



**Ready for School?**



**MINNESOTA SCHOOL READINESS BUSINESS ADVISORY COUNCIL**  
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# **Winning Start: A Plan for Investing Wisely In Early Childhood Development**

## **Executive Summary**

### **Overview**

The cover of this Report poses a question in pictures: which pumpkin was colored by a child who was socially and intellectually ready to succeed in school? There is a preparation gap in getting kids ready for kindergarten that is important to close. Minnesota needs to move quickly onto a path that cost-effectively prepares all kids to succeed in school, work and life.

The Minnesota School Readiness Business Advisory Council has developed a strategy<sup>1</sup> for investing wisely in school readiness. That strategy derives from an intensive study process that began in April 2004 and culminated in the following Report, which the full MSRBAC endorses. The Report includes a detailed “case statement” on why it is vital to act now to improve school readiness and a three-part strategy for how to move ahead.

Art Rolnick and Rob Grunewald first focused business community attention on child care through an article demonstrating that investing in early childhood education represented sound economic development policy with a high public return. This Report confirms that conclusion and takes the case further:

- It documents that roughly half of Minnesota kids arrive at kindergarten unprepared to succeed;
- It shows that kids from families with low incomes or limited educational backgrounds are 2-3 times more at risk of failure;
- It argues that the proportion of kids experiencing this preparation gap is likely to increase with Minnesota’s changing demographics; and
- It concludes that lagging preparation at a time of intensifying global competition in an increasingly knowledge-based economy threatens the continuing competitiveness of Minnesota businesses and jeopardizes our high quality of life.

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<sup>1</sup> We identify our recommendations as a “strategy” because we foresee changes in the details, but not the direction, of our recommendations as the broader public dialogue about “school readiness” unfolds. MSRBAC members themselves may have differences about specific elements of this plan, but they endorse its case statement and architecture for change.

Given these conclusions, MSRBAC recommends that business and other community leaders rally around a market-based, incentive-oriented strategy for delivering high quality early childhood development experiences, especially to kids at risk of being unready for school. That approach has three elements.

The first element is a set of five core principles that map the direction for desired change:

- Assure access for all children, especially for “at risk” preschoolers;
- Clear measures of quality and of progress by individual kids;
- Informed parents and parental choice;
- Coordination with other social services; and
- Accountability for results

All existing and any new early childhood development programs should be evaluated against these principles.

The second element is a testing/demonstration phase. During this phase, some system-wide steps can be taken right away where benefits can be captured at low cost. Most resources in this phase, however, should be used to test and demonstrate new ideas for improving the quality of all school readiness programs and for increasing access to them for at risk children. This phase will be financed through a public-private partnership that has the goal of raising \$30 million for a Minnesota Early Learning Fund (MELF). The MELF Board will direct the distribution of resources and conduct the evaluation of results.

The third element is a framework for evaluating existing programs, initiatives in other states and ideas tested through the MELF and recommending a firm strategy that can be rolled out statewide. Clear standards, careful assessments and shared lessons are the best foundation for building public support for and designing a comprehensive approach to achieve school readiness for all.

In the Report that follows, the first half documents the case for acting. The second half then develops a strategy for moving ahead, with goals for where the journey should lead, ideas for how to get the journey started and a process for shaping the path that will enable Minnesota to prepare its kids for success in school, work and life.

## **Winning Start: A Plan for Investing Wisely in Early Childhood Development**

### **School Readiness: The Opportunity and the Challenge**

Formal education currently begins with kindergarten. Scientific study, however, has shown that kids are ready and eager to learn before then. As a society, we are better able to design and implement strategies to get kids ready for school than we ever have been.

The science<sup>2</sup> of early childhood development has confirmed that both genetic inheritance and environmental stimuli are important to early brain development. One's genes lay out the basic patterns for how the brain functions, while experience sculpts the way the brain gets "wired for action" by affecting how genes get turned off and on.

Timing of environmental stimulation, therefore, becomes important to align appropriate experiences with the development of different parts of the brain. Each neural system is the most sensitive to experience during the period when it is developing. During these sensitive periods, what the brain does in response to activity actually shapes how it develops. Deep parts of the brain, especially affecting emotions, develop early (first 18 months). Next to develop are the surface rear areas of the brain, governing things like vision (first 24 months) and motor skills (first 48 months). The surface frontal areas of the brain develop later. Language and memory skills develop intensively over the first 72 months of life. Executive functions, such as self-control, planning, sequencing, staying on task, managing social relations, etc., develop throughout life but especially between 12 and 60 months of age.

What this means is that early childhood experiences shape brain development in all the domains of school readiness that the MN Department of Education has begun assessing: physical well-being and motor development; personal, social and emotional development; the arts and creativity; language and literacy development; and mathematical and analytical thinking.

Science also reveals that stress affects brain development, especially its self-regulating "executive" functions. We also know that the care children receive affects their hormone levels and, through them, brain development. Consequently, the early care kids receive powerfully affects their executive and cognitive functions, with good care enhancing and poor care impeding their development.

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<sup>2</sup> This discussion of brain development and quality of care draws heavily from "Getting the Brain Ready for School: What Science Tells Us About Supporting Early Brain Development," by Megan Gunnar, April 28, 2004.

“Human relationships are the “active ingredients” of environmental impact on young children. Research tells us that a wide array of people play an important part in shaping young children’s lives. These include neighbors, friends, and teachers, in addition to parents, grandparents, and other extended family members. For large and growing numbers of children, it also means the other adults who care for them in the early childhood education programs where they spend a substantial part of every day.

Central to the impact of relationships on children in the early years is their quality, particularly as it is expressed in the continuous back and forth interaction that takes place between a young child and an invested adult. When relationships are nurturing, individualized, responsive, and predictable, they increase the odds of desirable outcomes. That is to say, they promote healthy brain development, as positive experiences contribute to the formation of well-functioning neural circuits. When interpersonal experiences are disruptive, neglectful, abusive, unstable, or otherwise stressed, they increase the probability of poor outcomes.”<sup>3</sup>

All of this means that high-quality early childhood development programs are those that provide children with the kinds of experiences that strengthen the neural circuits underlying the skills needed for school success across all five domains of school readiness. Quality, therefore, is a function of: the amount of appropriate stimulation of the child; the amount of time the child is left alone; the sensitivity of the caregiver to the child’s needs and interests; time children spend in group activities; and the amount of time spent talking with, reading to or problem-solving with the child.

More can and should be done to equip parents and other adult caregivers with the knowledge and tools to prepare kids to succeed in school. Even when parents can provide gold standard care for their children, most children are out of their parents’ care a substantial period of time before school entry. Some 79 percent of infants and toddlers and 85 percent of preschoolers are out of parental care for at least part of the day so that parents may work. During these critical years from zero to five, four-fifths of the human brain’s development occurs. Yet, less than 10 percent of public funding for education and less than one percent of the total Minnesota budget is spent on kids in this critical phase.<sup>4</sup> There is room to do better.

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<sup>3</sup> “Closing the Gap Between What We Know and What We Do”. Jack P. Shonkoff. M.D. Brandeis University. Published by Ounce of Prevention. 2004.

<sup>4</sup> “Early Learning Left Out – Public Spending on Children in Minnesota,” Ready4K, 2004.

## **Why Has School Readiness Become Important?**

Environmental changes. Traditionally, parents have borne the primary responsibility in preparing kids for school. We do not think that should change. But much has happened to society and the workforce over the last 50 years to make effective parenting more difficult.

Nationally, more women are entering the workforce, more families have all parents working and working hours have risen:

- “Three-fifths of women age 16 and over are in the paid labor force, as are 75 percent of mothers with children...(Council of Economic Advisors, 2000, p. 166).
- In 1950, 13 percent of America’s children lived in dual-earner households. That figure climbed to 44 percent by 1998 (Council of Economic Advisors, 2000 p. 166).
- Fewer than 25 percent of married families fit the old “breadwinner” model, with the husband in the labor force and the wife at home, compared to 56 percent in 1950.
- Not only have more women entered the labor force, they work longer hours: Among all employed women, average weekly hours of work increased from 34.2 hours in 1978 to 36.1 hours in 1998 (Cohen and Bianchi, 1999, p. 26).”<sup>5</sup>

There are a number of factors that make this transformation of the workforce particularly challenging for early childhood development in Minnesota. First, “almost half of the population growth [in Minnesota] was due to migration from other states within the U.S. and from other countries.”<sup>6</sup> This influx creates new challenges, including many more English Language Learners and dynamic changes in the population makeup of various communities.

