



EARLY LEARNING COALITION OF BREVARD COUNTY, INC.



MINUTES: Board of Directors Meeting
DATE/TIME: Tuesday, August 15, 2017 at 4:00 p.m.
LOCATION: Early Learning Coalition of Brevard, Conference Room 1018 Florida Ave, Rockledge, FL
MEMBERS PRESENT: Alan Bergman, Mark Broms, Victoria Candelora, Lori Duester, Jeffrey Harrison, Natalie Jackson, Beth Mills, Tom Peer, Althea Puzio, and Myrna Shimei
EXCUSED ABSENT MEMBERS: Terri Barlow, Priscilla DeNino, Ian Golden, Don Lusk, and Travia Williams
UNEXCUSED ABSENT MEMBERS:
STAFF PRESENT: Sky Beard, Jessica Beecham, Sharlene Humphrey, Cathie Odom, Tina Snyder, Jennifer Shields and Gina Sousa
GUEST PRESENT: N/A
CALLED TO ORDER: Alan Bergman called the meeting to order and quorum was established 4:10 p.m. Pledge of allegiance took place and introductions were conducted.

AGENDA ITEM	SUMMARY/DISCUSSION	ACTION/FOLLOW-UP
Consent Items	<ul style="list-style-type: none">a. Minutes: June 20, 2017b. Directors Report	Jeffrey Harrison motioned for the Consent Items to be approved. Myrna Shimei seconded the motion. The motion passed unanimously by all Board members.
Committee Reports	<p>Executive/Finance Committee: Alan Bergman reported to the Board that the Executive/Finance Committee for July was canceled. However, the Committee met on Monday, August 14, 2017. The agenda items included:</p> <ul style="list-style-type: none">• Approval of June 12, 2017 Minutes• Revised FY 17.18 Budget – To be discussed later in meeting• Melbourne Office Lease – Staff will keep the Committee updated on the status• Travel Policy Updates – The Committee approved the updates• Raising of America – To be discussed later in meeting <p>Nominating Committee: Myrna Shimei reported to the Board the Nominating Committee had a conference call on July 3, 2017 at 10:00am. The Committee reviewed the application submitted and is bringing to the Board the recommendation to approve Gina Tiedeman to become a Private Sector Board member. Mark introduced Gina to the Board.</p>	No Action/Follow-up Victoria Candelora motioned to accept the Nominating Committee recommendation to approve Gina Tiedeman as a Private Sector Board member. Lori Duester seconded the motion. The motion passed unanimously by all Board members.
Old Business	<p>Finance Report and Waiting List/New Enrollment Update: Cathie Odom reported to the Board that there were no reports available as reimbursement has not closed for the month. As of August 15, 2017, there are 896 children on the waitlist. Of those, 118 are school-age and 778 are birth to 5 years old. At this time, the School Readiness enrollment is high due to families</p>	No Action/Follow-up

	<p>staying in services.</p> <p><u>Coalition Merger Update:</u> Sky reminded the Board of the legislative language that required a report to be submitted by OEL regarding the reduction of Coalitions from 30 to 25. The draft report is not available to the Coalitions at this time. The report is due by September 1, 2017.</p> <p><u>Revised Agency Budget:</u> Cathie Odom reviewed the changes with the Board. The revisions were necessary due to OEL providing additional funding information following the initial budget approval. The following revisions were made:</p> <ul style="list-style-type: none"> • An increase in School Readiness funds • PFP funding finalized • VPK OAMI funding increased slightly due to decrease not being as much as anticipated • CCFPP funding was awarded based on the Coalition's full request • Anticipated match lowered due to finalization of CDBG awards • There was no effect on the Operating Budget. 	<p>No Action/Follow-up</p> <p>Mark Broms motioned for the approval of the revised Agency Budget. Victoria Candelora seconded the motion. The motion passed unanimously by all Board members.</p>
New Business	<p><u>Meeting Start Time:</u> The Board discussed the possibility of changing the Board meeting start time since there was a good response to the June meeting time change. The Board decided to hold the conversation until more members were present. There will be survey sent out to the Board members before the next meeting.</p> <p><u>Early Childhood Education and Degrees:</u> Sky presented the Board with a PowerPoint presentation regarding early childhood education and degrees. The Board discussed the fact that there is increased discussion regarding early childhood within the business community. Early childhood now included in talent pipeline discussions. There is an ongoing dialogue and debate about impact of degrees/no degrees. The Board discussed the U.S. Chamber of Commerce Foundation report and its potential use.</p> <p><u>Key Result Area Committee Meetings:</u> The Quality Assurance Committee will meet.</p>	No Action/Follow-up
Public Comment/Board Announcements	N/A	No Action/Follow-up
Adjournment	The meeting was adjourned at 5:29 pm	<p>Jeffrey Harrison motioned for the adjournment of the Board meeting. Myrna Shimei seconded the</p>

		motion. The motion passed unanimously by all Board members.
Next Meeting	September 19, 2017	No Action/Follow up

August 2017 Board of Directors Minutes Approved:

Respectfully Submitted,

Approved

 Signature Date
 Executive Coordinator

 Signature Date
 Executive Director



PO BOX 560692
ROCKLEDGE, FL 32956-0692
PHONE: (321) 637-1800
FAX: (321) 637-7244
WWW.ELCBREVARD.ORG

Board of Directors Meeting Tuesday, August 15, 2017

- I. Call to Order
- II. Pledge of Allegiance
- III. Coalition Roll Call by Self Introduction
- IV. Consent Items
 - a. Minutes: June 20, 2017
 - b. Director's Report
- V. Committee Reports
 - a. Executive / Finance Committee
 - b. Nominating Committee
- VI. Old Business
 - a. Finance Report and Waiting List/New Enrollment Update
 - b. Coalition Merger Update
- VII. New Business
 - a. Meeting Start Time
 - b. Early Childhood Education and Degrees
 - c. Key Result Area Committee Meetings
- VIII. Public Comment
- IX. Adjourn

Next Meeting: Tuesday, September 19, 2017 at 4:00 pm

LAUNCHING A CHILD'S FUTURE!



EARLY LEARNING COALITION OF BREVARD COUNTY, INC.



MINUTES: Board of Directors Meeting
DATE/TIME: Tuesday, June 20, 2017 at 4:00 p.m.
LOCATION: Early Learning Coalition of Brevard, Conference Room 1018 Florida Ave, Rockledge, FL
MEMBERS PRESENT: Terri Barlow, Alan Bergman, Mark Broms (conference call), Victoria Candelora, Lori Duester, Ian Golden, Jeffrey Harrison, Tom Peer, Althea Puzio, Myrna Shimei, and Travia Williams
EXCUSED ABSENT MEMBERS: Priscilla DeNino, Natalie Jackson, Don Lusk, and Beth Mills
UNEXCUSED ABSENT MEMBERS:
STAFF PRESENT: Sky Beard, Jessica Beecham, Leah Breder, Cathie Odom, Tina Snyder, and Gina Sousa
GUEST PRESENT: N/A
CALLED TO ORDER: Alan Bergman called the meeting to order and quorum was established 4:08p.m. Pledge of allegiance took place and introductions were conducted.

AGENDA ITEM	SUMMARY/DISCUSSION	ACTION/FOLLOW-UP
Consent Items	a. Minutes: May 16, 2017 b. Directors Report March and April	Myrna Shimei motioned for the Consent Items to be approved. Victoria Candelora seconded the motion. The motion passed unanimously by all Board members.
Committee Reports	<p>Executive/Finance Committee: Alan Bergman reported to the Board that the Executive/Finance Committee on Monday, June 12, 2017. The agenda items included:</p> <ul style="list-style-type: none"> • Approval of meeting minutes – minutes were approved • Legislative Update – to be discussed later in meeting • Budget to Actuals – 3rd Quarter Review – The Committee discussed and approved the transfer of funds from the operational budget to direct services in the amount of \$350,000. • FY 17.18 Budget – The Committee reviewed and approved the operational budget. The agency budget will be presented to the full board later in meeting. • Travel Policy Updates – Updated travel policies will be brought to the next Committee meeting to be reviewed. <p>Key Result Area Committees: Quality Committee: The Committee focused on the review of the PFP model and the draft of the OEL plan for FY 17.18. The Committee reviewed the new structure and discussed local impact.</p>	No Action/Follow-up
Old Business	<p>Finance Report and Waiting List/New Enrollment Update: Cathie Odom reported to the Board the enrollment numbers are up to 3,708 at this time. At this time about one-third of the enrollments are BG1/At Risk. The Coalition staff will be meeting with local referring agencies to review and discuss the referral process.</p> <p>The Board was informed that the Coalition would be receiving additional funding to support the projected deficit. The Coalition has also been reassured that the projected deficit in local match funding will not be a concern because the State has met the required amount.</p>	No Action/Follow-up

	<p><u>Legislative Update:</u> Sky provided an update on the legislative session and early learning budget. The Board discussed budget proviso language requiring OEL to submit a report recommending changes to the number and location of ELCs to no more than 25 by September 2017. The Board also discussed the passage of HB 7069 which contained the creation of a Committee on Early Grade Success.</p> <p><u>FY 17.18 Budget Approval:</u> The Board reviewed the Early Learning Coalition of Brevard Preliminary FY 17.18 Agency Budget (see attached). The Operational budget was reviewed and approved by the Executive Committee. The Board discussed the \$25M increase to School Readiness funding statewide which equates to a 1.03% increase locally. The Board approved the budget as presented.</p>	<p>Althea Puzio motioned to approve the Early Learning Coalition of Brevard FY 17.18 Agency Budget. Victoria Candelora seconded the motion. The motion passed unanimously by all Board members</p>
New Business	<p><u>FY 17.18 Anti-Fraud Plan Approval:</u> Gina Sousa, Director of Programs Operations, presented the FY 17.18 Anti-Fraud Plan to the Board for approval. The Board reviewed the revisions from last year's plan.</p> <p><u>VPK Enrollment Data:</u> Sky presented the Board with current data regarding statewide VPK enrollments. Brevard has one of the highest percentage of enrollment in the state. The Board discussed reasons for the high local enrollment and congratulated Coalition staff for their hard work and dedication to ensuring children are enrolled in VPK.</p> <p><u>NIEER State of Preschool Report:</u> Sky reviewed with the Board the State of Preschool Report (www.nieer.org). The report stated that Florida continues to rank high in early learning enrollments but low in quality indicators and per child spending. The Board discussed the report findings as well as OEL's response to the report findings.</p> <p><u>Audit RFP Committee:</u> The Board was informed there is a need for Board members to serve on a committee to assist with the review of applications received based on the Coalition's RFP for an audit firm. The Committee will likely meet at the end of August. The following members volunteered to for the committee: Terri Barlow, Don Lusk, and Travia Williams.</p> <p><u>July Meeting:</u> Historically there has not been a full Board meeting in July. The Executive Committee has scheduled a meeting on July 17, but may not meet if there is no pressing business to be discussed.</p>	<p>Don Lusk motioned for the approval of the FY 17.18 Anti-Fraud Plan Approval. Myrna Shimei seconded the motion. The motion passed unanimously by all Board members.</p> <p>Lori Duster motioned for the approval to cancel the July Board meeting. Jeffrey Harrison seconded the motion. The motion passed unanimously by all Board members.</p>
Public Comment/Board Announcements	N/A	No Action/Follow-up

Adjournment	The meeting was adjourned at 5:38 pm	Jeffrey Harrison motioned for the adjournment of the Board meeting. Myrna Shimei seconded the motion. The motion passed unanimously by all Board members.
Next Meeting	August 15, 2017	No Action/Follow up

June 2017 Board of Directors Minutes Approved:

Respectfully Submitted,

Approved


8/15/2017
 Signature Date

Executive Coordinator


8/15/2017
 Signature Date

Executive Director



LAUNCHING A CHILD'S FUTURE

Director's Report August 2017

State and Office of Early Learning (OEL) Update:

- Sky Beard attended a meeting of the Association of Early Learning Coalitions (AELC) in Tampa on July 18, 2017. The meeting provided opportunities for ELC Executive Directors across the state to discuss legislative priorities, committee work, strategic planning and share best practices. Prior to the start of the AELC meeting, Sky also participated in a meeting with the Association's new Executive Director, Saralyn Grass, to discuss current pressing issues in preparation for her new role. After the AELC meeting, Sky also assisted in the representation of the AELC in a meeting with early learning partners from around the state. The meeting allowed for conversation related to challenges experienced last legislative session as well as opportunities to collaboratively plan for next session which begins in January 2018. A follow up meeting with a smaller number of statewide partners is being scheduled for September or October in Tallahassee.

