

WE HAVE A ONCE-IN-A-GENERATION OPPORTUNITY TO INVEST IN A SYSTEM THAT MEETS THE NEEDS OF ALL CHILDREN AND FAMILIES

High-quality early care and education is essential for children and families and is the foundation of a strong economy.

In recognition of the benefits of high-quality early care and education, lawmakers have proposed major investments and changes that could significantly alter the early education system, in a positive or negative manner. We have a once-in-a-generation opportunity to provide robust funding to high-quality public and private providers that have the expertise, workforce, and capacity to offer the early care and education choices that families need. To be effective, it is essential that a solution include the requisite financial support to thoroughly address issues in our current system including quality, parent choice, equitable access, affordability, continuity of care, and improvements for the industry's workforce.

A mixed-delivery model is the best and most effective way to realize the opportunity to appropriately maximize resources to support children, families, and the economy. Any effort to expand early care and education should be cost-effective and leverage existing expertise and prior investment—maximizing the number of children and families served. For decades, private providers have invested in the early education workforce, program curricula, facilities, and infrastructure needed to offer high-quality care at scale. A mixed-delivery system leverages existing infrastructure in licensed center- and family-based child care programs, public schools, and community-based organizations to maximize access to high-quality, affordable options for all children through age five.

Mixed delivery also empowers parents with choice and access. Private providers typically operate on a full-day, year-round schedule, unlike many public-school counterparts that offer part-day, part-year care. A system that meets parents' needs must include options for parents that cover all working hours. Private providers also offer care for infants and toddlers, in addition to Pre-K and older children. Parents have critical needs and preferences that must be met, such as single drop-off locations for multiple young children, single settings for their child from infancy until Kindergarten, options closer to their place of employment as opposed to their home, etc. Across all family situations, a mixed-delivery system is the only option that provides parents with the ability to choose the program that is best suited for their child and family.

There would be significant negative unintended consequences to both small and large providers from limited private participation or a public-only delivery system, which would damage the existing early care and education landscape.

Today, services in the birth-to-age-two space are almost wholly delivered by private providers, as are most programs for three- and four-year-olds. Private providers offset the high costs of serving infants and toddlers, who require lower adult-to-child supervision ratios, by serving older children at higher ratios. Any shift in Pre-K children from private to public settings would either force private providers to raise prices for birth to age two, rendering these services unaffordable for many families, or require them to close their doors due to financial strain. A poorly crafted model could collapse the infant and toddler care market and reduce optionality across all ages, which would be detrimental to working families. This would also exacerbate serious access issues in the current landscape, including widespread child care deserts where many families already struggle to find appropriate, affordable settings for their children.

An affordable, accessible high-quality early care and education system is achievable by efficiently and effectively leveraging existing infrastructure with enhanced funding.

This paper outlines specific policy recommendations that promote high-quality early care and education options for all children and families. These recommendations are interconnected, as the issues are linked, and tackling one alone will not address the changes that are needed to ensure a high-quality, sustainable early care and education system.

AN AFFORDABLE, ACCESSIBLE HIGH-QUALITY EARLY CARE AND EDUCATION SYSTEM IS ACHIEVABLE BY LEVERAGING EXISTING INFRASTRUCTURE WITH ENHANCED FUNDING

In order to create an early care and education system that meets the needs of children and families, we must:

#1 | Fund a robust mixed-delivery system that leverages existing expertise and infrastructure, which is essential to achieving parent choice, equitable access, affordability, and continuity of care:

A balanced public and private provider ecosystem, with strong participation from private providers across a range of settings, is the only way to ensure families have access to sufficient high-quality options and the opportunity to choose the early care and education option that works best for them. To implement a mixed-delivery system that ensures broad participation across delivery settings:

To implement a mixed-delivery system that ensures broad participation across delivery settings:

- Make use of existing infrastructure by maintaining a family’s ability to choose the licensed home-, faith-, and center-based private and public provider (including Early Head Start and Head Start) that meets their needs. This will ensure an immediate increase in accessibility to high-quality programs and will improve the availability of programs into the future.
- Leverage current funding mechanisms and administrative structures that have a demonstrated capacity to support a mixed-delivery system to provide early care and education services, without giving preference to one type of setting. Existing mechanisms and structures, such as the Child Care and Development Block Grant (CCDBG) administered by the Administration for Children and Families (ACF), promote a system of sustainable and scalable delivery options, avoiding the bifurcation of the birth-to-age-five continuum of care and establishing a duplicative system of support.

Building on the base of a robustly funded mixed delivery system, we must also:

<p>#2 Require accountability for high-quality practices to ensure families have access to programs that result in improved child outcomes</p>	<p>#3 Provide cost-effective solutions to improve affordability for low- and middle-income families, ensuring they have access to high-quality options</p>	<p>#4 Shift to a cost-of-care model to allow for increased investments in supply, educator wages, and quality</p>	<p>#5 Solve the workforce crisis by improving wages and benefits for educators, resulting in higher quality programs</p>
<p>Hold all providers to quality standards as defined by external validation systems, provide multiple paths to achieve high-quality standards, and guarantee adequate funding to support high-quality practices. Allow validation of quality through both national accreditation and Quality Rating and Improvement Systems (QRIS).</p>	<p>Expand CCDBG subsidy eligibility, increase the value of subsidies, and define reasonable parent copayments based on income level. Make permanent increases to the Child and Dependent Care Tax Credit (CDCTC), ensure credits are fully refundable so all families can use them, expand access to Dependent Care Assistance Plans (DCAPs), and provide advanced monthly payments to families of both the Child Tax Credit (CTC) and CDCTC to partially offset parent costs. Subsidies and tax credits need to be administered in concert to create a cost-effective funding solution that meets the needs of families across the income spectrum. Substantial increases to tax credits can help ensure that middle class families have assistance offsetting the cost of early care and education for the first time, benefiting millions of working parents.</p>	<p>Utilize a cost-of-care study methodology, based on the known cost of providing full-day and year-round care, versus relying on regional market rate surveys—and determine appropriate direct-to-provider funding allocations. Cost-of-care calculations must be based on the enrollment of all children receiving subsidy, not just attendance. This is necessary because providers incur costs such as educator wages regardless of whether families are in attendance. A fully funded system that recognizes the true cost of care allows providers to invest in quality and raise educator wages and prevents reductions in options for families.</p>	<p>The solution to the workforce crisis starts with increasing reimbursement rates and direct funding to raise wages. The solution should also include providing an incentive to raise educator wages through a refundable payroll tax credit, establishing a student loan repayment program, and providing grants or tax credits to educators who are working in the early care and education field (e.g., T.E.A.C.H. scholarships).</p>