



**ALL CHILDREN READY
FOR SCHOOL SUCCESS:**
It's time to get down to business



**Minnesota School Readiness
Business Council**

J.M. Gruendel, Ph.D.

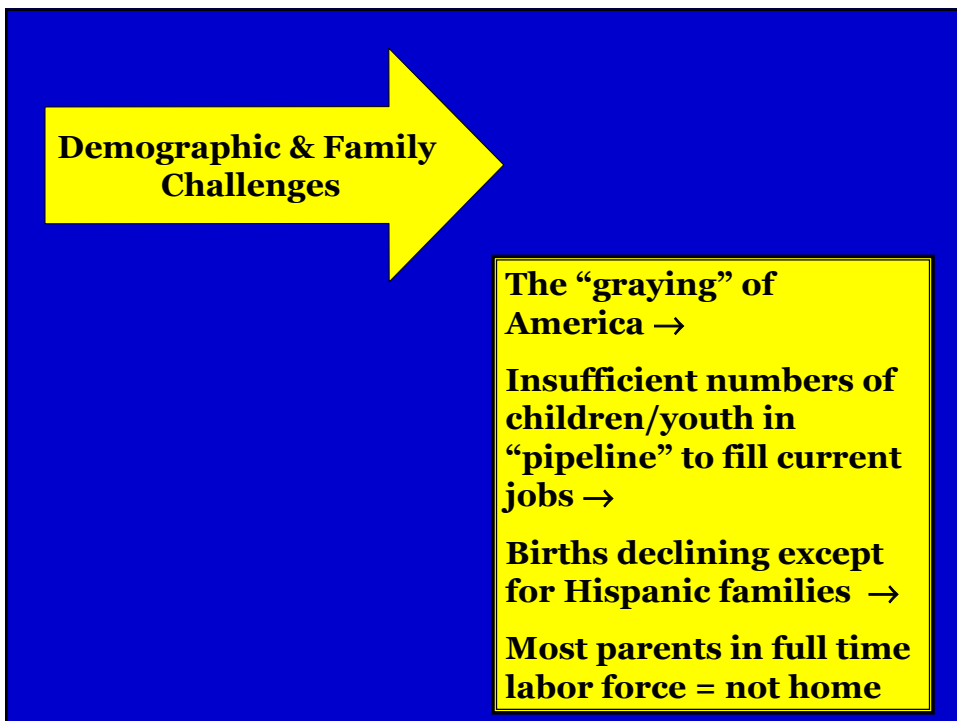
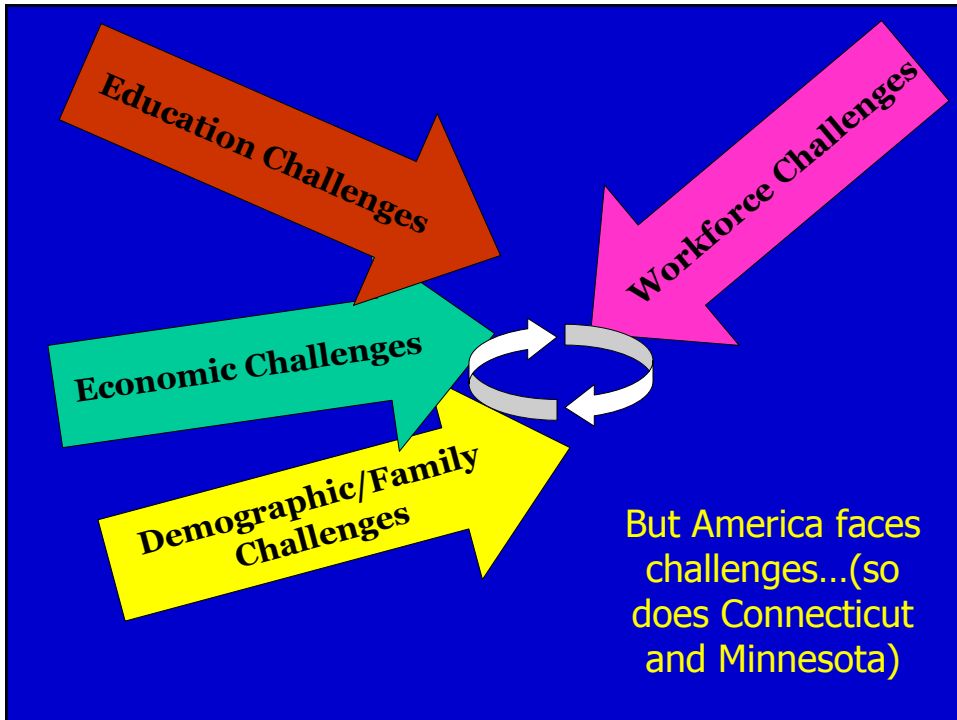
CT VOICES FOR CHILDREN

July 21, 2004

“The **human capital** of a nation is a primary determinant of its strength.

