

EARLY CHILDHOOD POLICY BRIEF



EXECUTIVE SUMMARY

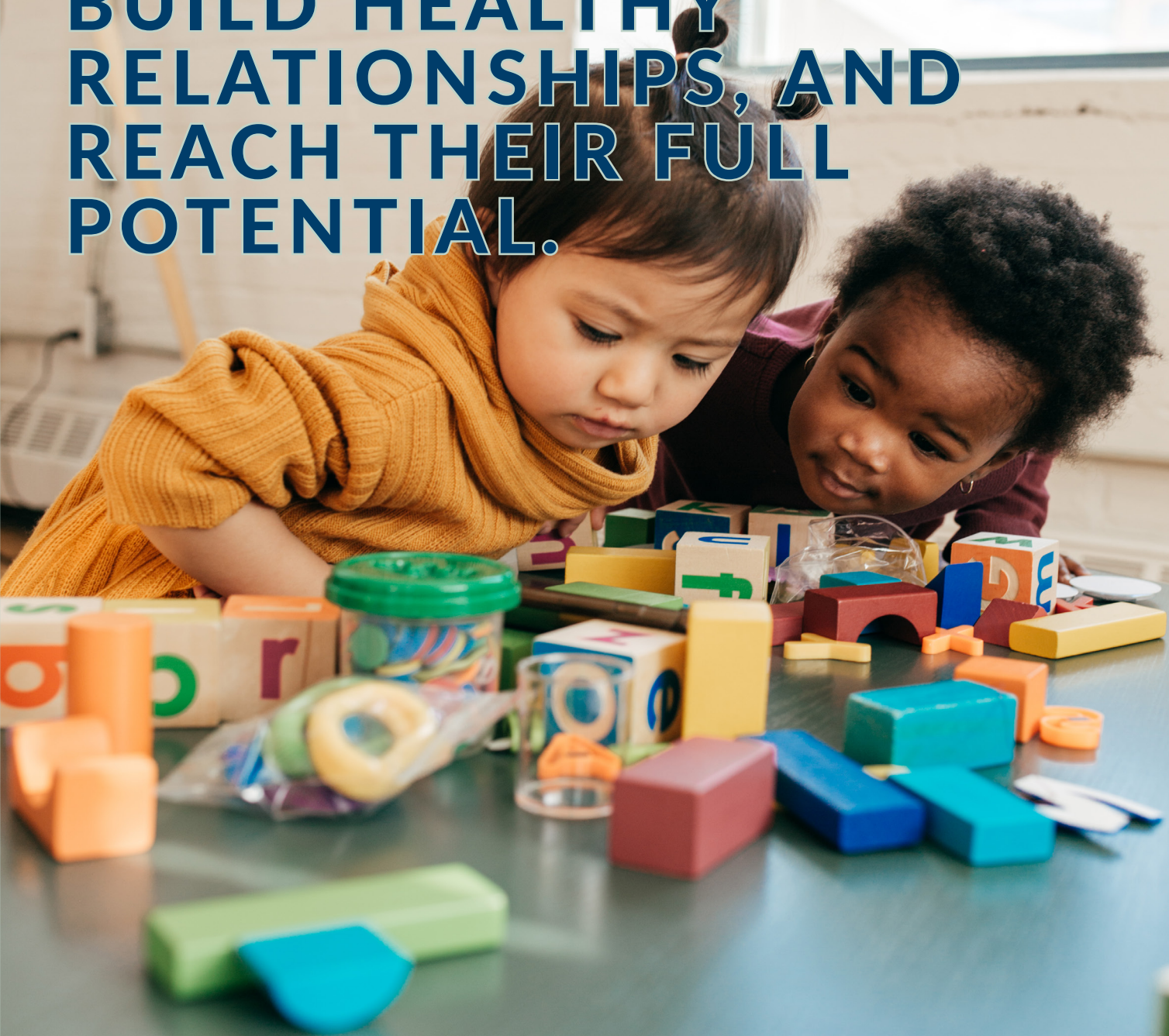


Science tells us the first years of a child's life are critical, as the foundation for future success is being built during this period of rapid brain development. Outside of the home, early education and childcare settings are the environments most rich in opportunities to foster optimum growth and development. The pre-K age is a developmentally sensitive period during which children's experiences can have profound and lasting effects on their cognitive and social-emotional functioning.