Coalition Update:

- Applications have been submitted by interested early learning providers for the FY 2017 – 2018 Performance Funding Project. In Brevard, there were 25 providers who submitted applications, 14 of which previously participated in the project. The Coalition is currently going through the prescribed process of reviewing applications, ranking submissions and determining the fiscal impact of provider participation. The project is anticipated in launch in November 2017.
- Coalition staff attended the One Goal Summer Conference in Tampa from July 19 – 21, 2017. This annual conference provides professional development for early learning educators and is well attended each year. This year, Coalition staff conducted workshops and consistently received positive feedback.
- The Early Learning Coalition is partnering with other community organizations who serve young children to develop the new Healthy Start Coordinated Intake and Referral process. This state mandate will provide a structure for referring families to needed services based on the completed Healthy Start screenings completed prenatally during doctor appointments or postnatally at hospitals at the time of birth. As part of this discussion, the community partners are also being educated about the Vroom app utilized by ELC to educate families about every day moments that promote child development.
- Sky will be attending a meeting in Orlando on August 17, 2017 that will provide an opportunity for the Coalitions in the Central Florida region to share successes and challenges in the field of early childhood education with the Central Florida Partnership. The Central Florida Partnership has taken an interest in early learning as it relates to the regional talent pipeline development conversation.



WORKFORCE OF TODAY, WORKFORCE OF TOMORROW:

The Business Case for High-Quality Childcare



U.S. CHAMBER OF COMMERCE FOUNDATION
Center for Education and Workforce



WORKFORCE OF TODAY, WORKFORCE OF TOMORROW:

The Business Case for High-Quality Childcare

Katharine B. Stevens
June 2017



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Executive Summary

American business depends on a strong workforce, now and in the future, to compete and succeed globally. But America is facing an unprecedented workforce crisis: a large and growing shortage of skilled workers. From Wall Street to Main Street, the world of work is changing—and our strategies for developing tomorrow's workforce must change with it.

Business leaders have long understood the importance of a well-educated workforce to support a strong economy, keep America competitive globally, and ensure a vibrant democracy. And they have long played a leadership role in strengthening the education pipeline so crucial to our economic growth and prosperity. Yet our nation's K–12 system is falling short in preparing new generations for the ever-changing demands of the 21st century workplace.

One root of this problem is that we've underestimated the importance of the earliest years of life. For most of history, the essential early foundation for all subsequent learning and development was laid largely in the home. But today, an unprecedented number of American mothers are in the workforce, and millions of young children are in paid childcare for a substantial portion of their early years. And while childcare is a necessary support for working parents, it also has a critical impact on children during the most consequential phase of human development.

Research shows that starting at birth, young children are continuously and rapidly learning—wherever they are and from whomever they're with. Indeed, the commonly made distinction between "care" and "education" in early childhood is a false one. Childcare *is* early education, regardless of the building it occurs in or what we call it. The question is only whether it's advancing or impeding children's learning.

Extraordinary development occurs from birth to age 5, forming the bedrock for lifelong health, intellectual ability, emotional well-being, and social functioning. A broad set of socially and economically valuable skills start developing in children's very first months, build over time, and are critical determinants of academic and economic success. Although a sturdy base of early skill and ability is not alone sufficient for children's long-term success, without it, the effectiveness of later investments in education and training are substantially reduced.

By laying the crucial groundwork for tomorrow's workforce and promoting a strong workforce today, high-quality childcare provides a powerful two-generation approach to building the human capital that a prosperous and sustainable America requires. It supports parents: increasing completion of postsecondary education, raising labor force participation, increasing workforce productivity, and helping business attract and retain talent. And it ensures that children have the chance to develop well and begin kindergarten ready to thrive in school, work, and life.

For American business, advancing high-quality childcare is a winning proposition. It's a wise investment in America's future—strengthening business today while building the workforce we'll depend on tomorrow and for decades to come.

WORKFORCE OF TODAY, WORKFORCE OF TOMORROW:

The Business Case for High-Quality Childcare

Introduction

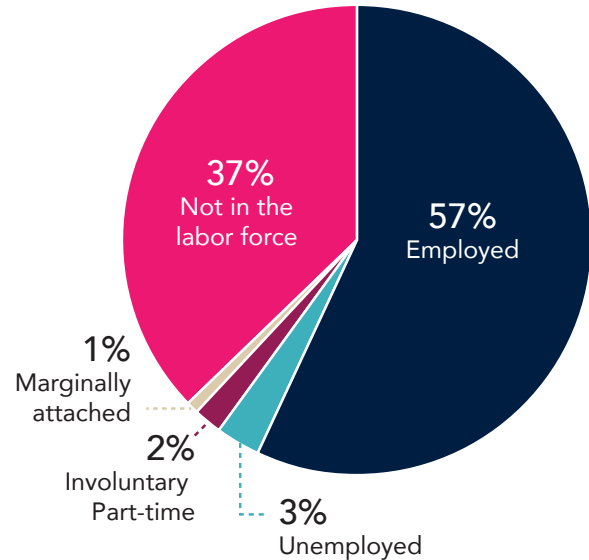
American business depends on a strong workforce, now and in the future, to compete and succeed globally. But America is facing an unprecedented workforce crisis: a large and growing shortage of skilled workers.

According to a 2016 survey by the Aberdeen Group, four out of five employers believe that today's labor pool lacks skills and abilities essential to business success.¹ More than two-thirds of U.S. employers who are hiring full-time employees currently have open positions for which they cannot find qualified candidates, and nearly 60% have job openings that stay vacant for 12 weeks or longer. "The gap between the number of jobs posted each month and the number of people hired is growing larger as employers struggle to find candidates to fill positions," said CareerBuilder CEO Matt Ferguson. "There's a significant supply and demand imbalance in the marketplace."²

The impact on employee recruitment and the business bottom line is increasing. Extended vacancies now cost companies an average of more than \$800,000 annually. In a 2014 Adecco Staffing survey, half of senior executives said that U.S. companies are missing out on growth opportunities due to a lack of skilled labor.³

At the same time, 6.9 million Americans are unemployed, millions more are working part-time because they can't find full-time positions, and almost 95 million working-age adults are out of the labor force altogether (see Figure 1).⁴ Less than half of America's adult population has a Gallup-defined "good job," working at least 30 hours per week for an employer that provides a regular paycheck.⁵ Thomas J. Donohue, president and CEO of the U.S. Chamber of Commerce, summarized the problem: "America today is a nation of people without jobs and jobs without people."⁶

Figure 1. Employment Status of Civilian, Noninstitutionalized Adults



Source: Bureau of Labor Statistics, May 2017.⁷

Recent strategies to address the skills gap have largely targeted its most immediate consequences. While this is critical for business success today, we also need strategies that will build the human capital of tomorrow—to revitalize our workforce for generations to come.

From the banks on Wall Street to the shops on Main Street, the world of work is changing—and our strategies for developing tomorrow's strong, skilled workforce must change with it. High-quality childcare, which enables adults to work while laying a foundation for children's success in school and beyond, is an under-recognized and promising strategy for addressing America's growing workforce crisis. Done right, childcare provides a powerful two-generation approach to building the skilled workforce on which our country's continued prosperity depends.



World-Class Education Is the Key to a World-Class Workforce

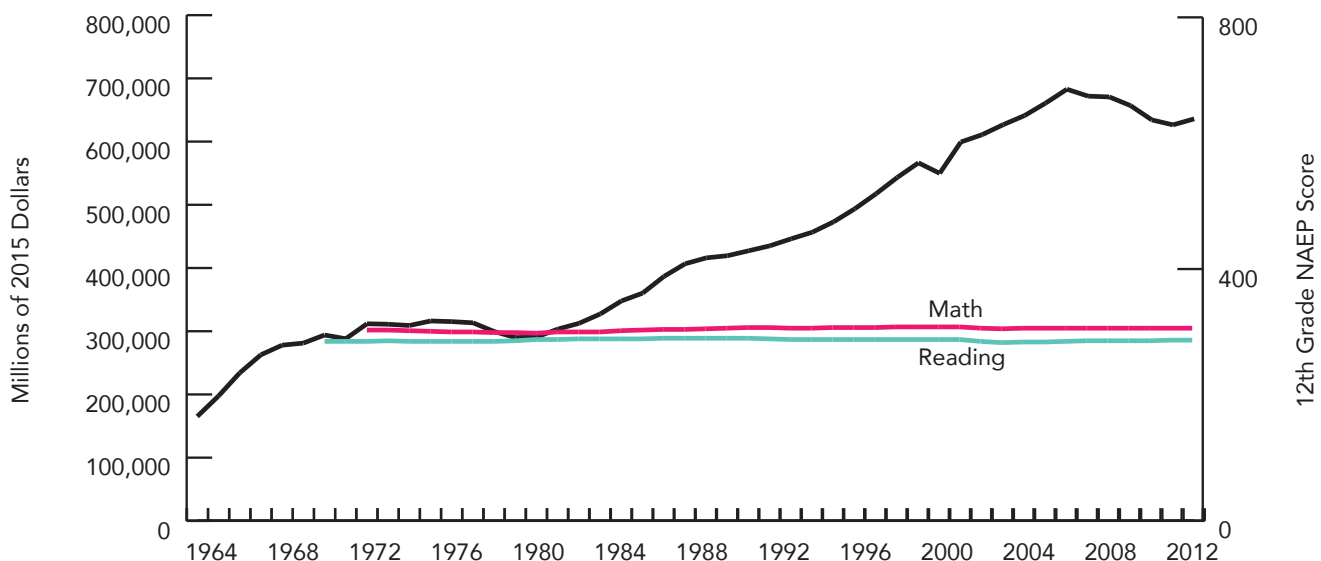
In an increasingly global and competitive economic environment, a country's success depends on how well it's educating its citizens. Yet mounting evidence suggests that U.S. K–12 schooling is falling short in preparing new generations for the ever-changing demands of the workforce.

The U.S. spends more per student on education than almost any other country in the Organisation for Economic Co-operation and Development (OECD). But according to a 2015 OECD report, American students perform poorly compared with many of their international counterparts.⁸ U.S. 15-year-olds ranked 25th in reading and 35th in math out of 72 countries participating in the

OECD's 2015 Program for International Student Assessment exam, with only 10% of U.S. students scoring at top proficiency levels in reading and just 6% at top levels in math.⁹

Domestically, the picture is similarly bleak: About two-thirds of fourth graders and eighth graders score below proficient in reading on the National Assessment of Education Progress, and 60% of fourth graders and 67% of eighth graders score below proficient in math. Among 12th graders, 63% are below proficient in reading and a full three-quarters fall below proficient in math—scores that have remained flat for almost half a century, despite sharply increased spending on the public schools (see Figure 2).¹⁰ Skills of adults, too, are weak: A study by the U.S. Department of Education and the National Institute of Literacy found that 14% of American adults are illiterate and more than a quarter read below a fifth-grade level.¹¹

Figure 2. Total Public Spending on K-12 (in 2015 Dollars) and Achievement of 17-Year-Olds on the National Assessment of Education Progress (NAEP)



Source: National Center for Education Statistics.

WORKFORCE OF TODAY, WORKFORCE OF TOMORROW:

The Business Case for High-Quality Childcare

Although graduation rates have risen slightly over the past few years, almost one in five young people still don't graduate from high school—quadrupling their chances of dropping out of the labor force.¹² Only half of students who graduate from high school go on to college. Almost half of those who go to college don't make it through.¹³ And the 53% who do graduate from college within six years are often unprepared for work: A recent Gallup study found that only 11% of business leaders are confident that college graduates are ready to succeed in the workplace.¹⁴

These statistics bode poorly—both for the future of new generations and for our country's economy. The U.S. is now spending \$1.1 trillion annually for on-the-job workforce education and training to fill the gaps in workers' skills and knowledge that persist even after decades of schooling.¹⁵ And the future workforce will need even more advanced skills: By 2020, 65% of all American jobs will require some form of postsecondary education or training, including 80% of jobs in the four fastest-growing industries (education, health care, professional services, and business services).¹⁶

In addition to continuing current efforts to improve our education system, we need new, longer-term approaches to build our nation's human capital. One strategy with great untapped potential is to target children's earliest years—laying the solid early foundation that all subsequent human capital investments are built on.

Gaps Emerge Early

While we've long counted on K–12 schools to prepare children for success in work and life, recent research shows that schools' primary challenge is to compensate for early disadvantage that handicaps many children even before they enter kindergarten.