Second, the age structure of Minnesota’s population will continue to have a strong youthful component:

“As the baby boom generation ages, the median age in the state is expected to increase from 35.4 in 2000 to 40.2 in 2030, but the population of children will continue to expand. By 2010, there are expected to be 926,040 children ages 0 to 12 [compared to 910,267 in 2002], by 2020, almost 990,000, and by 2030, over one million.”<sup>7</sup>

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<sup>5</sup> Integrating Work and Family Life: A Holistic Approach, by Latte Bailyn, Robert Drago and Thomas A. Kochan, (MIT, Sloan School of Management, September 14, 2001), p. 11.

<sup>6</sup> The Economic Impact of the Child Care Industry in Minnesota, Saskia Traill and Jen Wohl (National Economic Development and Law Center, 2003), p. 5.

<sup>7</sup> *Ibid.*, p. 6.

This growth in child numbers will be important in filling job vacancies created by baby boomer retirements, provided they are educationally equipped to meet the more knowledge-intensive job criteria needed to sustain Minnesota's quality of life. Providing a good start for kids age zero to five is only going to become more important going forward.

Third, Minnesota's population is becoming ethnically more diverse:

"Demographics indicate increasing racial and ethnic diversity in Minnesota, particularly for young children. The proportion of births in the state to foreign-born mothers has increased dramatically from 5.4 percent in 1990 to 13.4 percent in 2000."<sup>8</sup>

This leads to a number of consequences for early childhood learning: more languages other than English spoken at home; more interest in culturally diverse child care offerings; and challenges for parents, many of whom speak or read little English, to provide needed linguistic, reading and mathematical skills to preschool age children on their own.

Fourth, more parents are entering the workforce and fewer are staying at home to care for their children:

"Minnesota currently leads the nation in the participation of women in the labor force – at 70.3 percent in 2000 compared to the nation's 60.2 percent.<sup>9</sup> In addition, the state ranks fourth in labor force participation of men.<sup>10</sup> ...

"In fact, the most significant labor force participation gain in these past few decades has been made by women with children.<sup>11</sup> In 1970, 30 percent of U.S. mothers and 40 percent of Minnesota mothers were in the labor force, either working for pay or actively looking for work. In 2000, the proportion of mothers in the workforce rose to 69 percent for U.S. mothers and 79 percent for Minnesota mothers. Women with children are now more likely to be in the labor force than women without children; while 60 percent of Minnesota women without children were a part of the labor force in 2000, over 79 percent of women with children under 18 were.<sup>12</sup>

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<sup>8</sup> Ibid., p. 7.

<sup>9</sup> Legislative Commission on the Economic Status of Women. *Labor Force Participation on Women, Minnesota and U.S.* Fact Sheet, undated. Reported statistics based on information from the U.S. Census Bureau and the Bureau of Labor Statistics. Participating in the labor force refers to those who are engaged in paid work or are currently unemployed actively looking for paid work.

<sup>10</sup> M. McMurry. *Minnesota Labor Force Trends: 1990-2000.* Minnesota Planning State Demographic Center. Population Notes series, December, 2002.

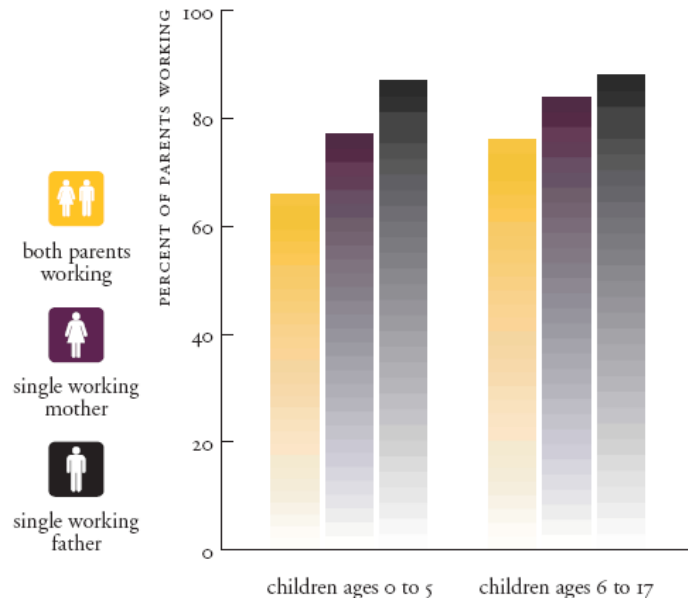
<sup>11</sup> O. Casale and A. Fisher. *Labor Force Participation Rates: How is Minnesota Different?* Minnesota Economic Trends series. Minnesota Workforce Center, December 2002/January 2003.

<sup>12</sup> Ibid. This is likely due, in part, to age group; women of childbearing years are more likely to be in the workforce than younger or older women.



“Given the high labor force participation rates of both men and women in Minnesota, it follows that most Minnesotan children live in households where all parents are in the labor force. The 2000 Census indicates that in dual-parent households 66 percent of young children and 76 percent of school-age children have both parents in the workforce. The vast majority of children living with single parents have their parent in the workforce – 77 percent of young children living with single mothers, 84 percent of young children living with single fathers, 87 percent of school-age children living with mothers, and 88 percent of school-age children living with fathers.”<sup>13</sup> [See Chart 2.]

**Chart 2**  
**Labor Force Participation Rates of Parents**



Given these demographic trends, it is clear that, while early childhood development is first and foremost a parental responsibility, for the vast majority of Minnesota’s kids, it is no longer possible for parents to shoulder this responsibility alone. In some cases, they need better access to information on preparing their children for school; in other cases, they need better information on early care and education options that offer the level of quality they desire; and in some cases, adequate preparation for school will have to be supplemented heavily from non-parental sources.

<sup>13</sup> Ibid., pp. 8-9.

Fifth, the existing child care system in Minnesota is inadequate to this task, even if one were to assume that all existing licensed teacher/providers offer quality care:

“Assuming that parental employment levels will remain the same as in 2000, the number of children with all parents in the home working is currently over 670,000, and by 2010, will be almost 685,000, and by 2030 will be well over 740,000. Currently, licensed child care has the capacity to serve 265,700, indicating that many children and their working parents are underserved even now and that there is a sustained need for a strong child care infrastructure in the future.”<sup>14</sup>

A Minnesota Department of Human Services study conducted by Wilder Research Center of child care arrangements in 2450 Minnesota households from June 1999 to March 2000 profiles Minnesota’s child care practices and documents some of the stresses on and inadequacies of the existing child care infrastructure:

- Almost 80% of Minnesota children age 5 or younger are in non-parental care at some point during the week; almost half (45%) in care for 20 or more hours per week; 30% are in care full-time (35 or more hours per week).
- For children 5 or younger, 39% were in licensed family child care, 24% in center-based care, 22% in care of relatives and 9% were in informal, non-relative care.
- Most children are in multiple care settings in order to cover the full workday, with three-fourths of preschoolers in 2 or more child care settings.
- Almost 400,000 Minnesota children ages 0-5 were in child care settings in 1999.
- Only 12% of low-income households were using state-sponsored child care assistance programs in 1999.
- 21% of parents reported child care problems have interfered with getting or keeping a job in the past year, and 23% of parents reported lost time from work in the past 6 months due to child care problems, not including sickness.<sup>15</sup>

With an inadequate supply of child care facilities, families are forced to juggle schedules and obligations, with convenience and safety rather than quality and school readiness driving the decision.

