

Every Child
COUNTS



Advocating for Iowa's kids

An initiative of the
Child and Family Policy Center

ABOUT THIS PLAN

The Child and Family Policy Center convened key stakeholders during late 2011 to identify needed improvements to the state's child-care system. This plan reflects the input of focus groups of parents and providers held around Iowa and a planning committee of representatives from public and nonprofit organizations involved with child care.

The group aimed to coordinate with other important child-care planning efforts: Early Childhood Iowa, the State Child Care Advisory Committee and the Department of Human Services. Representatives from ECI and SCCAC served on the coalition, and representatives from DHS, which has developed its own two-year plan under the federal Child Care and Development Fund, provided valuable information throughout the planning process. The group's intent is to keep communication open with these other initiatives going forward.

SUPPORTING ORGANIZATIONS

Iowa Association for the
Education of Young Children

Iowa Head Start Association

Iowa Community Action
Association

Iowa Commission on the Status
of Women

Iowa Policy Project

Mid-Sioux Opportunity, Inc

United Ways of Iowa

Visiting Nurse Services of Iowa

Priorities for improving Iowa's child-care system

A five-year plan for early care and education

WHY CHILD CARE MATTERS TO ALL IOWANS

The future prosperity of Iowa depends on our ability to support our next generation. Affordable, high-quality child care provides a foundation for lifelong productivity. Iowa's child care system has a strong base to build on—it's filled with caring, talented providers and parents wanting the best for their kids—but it still too often falls short for many.

We can do better because we know what needs to happen and why it's so critical:

We know early childhood lays a foundation for a child's future well-being.

Building the basic architecture of the human brain begins before birth and continues into adulthood. When you build a house, you need a strong foundation. Just like in a house, laying a strong foundation in children's early years supports ongoing brain development—not just what they know, but how they learn and get along with others. A weak foundation limits brain development and increases the odds of future troubles.

We know the best child care fosters strong foundations in children.

Young children naturally reach out for interaction. When adults respond in a consistent, encouraging way, children thrive. High-quality child care programs nurture such relationships based on the knowledge that social and emotional development is intertwined with cognitive growth. Programs embracing these strategies help children make significant long-term gains.

We know affordable, available care improves Iowa's workforce now and later.

Parents with safe, reliable child care are less likely to face child care-related emergencies that interfere with work: they are better employees. Raising the skills and compensation of the child-care workforce itself creates a stronger child-care sector, which in turn supports local economies. And as children in high-quality care grow into Iowa's next generation of workers, the early investments made in them reap dividends. Across the board, child development begets economic development.

**To work for kids,
families and
providers, child
care in Iowa must
be affordable,
available and
high-quality.**

THE CURRENT SYSTEM IN IOWA

The need for care is particularly great in Iowa, which ranks third in the nation in the percent of children under age six with all parents in the labor force (70 percent). The state's child-care system, however, does not adequately support children's needs—or those of families or caregivers:

Significant gaps in quality exist among Iowa's child-care providers. High-quality care meets rigorous standards around health and safety, social and emotional development and the cognitive growth. Although the state operates quality improvement initiatives and, indeed, there are stellar programs that lay a solid foundation for the children they serve,

January 2012

Rough budget implications of improvements

Incremental increases to prior-year funding

Currently, Iowa (through state and federal funding) commits \$130 million annually to the child-care assistance program. These new investments would build upon ongoing commitments:

Fiscal Year 2013

• Increase child care eligibility level to 150% of poverty	\$4-4.5 million	
• Extend continuous eligibility to one year	\$2-2.3 million	
• Raise reimbursement rates halfway to the 2006 market rate	\$5-5.5 million	
• Phase in Early Learning Challenge Grant provisions/other quality actions*	\$2-2.5 million	\$12-13.8 million

Fiscal Year 2014

• Increase child care eligibility levels to 155% of poverty	\$4-4.5 million	
• Raise reimbursement rates to the 2006 market rate	\$5-5.5 million	
• Phase in ELC grant provisions/other actions related to quality	\$2-2.5 million	\$11-12.5 million

Fiscal Year 2015

• Increase child care eligibility rates to 165% of poverty	\$5.5-7 million	
• Raise reimbursement rates under quality formula to 2008 market rates	\$5-5.5 million	
• Phase in ELC grant provisions/other actions related to quality	\$2-2.5 million	\$12-15 million

Fiscal Year 2016

• Increase child care eligibility rates to 175% of poverty	\$6-8 million	
• Raise reimbursement rates under quality to 2010 market rates	\$5-6 million	
• Phase in ELC grant provisions/other actions related to quality	\$2-2.5 million	\$13-16.5 million

Fiscal Year 2017

• Increase child care eligibility rates to 185% of poverty	\$6-8 million	
• Raise reimbursement rates under quality formula to 2016 market rates	\$5-6 million	
• Complete phase in of ELC grant provisions/other actions related to quality	\$2-2.5 million	\$13-16.5 million

* Quality provisions in Iowa's ELCG application would double the QRS bonus, expand nurse consultant quality improvement activities, provide business management training, develop teacher mentors and build a comprehensive data and accountability system. While Iowa did not receive an ELC grant in the first round, Iowa can apply for an expected next round of funding. The ELCG proposal offers a strong basis for improving quality, and would involve \$1.5 million to \$1.75 million annually. The additional state funding included here is intended to support expanded health and safety monitoring and administering a larger child-care assistance program—critical activities that form the foundation of a solid child-care system.

too many parents cannot find care that supports their child's development.