The environments of many disadvantaged children do not provide the stimulation and experiences necessary for optimal development during this sensitive period. A high-quality preschool experience can enrich those children's experience in ways that will enhance their cognitive and social-emotional development and, potentially, their educational and life outcomes.

The quality of childcare has a direct impact on a child's ability to learn, to build healthy relationships, and reach their full potential. When determining the quality of a childcare or early education setting, several factors must be considered. Health and safety, qualifications of staff, provider-child interactions, child development and enrichment, and physical facilities are all important components to evaluate.

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WHY IT MATTERS

Like a house, the brain is built from the bottom up. It requires a solid foundation to support the more advanced development that occurs as children grow older. In babies' first months, the brain forms synapses at an incredible rate, going as high as 2 million new connections created every second. As babies grow and take in new sensory information, the synapses that are not being used are pruned away, allowing the brain to become more efficient at doing the tasks that are demanded of it.¹

Healthy brain development in young children requires healthy interactions with the world around them. In a process known as "serve and return," babies engage those around them with sounds, gestures and facial expressions, and thrive on in-kind responses. Without nurturing attention and interaction, baby's brain may not develop the strong foundation it needs.²

Stress is normal for babies and is part of what helps brains produce and prune synapses, but too much stress can have negative effects on this process. If stress reaches and persists at toxic levels, the brain becomes wired to respond to danger and adversity at the expense of higher order executive functions like decision-making, working memory, behavioral self-regulation and mood and impulse control.³

The ability of the brain to respond to experiences and to alter its architecture to meet life's demands is known as plasticity. The brain retains a certain amount of plasticity throughout life, but there are clear periods when brain structure is more likely to be affected by interventions than others.⁴

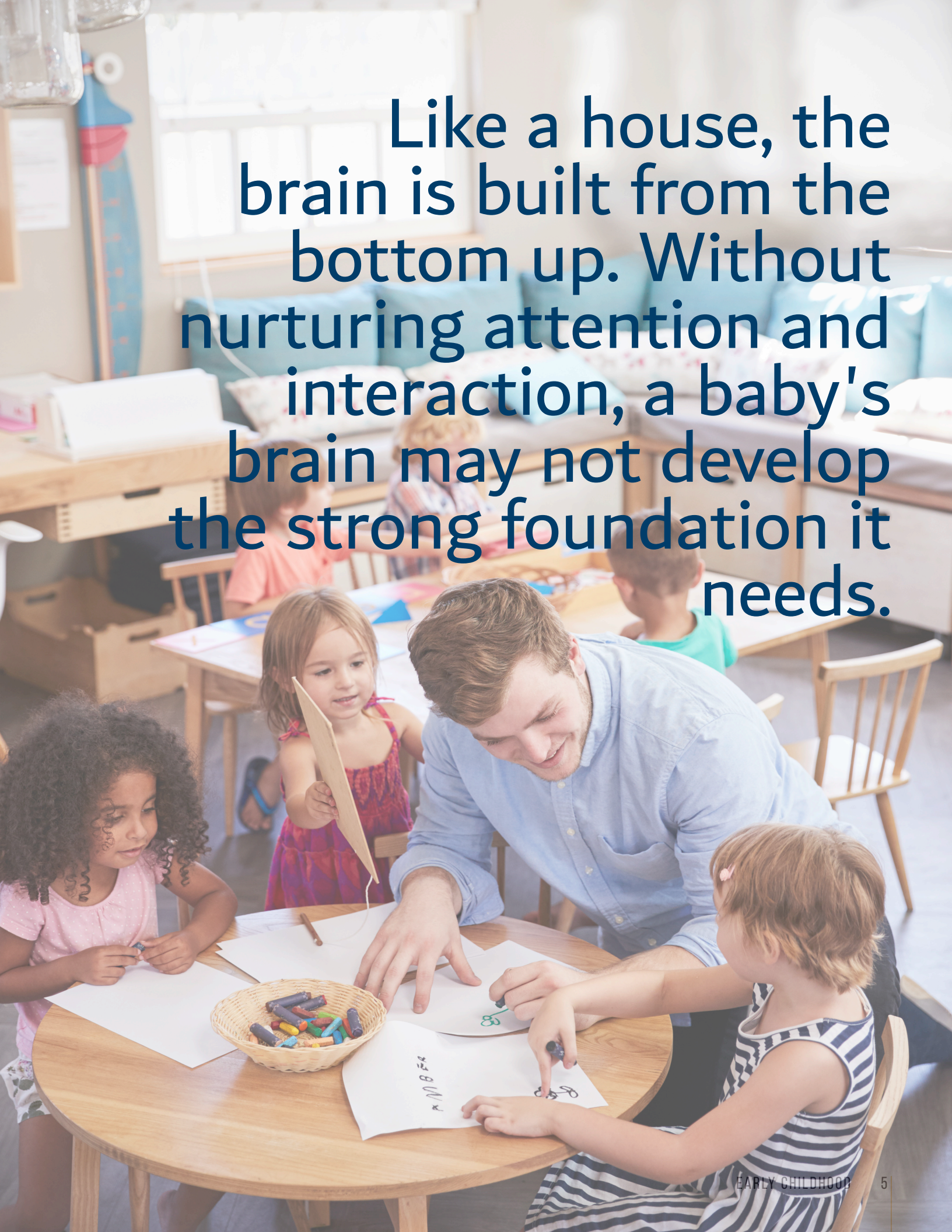
Studies suggest that cognitive stimulation for children under 5 years of age who come from homes that are not particularly stressful still change brain architecture in ways that improve higher-order functions. Early education may have the most bang for the buck when it is offered to children who experience higher levels of toxic stress, but it is a good investment in all children.