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<sup>14</sup> Ibid., p. 10. Current capacity from the Minnesota Child Care Resource and Referral Network, 2003.

<sup>15</sup> “Child Care Use, Needs and Quality in Minnesota,” Presentation to MSRBAC Policy Task Force by Deb Swenson Klatt, MNDHS, May 19, 2004.

Another recent study by the Center for Urban and Regional Affairs (CURA) of the University of Minnesota found that many Minnesota families find themselves spending more than 10% of their income on childcare – a level commonly accepted by government agencies and child care advocates of child care affordability. Families who pay more than 10% of their income for child care are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

**Table 4. Out-of-Pocket Expenses for Childcare in Minnesota<sup>16</sup>**

<b>Household Income Level</b>	<b>Percentage of income spent on out-of-pocket child care expenses</b>
Less than \$20,000	≥32%
\$20,000 to \$44,999	10-23%
\$45,000 to \$74,999	7-11%
\$75,000 or more	≤9%

Finally and most regrettably, the child care arrangements available to Minnesota families today are often not of adequate quality. Good teacher/providers of care focused on making kids developmentally-ready for kindergarten tend to be the exception. The Minnesota Child Care Policy Research Partnership conducted a review in 2003 of the quality of Minnesota center-based child care through physical observation in 100 child care classrooms; the results were shared with our task force. Among the key findings were these:

- 90 percent of the center-based care facilities observed had inadequate or minimal personal care routines; none were excellent.
- About 80 percent of these facilities had “minimal to good” interactions between teacher/providers and the children under their care; only 10 percent scored excellent.
- In an attempt to gauge their effectiveness in providing early literacy skills, observers graded these centers on use of language, books, pictures and other communications tools to teach language skills; 55 percent of the centers made “minimal” use of such tools, and none scored “excellent.”

All of the centers reviewed were licensed by the state. What the study shows is that licensing is a poor gauge of quality; it is based on the resources available at the center rather than on factors that would measure performance in preparing kids for school – factors like behaviors, training levels, quality of site management, use of research-based protocols and direct instruction methods, etc. Very simply, even the licensed child care facilities currently are judged more on their delivery of adequate custodial care than on their teaching performance. Though we cannot say for certain, we believe the situation is unlikely to be better in informal care settings.

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<sup>16</sup> Affordable Childcare: Is There a Crisis? Elizabeth E. Davis and NaiChia Li. CURA Reporter. Summer 2004. Center for Urban and Regional Affairs, University of Minnesota.

Educational challenge. The Minnesota economy was long anchored in natural resources, including timber and minerals in the North, farmland in the South and hydropower in the center. In the latter half of the 20<sup>th</sup> century, Minnesota's economy became more dependent on education, both to add value to its resource endowments and to create new technological capabilities. Minnesota's decision to invest in education began to pay big dividends about mid-century. Since then, our per capita income has risen from the national midpoint to well into the top quartile.

Knowledge at all levels of the workforce will only become more important in today's emerging global economy. Minnesota's quality of life will increasingly depend on developing its human rather than natural resources. Yet, Minnesota has no reason for being complacent about either the structure or effectiveness of its educational investment. The 2003 National Assessments of Educational Progress clearly documented a serious educational performance gap:

“By eighth grade, Minnesota's black and Hispanic children are three entire grade levels behind white children in reading ability...The results were worse in math. By eighth grade, Minnesota's black children are four and a half grade levels behind white children, while Hispanic children are more than three grade levels behind.”<sup>17</sup>

Such gaps are devastating for the individuals hurt by them, but they can also have a significant adverse economic impact on Minnesota's economy, with lower educational levels leading to poverty, increased costs to the criminal justice and social service systems and loss of human potential for job productivity and civic contribution.

“In fourteen short years, the percentage of non-white students in the two urban districts [Minneapolis and St. Paul] has grown from 45 percent to 71 percent. With higher minority birth rates and continued in-migration, we can expect more rapid growth in the years ahead. This means that Minnesota's present maleducation of mostly urban minority children has increasingly grave consequences for the economy, criminal justice and social service systems, and civic well-being, of the state as a whole.”<sup>18</sup>

Attacking such performance gaps after they have emerged has generally proven a costly strategy. While there are school systems that have closed these gaps through high expectations, great leadership and concentrated instruction, they too often are the exception. Without abandoning efforts to do better at closing these gaps, it also is important – and likely more cost-effective – to prevent them from emerging.

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<sup>17</sup> “No Excuses: Closing the Twin Cities' Racial Gap in Learning,” by Jon Bacal in American Experiment Quarterly (Spring 2004), p. 59.

<sup>18</sup> Ibid., p. 61.

“Business people know that it is less expensive to prevent failure than to try to correct it later. Early intervention for poor children from conception to age five has been shown to be a highly cost-effective strategy for reducing later expenditures on a wide variety of health, developmental, and educational problems that often interfere with learning. Long-term studies of the benefits of preschool education have demonstrated returns on investment ranging from \$3 to \$6 for every \$1 spent. Prenatal care has been shown to yield over \$3.38 in savings on the costs of care for low birth weight babies. Early immunization for a variety of childhood diseases saves \$10 in later medical costs. Supplementing nutrition for poor women, infants and children yields a \$3 payback in savings on later health care costs.

“At the same time, the costs of not intervening early can be astronomical.

- Every “class” of dropouts earns about \$237 billion less than an equivalent class of high school graduates during their lifetimes. As a result, the government receives about \$70 billion less in tax revenues.
- Each year, taxpayers spend \$16.6 billion to support the children of teenage parents.
- About 82 percent of all Americans in prison are high school dropouts, and it costs an average of \$20,000 to maintain each prisoner annually. In comparison, a year of high quality preschool costs about \$4,800 and has been shown to decrease the rate of arrest in the teenage years by 40 percent.”<sup>19</sup>

These costs and savings would be significantly larger in current dollars. Once failure is an expectation, it is hard – and expensive – to remove.

A strategy of prevention can be more cost effective, but it too is challenging to implement:

“There is now a solid national consensus that the inability to read well by third grade places children at a severe risk of later school failure. Gov. Tim Pawlenty’s recent call for all Minnesota children to read by the end of first grade is only one reason to pay attention to these results.”<sup>20</sup>

Put another way, “when children know the basic literacy skills at the beginning of kindergarten, schools should be able to have 95 percent of all children reading at standard by the end of third grade.”<sup>21</sup>

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<sup>19</sup> “The Unfinished Agenda: A New Vision for Child Development and Education,” Statement of the Research and Policy Committee for Economic Development (NY, NY: 1990), p. 11

<sup>20</sup> “No Excuses: Closing the Twin Cities’ Racial Gap in Learning,” by Jon Bacal in American Experiment Quarterly (Spring 2004), p. 59.

<sup>21</sup> “Learning Model: ‘Age Three to Grade Three School,’” by Education/Evolving, a joint venture of the Center for Policy Studies and Hamline University, p. 1.

Unfortunately, that is not the current condition of Minnesota's kids. The Minnesota Department of Education has made a sample assessment of "school readiness" of kids entering kindergarten in each of the last two years. The more recent study concluded that roughly half of the sampled kids entering kindergarten are not ready to succeed:

"Less than half of the sample was proficient overall in the domains of personal and social development and the arts (47% each), language and literacy (43%), and mathematical thinking (40%)."<sup>22</sup>

Moreover, the lack of readiness escalates with lower family incomes and lower educational attainment by parents:

"Sample children from lower income families and with parents with less education were two-three times more likely to be rated "not yet" in all domains than children from higher income families and with parents with more education."<sup>23</sup>

In other words, the problems that hinder student performance in reading and math in K-12 often originate before they enter school.

Economic benefits. Wise investments in early childhood development programs can be beneficial. Art Rolnick and Rob Grunewald of the Ninth Federal Reserve District have made two important points about these investments: first, they can generate real rates of return fully competitive with long-term real rates of return in the stock market, which makes these investments an attractive use of money; and second, they are among the best, if not the best, economic development steps any government could take. While smart investing in early childhood development programs can be both a good use of money and a good strategy for the State's future, this has neither been self-evident nor has it been easy to do.

