

A Framework for a Coherent Early Care and Education System

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The patchwork of early childhood services and programs that exists today is often referred to as a *non-system*. The shortcomings of this patchwork cannot be solved with money alone. A collection of financing strategies and mechanisms, no matter how promising, will not of themselves coalesce into a cohesive system that produces desired results for children, families, and communities. Cultivating and distributing sufficient resources relies on a viable system design as well as efficient delivery mechanisms and coordination throughout the system.

Developing a system requires explicit efforts to bring coherence to the relationships between various financing mechanisms and revenue sources and the programs, services, and infrastructure that require funding. With the support of comprehensive infrastructure functions and adequate financing, a system can emerge that provides the administrative and fiscal linkages to “connect the dots” between programs and services, and fill gaps, creating efficiencies and improving effectiveness in meeting the development and education needs of young children.

The process begins by addressing several fundamental questions:

- What are the goals for the system?
- What principles should guide development of the system?
- What needs financing?
- What financing approach will achieve overall goals?
- What administrative and governance structures are needed to implement and finance the system at state and community levels?

Together, answers to these essential design questions comprise a framework for transforming a patchwork of programs, services, and functions—and their financing mechanisms and strategies—into a system that can achieve desired outcomes.¹

Note: This essay was adapted from a report prepared by the author for the Hawaii Community Foundation, *Financing Strategies to Support a Coherent Early Care and Education System in Hawaii* (July 2003).

Goals

1. A coherent system of early care and education programs, services, and infrastructure meets community needs.
2. High-quality early care and education programs, services, and resources are available and accessible to families in every community.
3. Equal access allows all children to participate in high-quality early care and education programs.
4. Resources and support are available to all early care and education providers to achieve and maintain quality standards and equitably compensate staff.
5. Higher education and community-based training available to early care and education practitioners statewide supports the development of a qualified and skilled workforce.
6. A coordinated system of financing generates sufficient funding from public and private sources.

Guiding Principles

1. The early years comprise a critical period of development during which children need appropriate learning experiences in safe and healthy environments in the context of close relationships with adults who are sensitive and responsive to their physical, cognitive, emotional, and social needs.
2. High-quality early care and education produces good outcomes; poor quality early care and education can impair children's development. All children deserve equal protection from harm and developmental impairment; all children deserve equal opportunities to succeed.
3. Families, employers, and communities all have a stake in good child outcomes; high-quality early care and education fulfills public as well as private purposes.
4. Families need support and resources to fulfill their roles as their child's first teacher.
5. Access to high-quality early care and education is an essential component of equal opportunity; need-based financial aid to families must fulfill the public purpose of children receiving high-quality early care and education.
6. A diverse array of early care and education programs and services comprise an integral part of the community's infrastructure and economy; they need resources and support to achieve and maintain high-quality standards.
7. Skilled and knowledgeable early care and education practitioners are an essential key to quality; they must have access to higher education and training opportunities and receive equitable compensation.
8. Local communities have a stake in the availability, quality, and accessibility of high-quality early care and education and must be involved in determining needs and providing resources in coordination with state-level efforts.

What Needs Financing?

A statewide system of early care and education should include:

- An adequate supply of high-quality programs and services in every community to meet the developmental and educational needs of young children in centers, homes, and schools while also addressing the needs of their parents for child-rearing information and reliable care during the hours they are working;

- Convenient community “hubs” that provide consumer information and referrals and need-based financial assistance that helps families of all socio-economic groups access high-quality early care and education programs, regardless of their employment status;
- Resources for all who are responsible for the care of young children, including information about child development, early learning, health, and support services; professional preparation with ongoing learning opportunities;
- Quality assurance through (1) regulatory, funding, and voluntary (e.g. accreditation) standards; (2) standards for programs, practitioners, trainers and training; (3) funding to assist programs in meeting standards and implementing evidence-based practices; (4) preparation, development, and adequate compensation of the workforce; and (5) consumer information that includes quality ratings of programs.
- Additional financing and infrastructure support functions at the state and community levels to assess needs, plan, and coordinate services and resource allocations; raise and coordinate funds; and assure availability of facilities, programs, and staff that meet research-based quality standards.

In short, financing is needed for three main purposes: to subsidize supply, demand, and the infrastructure:

- Subsidizing supply ensures the availability and quality of programs, including appropriately qualified and compensated staff.
- Subsidizing demand ensures adequate resources for families to access programs and services that best support their efforts to prepare their children to succeed in school and beyond.
- Supporting the infrastructure ensures that essential functions are carried out in planning, policy development, coordination, financing, research, and quality assurance, including support for professional development. The infrastructure functions address both supply and demand issues in cultivating and allocating resources to address identified needs at the state and community levels.