Developmental gaps between higher- and lower-income children have been observed among children as young as 9 months old.¹⁷ By 18 months,

toddlers from low-income families can already be several months behind their more advantaged peers in language development.¹⁸ One widely cited study found that by age 3, children with college-educated parents had vocabularies as much as three times larger than those of children whose parents did not complete high school—a gap so big, researchers concluded, that even the best intervention programs could, at most, keep the less-advantaged children from falling still further behind.¹⁹

In other words, many children enter school unprepared to succeed, and schooling largely cannot close initial gaps.²⁰

Fewer than half of low-income 5-year-olds enter school ready to learn, and some are up to two years behind their peers.²¹ Achievement gaps between economically advantaged and disadvantaged children widen as they progress through school, resulting in poor academic performance, grade repetition, expensive remedial services, and high rates of school dropout.²² The long-run economic impact of this ongoing school failure is, as a recent McKinsey report put it, the “equivalent of a permanent recession.”²³

The Lifelong Importance of Children's First Years

A rapidly growing body of research suggests that we've largely been missing where the root of this problem lies: in the critical, earliest years of life. Extraordinary development occurs from birth to age 5, forming the bedrock for lifelong health, intellectual ability, emotional well-being, and social functioning. In just the first 1,000 days after birth, a child grows from a helpless infant to a running, jumping, climbing preschooler. And children's early cognitive, social, and emotional development is equally rapid, mirroring this dramatic physical growth.

A child's brain isn't born fully built; it's constructed through the interactive influences of his or her genes and early experiences. The infant brain

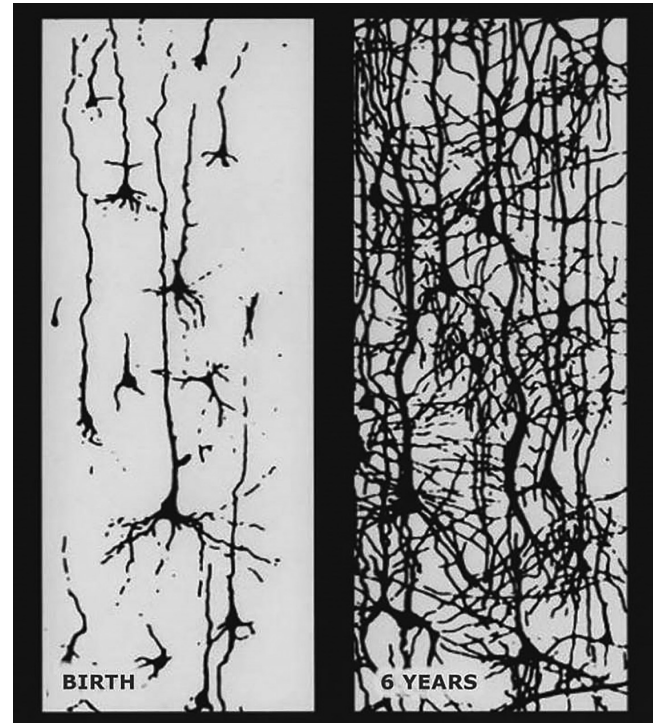
has about 100 billion cells at birth—roughly the same number as an adult brain—but with many fewer connections between cells. In the first months of life, the brain’s neural network expands exponentially, from around 2,500 connections per neuron at birth to about 15,000 connections between ages 2 and 3, with rapid growth continuing into the early elementary school years (see Figure 3). Those connections—called synapses—“wire” the structure of a young child’s brain in response to his or her environment and cumulative experiences.

The developing brain is an integrated organ: Cognitive, social, and emotional capacities are interconnected and interdependent. Healthy development at any stage depends on healthy development in previous stages, as more complex neural connections and skills build on earlier ones. And while children’s physical development is fostered by adequate nutrition and physical freedom, their cognitive, social, and emotional development is driven almost entirely by time- and attention-intensive adult nurture and care.

Starting at birth, ongoing, reciprocal, “serve-and-return” communication in the context of secure, loving relationships with adult caregivers literally builds the architecture of children’s brains. As neuroscientists from Harvard University’s Center on the Developing Child explain, those early interactions “determine whether a child’s developing brain architecture provides a strong or weak foundation for all future learning, behavior, and health.”²⁴

The bottom line is that the hour-to-hour, day-to-day early experiences of babies and young children have a profound, lasting impact on the rest of their lives. And when children’s early environments are unsupportive or even damaging, the repercussions persist for decades, compromising their development and limiting their capacity for success in school and in work.

Figure 3. Development of Synapses in the Human Brain Between Birth and Age 6



Source: J. LeRoy Conel,
The Postnatal Development of the Human Cerebral Cortex
(Cambridge, MA: Harvard University Press, 1959).

Childcare: America’s Most Important Early Education Program

Early childhood has always been the most critical developmental period of the life cycle. And for most of history, that essential early foundation for all subsequent learning and development was laid largely in the home, through full-time maternal care.

Yet today, an unprecedented number of American mothers are in the workforce. Almost two-thirds of mothers with children under 6 are working outside the home, compared with fewer than one in 10 in 1940—a sevenfold increase.²⁵ Nearly three in 10 mothers now return to work within two months of their baby’s birth, and almost 40% with an infant under a year old are employed full time.²⁶

WORKFORCE OF TODAY, WORKFORCE OF TOMORROW:

The Business Case for High-Quality Childcare

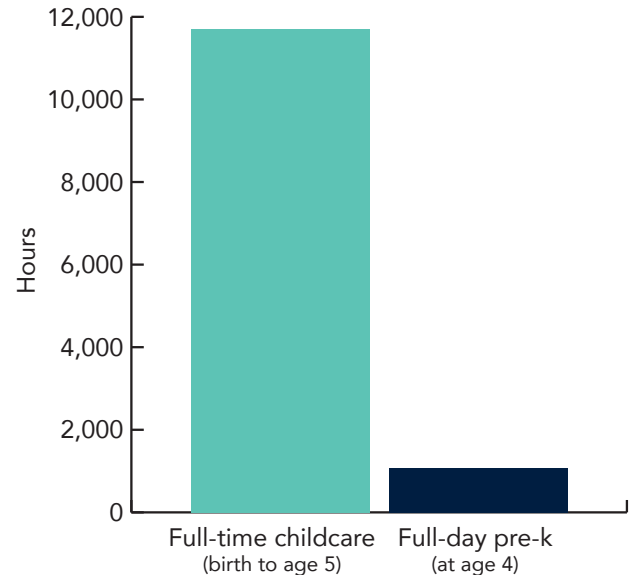
As the American workforce—and mothers' work—has been transformed, so has early childhood. More than three out of five children under age 6 now have all residential parents in the workforce.²⁷ Almost 11 million American children under 5 are in nonparental care for an average of 33 hours a week.²⁸ And while childcare is a necessary support for working parents, it also has a critical impact on children during the most consequential phase of human development. The quality of that care thus matters a great deal.

We've long thought of school as where children learn, and, to date, pre-K for 4-year-olds has been the primary emphasis of new early education initiatives. But we now know that young children are continuously and rapidly learning—wherever they are and from whomever they're with—starting at birth.

Indeed, the commonly-made distinction between “care” and “education” in early childhood is a false one. The reality is that every environment—whether home, school, or childcare—is a learning environment for young children. What really matters for children's development isn't sending them to school a year or two sooner, but improving the quality of the environments where they spend the first, most critical years of their lives.

Millions of children are spending thousands of hours in paid childcare—often 10 times more hours than a year of full-day pre-K—before they enter kindergarten, meaning that childcare has a far greater impact on children's development (see Figure 4). In other words, childcare is early education, regardless of the building it occurs in or what we call it. The question is only whether it's advancing or impeding children's learning.

Figure 4. Hours in Childcare Versus Pre-K by Age 5



Source: Author's calculations²⁹

When our current public school system emerged, the early foundation for a child's success in school, work, and life was largely established in the home. But most young children are now in nonparental care (whether paid childcare or unpaid care with family, friends, or neighbors) for a substantial portion of those critical early years, and childcare's role in supporting early learning has thus become much more important.

In fact, childcare is unique among early childhood programs because, if done right, it can serve two crucial purposes simultaneously: ensuring the healthy development of young children while enabling their parents to contribute as productive members of the workforce. By laying the crucial groundwork for tomorrow's workforce and supporting a strong workforce today, high-quality childcare builds our nation's human capital two generations at a time.

How Childcare Strengthens Today's Workforce

As childcare now plays an essential role in children's early learning and development, it also has a critical impact on the current workforce (many of whom are parents) and on businesses (which employ parents). Yet the nature and extent of this impact has received surprisingly little attention.

Almost 13 million Americans in their prime working years have children under age 6.³⁰ Many of these parents need reliable childcare to be able to upgrade their skills through education, enter the workforce, and remain employed. And recent evidence suggests that childcare's effect on workforce participation, productivity, and businesses' bottom line is more significant than we've recognized.

Increasing completion of postsecondary education

In today's job market, postsecondary education is often an essential pathway to economic security, leading to increased employment and higher wages. More than a quarter of college students are raising children while trying to move up the education ladder, and half have children ages 5 or younger. Many of these parents are juggling school, homework, a job, and—on top of it—caring for their children.

The demands of parenthood can make it especially difficult for student parents to complete their degrees.³¹ Among all postsecondary students with children, only 27% attain a degree within six years.³² In one study, more than half of those who had dropped out cited "family commitments" as the reason.³³ And when dropouts were asked about factors that would "help someone whose circumstances are similar to yours...in getting a college degree," three-quarters of them cited childcare.³⁴

Raising labor force participation

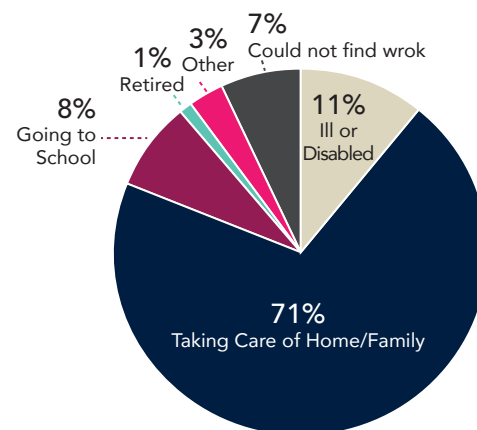
For more than five decades, a growing labor force drove steady U.S. economic expansion. But after

peaking at 67.3% in 2000, American workforce participation has fallen to its lowest rate since the late 1970s, at 62.7% in May 2017. In other words, almost two out of five adults are currently neither employed nor trying to find employment.³⁵ And as the baby boomer generation approaches retirement, the labor participation rate is projected to decline still further, to 61% in 2027 and 59.2% in 2047—likely to slow economic growth for decades to come if the downward trend is not reversed.³⁶

In addition to diminishing economic productivity, nonwork is also a leading cause of American poverty. Of the over 46 million working-age poor adults in 2014, two-thirds did not work at all, while a quarter worked part-time or seasonally. This largely isn't due to unavailability of jobs, though: Only about 10% of nonworkers cite not being able to find work as the reason they're not employed.

Nonworking poor adults without children mostly say they're not working because of either illness or disability (35%) or because they are attending school (23%). Among nonworking poor with young children (11.4% of nonworking poor), a full 70% cite "taking care of home/family" as the reason they're not in the workforce (see Figure 5).³⁷

Figure 5. Nonworking Poor with Children Under Age 5: Reason for Not Working



Source: Angela Rachidi, "America's Work Problem," American Enterprise Institute, 2016.

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In other words, adults are mostly poor because they're not working, and nonworking poor adults with children under 5 are largely not working because they're taking care of their children. Further, adult nonwork is the leading cause of child poverty: Almost three in five poor children live with parents who aren't employed.³⁸

To increase labor participation, one obvious strategy is thus to reduce barriers to employment for parents of young children. Chief among these obstacles is a lack of affordable, high-quality childcare—a problem forcing many parents to choose between putting their children in inadequate, even damaging, care because it's all they can afford; placing their children in higher-quality care that costs more than their whole paycheck; or dropping out of the labor force completely.

Access to good childcare enables parents—especially mothers—to enter and remain in the workforce, which supports broader economic growth. And in particular, it's financially essential for low-income families who need two incomes to stay afloat or who depend on one parent as the sole breadwinner.³⁹

Boosting workforce productivity

Little analysis has been done on childcare's impact on workforce productivity and economic growth. But a few recent studies suggest that its impact is probably substantial.