The returns from good investments in early childhood development generally take one of two forms. The first is savings that result from avoiding costs of various kinds of "social chaos." Several studies have shown that there are such savings to be captured in several areas:

- Costs of grade retention, special education (including remedial classes), reduced disruptions, etc.
- Costs to society and victims from criminal behavior and punishment.
- Welfare and related poverty costs.

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<sup>22</sup> Minnesota School Readiness: Year Two Study. (Fall 2003), Minnesota Department of Education, Feb. 2004, p. 20.

<sup>23</sup> Ibid., p. 39.

These studies have typically focused on returns from extensive and relatively expensive interventions in the services available to “at risk” kids. They also have identified some other potential benefits over an extended lifetime:

- Higher lifetime incomes for affected individuals, resulting in increased tax revenues.
- Cross-generational benefits arising from breaking out of the vicious cycle of poverty and starting a family higher on the socio-economic ladder.
- “Back upstream” benefits that arise from the parents improving their own economic circumstances as a result of involvement in quality child care arrangements.

Beyond the benefits of averting certain “social chaos” costs, there also are potential “social capital” benefits to be captured from a better-trained workforce more equipped to compete in the emerging global economy. The 2000 U.S. Census provides some sense of the magnitude of these economic gains in the range of expected lifetime earnings, in 1999 dollars:

- \$4.4 million per person for professional degree holders (law, medicine, dentistry and veterinary medicine).
- \$3.4 million for a doctoral degree.
- \$2.5 million for a master’s degree.
- \$2.1 million for a bachelor’s degree.
- \$1.2 million for a high school degree.
- \$1.0 million for high school dropouts.<sup>24</sup>

To the extent that quality early childhood development helps schools better prepare future workers to climb this economic ladder, it makes both those individuals and our overall quality of life better off.

Quality child care also has other important economic benefits to local communities:

- it will help fill an emerging labor shortage in the Minnesota economy by enabling more people to work;<sup>25</sup>
- licensed child care in Minnesota is nearly a billion-dollar industry, supporting more than 28,000 full-time equivalent jobs, more jobs than in elementary school teaching;<sup>26</sup>
- child care assistance payments enable people in low income jobs – including nursing and teaching aides and many retail services – to work, which means that “for every \$1 invested in child care assistance, parents earn \$1.46 in new income;”<sup>27</sup> and

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<sup>24</sup> [www.census.gov/Pres-Release/www/2002/cb02ff12.html](http://www.census.gov/Pres-Release/www/2002/cb02ff12.html).

<sup>25</sup> “The Economic Impact of the Child Care Industry in Minnesota,” Executive Summary (October, 2003), p. 3.

<sup>26</sup> Ibid., p. 4.

<sup>27</sup> “The Child Care Industry: Supporting Jobs and Economic Development in Hennepin County.” Report and Recommendations (November, 2003), p. 4.

- as Minnetonka Mayor Karen Anderson states, “It’s an economic development issue. Families choose to live in communities that encourage and support their well-being. In Minnetonka, we’ve been able to assist families with child care costs through the use of our federal Community Development Block Grant funds. That’s just one way to make sure that families here get the programs their children need to become successful adults.”<sup>28</sup>

Very simply, individuals, businesses, communities and all of us collectively as society and taxpayers stand to benefit from focused, cost-effective investments in early childhood development.

Ethical imperative. On the ethical front, the argument is simple and straightforward. The fundamental promise made to all Americans is equality of opportunity. Equal opportunity is not always an easy concept to define. For our purposes here, the notion is simply that children should arrive at the kindergarten gate to learning with a realistic opportunity to succeed, to learn at grade level and to be able to “read to learn” (i.e., use their reading skills to master subject areas) by grade 3.

By that measure, we are not providing all of our kids an equal opportunity for school success. While about half reach kindergarten ready, the other half do not, and some – especially those from poor and limited parental education backgrounds – have not really begun getting ready and are very likely to fall further behind and eventually fail. One indication of this unfair disparity is vocabulary at age 3:

- Children of professionals typically have a vocabulary of 1100 words by then.
- Children from working class families are in a sense already 30 percent behind, with a vocabulary of only 750 words.
- Children from welfare families have vocabularies of only 480 words.<sup>29</sup>

These disadvantages are not genetically foreordained. Kids arrive in life ready to learn. But they need the stimulus and the avoidance of stress that enable their brains to develop. It often has proven expensive and ineffective to wait for the K-12 system to overcome these gaps. A better strategy is to design and fund early childhood development programs that can help prevent such gaps from emerging.

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<sup>28</sup> Ibid., p. 2.

<sup>29</sup> “Meaningful Differences in the Everyday Experience of Young American Children,” B. Hart and T. Risley, Child and Family Policy Center.



Beyond these environmental, educational, economic and ethical arguments for quality preschool experiences, there is the challenge of global competitiveness facing our nation's educational system overall. Getting an earlier start across a broader spectrum of kids in developing the language, mathematical and collaborative skills necessary to ensure our State's future economic well being will prove a competitive asset for Minnesota and Minnesota's businesses. This concern will drive greater investments across a widening educational spectrum – preschool, primary, secondary and adult learning – for a growing pool of future workers. In other words, preparing for our future global competitiveness is a justification that includes more investment in early childhood development even though it reaches well beyond that cohort.

### **Summary of Reasons for Acting Now**

To conclude, there are lots of good reasons for acting now to improve early child care programs. Environmentally, we know that rising workforce participation rates by parents mean that, while they remain the primary factor in their children's early development, many working parents cannot do it alone. They and the adult caregivers looking after their children need additional support and resources to provide good preparation for school, work and life. We also know that changing demographics are making preparation for school more challenging and complex. The early care and education structure currently in place is not up to the task, either in physical capacity or educational quality.

Educationally, we know that knowledge and the ability to learn are becoming more important to preserving Minnesota's global competitiveness and quality of life. We also know that four-fifths of brain development occurs between ages zero and five, but the share of public investment in education is well under 10 percent in this critical period. As a result, more than half of Minnesota's kids arrive at kindergarten inadequately prepared, with lack of readiness highest among low income families with limited educational backgrounds. We also know that children need appropriate stimulation and freedom from stress to learn effectively. And we know that an ounce of prevention could be worth a pound of cures in avoiding poor outcomes.

Economically, there are important benefits available, if we find cost-effective ways to improve early childhood development. These include avoiding costs of "social chaos," getting more from our existing investments in K-12 education and capturing gains from "social capital" investments. The key is to invest wisely, which means to deliver high quality in an efficient, flexible, focused, accountable manner.

Ethically, we believe that all children deserve an equal opportunity at building a meaningful, successful life. But we know they are not all arriving at the kindergarten gate equally ready. As a society we cannot accept that inequality.

## **Current Context of Early Childhood Programs in Minnesota**

In March of 2003, the Wilder Research Center produced a report on the current status of Minnesota's early childhood care and education system for Ready 4 K, a statewide organizing and advocacy organization. It found that Minnesota provides numerous early childhood programs and services. However, these services are not well-coordinated or integrated, and the State lacks the ability to measure the scope and results of those programs and services. Moreover, the current child care system is hampered by problems with affordability, insufficient wages for teacher/providers and high staff turnover. The report catalogued the following current programs and services:

- Early Childhood Family Education -- a universal program available to families on a sliding fee basis. In 2001, over 300,000 children and parents participated.
- Head Start -- a targeted program providing health screening, nutrition, early childhood education, parent involvement and social services for families at or below the federal poverty line. In 2001, 34 programs served almost 16,000 children.
- Part C/Interagency Early Intervention -- family-centered services for infants and toddlers with disabilities, ages birth to three.
- Early Childhood Special Education -- free and appropriate public education to children birth through seven with identified disabilities.
- Early Childhood Health and Development Screening -- to detect health, development or other factors that affect learning, growth and development of children.
- Child Care Resource and Referral -- 22 sites provide assistance to parents in finding appropriate care and information about child care options and resources, provide training and technical assistance to child care teacher/providers and programs and provide data and information to communities
- School Readiness serves children identified through Early Childhood Screening, focusing on those children not eligible for other programs.
- Child Care Development grants -- awarded to public and private child care programs to improve quality and quantity of child care services.
- Basic Sliding Fee Child Care Assistance program -- child care assistance to low-income families pursuing employment, job search or education.
- Minnesota Family Investment Plan Child Care Assistance -- child care assistance for current and former MFIP families and children.
- Post Secondary Child Care Grant Program -- financial assistance to students to pay for child care costs.
- Child and Dependent Care Tax Credits -- tax credits to families with annual incomes below \$31,690.<sup>30</sup>

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<sup>30</sup> Early Childhood Care and Education in Minnesota: a Status Report. Produced for Ready 4 K, by the Wilder Research Center, March, 2003.