Only if the United States **invests** wisely in its human resources will it be able to maintain its place in a global economy where human creativity and human skill are increasingly more important than raw materials or physical infrastructure.”

Source: Sheldon Danziger and Jane Waldfogel,
Securing the Future: Investing in Children
from Birth to College, 2000





Workforce Challenges

Mismatch of education and training to key “knowledge job” sectors (i.e. math, science, technology) →

Infrastructure work supports (health care, transportation, child care) under pressure →

Fragile “service industry” workforce



Economic Challenges

Decline in manufacturing/ growth of service sector →

Workforce challenges and opportunities from global economy →

Several years of state revenue declines/ emerging structural deficits →

Increased expenditure demands for national security and services to older Americans →

Increasing economic divides

Education Challenges

Increased population diversity →

Dramatic “preparation gap” in readiness for school →

Persistent K-12 “achievement gap” →

NCLB requirements →

Reduced loan funding for higher education →

Teacher shortages in key areas / Inadequate infusion of technology into learning

To address these challenges, we need a set of “human capital” goals for the 21st century

- 1. Skilled lifelong learners, *because work matters***
- 2. Self-sufficient earners, *because economic capacity matters***
- 3. Contributing citizens, *because democracy matters***
- 4. Competent parents, *because family matters***

To "grow" our own human capital, we need all of our young people to...

1. Be born healthy, stay healthy and safe
2. Be ready for school success at entry to kindergarten
3. Achieve academic mastery throughout elementary and second school, and graduate
4. Grow through work and continued education and training
5. Become contributing members of society

Two views on how CT kids are doing...

In 2002, CT's Governor Rowland said that CT has the smartest kids in America.

Fact: 88% graduate from high school.

Fact: CT ranks in top 5 on national education tests.

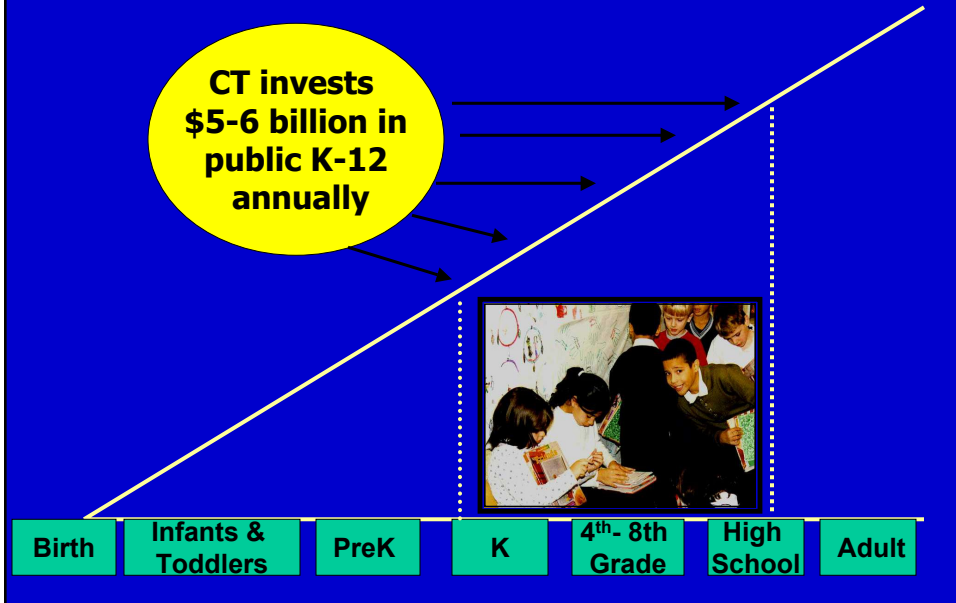
In 2002, CT's Education Commissioner declared closing the achievement gap Connecticut's "issue of the decade."

Fact: 96,000 (12%) don't graduate.