One 2017 study that examined low labor force participation in Michigan identified access to high-quality childcare as the primary barrier to workforce participation for lower-income families, followed by poor access to reliable transportation and inadequate job skills.⁴⁰ Citing insufficient access to good childcare as “a huge obstacle” to the state's workforce development, Michigan business leaders underscored the study's findings in a recent op-ed:

Labor shortages are constraining our state's economic growth....Affordable, quality childcare reduces a major barrier to getting people into the workforce... [and] is an essential tool in any meaningful economic development strategy.⁴¹

Supporting this assessment, a 2016 survey of working parents in Louisiana who had children under age 5 found that childcare issues greatly influenced workforce participation across the state.⁴² One in seven respondents with a preschooler said they turned down a promotion and nearly one in five reported leaving full-time employment for part-time work because of childcare issues. Almost half of both men and women reported missing work regularly due to problems with childcare. In addition, one in six had quit a job and one in 13 had been fired because of problems finding or paying for childcare.

Overall, the researchers estimated that the costs of inadequate childcare totaled \$2 billion in 2016: \$816 million to Louisiana employers due to employee absences and turnover, nearly \$84 million in state tax revenue due to lost workplace productivity, and \$1.1 billion to Louisiana's economy from spillover effects of inadequate childcare. They concluded:

[C]hild care issues clearly affect a wide cross section of Louisiana workers, resulting in major economic costs to employers and a large, negative economic impact on the state....

Child care arrangements that provide working parents with affordable, reliable child care will enable parents—mothers and fathers alike—to fully participate in the workforce...[and] would ultimately have a high rate of return through reduced costs to employers, increased earnings and tax revenue from parents, the economic impact of the child care industry itself, and improved outcomes for children.



A third study, published in 2016, found that working families across the country lose \$8.2 billion in wages annually due to inadequate childcare access.⁴³

Helping businesses attract and retain talent

Businesses report that it is increasingly difficult to find and keep skilled employees. In Deloitte's *Global Human Capital Trends 2015* report, employee engagement and retention was cited as the No. 1 human resources problem. A full 87% of business leaders surveyed believe the issue is "important," with 50% citing the problem as "very important." The MetLife & U.S. Chamber of Commerce Small Business Index Q2 2017 reports that small business owners are also struggling to find talented candidates to fill positions, with one in four describing the quality of candidates as poor.

Further, voluntary employee turnover costs are high. Research suggests that the cost to replace a lost employee are roughly 20% of an entry-level annual salary at a minimum, and often much larger when lost productivity is taken into account.⁴⁴

Although little is known about the role of childcare in employee recruitment and retention, common sense suggests that parents prefer working for employers that help them ensure the well-being of their children. One 2016 survey of 3,100 employees with young children who worked for organizations offering on-site childcare found that access to good childcare was indeed a significant factor in employee recruitment, retention, and productivity.⁴⁵

More than 80% of the survey's respondents who already had young children when they started at the company said that the availability of childcare was important in their decision to work there. More than 90% of all respondents said it made them more likely to continue working for their organization. Almost 90% said that access to childcare enhanced their productivity at work, and 80% said it enabled them to volunteer for optional work assignments.

On the other hand, a 2016 survey of more than 1,000 working parents who were expecting their first child or who had a first child under age 2 found that about half of new parents had changed jobs, many taking a pay reduction in exchange for greater flexibility. In a 2016 Care.com survey, 74% of working parents said their jobs had been affected by childcare problems: falling behind on work, missing work, and losing pay because of absences.⁴⁶ Over three-quarters of mothers and half of fathers in a 2015 *Washington Post* survey said they'd passed up work opportunities, switched jobs, or quit to take care of their children.⁴⁷

"Ask any parent: It's not working for them," Helen Blank, director of child care and early learning at the National Women's Law Center, explained. "It's a stretch for all of them. Because we as a country haven't yet come to grips with how important affordable, quality child care is to our economy."⁴⁸

As young adults increasingly delay having children, the impact of childcare on the company bottom line will only rise. In 2016, the birth rate among women ages 30 to 34 surpassed that of younger women for the first time ever. If that trend continues, a growing number of employees will be in valuable midcareer roles when they have their first child and more expensive to replace if they quit as a result.

How Childcare Strengthens Tomorrow's Workforce

While enabling parents of young children to enter and remain in the workforce, childcare is simultaneously laying the human capital foundation—whether well or poorly—for much of our nation's future workforce. Improving K–12 schools and postsecondary education is essential to strengthening the workforce pipeline in the short and medium term. Investing in children's earliest years is a long-term, upstream strategy for developing our nation's human capital.

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Like all human development, the education process is cumulative: Each stage builds on the prior one. Success in postsecondary education and training depends on a strong high school education. Success in high school, in turn, depends on a strong education in elementary school. And, success in elementary school depends on the strength of the groundwork laid in early life.

Early childhood is thus the bedrock of human capital: a solid early foundation, constructed in the first years of life, is critical to everything that follows. Although a sturdy base of early skill and ability is not alone sufficient for children's long-term success, without it, the effectiveness of later investments in education and training are substantially reduced. Increasing focus on shoring up the foundations of human capital is thus an efficient strategy for building the talent pipeline American business needs to succeed.

The Growing Importance of “Soft” Skills

Achievement test scores and education attainment have long been the standard measures of human capital. But a broader set of noncognitive, social-emotional and character skills—those needed to work well with others, communicate effectively, problem-solve, and follow through on commitments—is increasingly important to workplace success.

More than three out of five employers stress these “soft” skills in evaluation of job candidates, according to CareerBuilder's 2017 annual job forecast.⁴⁹ In a 2016 survey by the National Association of Colleges and Employers, almost eight of 10 employers judged the “ability to work in a team” to be a critical skill for new hires, followed by problem-solving skills, communication skills, and a strong work ethic as top hiring priorities.⁵⁰ A 2016 World Economic Forum study found that by 2020, more than a third of most occupations' core skill sets will include skills not considered crucial

to jobs today, with social skills predicted to be in particularly high demand.⁵¹

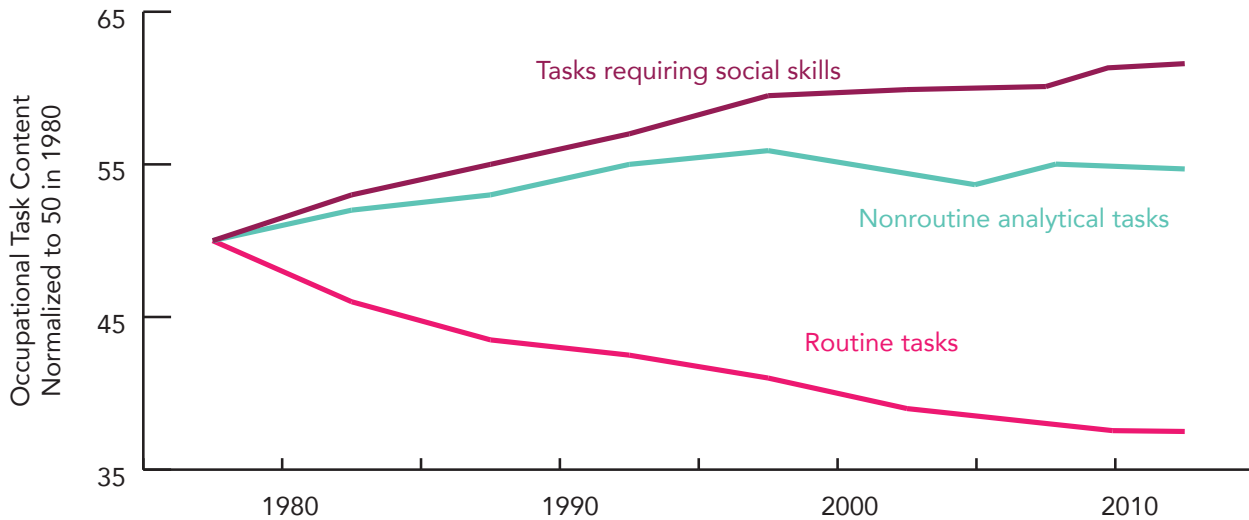
At the same time, many businesses are reporting a shortage of workers with the soft skills needed. Of nearly 900 U.S. executives responding to a 2015 Wall Street Journal survey, more than 90% said soft skills were equally or more important than technical skills, and almost as many said they're having a difficult time finding people with the right attributes.⁵² In a 2013 Adecco Staffing survey, nine in 10 senior executives said they believe there is a serious gap in workforce skills, with more than four in 10 citing soft skills as the most critical gap.⁵³ Survey after survey over the past several years echo these findings, indicating that soft skills are becoming a key differentiator of talent across industries.⁵⁴

Recent research shows that this growing demand for soft skills is largely driven by rapidly accelerating technology and automation. As routine tasks are increasingly automated, demand for the skills needed to do nonroutine work is on the rise.

Through an analysis of occupational tasks from 1980 to 2010, Harvard economist David Deming demonstrated that routine job tasks declined sharply while tasks requiring difficult-to-automate social skills increased.⁵⁵ The result, according to MIT economist David Autor, is a “hollowing out” of traditional middle-skill jobs, like clerical and factory work, and a concurrent increase in demand for nonroutine labor.⁵⁶ Economists Nir Jaimovich and Henry Siu have further shown that this shift from routine to nonroutine jobs is not sector specific; rather, it has occurred across industries.⁵⁷

This ongoing decline in routine employment and a rapidly shifting economic environment demand new approaches to building human capital that emphasize development of increasingly valuable, nonroutine skills. To be effective, those approaches must recognize that human capital development is a multigenerational process—and, based on what

Figure 6. The Growing Importance of Social Skills in the Labor Market



Source: David Deming, *The Growing Importance of Social Skills in the Labor Market*.

we know about brain development, starts at birth, not the schoolhouse door.

The Economics of Human Potential

A growing body of research on what Nobel prize-winning economist James Heckman has called “the economics of human potential” has demonstrated that skill acquisition is a cumulative process that begins in infancy. A broad set of socially and economically valuable skills start developing in children’s very first months, build over time, and are critical determinants of academic and economic success. Early skills form the foundation for acquiring additional skills at later stages in the life cycle: Skill attainment at one stage of life enables higher levels of skill attainment at later stages. Early investments in human capital therefore increase productivity of later investments and provide the highest return.⁵⁸

Early skill development

The range of critical skills and abilities shaped in early childhood are conventionally divided

into “cognitive” and “noncognitive” categories. Cognitive skills generally refer to academic ability in areas like literacy and mathematics, measured by achievement tests. Noncognitive skills—often referred to as social-emotional or character skills—include all other skills and abilities like getting along well with others, listening and communicating well, showing empathy, being motivated, possessing self-confidence, having initiative, paying attention and focusing, persevering on challenging tasks, solving problems, managing emotions and impulses, following rules, and so forth.

This broad range of skills emerges very early—already evident in infants and toddlers—and young children acquire new skills very quickly. Both cognitive and noncognitive ability are highly malleable in children’s first years but become less so as children grow older. Cognitive skills are largely fixed even by the time children enter kindergarten, while noncognitive skills remain relatively malleable for a longer period.⁵⁹

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While cognitive ability has long been a primary emphasis in schooling, researchers have recently begun to recognize that noncognitive skills foster the development of cognitive skills and are at least as crucial to children's success.⁶⁰ Acquiring new cognitive skills depends not just on current cognitive skills but also on effort invested. Effort, in turn, depends on motivation, along with the ability to pay attention, manage emotions, and persist in difficult tasks. Mastering skills promotes confidence, which, in turn, increases motivation. Increased motivation drives acquisition of more skills, thus creating a mutually reinforcing cycle of increasing cognitive skill.

A recent study in the Baltimore public schools, examining the relationship between children's social-emotional skills in kindergarten and their academic outcomes five years later, demonstrates the interdependence of noncognitive skill and cognitive achievement.⁶¹ The study found that more than half of entering kindergarteners lacked the social-emotional skills necessary to learn in a classroom setting, initiating a downward spiral of early school failure. By fourth grade, the children who had entered kindergarten with inadequate social-emotional skills were up to 80% more likely to have been retained in grade, up to 80% more likely to have received special education services, and up to seven times more likely to have been suspended or expelled at least once.

Similarly, another recent study found that early social-emotional skills were highly predictive of academic, economic, and social outcomes into early adulthood.⁶² Researchers rated kindergartners' social-emotional skills on a five-point scale and then tracked them until they turned 25. For every one-point increase in the rating of a child's social-emotional skills in kindergarten, he or she was twice as likely to earn a college degree, 54% more likely to earn a high school diploma, and 46% more likely to hold a full-time job at age 25. For every one-point decrease, on the other hand, a child was 67% more likely to have been arrested and 82%

more likely to be in or on a waiting list for public housing—two decades after kindergarten.