Based on the Wilder Status Report, Ready 4 K identified several key system planning gaps:

1. Minnesota has no consensus on a statewide vision for a coordinated, comprehensive early childhood system in Minnesota and that spells out the cost to fully implement it. A vision along these lines is needed to engage the public.
2. We need better coordination among state agencies responsible for programs serving children and families.
3. We must elevate early care and education as a legislative priority.
4. At the local level, there are very few examples of early care and education governance models that assess community strengths and gaps and promote integration of early childhood programs. Also, early childhood care and education have few clearly identified champions such as business CEOs, police chiefs, mayors or school officials.
5. We need a comprehensive review of funding for early childhood care and education through both private sources like foundations, United Way and employers and public funding streams, including federal.
6. The State of Minnesota needs quality measures for the early care and education system and infrastructure and an ongoing statewide monitoring system for assessing the developmental status of children at the time of school entry.<sup>31</sup>

A January, 2001 report by the Office of the Legislative Auditor found additional reasons for Minnesota to focus attention on its early childhood programs. They examined three large early childhood education programs -- Head Start, Early Childhood Family Education (ECFE), and School Readiness. The 2001 Legislative Audit concluded that the (then) Department of Children, Families, and Learning (now Minnesota Department of Education) should increase financial monitoring and on-site review of local Early Childhood Family Education and School Readiness programs and that the department should identify ways to monitor the K-12 school performance of former participants in state-funded early childhood programs.<sup>32</sup> We agree.

A comprehensive review of the early childhood funding streams was beyond the scope of MSRBAC. There was information presented, however, by the Minnesota Departments of Human Services and of Education that outlined program and funding streams. Although Minnesota does put significant state resources into child care assistance and early childhood programs -- close to \$205 million in SFY 2003 -- only one percent of the State budget in 2002 was dedicated to early childhood programs, including child care assistance dollars. The 2003 Legislative session cut an additional \$100 million dollars from child care assistance and early childhood programs -- almost a 50 percent cut. A January 2004 report from the Minnesota Children's Defense Fund found that:

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<sup>31</sup> Ibid.

<sup>32</sup> Early Childhood Education Programs. Evaluation Report Summary: PE01-01a. Office of the Legislative Auditor, State of Minnesota. January, 2001.

- Families who are still eligible to receive child care assistance are struggling to pay their increased co-payments—saying that each month they must choose between child care and basic necessities, such as food;
- More families are returning to welfare because they cannot afford child care;
- More families across the state are being told that they must wait to receive child care assistance; and
- Many child care teacher/providers are reducing their capacity while some are closing their businesses.

“These indicators suggest that Minnesota children are being put at risk. Forced into a corner, working parents may have no other choices but to quit their jobs and go on welfare (where they are guaranteed to get financial assistance with child care) or put their children into less expensive, and most likely inferior-quality care situations. These situations are much less likely to provide the nurturing, stimulating environments young children need to enter kindergarten ready to learn and able to read by the end of first grade—a goal set last year by Governor Pawlenty.”<sup>33</sup>

### **Delivering Quality Early Childhood Development**

We believe that more public investment can be made wisely on early childhood development to improve prospects that all children can reach school ready to learn. But we also recognize that investing wisely is not easily done, or more states would be doing so successfully. This Report recommends a Winning Start approach that is focused yet flexible, that values accountability and innovation and that works both through parenting and through alternative child care. It is built on five core ideas:

- Assured access for all children, especially for “at risk” pre-schoolers;
- Clear measures of quality and progress by individual kids;
- Informed parents and parental choice;
- Coordination with other social services; and
- Accountability for results.

Our goal is not to increase the availability of child care for kids so that their parents can be in the workforce. Though simple custodial care is cheaper than quality care, its value also is much lower, which reduces its cost-effectiveness. Nor is our goal universal preschool education so that all kids begin school one or two years earlier. Though this would raise and help harmonize learning capacities, it is a very high cost strategy because many kids do not need more than the preparation they are receiving under current arrangements (e.g., roughly half of all kids are arriving at kindergarten ready). Moreover, many parents don’t accept the need for or value of compulsory preschool.

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<sup>33</sup> Feeling the Pain: The Emerging Impact of Minnesota’s \$86 Million Cut to Child Care. January 2004. Children’s Defense Fund – Minnesota.

Our vision is to develop an approach that makes quality early childhood development accessible to all who need or want it. We believe that vision is best approached in stages. There are a number of low-cost strategies that can be pursued immediately to improve everyone's understanding of good early childhood development, especially preparation for school success. Alongside those initiatives should be more intensive efforts to ensure that those children most "at risk" of not being ready for school have additional help.

Early childhood development encompasses everything from prenatal care to age five. Clearly, needs and instrumentalities change as one moves from pre-birth through infancy and toddlers to pre-schoolers. Our recommendations will cover all of these stages of development. For example, we believe that every business operating in Minnesota should offer a pre-tax child care plan to all of its employees, which would be used for any child care expenses for 0 to age 12. But before detailing additional recommendations, we need to expand on the underlying criteria of our Winning Start approach. These principles should guide specific implementation decisions.

### **Assured Access**

First, assured access for whom? States that fund preschool programs typically concentrate funding on programs for 4-year-olds. "Only Massachusetts and New Jersey enrolled more than 10 percent of their 3-year-olds."<sup>34</sup> A study by the Connecticut Commission on Children, however, found that two years of quality preschool were much more effective in closing learning gaps and preparing kids to succeed in school.<sup>35</sup>

We believe Minnesota should seek to include both 3- and 4-year olds in preschool offerings. We also believe there are steps Minnesota should take to strengthen its offerings for infants and toddlers, particularly in the area of parent education and support, and in the area of child care quality.

For 3- and 4-year-olds, should access be determined by location, ability to pay, need or be open to all? The NIEER report cited above notes the following on this issue:

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<sup>34</sup> The State of Preschool: 2003 State Preschool Yearbook, National Institute for Early Education Research (2003), p. 4.

<sup>35</sup> Opening the Kindergarten Door: The PreSchool Difference, March 2004. The report showed better results for two years of preschool over one year across all measured indicators.