Each of these three purposes is summarized in a one-pager, *What Needs Financing?* (see attached).

A Systemic Financing Approach

A systemic approach to early care and education financing is needed to ensure that funds are effectively generated and efficiently utilized to address resource needs throughout the system. A *financing approach* helps to define how various mechanisms and strategies fit together to provide services, resources, and benefits. For example, the provision of free education for all children in grades K-12 relies on a public financing approach—in Hawaii, primarily through state general revenues. Some other examples of financing approaches aimed at providing broad public access to benefits and services include higher education, housing and home ownership, public transportation and highways, and retirement benefits (Brandon, Kagan, & Joesch, 2000; Stoney, 1998).

A growing chorus of early childhood advocates and policy leaders across the nation champion key characteristics of this approach, citing them as critical to a well-functioning and coordinated early care and education system.² For example:

- A prominent feature of higher education finance is that public funds provide both direct support to institutions and financial aid to defray students’ attendance expenses. The former subsidizes the costs for all students, while the latter helps individual students afford a college education based on financial need and other characteristics. However, to receive public funds, institutions must meet standards set by an approved accrediting body.

- Higher education finance relies on a mix of diverse revenue sources. The direct support that subsidizes higher education operating costs comes predominantly from state general revenue, federal and private research grants and contracts, earnings from endowment funds, philanthropic grants, contributions from individuals, and student tuition and fees. Nationally, tuition and fees paid by families and their sources of financial aid provide an average of just 35 percent of all revenue³ in contrast to the average 55 percent of all costs that parents pay in early childhood programs (Barnett & Masse, in press).
- College prices reflect the portion of total costs that are not covered by direct subsidies to the institution. A sophisticated financial aid system identifies and assists families unable to fully pay the price of admission. Mechanisms include grants, scholarships, loans, and work (work-study). Tax credits to defray college expenses are also available.
- The college financial aid office provides a one-stop center for all types and sources of assistance. There is no stigma attached to seeking aid, and families of all income levels follow the same process. Standard application forms and uniform methods are used to determine a family's ability to pay for college. Financial aid of different types and from various sources is "packaged" for each student to narrow the gap between what the family can pay and the college's tuition, fees, and other attendance expenses.⁴

The features that particularly distinguish the higher education financing approach from current early care and education practices suggest potential adaptations. Research has ensued, resulting in recommendations for applying modified higher education methods as key components in an early care and education system (Vast, 2001). Indeed, it is not just the various strategies and mechanisms that have ignited interest, but the ways they complement each other and work together coherently to finance an education system.

One need only read the news headlines to know that higher education has its own share of financing problems, from declining revenues and spiraling tuitions to a growing inequity of access. The system's ongoing challenges, as well as its achievements, can be instructive in adapting the higher education approach. However, the shortcomings should not overshadow lessons to be gleaned from a historical perspective of the successful development of a higher education system that is envied worldwide. Over a period of several decades, the federal and state governments played key roles in developing a system infrastructure and building college and university facilities. Major investments of public funds and resources fueled a dramatic expansion of educational opportunity through a combination of aid to institutions and aid to individual students.

Although more remains to be done, the significant accomplishments to date provide inspiration for the daunting task of financing early care and education. For example, the lessons on the public role in expanding educational opportunity in higher education have not been lost on the Committee for Economic Development (2002) and the Business Roundtable and Corporate Voices for Working Families (2003). These leading business groups call on the federal and state governments to shoulder similar shares of responsibility to develop a coherent system of high-quality early care and education. Meanwhile, community-based efforts to adapt a higher education approach to financing early care and education are proceeding in several areas.⁵

Governance and Administrative Functions

Overall system governance and administration is needed at the state level to provide leadership and oversight of the system's basic infrastructure and resources. In addition, community-level leadership and coordination is critical for maximizing human and fiscal resources to identify and address local needs. Coordination is also needed among executive branch government departments and divisions that fund and/or administer programs for young children and their families.

In some states, early care and education programs and services, unlike public education, social services, and the public health system, have no single governmental or institutional home. Instead, these services usually cross boundaries of education, family support, and health interests, making coordination an essential concern. Moreover, most early care and education programs are provided in the private sector, including the nonprofit, proprietary, and religious sub-sectors, making multi-sector coordination a crucial component of system administration. The provision of high-quality early care and education is a concern of the business and philanthropic communities as well.