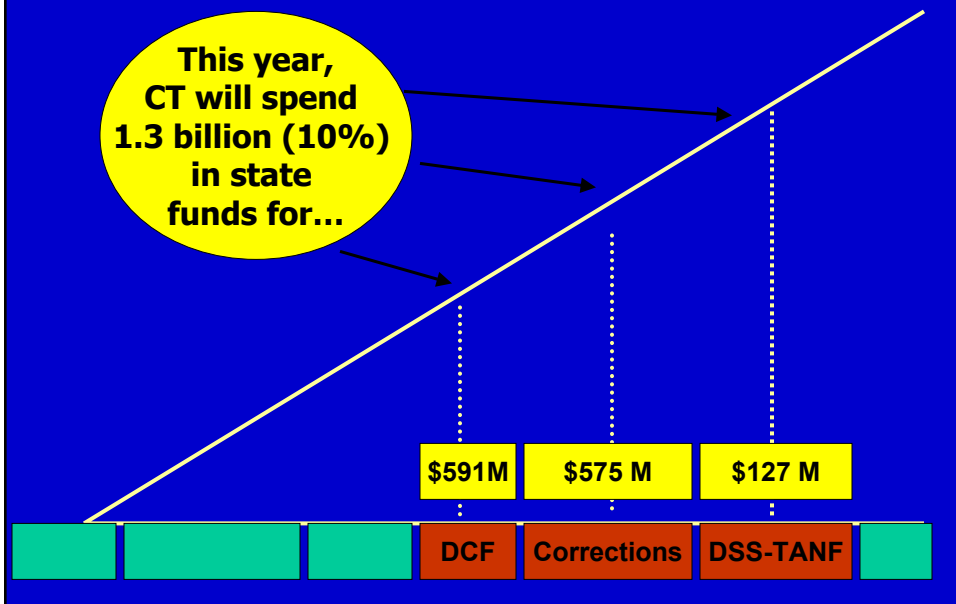
Fact: 30% don't pass 4th grade Mastery Tests.

...Both are right

To close CT's K-12 achievement gap and protect our sizable annual K-12 investment...



To reduce later expenditures on child welfare, corrections, welfare dependency...

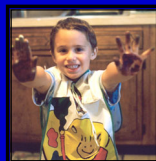


And to achieve a strong short and long term ROI on public monies, research from across the nation tells us to....



Why?

- 1. Because much the foundation for children's early and later school and interpersonal success is built during the first 5 years.**
- 2. Because early learning success predicts later learning and earning success.**
- 3. Because we get a much better short- and long-term return on our investment at this age range.**



The child development challenge...

1. If infants and toddlers don't get quality early learning, they enter preschool behind.

2. If preschoolers don't have quality early learning experiences, they enter kindergarten behind.

3. When children enter school behind, they are more likely to be held back, need special education, fail CT's Mastery Tests, drop out of high school and become engaged with the welfare and corrections systems.

Workforce and employer challenges...

1. High cost, lower quality and limited accessibility of early care = lost work time for parents with young children.

2. Employers incur increased employee recruitment and retention costs, and reduced productivity.

3. The early care "industry" is plagued with high turnover rates and a declining employee pool, reducing the quality of early care.

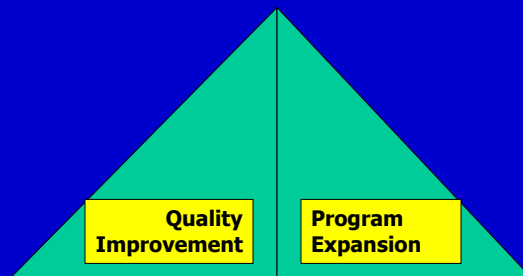
Resulting poor child outcomes jeopardize the future workforce.

To address these challenges, we need a defensible "business plan"

"2004 is the year to make the plans for the learning success of our young children...to know what the basis of estimating the costs and the true needs will be... a plan that carefully give us the cost estimate and the options that will allow us make the best, effective policy choices in the long run."