“States began to create programs for children in poverty or otherwise determined to be at high risk of poor academic progress in the mid-1960s, but the number of states and enrollments in their programs did not grow substantially until the mid-1980s. Rapid growth accelerated through the 1990s. Prior to 1980 only seven states funded preschool programs. By 1991, this had climbed to 28 states with about 290,000 children being served. In 2001, 40 states funded preschool programs and served about 700,000 3- and 4-year-olds. In recent years, states also began to expand eligibility from an “at risk” group to all children. Georgia created the first statewide universal Pre-K (UPK) program in 1995. Oklahoma, New York and West Virginia followed, though New York has not fully funded its program, and West Virginia will phase it in by 2012. In 2002, Florida voters approved a constitutional amendment that entitles all 4-year-olds to a free, high-quality pre-kindergarten education by 2005.”<sup>36</sup>

In other words, the vast majority of states focus their preschool funding on “at risk” kids. A few states have begun to offer open access to all 4-year-olds, influenced by some evidence that diverse classrooms are better instructionally, with kids learning from each other,<sup>37</sup> or that enrollment in preschool is trending upward in any case, from just 10 percent of 3- and 4-year-olds in 1960, to 52 percent by 2001.<sup>38</sup>

Those states that focus on “at risk” kids usually employ economic eligibility criteria, like the income thresholds for free lunch (130 percent of poverty) or reduced lunch (185 percent of poverty) programs.<sup>39</sup> New Jersey, however, provides a free preschool opportunity for all kids beginning at age 3 in large, disadvantaged school districts (called “Abbott Districts”) where at least 40 percent of students are eligible for free or reduced-price lunches.<sup>40</sup> New Jersey also offers a less intensive preschool program (called Early Childhood Program Aid, or ECPA) for districts where 20-40 percent of students are eligible for free/reduced price lunches.<sup>41</sup>

It is interesting to contrast the effects of a universal approach like Georgia’s with a focused one like New Jersey’s. Georgia spends \$1,987 per 4-year-old in the state and New Jersey spends \$1,922 per 4-year-old in the state, nearly identical amounts. But Georgia spends only \$3,721 per child enrolled in a pre-K program, while New Jersey spends \$10,088 per child enrolled (\$11,396 per child on Abbott district kids and \$4,385 on ECPA kids). Finally, Georgia serves 63,613 students at a cost of \$236.7 million, while New Jersey spends 50 percent more (\$369.9 million) on 40 percent fewer kids (36,666).<sup>42</sup>

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<sup>36</sup> The State of Preschool, p. 9

<sup>37</sup> *Ibid.*, pp. 28-29.

<sup>38</sup> *Ibid.*, pp. 6-7.

<sup>39</sup> *Ibid.*, p. 23.

<sup>40</sup> *Ibid.*, pp. 42, 98. Abbott districts must meet New Jersey Supreme Court mandated standards, including one certified teacher and an assistant for each class of 15 kids, a 6 hour day during the school year and extended hours and days – up to 245 days. ECPA funds half day preschool and full day kindergarten.

<sup>41</sup> *Ibid.*, p. 98.

<sup>42</sup> *Ibid.*, pp. 66-67, 98-101.

Clearly, there is a balance that needs to be struck. Higher at-risk kids and families require more services, but they also reveal higher social returns to those public expenditures. A universal free offering reaches more kids but typically provides fewer dollars per child and may struggle to ensure adequate quality. We believe that Minnesota initially should focus its resources on the neediest communities, combined with some means-tested aid provided individual students. This should ensure high quality for at-risk kids while providing access to quality preschool programs for all who are interested in attending.

In addition to the age group served and the scope of the market served, it is important to decide how long the instructional period per day and per year should be:

“More than one quarter of the state pre-kindergarten initiatives operate on a half day basis, with classes lasting only about two or three hours. Less than one-quarter operate for a full school day – about six hours. For the remaining state pre-kindergarten initiatives, operating schedules are determined at the local level...

“While the majority of state pre-kindergarten initiatives have most or all of their programs operating five days a week, several states have most or all of their programs operating four or fewer days a week (Colorado, Michigan, Minnesota’s School Readiness Program, Nevada, Ohio’s Public School Preschool Program, Oregon, and Washington). In addition, only a few states have programs operating on a year-round basis...

“When schedules are less than the full day, year round, many working families may not find it feasible to participate in a pre-kindergarten program even though they are eligible.”<sup>43</sup>

We believe a Winning Start program will offer hours of care long enough to enable participation by all.

Finally, there is the question of what kinds of providers should be eligible to participate. Nationally, preschool programs were 70 percent private in 1970 but down to just over 50 percent private by 2001.<sup>44</sup> Minnesota’s preschool offerings, however, are predominantly private and take place in various settings, such as federally and state-funded Head Start programs, state funded School Readiness programs, licensed child care programs, and licensed preschools. We believe that competition among public and private teacher/providers and between the for-profit and non-profit sectors will promote innovation and encourage greater cost-effectiveness.

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<sup>43</sup> Ibid., p. 25.

<sup>44</sup> Ibid., P. 8.

We also believe that teacher/providers do not currently receive adequate compensation to encourage the delivery of quality to “at risk” children as well as to lesser risk children with limited ability to pay, especially with recent cuts in funding of Minnesota’s “sliding fee” system. While more resources are needed in the system, we think it would be a mistake to decide a priori: how many more dollars were needed; if other resources (e.g., better use of college-age or retired volunteers) would help; and how reimbursements might best be structured to promote cost-effective delivery.

Consequently, we think several types of reimbursement to teacher/providers should be explored. These might include: scholarships that travel with the child; a system for taking bids from teacher/providers that would specify what performance they would deliver for what reimbursement; or a system of basic payment and bonuses, with bonuses tied to attainment of prior agreed outcomes. Other approaches to reimbursement also could be tested.

Moreover, the goal is not to settle on one particular reimbursement scheme for all circumstances, which would then be rolled out statewide. What works in an urban core may be different from what works in a rural setting or a suburban one. Also, promoting competition through different kinds of reimbursement schemes may be important to encourage innovation or to learn more about delivery of quality preschool.

We also know there are large differences in:

- community needs
- types of child care teacher/providers currently in the business
- parental needs or preferences; and
- children’s needs or preferences

Moreover, there are many changes occurring in our business, education and demographic environments. Businesses increasingly need workers with higher skills and the capacity to learn over a lifetime. Charter schools and home schooling are attracting more students, thereby increasing pressures on traditional schools to respond better to customer demands. Minority and foreign born child populations are rapidly growing at the same time that Minnesota’s traditional population base is aging, which creates new demands and stresses on social institutions. All of this suggests that we are entering a period of accelerating change. Cost pressures will only intensify the need for innovative service delivery models.

This means that although we should recognize and build on the strengths of existing programs, we should not lock preschool delivery into any one existing teacher/provider structure. Rather, we should encourage various kinds of institutional innovation, from minor changes like training retiree or student volunteers to assist teachers in care teacher/provider settings to combining preschool for 3 and 4 year olds with K-Grade 3 schooling as examples. Very simply, we should design incentive and reimbursement systems that open up new ideas, that go beyond just dressing up existing teacher/provider systems or bolting them onto existing educational infrastructure.



Providing incentives for cost-effective delivery of quality early childhood development is only half the battle. Enabling parents to choose good early care and education providers for their children and to access good early childhood parent education for themselves is the other. Scholarship assistance based on financial need and targeted to “at risk” children and families is one important tool in providing equitable access. We want to test whether it provides sufficient incentive to attract quality teacher/providers to areas where scholarship assistance is concentrated.

Attracting high quality teacher/providers into difficult neighborhoods, improving the stability and quality of the neighborhood support for the teacher/providers and bridging language, trust and other gaps between teacher/providers and parents, however, may require additional investments or programmatic support.

Consequently, while scholarships are necessary to enable parents to choose quality, they may not be sufficient. Resources – both public and private – may need to be earmarked for such infrastructure investments as teacher training, curricula materials and facility upgrades to help bring quality to the neighborhoods and communities of at-risk kids.

### **Measures of Quality and Progress**

The NIEER report has developed a “quality standards checklist” that it uses in evaluating the quality of states’ pre-kindergarten programs. Based on research into what works, the checklist provides one test of quality, although the “checklist should not be interpreted as implying that these are the only aspects of a program that are important for quality.”<sup>45</sup> The following elements make up the checklist:

- “*Curriculum standards* – the state must have comprehensive curriculum standards that are exclusive to prekindergarten and cover the domains of language/literacy, mathematics, science, social/emotional skills, cognitive development, health and physical development, and social studies.
- *Teacher degree requirements* – lead teachers are required to hold at least a BA in both public and private program settings.
- *Teacher specialized training requirement* – pre-service requirements for lead teachers must include specialized training in early childhood. Such training might involve licensure/endorsement in the prekindergarten area or a degree or credential in early childhood, such as a CDA. Elementary teaching certificates and kindergarten endorsements were not considered to qualify as specialized training in early childhood.
- *Assistant teacher degree requirement* – assistant teachers are required to hold at least a CDA or equivalent (24 credits in early childhood), in both public and private settings.