These benefits translate into taxpayer savings, making pre-K one of the best investments taxpayers can make, with studies showing returns of between \$4 and \$16 for every \$1 spent on pre-K education. These returns were larger for children who entered pre-K with more disadvantages, as their likelihood of negative outcomes without pre-K was stronger, but it is repeatedly shown to be a solid investment for all children.

In a report entitled *I'm the Guy You Pay Later*, sheriffs, chiefs and prosecutors from across the nation urged policymakers to invest in high-quality early education and care to reduce crime and save money.⁵ More recently, the Council for a Strong America issued a report as part of its *Fight Crime, Invest in Kids* series looking at Tennessee in particular. The report urges policymakers to not only continue building on the successes of the Pre-K Quality Act of 2016, but to pursue policies that support the education workforce in sustaining the gains made in quality pre-K programs. Said Shelby Co. Sheriff Floyd Bonner, Jr. - "I know from my years in law enforcement that we can't arrest our way out of crime. High-quality pre-K fights crime by readying kids for success".⁶

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SHORT-TERM ACADEMIC GAINS

At the beginning of each new school year, kindergarten teachers are faced with classes full of children with very different backgrounds and levels of preparation for school. Pre-K has been repeatedly shown to prepare children academically for kindergarten, helping our youngest students from all backgrounds start with the basic academic skills they need to succeed.

In 2015, a study published by Vanderbilt University found that children participating in Tennessee's voluntary pre-K program showed significant gains when compared to their peers throughout the kindergarten year. However, these gains did not always translate to success in later grades. The study has been mischaracterized as demonstrating the ineffectiveness of pre-K when, in fact, it confirms the importance of adhering to strict quality standards for these programs.⁷

A subsequent study released in 2018 endeavored to explain more fully why the improvements shown by pre-K students did not necessarily manifest themselves in later grade levels. The bottom line confirmed that pre-K, properly implemented, works. Notably, this second study revealed the importance of "sustaining environments" – characterized by highly effective teachers and high-performing K-3 schools. Neither exposure to highly effective teachers nor attending a high-quality school accounted for differences in achievement between PreK participants and non-participants. Rather, having both was associated with a sustained advantage for PreK participants in both language arts and math that lasted through at least 3rd-grade.⁸

Short-term academic gains have value, and pre-K cannot be blamed for our school systems' inability to build on those gains. When one looks at academic "fadeout," it makes more sense to ask what needs to be done in elementary and middle schools to sustain pre-K gains than to question the value of what were real and measurable increases in children's academic skills.

And, as economist and Nobel Laureate James Heckman points out, the academic gains are the least of what pre-K achieves:

"The cognitive skills prized by the American educational establishment and measured by achievement tests are only part of what is required for success in life. Character skills are equally important determinants of wages, education, health and many other significant aspects of flourishing lives. Self-control, openness, the ability to engage with others, to plan and to persist – these are the attributes that get people in the door and on the job, and lead to productive lives".⁹

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CURRENT STATE OF LICENSED CHILD CARE

The Tennessee Department of Human Services (TDHS) currently licenses four types of childcare providers. Childcare Centers provide care for 13 or more children. Family Childcare Homes provide care for at least five but not more than seven unrelated children. Up to five additional children related to the primary caregiver may also receive care in family childcare homes. Group Childcare Homes provide care for at least eight, but not more than 12 children. Up to three additional school age children may receive care before and after school, on school holidays, on snow days, and during summer vacation. Drop-In Centers provide care for 15 or more children not to exceed 14 hours per week and for not more than 7 hours per day for any individual child during regular working hours.