M. Jodi Rell, January 2004, Governor as of July 3004

TO BUILD THIS "BUSINESS PLAN," WE MUST ADDRESS BOTH QUALITY AND CAPACITY IN ECE



To improve the quality of existing ECE services

To increase capacity in high performing ECE services

FRAMING ECE SYSTEM CHANGE IN A BROADER "ECONOMIC" CONTEXT

Improving Children's
School Readiness

Quality
Improvement

Program
Expansion

Maintaining
consumer
affordability
and choice

Increasing ECE
industry cost-
efficiency, quality
and capacity

Assuring
adequate and
sustainable
public-private
funding resources

ANALYSES ESSENTIAL TO A PERSUASIVE INVESTMENT ARGUMENT

Benefits & Costs of ECE

Financing Strategies

Quality
Improvement

Program
Expansion

ECE "Industry" Analyses

Industry Analyses	Benefit-Cost Analyses	Financing Strategies
Economic Impact Studies	Return on Investment Studies	Parent as Payer
Comparative Industry Studies	Quality Improvement Efficiency Analyses	Government as Payer
Cost-Model Analyses	Program Expansion Efficiency Analyses	Investors from Other Sectors
Cost-Efficiency Analyses		Tax Strategies
Cost-Abatement Analyses		Reallocation Strategies

Industry Analyses

Economic Impact Studies	Comparative Industry Studies	Cost Model Analyses	Cost-Efficiency Analyses	Cost-Abatement Analyses
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Economic Impact Studies

Define the economic contribution of the early care and education "industry" to the economy of a state, municipality, or the nation

Industry Analyses

Economic Impact Studies	Comparative Industry Studies	Cost Model Analyses	Cost-Efficiency Analyses	Cost-Abatement Analyses
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Comparative Industry Studies

Examine characteristics of the ECE industry in comparison with other industries

e.g.

Wage Comparisons
Workforce Size Comparisons

Industry Analyses

Economic Impact Studies	Comparative Industry Studies	Cost Model Analyses	Cost-Efficiency Analyses	Cost-Abatement Analyses
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ECE Cost Model Analysis*

Examines operating costs, by cost "centers," type of settings, age of children served, and geography

Cost centers:
Personnel Costs
Facility Costs
Administrative Costs

*Costs = Costs of delivering the service
Fees = Payments made by consumer/purchaser of the service

Industry Analyses

Economic Impact Studies	Comparative Industry Studies	Cost Model Analyses	Cost-Efficiency Analyses	Cost-Abatement Analyses
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Cost-Efficiency Analyses: Squeezing the 20-30% of Non-Personnel Costs

Capital/Facility Development Templates
Shared Back-Office Financial Services
Benefit/Insurance Pools
Purchase Pools
Training/Professional Development Consortia
Administrative Service Cooperatives

Industry Analyses

Economic Impact Studies	Comparative Industry Studies	Cost Model Analyses	Cost-Efficiency Analyses	Cost-Abatement Analyses
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Cost-Abatement Analyses: Eliminating/Reducing Costs

Foregone Wages
Tax Abatements (Property, Sales)
Government-Supported Health Coverage
Facility Cost Absorption by Host

Donations, including space, volunteer hours, goods and foregone wages, can account for 25% (or more) of the full cost of care.
(Cost, Quality and Child Outcomes, 1995)

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Benefit-Cost Analyses

Return on Investment Analyses	Quality Improvement Efficiency Analyses	Program Expansion Efficiency Analyses
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Return on Investment (ROI) Analyses

Short and long-term child/societal benefit-cost analysis

Employer-employee benefit-cost analysis

Benefit-Cost Analyses

Return on Investment Analyses	Quality Improvement Efficiency Analyses	Program Expansion Efficiency Analyses
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If You Only Had A Dime and Your Goal was Quality Improvement....

Increased licensing and regulatory accountability?

Increased professional development requirements/scholarships?

Increased industry wages and compensation?

Increased parental "buying" power?

Benefit-Cost Analyses

Return on Investment Analyses	Quality Improvement Efficiency Analyses	Program Expansion Efficiency Analyses
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If You Need to Double or Triple Your Quality Program Capacity with a Limited Investment....

Address teacher turnover in centers?

Seek tax-based benefits/subsidies for compensated family leave for infants/toddlers?

Seek "market-based solutions" by supporting family's economic capacity to "buy" a quality service?

Build on the largest (and unregulated) sector: "family, friend and neighbor" care?

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Financing Strategies

Parents as Payers	Government as Payer	Investors From Other Sectors	Tax-Based Strategies	Reallocation Strategies
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Parental contributions = 60% of aggregate cost
 Government contributions = 39%
 Other = 1%

In CT, child care is the 2nd greatest expense for moderate and lower-wage working families with young children.
 Housing is 1st.