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<sup>45</sup> Ibid., p. 31.

- *Teacher in-service requirement* – teachers must be required to receive an average of at least 15 clock hours of professional development annually.
- *Maximum class size* – class sizes must be limited to no more than 20 children, for both 3- and 4-year-olds.
- *Staff-child ratio* – classrooms are required to have at least one staff member present per 10 children attending, for both 3- and 4-year-olds.
- *Screening/referral requirements* – programs are required to provide both screening and referral services that cover at least vision, hearing and health.
- *Family support services* – programs must offer at least one type of support service for families of participants. Services may include parent conferences or adult education, referral to social services for families, or information relating to nutrition.
- *Meal requirements* – programs are required to provide participants with at least one meal daily. Snacks were not counted as meals.”<sup>46</sup>

The most frequently met criteria (roughly 70 percent) are maximum class size, staff-child ratios and family support services. Fewer than half the programs have comprehensive curriculum standards or staff that meet the training criteria.<sup>47</sup> All of the criteria are inputs-oriented, which may be helpful for cross-state comparisons but tells us little about how the programs are performing for the kids in them.

We believe that standards, especially curriculum and staff standards, are important to a quality early childhood development experience. We further believe that performance indicators, both for individual kids as they progress and for teacher/providers at each location, are critical in attaining and judging quality. Consequently, we believe:

- That early learning standards should be established for the key learning variables in school readiness.
- That assessments should occur before, during and at completion of early childhood development programs and experiences.
- That teacher/providers should be supported in getting the key learning variables in place and rewarded for achieving specific school readiness objectives.

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<sup>46</sup> Ibid., p. 31.

<sup>47</sup> Ibid., p. 35.

Measuring ‘process quality’ (a more output-oriented approach) in addition to ‘structural quality’ (the inputs approach described earlier) should provide a more complete picture of what is happening for the child. The Frank Porter Graham Child Development Institute describes process quality as consisting of the various interactions that go on in a classroom between staff and children, staff, parents, and other adults, among the children themselves, and the interactions children have with the many materials and activities in the environment, as well as those features, such as space, schedule and materials that support these interactions. They report that a quality program must provide for the three basic needs all children have:

- Protection of their health and safety
- Building positive relationships
- Opportunities for stimulation and learning from experience

No one component is more or less important than the others, nor can one substitute for another. It takes all three to create quality care. Each of the three basic components of quality care manifests itself in tangible forms in the program’s environment, curriculum, schedule, supervision and interaction, and can be observed. These are the key aspects of process quality that are included in the Harms, Clifford and Cryer Environmental Rating Scales.<sup>48</sup>

We are particularly interested in having early childhood learning standards recognized and followed by all teacher/providers who provide early childhood care and education. In 2000, the then Minnesota Department of Children, Families & Learning published *Minnesota Early Childhood Indicators of Progress: A Resource Guide*, which has functioned since then as Minnesota’s early learning standards for children approximately four years of age. The Minnesota Department of Education (MDE), with the involvement of the Minnesota Department of Human Services (DHS), has recently updated these, and they are currently undergoing review before publication of the 2<sup>nd</sup> edition at the end of the year with the title *Early Childhood Indicators of Progress: Minnesota’s Early Learning Standards*. This new edition is intended to cover children ages 3-5 years old. These are aligned with the new Minnesota K-12 Academic Standards in language and literacy, mathematics, science and social studies. At the same time, DHS is developing early learning guidelines for children 0-3 that will align with Minnesota’s early learning standards for children 3-5 years old.

Early childhood assessment based upon these early learning standards should occur at several points in development during the 0-5 age period, ideally soon after birth or within the first two years of life, during ages 3-4, and again at kindergarten entrance. The first of these assessments, at whatever age the first assessment is done, can serve as a baseline by which to interpret further assessments.

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<sup>48</sup> Frank Porter Graham Child Development Institute, University of North Carolina at Chapel Hill Website, describing the Harms, Clifford and Cryer “Environmental Rating Scales.”

As mentioned previously, the Minnesota Department of Education currently has in place a developmental assessment at kindergarten entrance that was used in their Year One and Year Two studies of the school readiness of Minnesota kindergartners. This assessment involves kindergarten teachers using 32 indicators of school readiness in the five domains of learning previously mentioned during the first six weeks of kindergarten in order to provide information on the level of proficiency shown by children against these indicators for four-year-olds as they enter school. Teachers rate kindergartners as either “proficient,” or “in process,” or “not yet” in demonstrating the knowledge and skills reflected in the 32 indicators.

MDE has provided teacher/provider training for ten years in use of the Work Sampling System of child assessment with children 3-4 years old. This is the same assessment used as part of the school readiness studies. Such teacher/provider training continues in conjunction with DHS. Both agencies are also working together to provide teacher/provider training in use of the Ounce Scale, a developmentally appropriate assessment for children 0-3. Having these training systems in place and many teacher/providers around the state currently trained in their use provides a basis for expanding the capacity of teacher/providers to do these and other assessments necessary to determine if children ages 0-5 are achieving the early learning standards described above. All assessments used should meet nationally recognized professional criteria for early childhood assessments appropriate to the particular age being assessed.

In the process of assessing child outcomes, it is important to recognize that teacher/provider performance or compensation should not be linked to child outcomes alone because of the complexity of the factors that impact child growth and learning beyond teaching and care giving. The best teacher/providers need to be encouraged to take on the most challenging/“at-risk” children with teacher/caregiver performance rated more in line with a child’s degree of individual progress over a period of time than with child performance as judged against an absolute threshold.

In summary, early childhood assessment based on agreed upon early learning standards should occur at several points in development during ages 0-5, ideally soon after birth or within the first two years of life, during ages 3-4, and again at kindergarten entrance. The first of these assessments should serve as a baseline by which to interpret further assessments. All assessments used should meet nationally recognized professional criteria for early childhood assessments appropriate to the particular age.

## **Informed Parents**

All parents would benefit from knowing more about early brain development and what forms of care, stimulation and surroundings are best for their children at different stages of growth. Providing such information through convenient sources – hospitals, workplaces, community centers, etc. – is an important, low-cost action, as we have seen through Minnesota’s Early Childhood Family Education programs. Reinforcing those lessons through connections between parents or adult care givers and trained parent educators is important, especially in reaching more “at risk” populations. And providing incentives for responsible parental conduct may be a practical way to strengthen parental accountability where necessary.

As we move into child care settings, the available evidence suggests that many child care arrangements are driven by cost and convenience. Moreover, few provide the kind of quality environment defined above. Licensing teacher/providers based on an analysis of resources available has not provided an assurance of quality up to now. Adding higher standards for teacher training, pupil ratios and the like may improve the odds for quality. But they are not a guarantee of better outcomes. Parents need more than licensing to guide their choices.

Parental choice ultimately should rest on outcomes-based performance indicators, such as the school readiness assessment tools described earlier. Assessing children’s progress and student readiness for school needs to be as universal as possible, and the results need to be publicly available (perhaps similar to the school reading and math results currently published in newspapers). Such results could also be available on line, in community libraries and elsewhere.

Enabling parents to find quality teacher/providers easily will do two things. It will make quality preschool more practically available. And, it will stimulate healthy competition among teacher/providers to improve their results and to publicize them. Gaining market share through successful results is a highly desirable outcome for all parties concerned.

In the NIEER’s policy recommendations, the focus is on increasing the scope of access rather than how that access is to be achieved:

“All states should provide adequate access to state-funded preschool programs. Twenty states serve fewer than 10 percent of their 4-year-olds. Ten states serve none. The three states that have committed to universal access do not in fact reach all 4-year-olds, and New York is far from its goal. European nations that offer universal preschool programs routinely enroll nearly 100 percent of the children, and many school districts in the United States that offer universal access to preschool have enrollment nearing 100 percent. A well-designed universal preschool program should have an enrollment rate at least as high as public kindergarten.”<sup>49</sup>

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<sup>49</sup> Ibid., p. 45.