Returns on early investment

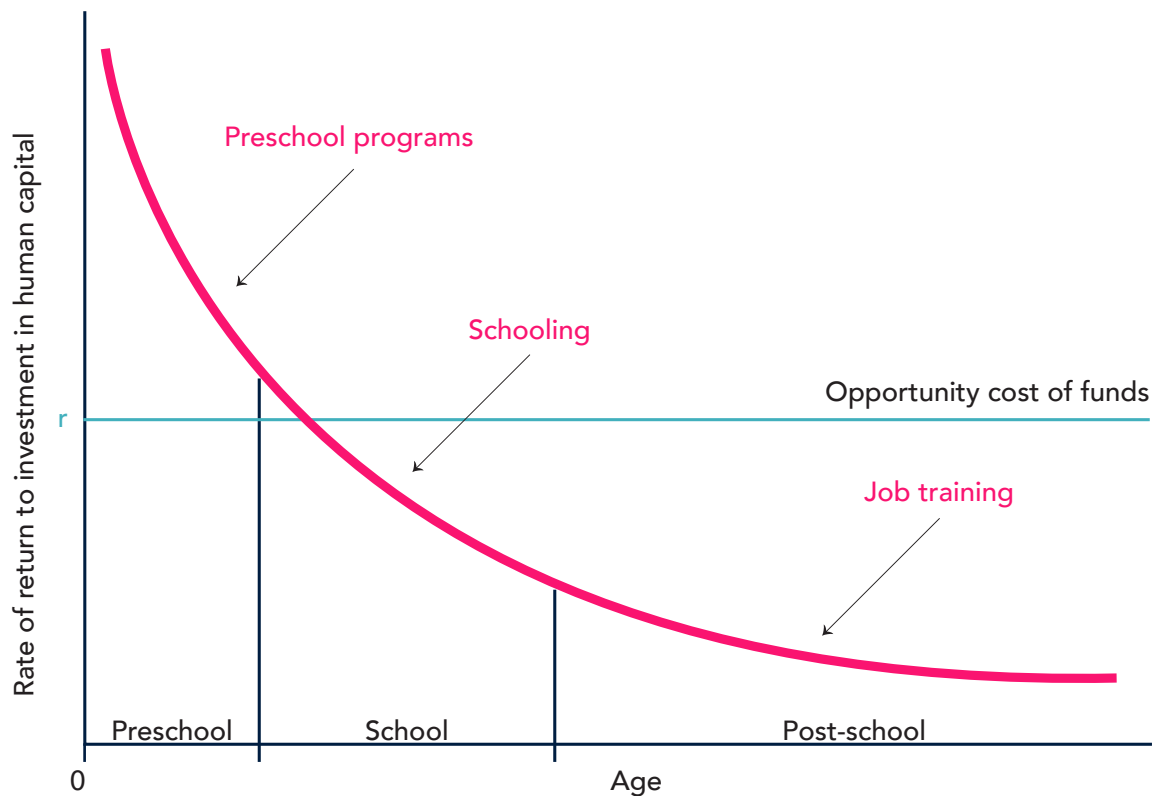
These studies illustrate a core insight from the economics of human potential: The productivity of any investment in human capital depends on previous investments. Thus, the productivity of kindergarten is determined by the skills produced by investments made in early childhood. The productivity of first grade, in turn, is determined by the skills produced by investments in early childhood and kindergarten. The productivity of high school is determined by the cumulative skills produced by investments in early childhood, elementary and middle school, and so on.

Investment in the earliest years of human development establishes a set of skills and abilities that raises the productivity of all subsequent human capital investments. Thus, as James Heckman concludes in "The Productivity Argument for Investing in Young Children," "[r]eturns are highest for investments made at younger ages" while "remedial investments are often prohibitively costly," as shown in [Figure 7](#).⁶³

Economists Arthur Rolnick and Rob Grunewald at the Federal Reserve Bank of Minneapolis, too, found that investments in early childhood result in more effective public schools; improved public health; less crime; and more educated, skilled workers. Further, due to public benefits from reduced societal costs and increased tax revenue, early human capital investments yielded a public return of up to 16% per year, far exceeding that of most public projects undertaken for economic development.⁶⁵ They explain:

Careful academic research demonstrates that tax dollars spent on early childhood development provide extraordinary returns compared with investments in the public, and even private, sector...

Figure 7. Rates of Return to Human Capital Investment



Source: Carneiro and Heckman, 2003.⁶⁴

...Some of these benefits are private gains for the children involved in the form of higher wages later in life. But the broader economy also benefits because individuals who participate in high-quality early childhood development programs have greater skills than they otherwise would, and they're able to contribute productively to their local economies.

Early human capital investments improve the return of later investments by raising the quality of the inputs into those investments, greatly multiplying both their efficiency and effectiveness. Thus, providing schools with better-quality students at the outset boosts their productivity throughout. And in turn, the quality of the workforce that the schools ultimately produce is raised.

Increased investment toward the end of the talent pipeline cannot compensate for underinvestment at its entry point. As Heckman concludes: "The best evidence supports the policy prescription: Invest in the very young."⁶⁶

The Childcare Industry

Childcare contributes to economic growth by strengthening the current workforce and laying the foundation for the workforce of tomorrow. At the same time, the U.S. childcare industry itself employs a sizable number of workers and has played a growing role in state and regional economies.⁶⁷ Because the industry is heavily dominated by small, home-based providers, it also offers a valuable opportunity to promote entrepreneurship and small business ownership, especially in low-income communities.

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Industry Overview

Definitive analysis of the childcare industry is difficult because childcare is an exceptionally decentralized, fragmented, and diffuse sector overall. Unlike most education and social service systems, it is overseen entirely at the state and local levels, with virtually no federal involvement. Standards, regulations, and reporting requirements vary widely across states, data are unevenly collected, and data systems are rarely coordinated, either within states or between states and the federal government. As a result, little reliable data are available on even basic questions regarding the use and provision of childcare.

Broadly speaking, the overall childcare sector serves about 12 million children under age 6 who have not yet entered school.⁶⁸ Paid childcare services are generally classified by their location (whether home- or center-based care) and further categorized by a range of characteristics including regulatory status (e.g., licensed or license-exempt), public versus private, tax status, size, and so forth. Beyond these broad-brush outlines, however, the sector is difficult to capture.

In the absence of common data, analyses of the childcare sector diverge considerably based on which categories, definitions, and data-collection methods are used. Commonly-cited estimates on the number and characteristics of childcare providers and the children in their care, published by at least eight national governmental and nonprofit entities, are notably inconsistent: Counts of center-based providers range from about 75,000 to 120,000, for example, while those for home-based providers range from 136,000 to more than 900,000.⁶⁹

A rough picture of the sector's economic contribution, however, can be gleaned from the U.S. Economic Census, which collects financial and employment information on establishments that report income from paid childcare services in federal tax returns. While not comprehensive, this approach captures at least a substantial proportion

of the measurable economic activity produced by market-based childcare services.

Two types of childcare establishments are included in Census reporting: owner-operated providers with no employees and providers with paid employees.⁷⁰ The first type—which the Census calls “nonemployer” providers—are for-profit businesses run out of the owner’s home, commonly known as family- or home-based care. The second type, called “employer” providers, are mostly run out of nonresidential facilities, usually known as center-based care. Employer providers include both tax-paying for-profits and nonprofits exempt from federal taxes.

In 2012, the U.S. Census counted 768,521 childcare establishments, collectively generating \$41.5 billion in revenues and employing 1.57 million owners and staff. Nine of 10 providers—about 693,000—were nonemployer, one-person operations. Although dominating the market in number of providers, nonemployer establishments generated only one-quarter of total revenue and earnings.

Employer providers, of which the census counted roughly 75,000 in 2012, made up just 10% of industry providers but generated about three-quarters of the industry’s total revenue and earnings. They employed over half of childcare staff, with individual worker earnings averaging a little under \$18,000 (see Figure 8).

While larger than self-employed home-based providers, most employer establishments are small. The average center-based program employs fewer than 12 workers and enrolls 76 children. About one-half of programs enroll fewer than 50 children, and a quarter enroll fewer than 25.⁷¹

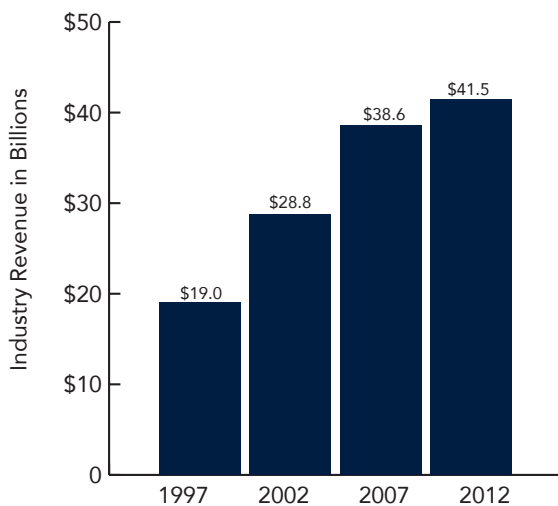
Figure 8. A Market Overview of the Childcare Industry (Based on U.S. Census Data)

	Nonemployer Providers (home-based)	Employer Providers (largely center-based)	Total
Number of providers	693,325	75,196	768,521
Revenues	\$9.5 billion	\$32 billion	\$41.5 billion
Employees/proprietors	693,325	873,251	1.57 million
Earnings	\$5.6 billion	\$15.6 billion	\$21.2 billion

Source: U.S. Economic Census, 2012.

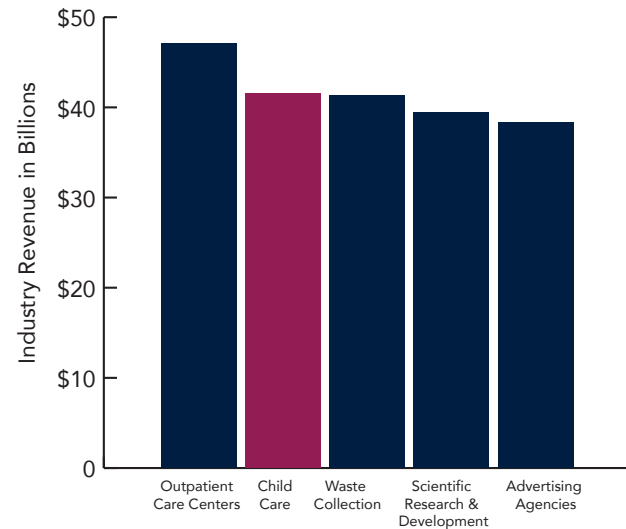
Over the past 20 years, the childcare industry has grown rapidly: The number of establishments and total employment each grew by 40% from 1997 to 2012, while total revenues more than doubled. With revenues of \$41.5 billion in 2012, the childcare industry was comparable in size to outpatient medical care facilities, waste collection, scientific research and development services, and advertising agencies (see Figures 9 and 10).⁷²

Figure 9. Childcare Industry Revenue: 1997–2012



Source: Committee for Economic Development, "Child Care in State Economies," 2015

Figure 10. Annual Revenues of Childcare Versus Comparable Service Industries



Source: Committee for Economic Development, "Child Care in State Economies," 2015

The Role of Childcare in State Economies

As the childcare industry has grown, it has come to play a more significant role in regional and state economic productivity and growth. In addition to boosting labor participation, workforce productivity, and household earnings of parents who need childcare in order to work, the industry also contributes to the local economy by employing workers, purchasing goods and services, and stimulating activity in other parts of the economy.

Nationally, the childcare industry's 2012 expenditures totaled \$21.2 billion in compensation and an estimated \$15.6 billion in purchases of goods and services.⁷³ The regional impact of that spending is amplified because the production, delivery, and consumption of childcare are entirely local. Like all industries, the childcare industry is interdependent with the broader economy, both through direct effects of industry employment and purchases, and through "indirect" and "induced" effects on output, employment, and earnings in other industries. Indirect effects are the ripple effects triggered

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in the regional economy by an industry's direct purchases of goods and services.⁷⁴ Induced effects describe regional economic activity triggered by new household spending due to earnings from both direct and indirect employment.⁷⁵

State variation

The childcare industry's impact on the state economy differs widely among states, depending on several factors. The primary driver of economic impact is total industry revenue, which is generally greatest in the most populous states, ranging from \$66 million in Wyoming to \$5.3 billion in California. Among states with comparable population sizes, total revenue is driven by the share of children in paid care, average revenue per child, and ratio of self-employed, home-based providers to center-based providers, all of which vary considerably.