Efforts should be made to ensure that financing is not a barrier to accessing quality childcare. Poor and low-income children with employed mothers are less likely to be in a center-based program than are children in families with higher incomes. Poor and low-income children are more likely to be cared for by a relative at home than are children from families with higher incomes. Low-income children are more likely than either poor children, or children in families with higher incomes, to be cared for by a parent during working hours. When no other options exist, lack of access to childcare makes employment impossible for many Tennessee families. This is especially pronounced in rural areas, where options are often limited by the very nature of sparsely populated areas. Statewide, it is estimated that the difficulty in accessing quality childcare costs as much as \$1.34 billion in lost revenue.

TDHS provides financial assistance with childcare costs for families meeting income guideline criteria through several childcare assistance programs.

Families First participants are eligible to receive subsidized childcare to assist in completing their approved activity on their Personal Responsibility Plan (PRP). Families must be determined eligible by TDHS staff before they can participate in the program. Transitional Childcare or TCC is available for qualifying families for 18 months following the closure of Families First cash assistance. The At-Risk Childcare program serves guardians in Families First “child-only” cases that are working and/or in school. Child-only guardians are typically grandparents, aunts or uncles who have care and control of a relative child. Smart Steps Childcare Payment Assistance is available to income eligible families who are working or enrolled in post-secondary education programs. Smart Steps was established to provide childcare financial assistance to eligible families with children ages 6 weeks until kindergarten. The Teen Parent Childcare Program serves teen parents who are enrolled in and attending high school and who meet income guidelines.

The Childcare Certificate Program is a state program that assists Families First participants, parents transitioning off Families First, parents working or enrolled in post-secondary education programs, teen parents and children in foster care. TDHS provides the childcare certificate and provider payment processes as a service for the Department of Children's Services (DCS). The DCS state office provides the funding amounts and the fund utilization management for these funding sources. County and regional DCS program staff provides the childcare referrals and provide the local management of regional DCS funds.



THE IMPORTANCE OF QUALITY CHILDCARE

The primary purpose of childcare licensing is the protection of children. Minimum requirements are designed to maintain adequate health, safety, and supervision of children while in a group care setting. Tennessee's childcare agencies are inspected between four to six times a year, depending on the agency's Star rating. At least one unannounced visit is made each quarter. These visits are to ensure that providers continue to meet licensing requirements. Childcare agencies are required to post their license and the childcare report card where parents can see them.

QUALITY MONITORING

No decision weighs more heavily on a caregiver than that of who will be entrusted with their child's care during the workday. In order to assist with this difficult choice, the Department of Human Services operates the Tennessee's Childcare Report Card System, under which every licensed childcare agency must undergo an annual evaluation and post a report card of the results. Agencies are required to post their report card with their renewal license where parents can clearly see them. The Report Card system is mandatory for all licensed providers. An agency must be opened for one year before it is assessed.

The Star Quality Childcare Program is a voluntary program that recognizes childcare agencies who exceed minimum licensing standards. These agencies can receive a rating of one, two or three stars. An agency must be open for a year before it is eligible to receive stars.

The Department of Human Services is currently revising the process by which childcare agencies are evaluated. This includes changes to the Report Card and Star Quality Childcare Program. The current evaluation tool, the Environmental Ratings Scale, is being phased out in favor of a more comprehensive system of evaluation utilizing specialized consultants. After legislation is passed codifying this process, the next step will be rulemaking, which will be completed by a committee of childcare providers. Focus groups will include other stakeholders and be used to inform this process. The Department will complete the process by January of 2022.

IMPACT OF COVID-19

The impact of COVID-19 has been acutely felt by child care providers, arguably more than any other sector of the economy. Providers from all over the country face the same challenges of depressed enrollment, new pandemic-related expenses, and a sense of uncertainty around loans and grants targeting at stabilizing the industry.

These effects have been especially stark in communities of color. Child care workers are disproportionately women of color, thousands of whom have continued working with minimal protection while many thousands more lost their jobs. Affordable, quality child care was already scarce in Latinx and Native communities, according to research on child care deserts by the Center for American Progress, a progressive think tank. And while less likely to live in child care deserts, median-income Black families already pay a larger share of their income on child care than other groups, the center found¹⁰.