In the framework proposed here, the state-level entity is envisioned as a nonprofit intermediary organization that facilitates crosscutting partnerships among early care and education stakeholders in multiple sectors, and serves as the statewide “hub” for the entire system. Essential functions include:

- Community and statewide needs assessment;
- Planning;
- Multi-sector coordination;
- System capacity-building;
- Fund development & allocation;
- Coordinated data system;
- Research and evaluation;
- Public policy development;
- Quality assurance;
- Financial aid system management; and
- Public awareness and advocacy.

Successful early care and education system and financing initiatives around the nation have developed models of community-level coordinating entities linked to state-level entities. The state-level entities provide support and technical assistance to the community entities, but rely on the community-based administrative mechanism for a host of functions that are best suited to local communities.

Community level functions include:

- Assessment of local needs;
- Collection of data according to a state-level schema;
- Planning to meet local needs and maximize local resources;
- Leveraging system funds to raise local matching funds and vice-versa;
- Fiscal management of funds to be administered locally; and
- Implementation of programs and services for families and providers.

Summary

A framework provides an essential foundation for a coherent system to replace a patchwork of resources. A systemic approach to financing early care and education requires careful planning and analysis, and thus promotes a greater understanding of all system components and the vital role each plays in the provision and delivery of services. The process also allows planners to identify how efficiencies could be realized in coordination and alignment of current activities.

The proposed framework discussed in this section is reflected in the *Model of a Coherent Statewide Early Care and Education System* (see attached).

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Endnotes

¹ For a discussion of system financing design issues, see: Brandon, R., Kagan, S.L., & Joesch, J.M. June 2000. National Association for the Education of Young Children [NAEYC]. July 2001.

² See, for example: Mitchell, A., Stoney, L., & Dichter, H. 2001. NAEYC, 2001; Stoney, L. 1998. Stoney, L., Groginsky, S., & Poppe, J. June 2002; and Vast, T. 1997, 1998, 2001.

³ Calculation by author based on analysis of Barbett, S. & Korb, R.A. 1999. *Current Funds Revenues and Expenditures of Degree-Granting Institutions: Fiscal Year 1996*, Tables 1 & 2, pp. 2-3. Washington, DC: U.S. Department of Education, Office of Educational Research and Improvement, National Center for Education Statistics.

⁴ The descriptions of higher education features and potential adaptations to early care and education in this section are drawn substantially from previous research and reports by the author (Vast, 1997; 1998; 2001)

⁵ Contact the author for information about community early care and education financing initiatives that include a higher education financing approach in their plans.

What Needs Financing?

Supply of High-Quality Early Care and Education Programs

Programs include center-based programs (preschools, child care centers, Head Start, etc.); home-based programs (family child care homes and family child care group homes); and family support and education programs. Financing is needed for:

- Program start-up and expansion, including building or renovating facilities;
- Program operating support to close the gap between what it costs to produce good programs and the portion of the cost that families are able to pay, e.g. funds to attract and retain qualified staff;
- Recruitment, training, and professional development of family child care providers, center staff, and family support personnel;
- Program quality improvement funds to achieve and maintain standards that help to promote children's healthy development and learning;
- Incorporating access to health, family support and education and other community services; and
- A community "hub" to provide programs with resources and technical assistance.

Access and Resources for Families

Community-based agencies would serve as "hubs" that provide services, resources, and financial assistance to families, including:

- Outreach and information about child development, early learning, health, community resources;
- Linkages and access to health and other community services;
- Parent and family education and support;
- Consumer information regarding early care and education programs and providers;
- Referrals and program quality ratings; and
- Consolidated tuition assistance application and convenient one-stop process for all sources of aid.

System Infrastructure

Linked state and community level entities would carry out infrastructure functions, with overall planning and oversight at the state level and implementation and local oversight at the community level.