Fees for CT infant/toddler center care =
 \$7,000-\$15,000 (or more)
 Fees for preschool center care =
 \$6800-\$10,000

Financing Strategies

Parents as Payers	Government as Payer	Investors From Other Sectors	Tax-Based Strategies	Reallocation Strategies
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Government Funding Streams: From Traditional to Creative

Head Start, Early Head Start
 TANF-Welfare Reform, CCDBG
 Education – Federal Title I, State, Municipal
 Higher Education
 Child Welfare
 Health
 Housing
 Criminal Justice

ECONOMIC DEVELOPMENT: Operational and bonding funds

Financing Strategies

Parents as Payers	Government as Payer	Investors From Other Sectors	Tax-Based Strategies	Reallocation Strategies
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Resource Holders in Other Sectors

National, State and Community Foundations
National, State and Community United Way
State and Community Public-Private Partnerships
Business and Corporate Sector

Higher Education

Baby Boomers/Grandparents

Financing Strategies

Parents as Payers	Government as Payer	Investors From Other Sectors	Tax-Based Strategies	Reallocation Strategies
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To Increase the Supply of Quality ECE:

Tax credits for donations and contributions
Business Investment Credits (based on industry/geography)
Tax Subsidized Debt Financing

To Assist Purchasers:

Refundable Child/Dependent Tax Credits
Refundable Child and EITC Credits

To Increase General Fiscal Support:

Sin Taxes
Estate Taxes Decoupled from Feds
Earmarked Property Taxes

Financing Strategies

Parents as Payers	Government as Payer	Investors From Other Sectors	Tax-Based Strategies	Reallocation Strategies
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From Existing Budget Accounts

Federal TANF

State Correctional Budgets

State Economic Development Budgets

State Lottery Funds

Within K-12 Education

The national financial community is calling for in early childhood investment as part of an economic development strategy

“Early childhood development programs are rarely portrayed as economic development initiatives, and we think that is a mistake. Such programs, if they appear at all, are at the bottom of the economic development lists for state and local governments. They should be at the top.”

Art Rolnick, Minneapolis Federal Reserve, March 2003

The Connecticut business community began calling for investment a decade ago...

"If Connecticut wishes to remain competitive, there is no room for our children to fail. An early childhood focus offers positive long term results with a cost savings..."

The Business Advisory Committee recommends increased preschool programs for three- and four-year olds and full-day kindergarten for all children who need optimal learning environments while their parents are working."

David Carson, CEO Peoples Bank, 1992

...and is still calling for investment in children's school readiness

"School readiness produces a higher quality education and greater achievement for individual students.

Effective pre-school readiness programs improve total school performance, lead to broad-based achievement gains and reduce long-term remediation and special education expenses."

SACIA, The Business Council, July 2002

The Bottom Line?

“No single strategy will achieve the goals of making high-quality child care accessible and affordable to all. Rather, several strategies, at both the federal and state levels, must be pursued simultaneously. Particularly because some of these mechanisms are new, it is important to test many promising ideas to see which ones should be pursued more broadly.”

National Women’s Law Center, 2001



**Building
Public
Support**

A PUBLIC GOAL FOR CONNECTICUT

**All children born in Connecticut beginning
in 2004 will enter kindergarten
healthy, eager to learn, and
ready for school success.**

**Adopted by the CT Early
Childhood Alliance in May 2003**

**Building
Public
Support**



Ready, Set, Grow...

CT Kids!

A 24-30 month communications and mobilizing effort to support the public goal of "all children healthy and ready for school success"

www.readysetgrowctkids.org

Ready.Set.Grow: Building Policy Solutions and Public Will

- With business and higher education as leads, build a multi-year early childhood reinvestment plan by EOY 04
- Build alliances and engage other organizations and associations as "Partners" (including seniors)
- Create a sound, research-based, customized "marketing plan," including purchased and earned media
- Enlist one CT adult as a "Friend of CT's Young Children" for each CT child born in 2004 (and after) = 40,000+
Recruit, engage and support them through a web-based hub (online now)
- 10% of Friends become Children's Champions and carry the work statewide and into all CT communities

It's time to create some "biz buzz" at the
intersect of economic development and
children's development...



Ready, Set, Grow...

CT Kids!



Become a partner, friend and champion --
www.readysetgrowctkids.org

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