The proportion of children in paid care ranges from less than one in six children in Texas to well over a third of children in North Dakota. Annual revenues per child range from about \$1,600 in Utah to more than \$5,000 per child in New York. In six states, home-based providers generate at least 40% of total revenue, while in nine states they generate 16% or less.⁷⁶ Similarly, in 11 states, more than half of the state's childcare workforce are home-based providers; in six others, under a third are home based.⁷⁷

Calculating total economic impact

An industry's total economic impact is often calculated using "multipliers": economic formulas that estimate the combined indirect and induced effects on output, employment, and earnings, which are then added to direct economic effects.⁷⁸

A multiplier analysis of the childcare industry's impact on the national economy for 2012 estimated total industry revenues of \$83.1 billion (\$41.5 billion in direct revenue plus \$41.6 billion in indirect and induced output in other industries). In addition, it estimated total household earnings of \$39.5

billion (\$21.2 billion in direct earnings and \$18.3 billion in indirect and induced earnings) and total employment of almost 2.2 million (1.57 million owners and employees in childcare and 624,500 jobs in other industry sectors).⁷⁹

Numerous states and localities, too, have analyzed the childcare industry's short-term economic impact using state-specific multipliers provided by the U.S. Department of Commerce. Several recent analyses suggest that the childcare industry's contribution—both current and potential—to regional growth is substantial.⁸⁰

For example, a 2013 study in Missouri calculated that for every dollar spent on childcare, an additional \$1.87 in spending was generated within the state, providing a stronger economic boost for local businesses than that provided by transportation, construction, retail, or manufacturing. Based on those findings, the study concluded that "early care and education offers one of the smartest ways to create additional buying power for consumers and help local companies stay in business."⁸¹

Similarly, a 2016 analysis in Georgia found that the state's 6,200-provider childcare industry generated an annual total of \$4.7 billion in state economic activity from 2013 to 2014, on a par with that produced by the state's printing, pharmaceutical preparations, and health and personal care retail industries.⁸² In addition, the childcare industry directly provided 67,507 jobs, generated an additional 17,454 spillover jobs, and resulted in \$536 million in new tax revenue. The study also found that statewide household earnings increased by an estimated \$24 billion due to increased employment made possible by the use of childcare.

Finally, a 2011 study by the University of Connecticut's Center for Economic Analysis analyzed the regional economic impact of home-based providers specifically, evaluating the outcomes of a



New Haven project that provides technical support to the city's home-based childcare businesses.⁸³ The researchers found that every dollar spent on the project generated \$15 to \$20 in increased gross regional product, totaling \$15.2 million from 2006 to 2009 on top of \$18.4 million in additional tax revenue for New Haven alone.

Economic benefits to individual proprietors—mostly poor and low-income African-American women—were also substantial. Almost half of participating providers increased their earnings by at least \$10,000 in their second year after completing the program. By their third year, almost 90% of providers had boosted earnings by at least \$5,000; about a third had moved to a larger apartment or house to accommodate business expansion; and 45% had a waiting list for their programs. These striking findings underscore the potential of home-based childcare to promote entrepreneurship and self-sufficiency in low-income communities, while simultaneously boosting the regional economy and increasing the number of high-quality providers in areas that often have a shortage of center-based care.

A Weak Market

As almost two-thirds of American mothers with children under age 5 are now in the workforce and 12 million young children are in regular nonparental, paid care, childcare has come to play an unprecedented, critical role in our country's economic growth and productivity.⁸⁴

Today's workers need childcare. Tomorrow's workers are in childcare. Childcare providers generate jobs and local economic activity. Yet the childcare market is functioning poorly: Too many families don't have access to the high-quality care they need.

The American public widely recognizes the importance of this issue. Almost three-quarters of respondents in a 2016 bipartisan national poll

said that the period from birth to age 5 is the most important for developing a child's capacity to learn. And 82% of Republicans, 86% of Independents, and 98% of Democrats said that "making early education and child care more affordable for working parents to give children a strong start" is important for our country.⁸⁵

High-Quality Childcare Matters

We've long known that the quality of K-12 schools matters for children's development. What has become clear is that the quality of childcare does too. High-quality care advances children's early development, helping them build a range of critical skills necessary for their success in school and beyond. On the other hand, low-quality early environments, lacking adequate cognitive and noncognitive stimulation, lead to deficits that children often never overcome.⁸⁶

What is quality?

"High-quality" childcare provides a safe, supportive environment that promotes young children's healthy cognitive, social-emotional, and language development, leading to positive outcomes like increased school readiness. It is interaction driven rather than content driven: occurring through consistent, back-and-forth engagement with warm, responsive, and trusted caregivers. The key driver of positive outcomes for children is this kind of "serve-and-return" interaction with loving adults who support and encourage their efforts to connect to and learn about the universe around them.⁸⁷

Young children experience their world primarily as "an environment of relationships"; stable, nurturing relationships are the "active ingredient" of children's healthy development and thus of high-quality care.⁸⁸ In short, good childcare does what good parents do: It provides the sense of security and the responsive, stimulating, one-on-one interactions that young children require in order to thrive.

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Childcare quality is assessed along two dimensions: structural and process. Structural quality refers to inputs that compose the care setting, such as the physical environment, classroom materials, and caregivers' credentials and training hours. Process quality, on the other hand, describes children's ongoing experiences within that setting. While structural quality is easier to measure, research has shown that process quality—the nature of children's relationships and interactions with the people around them—is what drives children's development.⁸⁹

Structural characteristics are relevant to quality only as they affect the nature of interactions that are crucial to positive child outcomes. The number of children cared for by a single adult (called "ratios") and the number of children together in one space (called "group size"), for example, are structural elements that have a relatively direct impact on process quality: Even the most talented caregiver can't do an adequate job in a setting that doesn't permit the intensive, one-on-one interaction that young children require to develop normally. Other structural elements, like square footage or staff credentials, can be correlated with or contribute to quality but have a less direct impact on children's experiences.⁹⁰

The role of the childcare workforce

Because children's learning and development is highly dependent on relationships and interactions with adults, the key driver of childcare quality is the quality of the caregiver. High-quality early childhood caregivers are those who develop warm, positive, and nurturing relationships with young children; engage them in ongoing, language-rich conversations; and encourage and guide their exploration of the world.

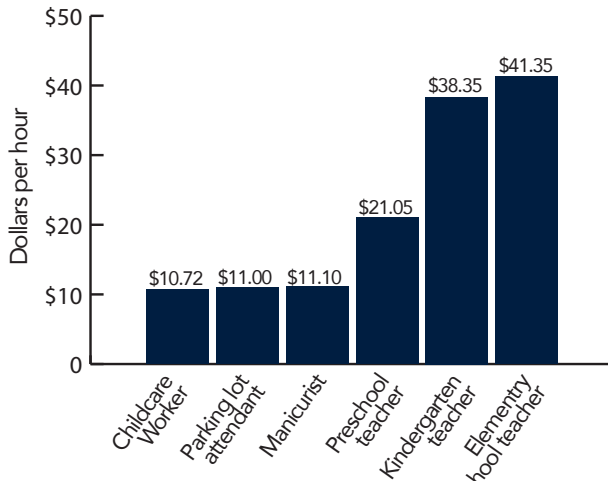
Estimates on the size of the paid childcare workforce vary, but the most comprehensive surveys suggest that it comprises roughly 1.6 million workers: 590,000 working in center-based

care and a little over 1 million in home-based care. Among home-based caregivers, 118,000 are "listed," meaning officially registered with state authorities (whether licensed or license-exempt, as defined under state regulations). Another 919,000 providers are "unlisted," providing paid care but not tracked or monitored by regulatory agencies.⁹¹

Low pay combined with low entry standards, little professional training, and lack of performance accountability has yielded a childcare workforce that falls short of what's needed for high-quality care. Most caregivers have only a high school degree or less, and state training requirements are minimal, focused primarily on first aid and CPR, and not mandatory in all states. While particular credentials have not been shown to improve caregiver quality, evidence suggests that many caregivers lack sufficient knowledge and training to work effectively with young children, and may also underestimate the crucial importance of their role.

Pay in the childcare field is lower than in 97% of all U.S. occupations. The average wage for full-time, professional childcare workers in the United States was \$10.72 per hour in 2015—a little less than wages for parking lot attendants and manicurists, and a fraction of those for teachers of older children (see Figure 11).⁹² Such low pay impedes recruitment and retention of a high-quality workforce, causing high turnover among current workers and discouraging talented young people from pursuing a career working with young children.⁹³

Figure 11. 2015 Median Per Hour-Wages



Source: Marcy Whitebrook, "Early Childhood Workforce Index," 2016.

A Weak Childcare Market

In contrast to K-12, childcare is a market-based, rather than government-run, sector. Although this could be an asset, the childcare market is currently very weak.

The working families who need childcare say they want their children to be in high-quality care. In a 2016 survey by the Robert Wood Johnson Foundation, 84% of parents said that the quality of care in early childhood has a major impact on kindergarten readiness and 86% said it has a major impact on a child's long-term wellbeing. Over half believe that childcare quality has a major impact on children's future job success.⁹⁴

But most families have little or no access to high-quality childcare, for three reasons: It's unaffordable, it's unavailable, and they lack information on the quality and characteristics of existing options.

High-quality care is unaffordable

Because young children's development depends on intensive one-on-one interaction with adults, high-quality care for children under age 5 is labor-intensive and thus expensive to provide. Child Care Aware of America recently reported that the median national cost for a year of full-time care in 2016 ranged nationally from \$7,300 to \$10,000 for an infant and \$6,700 to \$8,200 for a 4-year-old.⁹⁵ Respondents to a recent Care.com survey spent an average of \$9,589 in 2015 on full-time center care for a child under 5.⁹⁶

While the quality of their child's care matters greatly to parents, families can't buy high-quality childcare with money they don't have. Forty-five percent of young children live in families earning below 200% of the federal poverty level—roughly \$41,000 for a family of three and \$49,000 for a family of four—and one-third live in families with annual income under \$40,000 (see Figure 12).⁹⁷ The median income of a single parent in Ohio, for example, is about \$21,500 per year. For millions of families, the cost of childcare is thus a quarter or more of an entire year's earnings.

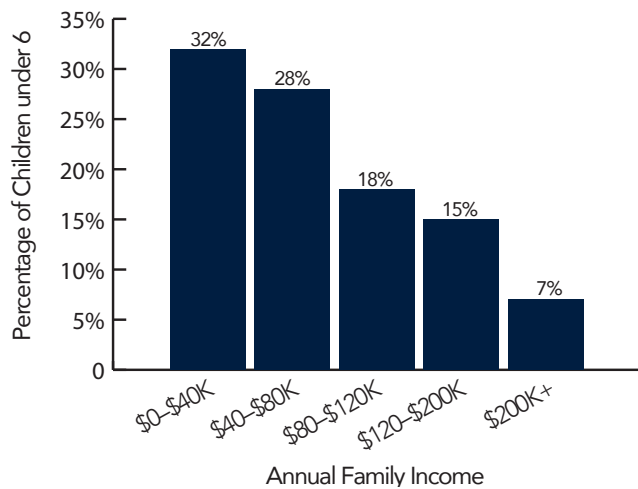
"You use up basically your full paycheck on childcare, and then you're not there. As much as they're learning and stuff, you're not there to see all that, and it kills you."

—Parent⁹⁸

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Figure 12: Children Under 6 By Family Income



Source: U.S. Census Bureau, 2016

"I couldn't afford to work and I couldn't afford not to work."

—Parent⁹⁹

Many of these families are already struggling to pay for basic household expenses. According to a recent Federal Reserve study, almost half of Americans don't have enough money to cover a \$400 emergency.¹⁰⁰ A recent Pew study found that the average household in the lower-third income bracket ended up \$2,300 in the red at the end of 2014.¹⁰¹ In other words, a large segment of the American population can no more afford childcare than private school.