But we believe that *how* access is achieved is even more important than the scope of that access. Specifically, we believe that the lion's share of the operational funding for early childhood development should be determined by parental choice rather than going directly to institutional teacher/providers (similar to the effect of Minnesota's "sliding fee" system today). For that to work well, we need a system for evaluating results that different teacher/providers achieve, for grading teacher/providers based on those results, for publicizing those grades and for equipping parents to choose on the basis of cost-effective results, not on the basis of convenience or affordability. Such a system is a critical part of our Winning Start program.

### **Effective Coordination**

Given the limited number of *quality* early childhood development programs, there are even fewer examples of effective coordination between prekindergarten and K-12 systems. Because our focus is on school readiness, we believe that coordination between these two systems is crucial. We are intrigued by the suggestion that such coordination be achieved by institutionally integrating pre-K with K-3 in a system that would cover age 3 through grade 3. But we also recognize there are other, more flexible ways of achieving the same result. We believe that a Winning Start program would have early learning standards for outcomes for children ages 0-5 agreed upon by all early childhood care and education providers; child performance against these standards should be assessed at appropriate intervals; and teacher/providers should use this information to individualize instruction to ensure that each individual child receives the support needed.

Benefits from such coordination to parents, early education teacher/providers and the K-12 community include:

- Smoother transitions for children and their families from preschool, child care and home environments into kindergarten.
- Children better prepared – particularly in language and literacy skills, mathematical thinking and socialization – for what they will experience in school.
- Child care teacher/providers and preschool teachers better equipped to prepare children for school entry.
- Elementary school teachers having more appropriate information for lesson planning for incoming students' readiness for school.
- Elementary schools receiving more positive referrals to parents from child care teacher/providers and preschools, helping them in an increasingly competitive educational market.
- Elementary schools that have more supportive relationships with parents so that students can thrive.
- Schools that are better positioned to meet the "No Child Left Behind" requirements.

Strong parental involvement in all components of preschool programs also is critical to success. The fact that 31 of 43 current pre-K state-funded programs (see footnote 42) have at least one family support service underlines the importance of this. Parents are the first and best avenue for raising good adults. Yet, this remains a difficult challenge in many settings; too many families have a parent, especially the father, missing.

The problems of family structure and poverty are intertwined. Progress on both needs to occur simultaneously. We cannot expect, however, that these problems can be resolved alone through quality early childhood development programs. What we can expect is that early childhood development programs meeting our Winning Start criteria will: have home visits and parent education programs to equip parents to help with school readiness; incentives and requirements to ensure parental participation; and make good use of other available social services to reinforce parenting for school readiness.

More also can be done at relatively low cost to accomplish three things: (1) to make high-quality and effective information on parenting more readily available to parents; (2) to provide parenting classes on nutrition, physical, social and intellectual development and practical skills for achieving good outcomes; and (3) to expand the availability of and accessibility to community resources that strengthen children's school readiness, enrich their experiences and elevate their aspirations.

### **Accountability**

None of the changes described above can be achieved unless we: (1) are clear about the standards or outcomes we expect; (2) commit adequate resources to the task; (3) provide strong leadership to put and keep Minnesota in the forefront of early childhood development; and (4) ensure the continuity of reliable financing and leadership over time, to sustain the effort across future generations.

Neither the financing nor the leadership should be exclusively public. State and federal funds need to be combined with private funding and volunteer support. Oversight by public officials should be accompanied by strong private participation in decisions about how resources are best deployed. Accountability for results needs to be clear and immediate in order to create the culture of readiness among the kids and parents being served.

While standards and guidelines need to be established at the State level, implementation must be local. Local communities need to take ownership of their early childhood development programs, ensuring that they achieve the specified goals for their kids and the needed collaboration with families and K-12 school systems.

Local governance should blend public and private resources and leadership. Business people can be actively involved and help ensure quality and cost-effectiveness.

## **Begin With an Early Learning Fund**

The heart of our recommendations are the principles detailed above for creating a Winning Start program. We recognize that this will be a challenging journey, but it promises to be a rewarding one for Minnesota's businesses and citizens.

It also is important to take the first steps toward school readiness for all. We believe that a prudent yet expeditious first step would be to establish a Minnesota Early Learning Fund (MELF). This might best be done by creating a foundation open to contributions from individuals, businesses, foundations and the public sector (both local governments and the State). Our goal would be to raise \$30 million.

The mission of MELF would be to support a variety of initiatives in order to find cost-effective ways of ensuring that all of Minnesota's children ages 0 to 5 are ready for success in school when they reach kindergarten. This would include both system-wide investments in educating parents and teacher/providers and focused investments on "at risk" kids and their communities. Lessons from this effort over the next two years would become the stepping stones to a broader, flexible, reliably funded strategy for pursuing this mission permanently on a statewide basis.

The MELF would be governed by a board of directors consisting of business leaders, early childhood development experts and representatives from the public health, foundation and general communities. The Board would have the responsibility for translating the guidelines and principles discussed in the section of this Report entitled "Delivering Quality Early Childhood Development" into actual programs and initiatives. Among the programs and initiatives it would fund and evaluate are:

- Efforts to inform parents about what research tells us is involved in getting their kids ready for school, from basic public health through the five developmental areas of school readiness.
- Efforts to empower parents, especially of at-risk kids, to participate in parental education on early childhood development and to place their children in early care and education settings that will help make them ready for kindergarten. Among the tools to achieve these outcomes should be scholarships for use with caregivers meeting performance standards established by the Board, bonuses for teacher/providers who meet performance goals and other incentives as necessary.
- Investments to improve the quality of early learning settings, especially those in communities with high proportions of "at risk" kids, through the following:
  - Develop a system for rating the quality of teacher/providers' performance against agreed upon program standards and for publishing the resulting evaluations.
  - Grants and loans to improve program offerings, including incentives to use empty classrooms, train volunteers, develop curricula and purchase appropriate materials, renovate or expand facilities, etc.



- Grants or other incentives to assist “family, friend and neighbor” caregivers to learn about and meet best practice guidelines, to collaborate with and learn from nearby licensed teacher/providers with quality programs or to find innovative, flexible ways of linking up with Winning Start programs.
- Funding for early childhood workforce members to attend credit-based, college level early childhood degree or accreditation programs.
- Support for strengthening child care resource and referral networks.
- Initiatives that build local community capacity to increase school readiness, whether through actions by employers and businesses, school districts, faith-based organizations or other community resources.

Across all of these initiatives, MELF should encourage innovation and competition to improve service delivery or lower costs.

The third element of our recommendations is the creation of an evaluation framework that would assess current programs, initiatives in other states and ideas tested in our demonstration phase, with the objective of developing an approach that would be broadly supported and could be rolled out statewide. The Board of MELF would conduct this evaluation through a framework that establishes a transparent process for allocating resources and judging outcomes. Grant guidelines would be clear and publicly available. Expectations and standards would be explicit and agreed upon at the outset. Outcomes and teacher/provider performance would be measured and published, with good performance highlighted and rewarded. Data on performance will be collected, evaluated and reported, with special emphasis placed on identifying cost-effective approaches that can be replicated and built on. Recommendations for ramping up successful strategies will be made after sufficient time for testing approaches, measuring outcomes and demonstrating success has occurred.

Contributors will be encouraged to give MELF unrestricted funds, so that a variety of instruments and approaches can be tested. We recognize, however, that many in the community are energized around specific approaches to early childhood development. So, it will be possible to designate funds for particular uses, provided there is agreement for participating in the evaluation and reporting requirements of the Board. Attached is a graphic illustrating how this approach might be set up.

We believe that this early learning fund can help make concrete the principles we support and should enable Minnesota to achieve three critical results:

- To capitalize on the existing momentum and energy in support of strengthening early childhood development offerings.
- To test a variety of approaches in a structured, transparent way in our search for what works best.
- To identify those approaches that can be ramped up cost effectively, so that, when fully and reliably funded, they will achieve our vision of enabling all Minnesota children to get a Winning Start on school, work and life.