Many providers are still in danger of closing their doors because their expenses significantly increased due to pandemic-related costs while their attendance and enrollment dropped (along with their income). A 2020 report from Child Care Aware of America found that 35% of child care centers and 21% of family child care programs remain closed nationwide over the summer.

In the early days of the pandemic, Tennessee's office of Child Care Services made stabilization of the industry their immediate priority, implementing disaster/emergency response and recovery grants, continuance of child care subsidy payments, waiving of parent co-pays, daily communications for child care providers, pandemic child care payment assistance, extension of eligibility periods, and new contracts with YMCAs and Boys & Girls Clubs. Going forward, the Child Care Development Block Grant will be the chief resource for innovations as the industry continues to seek stability, both in the short term and for the "new normal" after the pandemic.

CHILD CARE DEVELOPMENT BLOCK GRANT

Nearly \$10 billion in funding dedicated to child care was made available under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 passed by Congress in December 2020. Like the first round of federal assistance, these funds are made available through the Child Care and Development Block Grant (CCDBG) and intend to provide relief for child care from challenges exacerbated by COVID-19. These funds may retroactively reimburse expenses related to the pandemic before December 2020. There are two requirements under the new law that states must follow: (1) state agencies must make information widely available and provide technical assistance to all types of providers regarding the new funds; and (2) some funds must be made available to providers that were not receiving CCDBG funds prior to COVID-19 for supports to maintain or reopen programs.

States have a great deal of flexibility in how they use their funds, but the law encourages certain specific policies, including child care assistance for essential workers, technical assistance for providers, direct financial assistance to providers for wages, operating expenses, and sanitation, as well as other current allowable CCDF program activities, like covering family copayments and tuition and delinking provider reimbursements from a child's absence. States need to consider which child care policies with long-term impact. Use of these funds will establish precedents that will no doubt impact 2022-2024 CCDF plans.

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One of the most effective ways states can support providers is by using these funds to increase wages for child care educators. Nearly 15% of child care workers live below the artificially low poverty line, more than double the rate of other industries. Recruitment and retention of the child care workforce is a perennial challenge, and increased pay is one way to address it.

In keeping with the goal of stabilizing and maintaining the supply of available child care programs, possible policy solutions include reconsidering existing child care payment structures to be based on capacity, increasing reimbursement rates, and providing grants to cover necessary sanitation equipment and supplies, utilities and rent, and lost revenue.

While providers struggle to keep up with the shifting landscape, challenges persist for families that were very much in effect pre-pandemic. Many families unable to find child care, and still more who do not qualify for assistance are unable to afford it. Policies around relaxing child absences and eligibility redetermination periods, reducing or permanently eliminating family copayments, increasing the income limits for subsidy eligibility, and allowing essential workers to access subsidy assistance would all have the effect of lessening the burden on struggling families.

Child Care Resource and Referral Networks (CCR&Rs) can be key partners in responding to emergencies, distributing cleaning supplies, PPE, and resources to child care providers. They have taken on these emergency-related responsibilities while continuing to play a critical role in connecting parents with child care and ensuring communication flows between school districts and child care when schools have needed to suddenly close. They have also continued to play a critical role in providing technical assistance and trainings to child care providers to navigate business sustainability, which is explicitly encouraged in the Consolidated Appropriations Act of 2021.

State decisions should be informed by relevant data regarding the current needs of the child care system, including data that reflects issues relating to access, affordability, and provider costs. State agencies, professional organizations, and advocates could conduct surveys or hold stakeholder meetings to hear from providers and ensure that policymakers have a more complete understanding of the current state of child care. (Child Care Aware).

Tennessee is utilizing a series of stakeholder focus groups to determine the best use of the funds. While many details remain to be determined, the state plans to continue using the funds for its COVID-19 Essential Employee Child Care Payment Assistance program, which provides child care

NEXT STEPS

The COVID-19 pandemic presented new challenges and highlighted the fact that child care needs vary from community to community. Some child care providers saw decreased enrollment while others had difficulty retaining staff. Many families lack a variety of options for quality child care, and still more struggle with financial difficulty. Sound public policy addresses this variety of need by prioritizing access, affordability, and high standards.

Readily available, high quality child care is key to a thriving, prosperous state. Investing in Tennessee's future means supporting families and providers in maintaining safe and nurturing child care environments, sustaining employment of qualified staff, emphasizing healthy child development, and ensuring these are within reach of all Tennessee families.

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