The federal Child Care Development Fund (CCDF) is the main funding source for subsidized childcare, aimed to help low-income families stay in the workforce and remain financially self-sufficient. CCDF distributes a little over \$8 billion annually in combined federal and state funds, mainly through childcare vouchers provided to parents.¹⁰²

But a recent Government Accountability Office study showed that only 1 in 10 children eligible under federal guidelines for a CCDF subsidy

received one. Only 61% of all federally-eligible children qualify in their home state under state-defined eligibility rules. And many states have insufficient funding for even that reduced pool of eligible children, so most families end up on long waiting lists or are turned away.¹⁰³

High-quality care is unavailable

Evidence also suggests that much of the current supply of childcare—both center- and home-based care—falls short of promoting children's learning and development, sometimes even jeopardizing their physical safety.¹⁰⁴ Lack of access to high-quality care is tough on parents as well as children: As one parent explained, "At the end of the day, I can lose my house, my job, my car; you can replace those. You can't replace your kids."¹⁰⁵

In a 2016 Robert Wood Johnson Foundation survey, almost half of parents who described their household finances as "not so strong" or "poor" said that high-quality childcare was difficult to find. Four of five said that options were very limited, and close to half did not think their children were currently in excellent care.¹⁰⁶ Similarly, a 2015 Pew Foundation survey found that 62% of parents had a hard time finding childcare that was high-quality and affordable.¹⁰⁷ A 2017 investigation of childcare availability in Wisconsin confirms these parents' reports, finding that providers with high ratings from the state's quality assessment system were concentrated in wealthier areas, with few high-quality providers in low-income communities.¹⁰⁸

The provision of childcare is overseen by the states, and what types of childcare settings are regulated, how they're regulated, and how rigorously regulations are enforced varies greatly by state and sometimes even by locality. Roughly a quarter of children are in care with little-regulated license-exempt providers or with providers who are exempt from all regulation.¹⁰⁹

While state regulation sets basic health and safety



standards for childcare providers, it does not address the developmental quality of care. And evidence suggests that current state systems have not established even a minimal floor of health and safety conditions, much less promote positive learning environments for young children.

Anecdotal reports of rule violations are not infrequent, with infractions periodically resulting in children's injuries and deaths.¹¹⁰ An audit of nine states carried out between 2013 and 2016 by the Office of Inspector General in the U.S. Department of Health and Human Services found that 96% of licensed childcare providers had numerous hazardous violations of state licensing standards, including fire code violations, unsanitary conditions, unsafe playgrounds, incomplete employee records, incomplete children's records, and toxic chemicals accessible to children.¹¹¹

Neither market mechanisms nor government oversight are currently in place to increase the quality of care. Existing regulation sets a low bar, and what little monitoring exists is poor. The result is that there's little oversight of—or even information on—the environments where many children are spending a substantial proportion of their earliest years.

Information is weak

A third problem families confront is weak information on the quality of available care. Parents both lack information enabling them to distinguish between high- and low-quality care and lack the capacity to monitor the care their children are in. Providers thus have little incentive to improve quality, creating a “market for lemons,” as economist Naci Mocan put it in a recent analysis of the U.S. childcare market.¹¹²

Little government-supplied information on childcare providers exists and the scant information available is complex and opaque. A recent investigation into state childcare regulations—

carried out by the education website Noodle to help parents choose childcare where children “will be lovingly cared for, attended to, stimulated, [and safe]”—reported the problem parents face:

...Regulations vary significantly by state...[and are] difficult to uncover and even more difficult to navigate...

...[Information] is typically difficult to find, spread across multiple sources (many of which are hundreds of pages long) and often written in legalese. These sources are not meant for public consumption—meaning that parents have to make the most important decision of their lives given very little context.¹¹³

Many providers are exempt from inspection by state law, and information from required inspections is often not publicly available. As of 2014, 19 states posted no information from licensing inspection reports, 24 did not post licensing complaints, 32 did not post enforcement actions, and 11 did not require that deaths in childcare be reported to the licensing agency.¹¹⁴ (The 2014 reauthorization of the CCDF made some improvements in transparency, requiring that states receiving CCDF funds must electronically post the number of deaths, serious injuries, and substantiated instances of child abuse that occur in childcare settings each year.)

Beyond minimal levels of health and safety regulated by the state, the quality of providers' learning environments has long been indicated by accreditation by the National Association for the Education of Young Children (NAEYC). A growing number of providers are seeking accreditation: KinderCare, the nation's largest private childcare provider, for example, has recently earned accreditation for almost all of its roughly 1,500 centers. Yet of the 326,000 providers that were paid with CCDF subsidies in 2014, just 7,126 had earned NAEYC accreditation.

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To address inadequate information on childcare quality, many states have implemented some version of a Quality Rating and Improvement System (QRIS), which rates providers, usually on a four- or five-star scale, and reports ratings publicly. In 2016, 39 states had a QRIS in place, up from just 4 states in 2000. Although QRISs are an important effort to improve childcare quality, their rigor and effectiveness varies. In many states, QRIS participation is not mandatory for providers and participation rates are low. Further, many QRISs emphasize structural and input elements of quality, while focusing less on the process-quality indicators most highly predictive of positive child outcomes.¹¹⁵

Childcare rating systems drive meaningful improvement in quality only when providers participate and when systems measure what matters to children's learning and development.

How to Build a Strong Market

The U.S. childcare sector is highly decentralized, with wide state and local variation in monitoring and enforcement of even minimal health and safety standards. Mechanisms to drive improved quality and access are currently weak or non-existent. Yet increasing access to high-quality care is crucial to American families, to the productivity of the current workforce, and, ultimately, to children's capacity to be productive workers and good citizens in the future.

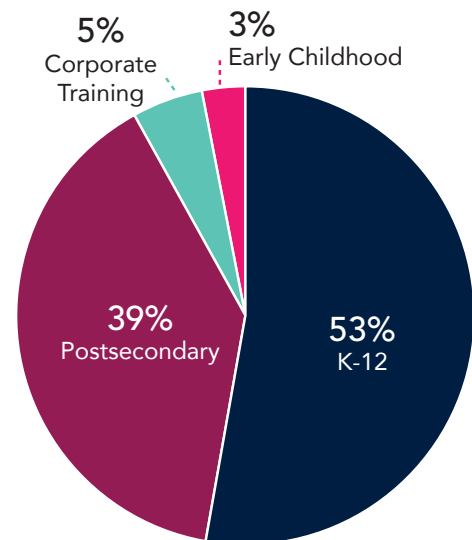
The United States needs a strong, market-driven system that provides access to high-quality care. As with any education market, the key to building a well-functioning childcare market driven by parent choice is to shore up demand: providing parents with access to high-quality providers, good options to choose from, and sufficient information to choose well. Stronger demand for quality, in turn, will drive an increased supply of high-quality care.

A strong market also needs the incentives and flexibility to encourage innovation. We need better mechanisms, whether public or private, to replicate

successful childcare programs and to experiment with promising new research-based approaches.

Early childhood lays the foundation for all future development, playing an essential role in building our nation's human capital for generations to come. While about 28% of federal expenditures on children's care and education from birth to age 18 is currently spent on children under age 5, less than 2% of state care and education expenditures are spent on early childhood.¹¹⁶ Overall, a very small percentage of total U.S. public and private education spending is directed to children's critical first years (see Figure 13).¹¹⁷

Figure 13: Distribution of Total U.S. Education Spending in 2016



Source: "Education and Training," September 2016, BMO Capital Markets Corp.

Yet the crucial groundwork for lifelong achievement is formed in those overlooked earliest years. As James Heckman has written, home environments that lack adequate cognitive and noncognitive stimulation for young children "are powerful predictors of adult failure." And enriched early childhood environments produce more successful adults.¹¹⁸



While low-quality childcare adds to gaps left by children's home environments, high-quality childcare can help fill them by providing supportive, stimulating environments that supplement the resources children have at home. A strong childcare market will increase access to the high-quality care parents seek, which, in turn, benefits children, the schools they go to, working families, and American business.

Minnesota's Early Learning Scholarship Program

Minnesota's Early Learning Scholarship program provides a good model of a market-based, choice-driven approach. The program provides scholarships to poor and low-income families to pay for early care and education at a broad range of state-approved providers.

With support from the business and philanthropic sectors, the state of Minnesota operates Parent Aware, a system that rates the quality of early education providers on a scale of one to four stars. Parent Aware helps parents choose the best place for their child by providing accessible, user-friendly information on providers' characteristics and quality.

Providers must participate in Parent Aware to qualify for the state's approved-provider network and be eligible to receive scholarship dollars. Over time, providers are required to meet a three- or four-star level to participate and are thus incentivized to raise quality to remain in the network and better attract parents.¹¹⁹

The Key Role of Business Leadership

America's business leaders have long understood the importance of a well-educated workforce to support a strong economy, keep America competitive globally, and ensure a vibrant democracy. And the business community has long played a leadership role in strengthening the education pipeline so crucial to our nation's economic growth and prosperity.

Since "A Nation At Risk" warned of "a rising tide of mediocrity" more than 30 years ago, American business has become deeply engaged in improving the nation's schools and colleges.¹²⁰ Business leaders have been prominent supporters of ongoing efforts to close the achievement gap and improve the quality of American education. In 2015, 29% of major corporate giving was directed to K-12 and higher education, with additional contributions through employee volunteering and in-kind donations.¹²¹ Yet progress is slow and generations of students are being left behind.

A root cause of low K-12 performance is that we've neglected the critical first link in the human development chain. Children's earliest experiences shape their cognitive, social, and emotional abilities and determine their aptitude to learn. Instead of trying to close achievement gaps after children have entered school, it's far more efficient to prevent those gaps from emerging in the first place.

Business can make a pivotal difference in the lives of our nation's young children by advancing high-quality, developmentally and educationally sound childcare, which ensures that children have the chance to develop well and begin kindergarten ready to thrive in school, work, and life.

High-quality childcare makes a two-generation contribution to a prosperous and sustainable

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America. It strengthens our workforce: increasing completion of postsecondary education, raising labor force participation, boosting workforce productivity, and helping business attract and retain talent. It strengthens local economies: enabling parents to work while simultaneously providing jobs and an often-scarce opportunity for entrepreneurship and small-business ownership in the childcare industry itself.

And finally, high-quality childcare is a wise investment in America's future: Our nation's prosperity tomorrow rests on the young children who are in childcare today.

* * * * *

As awareness of early childhood's crucial role grows, business leaders across the country are stepping up. Here are a few examples of leadership across the country:

- In Colorado, business leaders came together to launch Executives Partnering to Invest in Children in 2010, building a broad group of business supporters who serve as champions of smart public and private investments in young children at the state and local levels.
- In Minnesota, a coalition of business leaders developed, funded, and launched a pilot initiative, operated from 2006 to 2011, to test and refine an innovative, market-based program providing vouchers and information to low-income families that enable them to access high-quality childcare. Based on its initial demonstrated success, the program, called Early Learning Scholarships, has since been expanded and is now funded by the state.
- Launched in 2008, a business coalition in Mississippi has raised over \$6 million for Mississippi Building Blocks (MBB), an evidence-based program that improves children's school

readiness by helping childcare centers improve the quality of their practices and programs. MBB's multipronged strategy provides on-site teacher coaching, classroom material donations, advocates who work with families to promote engagement in their child's education, and business advisers who assist providers in improving leadership and management of their programs.

- In North Carolina, the Charlotte-Mecklenburg Opportunity Task Force of business and community leaders has highlighted early care and education as one of the key determinants of opportunity. Their final report, "Leading on Opportunity," issued in March 2017, outlines an investment strategy for increasing access to high-quality early care and education for all children from birth to age 5 in Mecklenburg County.
- In early 2017, Vermont business leaders formed the Vermont Early Childhood Business Council, a coalition of employers and business leaders committed to advancing high-quality, affordable childcare as crucial to the state's current and future economic health and prosperity.

The business leaders driving these efforts recognize that good childcare is crucial to their success: today's workers need it, tomorrow's workers are in it, and childcare providers are members of the local business community.

Childcare also offers a unique opportunity for business to lead transformative public-sector innovation. In contrast to the complex layers of policy and government regulation encompassing the public schools, barriers to improvement in the childcare arena are very low. It's crucial, little-trodden territory that's ripe for strong leadership.

On the following page are a few ideas for getting started.



Opportunities for Business Engagement

Ten things you can do to advance access to high-quality childcare.

1. Join Forces

Join or build an early childhood business coalition to educate and engage peers and the public. Business leaders make powerful public messengers for support of public investment in effective early care and learning programs.

2. Set the Policy Agenda

Leverage your influence to serve as a public policy advocate for young children. Include childcare in your local business organization's legislative agenda. Sign onto or create a policy statement in support of high-quality childcare.

3. Make the Business Case

Promote early learning policies as part of the economic development agenda. Help business colleagues and policymakers understand the economic benefits that high-quality childcare brings to states and local communities.

4. Speak Out for Children

Share your knowledge through speaking engagements, op-eds, and blogs that highlight the impact of high-quality childcare on children, families, local businesses, and regional economic development. Launch a media campaign with local partners to focus public attention on the critical role childcare plays in improved school achievement and a stronger regional economy.

