systems Planning Tools**
<http://www.buildinitiative.org/OurWork/EarlyChildhoodSystemsWorkingGroup.aspx>
- **Finance and QRIS-**
 - <http://www.buildinitiative.org/Portals/0/Uploads/Documents/Resources/QRIS%203/FinanceQRIS.pdf>
- **CEELO Cost of Quality Resources**
 - <http://ceelo.org/cost-of-preschool-quality-tool/>