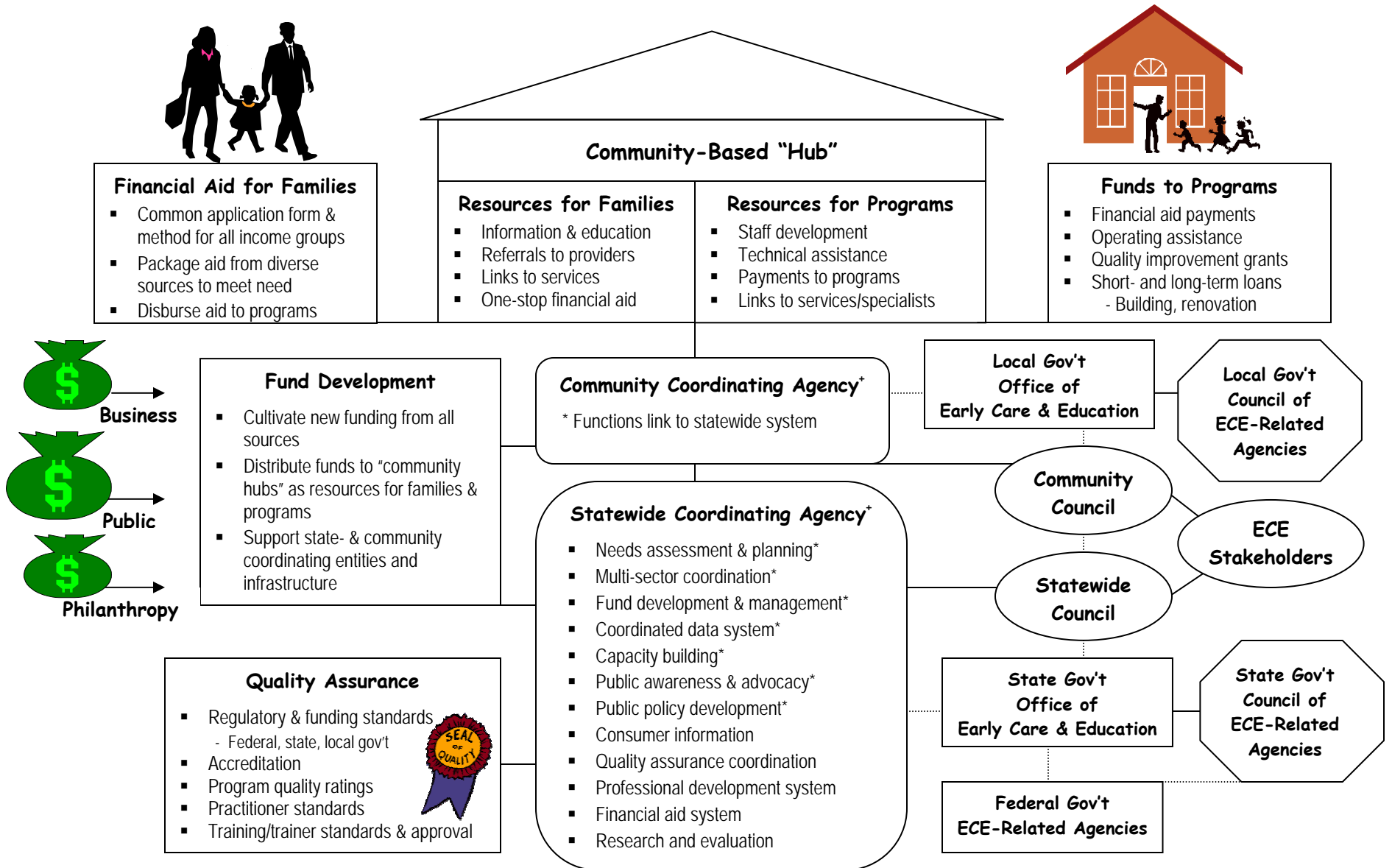
- Community needs assessments and planning;
- Coordinated data system;
- Research and evaluation;
- Quality assurance (*see box*);
- Public policy development;
- Coordination among public, private, & philanthropic sectors;
- Public awareness and advocacy;
- Finance;
- Fund and resource development and allocation;
- Maximize and leverage funding from all sources;
- Alignment and pooling of funds from public and private funders; and
- Coordination and oversight of financial aid system.

Quality Assurance....

supports the supply of high quality early care and education programs with:

- Standards for practitioners and programs including regulatory standards, funding standards, and voluntary standards;
- Technical assistance and funds to meet standards;
- Professional/Career development system planning and oversight, including practitioner registry; training opportunities and approvals; coordination with higher education; and initiatives to improve recruitment and retention of qualified practitioners;
- Consumer information and quality ratings; and
- An ombudsman to address concerns of families and providers.

Model for a Coherent Statewide Early Care and Education System



⁺ Community and statewide coordinating agencies are nonprofit NGOs (non-governmental organizations).