5. Contribute Through Philanthropy

Invest your philanthropic dollars in organizations and providers that support early care and learning programs for low-income children. Target corporate social responsibility funds to programs and initiatives that support high-quality childcare, like scholarship programs that help ensure low-income children have access to high-quality programs. Donate materials like books and art supplies to under-resourced local childcare providers.

6. Lead by Example

Adopt policies that support your employees who have young children. Implement a childcare benefits program and consider establishing an on-site childcare center. Employees who know that their children are in safe, reliable, and high-quality environments are more engaged, productive workers.

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7. Share Your Business Expertise

Use your organization's skills to support the business side of childcare. By providing technical assistance and professional development to childcare business owners, you can increase provider stability and raise the quality of care. Explore setting up a shared-services program that assists a network of childcare providers by pooling and streamlining back-office functions like purchasing, payroll, and billing.

8. Initiate Local Innovation

Create a team of local business, community, and childcare leaders to explore local challenges and opportunities, identify new partnerships, and develop innovative, community-wide strategies for improving access to and delivery of high-quality childcare. Collaborate with local organizations to launch pilot, "proof of concept" models. Investigate options for public-private partnerships and innovative financing mechanisms like pay-for-success and social impact bonds to scale up evidence-based programs with a demonstrated record of success.

9. Lay the Groundwork for Systemic Change

Work with state or local partners to begin developing a fact base on the existing childcare policy landscape. Evaluate current data systems and the relevance and rigor of your state's quality rating system to identify strengths and gaps. Building better information on what's currently in place lays the crucial groundwork for developing longer-term strategies to achieve impact, scale, and sustainability of high-quality childcare.

10. Make a Site Visit

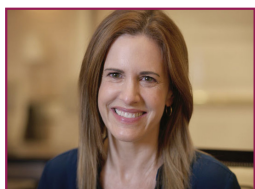
Take a couple of hours for a visit to a local childcare provider. There's nothing like seeing something in action for getting a new perspective on what's working, what can be improved, and how. Children love visitors, and childcare providers will welcome the interest in and appreciation for their work.



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Author



Katharine B. Stevens

Katharine Stevens leads the American Enterprise Institute's (AEI) early-childhood program, focusing on the research, policy, and politics of early-childhood care and education.

The U.S. Chamber of Commerce Foundation Team

Cheryl A. Oldham, Senior Vice President

Caitlin Codella, Senior Director

Lucy Davidson, Manager

Report Production

Kristin Greene

Mary Xu

Others

Kelsey Hamilton, AEI

Jenn Hatfield, AEI

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Center for Education and Workforce

Requiring Early Childhood Degrees Is the Right Strategy!

As the importance and use of formal early childhood education programs has grown, pundits have raised questions about the worth of such programs. In particular, with increasing use of public funding for early care and education, observers have asked how much they cost in relation to their benefit and whether teachers of young children are really teachers. To address some of these questions, the National Academy of Medicine (NAM), a part of our nation's most esteemed scientific body, the National Academies of Science, Engineering and Medicine convened a panel to study the science of early childhood development and to examine what educators working with children from birth to eight need to know and be able to do. I had hoped that their examination of the issue as presented in "[Transforming the Workforce for Children Birth through Age 8: A Unifying Foundation](#)", and their recommendation that we as a nation move to requiring all teachers of young children have a bachelor's degree, would significantly advance our policies and thinking about teachers of young children.

Sadly, this has not proven to be the case, and a recent spate of ill-informed commentaries require some correction. The recent news that a single jurisdiction, the District of Columbia, has mandated that all ECE teachers have at least an associate degree in early childhood education or its equivalent in the next few years has resulted in a number of responses in which various commentators have claimed: that (1) requiring a college education for an early childhood teacher is either unnecessary or impossible or both; (2) a minimum education requirement will threaten the employment of the current ECE workforce because they are incapable of completing a college education; and (3) employing teachers with college degrees will make needed child care unaffordable for working parents and low-income families who need it most. There is considerable evidence that each of these assertions is untrue, and that the failure to appreciate this fact may lead to public policies that will turn the clock backward for families and teachers, and could adversely affect the future of this nation by failing to optimize the future potential of its youngest citizens.

The NAM report summarizes the science of what young children need in their early childhood

teachers and makes the case for a minimum of a bachelor's degree. In this respect, the US situation can be clarified by international comparisons. A number of years ago on an early childhood study visit to France, I learned a little about the requirements for early childhood teachers in their system. The first step in their education is earning what is the equivalent to a bachelor's of arts degree in any number of disciplines, from history to French, to mathematics to sociology. Basically the French expect their teachers to have a well-rounded education on which to build their specialized learning in early childhood education, which involves an additional two years of study.

In our work with over 135,000 T.E.A.C.H. Early Childhood® scholarship recipients across the country, we have found that so many must take remedial English and math coursework to bring them up to the college level. They gain a level of proficiency in communication and math that they may never have had when they graduated high school. This has only strengthened them as teachers, who are better able to work with young children and to communicate more effectively with families. And the general studies coursework provides them with greater skills in critical thinking, information gathering, writing and understanding of the human condition. We also know that children with parents who have college degrees have significantly more vocabulary by the time they are three, which sets them on the path for reading and school success. Yet many children in early childhood settings often spend most of their waking hours 5 days a week for their first 5 years with someone other than their parents. Shouldn't we want that person in loco parentis to have a college degree, if the evidence is so strong that it matters for parents?

[The National Survey of Early Childhood Care and Education](#) found, using survey data from 2012, that 53% of teachers working in center-based settings already have two-year, four-year or advanced degrees. The federal government already requires degrees for teachers working in Head Start, with all teachers having at least an Associate Degree in Early Childhood Education and at least 50% of all teachers working in Head Start programs nationally having a bachelor's degree. And many state and federally funded Pre-K

teachers are required to have at least a bachelor's degree, with many states also requiring a teaching license. In addition, many states, as part of their Quality Rating and Improvement Systems (QRIS) have also required teachers to have at least two-year degrees at the highest levels. And to their credit, the District of Columbia has recently set a new requirement for all teachers working in child care centers to have at least an associate degree in early childhood education or its equivalent. But the debate continues, as evidenced by the negative responses by many to this new standard. And recent articles from [New America](#) and [The Atlantic](#) have also questioned the need for and affordability of teachers with bachelor's degrees.

I want to make the case for degreed teachers in all early care and education programs, recognizing that this will be a long journey. Requiring an Associate Degree in Early Childhood Education, like DC did, may be a good start along this path, and there is evidence that it can and should be done. In both the [Washington Post](#) article on the DC decision and in the New America article, the T.E.A.C.H. Early Childhood® initiative was mentioned as a mechanism that could help teachers get their degrees.

About 27 years ago in North Carolina we had to take a hard look at our child care system and the people who were teaching and caring for our young children. It was not a pretty picture. Less than 10% of our teaching workforce had a two or four year degree in anything, the turnover rate was over 40%, salaries were abysmal and most child care centers did not require or support any professional development of their teachers. We wanted to create a strategy that would help change this. We began with some assumptions. We assumed that if we provided our workforce with the opportunity to go to college to earn credentials and degrees, AND we really supported their journey into higher education, that they would and could be successful. But our assumptions were informed (and transformed) by data. Our research said that teachers wanted a degree, but that barriers in their personal lives, in their centers and in higher education made it very hard.

So using these data we crafted the T.E.A.C.H. Early Childhood® scholarship model that was based on addressing some of those barriers, both economic (cost of tuition, books, travel, paid release time) and social (lack of personal and employer support) barriers,

and on the belief that we could leverage higher education to better meet the needs of working, diverse early childhood students. We tested the model with

- Teachers, family child care educators and program directors,
- Credentials and two- and four-year degrees ...and now with master's degrees,
- First generation students, teachers who had never taken a college course and teachers who had started and stopped,
- Racially and ethnically diverse populations,
- Diverse ages of the women and some men,
- Those working in both rural and urban communities and in child care, Head Start and Pre-K settings, and
- Multiple states.

The results have been amazing!

First, because the scholarships really provide the amount and types of financial support to ensure a debt-free college education and the social support provided by a personal coach and an engaged employer, T.E.A.C.H. recipients have been incredibly successful. In FY16, almost 16,000 T.E.A.C.H. scholarship recipients in 23 states and the District of Columbia were on a pathway to earn credentials and degrees. Those working on degrees completed 14-17 credit hours a year while working full time, with average GPAs that exceeded 3.2. Their compensation increased about 8% annually while on the scholarship and they now have greater job and career mobility in the short term and for a lifetime. And turnover rates for those on scholarships to earn associate and bachelor's degrees last year were 4-6% - something that provides continuity for children and stability for the programs in which they work. And year after year, the fact that half of our T.E.A.C.H. population nationally are first generation college students, makes these accomplishments even more notable.

The multigenerational impact of this education and these degrees is an important outcome of the program as well. First, the children in their classrooms are immediately benefiting from a more knowledgeable and more engaged teacher. A recent meta-analysis done from the [Campbell Collaboration](#) found a consistent positive relationship between teacher qualifications and the quality of the early childhood classrooms when examining the results in 48 studies worldwide. Second, because it may take a number of years for teachers to complete their degrees and

because T.E.A.C.H. scholarship recipient turnover is so low, multiple cohorts of children are benefiting from better performing teachers. Third, most T.E.A.C.H. recipients are themselves parents, with children and perhaps grandchildren of their own. Since half of T.E.A.C.H. recipients are the first in their families to go to college, the educational trajectory of their own children is likely changed, creating the potential for a future lifetime of better career and earnings potential. Finally, the compensation for T.E.A.C.H. recipients improves each year they are on the scholarship and then after they earn their degrees. The recent [T.E.A.C.H. national report](#) profiles three individuals with significant wage gains over time, and these are pretty typical. While T.E.A.C.H. doesn't solve the compensation problem for the field, for those who have earned their degrees, there is a real economic pay off.

A recent [study](#) found that children perform better in school where they have had teachers of their same race. Unlike in public schools, teachers working in child care, Head Start and Pre-K settings have historically been more likely to look like the children they are serving. Almost one-half of the T.E.A.C.H. scholarship population are women of color or of Hispanic origin. We have more evidence when we look at NC's early childhood workforce, where T.E.A.C.H. scholarships have been universally available for over 25 years. Forty-seven percent of NC's ECE workforce are people of color...growing more diverse in the last 5 years. The latest NC workforce [study](#) found that race was not a factor in which teachers had degrees. When looking at those with degrees specifically in early childhood education, there is virtually no difference between white teachers (39%) and teachers of color (38%) suggesting that NC is achieving equity of access to education for its diverse early childhood workforce. Overall, education levels of the NC workforce continue to increase, with 74% of teachers of 3-5 year olds and 52% of teachers of infants and toddlers having earned degrees. And there has been a 16% increase in program directors of color over the last 12 years, because teachers have degrees and become directors, and in some cases directors who never had degrees have gone back to school and earned one.

We should not and cannot sell the early childhood workforce short; they can meet the challenge of degree requirements. People said Head Start teachers couldn't meet the degree requirements. They

have exceeded them. The same thing has been said about higher education requirements in states' Quality Rating and Improvement Systems and in Pre-K programs. Yet teachers are meeting those standards as well. The NC case study of the dramatic shift in the education of the workforce is an example, both of the power of increasing standards, but more importantly what supports are needed to help the workforce achieve their dream. We started the work in NC by asking the workforce if they wanted to earn a degree. Their messages were clear. For most in our field it has been a lifelong and unrealized dream. But with the right economic and social supports, they can and will do it.

Finally, to those who say we cannot afford what it will cost to support teachers in their pursuit of degrees or in the additional funding that will be needed to fairly compensate this professionalized workforce, I say we really have no choice. Many years ago we figured out that our society needed its citizens educated and we created public schools and set professional standards for teachers. We have used federal, state and local dollars to do this, because we believed that our society would be better served if all of its citizens had a sound basic education. But now science is telling us that kindergarten is too late for many of our children to catch up, to be able to succeed in school and eventually in life. We cannot continue to ask parents to bear the full cost of this, nor can we continue to ask the ECE workforce to continue to subsidize early childhood education in their forgone wages. Investing in highly qualified teachers and great early childhood programs may be the best educational investment we can make. We owe it to our children and to our early childhood teachers to find the money.

Sue Russell
Executive Director



P.O. Box 901
Chapel Hill, NC 27514

919-967-3272
fax: 919-442-1988

www.teachearlychildhoodnationalcenter.org