Iowa's child-care assistance program's income eligibility limit of 145 percent of poverty (\$32,412 for a family of four) is one of the lowest in the country. Families whose income rises even slightly above the cutoff actually find themselves worse off, as they are suddenly responsible for the entire cost of child care. The resulting "cliff effect" is a barrier to enriching care for children, predictable enrollment for providers, and reliable support for parents working hard to get ahead.

Iowa's payments to providers under child-care assistance have not kept pace with inflation and market costs, which themselves are based upon the current marginal-quality system. Like family eligibility limits, the state's payments to child-care providers—set at the 75th percentile of the 2004 market rate plus 2 percent—are far below the national average. Increasingly, Iowa providers are talking openly of

making the difficult decision not to enroll children on child-care assistance, because reimbursement does not cover their costs, or pay them enough to support their own families.

Early Childhood Iowa offers community-based initiatives to strengthen child-care programs and wrap-around supports. These funds are used strategically to support individual families, providers and communities, but they are not a substitute for a core level of support needed to operate a high-quality system.

The underlying problem in Iowa is not that we don't know what to do to make child care better, but we lack the resources and focus to do them. There is a clear path toward a greatly improved system, as outlined on the opposite page.

THE PLAN:

A Solid Foundation for Child Care in Iowa

Iowa's child-care system has many strengths, but often fails to adequately support Iowa's children and families. We can make it stronger through strategic improvements over the next five years.

Child care is like a three- legged stool: short any of the legs, and the whole thing ends up off balance.

Child care that works for kids and families is:

AFFORDABLE
We can help families access reliable child care and cushion the "cliff effect" they face as they work to get ahead.

HIGH-QUALITY
We can establish rigorous health and safety monitoring and quality-improvement efforts to support a child's heart, mind and body.

AVAILABLE
We can pay our hard-working providers at a rate that reflects the cost of quality and attracts and retains the best of them.

TO STRENGTHEN IOWA'S SYSTEM OVER TIME:

RAISE ELIGIBILITY FOR CHILD-CARE ASSISTANCE to 185 percent of poverty and raise continuous eligibility from the current six months to 12.

INCREASE PROVIDER REIMBURSEMENT RATE for child-care assistance to 75 percent of current market rate (up from 75 percent of 2004 market).

ENACT QUALITY INITIATIVES: expand health and safety monitoring, boost QRS and nurse consultant programs, develop teacher-mentors and adopt standardized kindergarten assessment.

SUPPORTING IMPROVEMENTS

There are other important policy changes needed to assure affordable, high-quality child care in Iowa. Although they alone do not reflect the scale of improvements needed to change Iowa's system, they offer critical support to the fundamental improvements outlined on the previous pages.

AFFORDABILITY

- Enact tiered provider reimbursement for child-care assistance based on quality
- Initiate public education campaign about the child-care assistance program targeted toward families and providers

Why a five-year child-care plan?

Given the scale of the challenge, strategic investments over years are needed. These would follow a long tradition of state action:

- Under Gov. Bob Ray, Iowa initiated its child-care subsidy program and its system for monitoring and licensing child-care centers and registering family child development homes.
- During Gov. Terry Branstad's first tenure, Iowa expanded that system and developed the Shared Visions preschool program for low-income children, commenced a quality rating system, and created Community Empowerment to provide community-based support to Iowa's early-childhood caregivers.
- Under Gov. Tom Vilsack, Iowa expanded Community Empowerment, with a particular emphasis upon encouraging quality through the QRS, and boosted eligibility and provider reimbursement rates.
- Under Gov. Chet Culver, Iowa developed the universal four-year-old preschool program and restructured Community Empowerment into Early Childhood Iowa.
- In Gov. Branstad's current term, Iowa applied for the Race to the Top Early Learning Challenge grant to strengthen its early care and education system and create stronger links to the elementary-education system. Gov. Branstad also has voiced support for ending the "cliff effect" families face as their earnings increase and they lose their child-care subsidy.

These initiatives have built the infrastructure supporting the state's child-care providers, but the system lacks sufficient financing to function well. A five-year plan reflects the scale of the need and breaks the work into manageable pieces.

AVAILABILITY

- Assure timely turnaround on notices of decision so providers and parents have clear information on their eligibility
- Enact initiatives to improve the pay of the child-care workforce, such as WAGE\$ and TEACH

QUALITY

- Require all providers caring for three or more children to be licensed or registered
- Require pre-service health and safety training for all providers
- Assure each child development home is inspected annually
- Better track and report health and safety outcomes for kids in care
- Expand FBI fingerprint checks to child development homes and make them portable
- Reinstate full QRS achievement incentives for participants who maintain their current level
- Create additional information and training supports for individuals providing family, friend and neighbor care
- Offer and require more comprehensive, evidence-based training for providers
- Encourage credentials for child-care workers and directors and offer clear credentialing pathways
- Expand wrap-around funding, which covers child care before and after preschool programs so eligible children have continuity of care

To learn more about supporting affordable, high-quality child care in Iowa, contact Every Child Counts director Sheila Hansen at shansen@cfpciowa.org.

Every Child Counts is an initiative of



505 5th Avenue, Suite 404
Des Moines, Iowa 50309

515-280-9027 • www.cfpciowa.org