



**Early Childhood Iowa (ECI) Work Group Recommendations for  
Legislative Action**  
February 4, 2016  
Health and Human Services Appropriations Subcommittee Meeting

**Overview**

Early Childhood Iowa (ECI) areas statewide have weathered 5 years of flat funding while local family and child care needs increased dramatically. To ensure that available ECI funds are used as efficiently as possible to address local needs and gaps, a Work Group was developed.

The Group consisted of 8 local ECI Directors representing 19 counties or 50% of ECI areas, the State ECI TA Team and members of the State ECI Board. This was a local-state partnership. The Group met from May–December 2015 to evaluate the Early Childhood Iowa system and develop a list of recommendations. The recommendations were based on a thorough review of Iowa Code and Appropriations language related to ECI.

**Goals for the Work Group:**

- Clean-up outdated ECI language in Iowa Code 256-I
- Increase efficiency of the state ECI process
- Create a better balance between local control (decision making) for area ECI Boards and the state-level guidance
- Enhance the ability of local Boards to address community needs in light of flat funding
- Support a statewide system that addresses local child and family needs
- Be Budget Neutral
- AND accomplish this without reducing the accountability of ECI areas!

**Sharing of the Work Group Recommendations**

1. The Work Group Recommendations were presented at two statewide ECI Director Meetings and those Directors were asked to share with their local ECI Boards.
2. The Recommendations were shared with Director Roederer, DOM, and discussed with him during a Sept 2015 conference call. At conclusion of the call he expressed his support and agreed to have it submitted as a DOM pre-filed bill.
3. The Recommendations were shared with a Dept of Ed Early Learning Team and the Iowa Home Visitation Director, Janet Horras, to solicit their feedback.
4. The State ECI Board met in November 2015 and endorsed the Work Group Recommendations.
5. In December the Recommendations were provided to Legislative staff to format into bill language. Current status is an internal draft bill: submitted as a prefile bill by DOM, but not yet assigned to a legislative committee.
6. Additionally local ECI Staff and Board members shared information with their legislators on the Work Group's progress and recommendations.

## The Bill

Pages 9-12 of the draft bill provide an Explanation of the Bill's components. We can respond to your questions about any specific item.

For your convenience though we do want to highlight 2 features of the Draft Bill.

1. One item pertains to the Early Childhood Funding, which comes through this committee. The specifics of the current formula for Early Childhood \$ are removed from Law. Instead the responsibility is given to the ECI State Board to review, and as needed revise the formula. This language would then match that regarding the formula for the School Ready Funding, which comes through the Education Committee.
2. You will note that several sections of text regarding the Community Plan process have been struck through-deleted. This does NOT mean that the Community Plan was eliminated or weakened. Instead the deletions improve the usability of the Plan while removing outdated, impractical or redundant text.
  - The Community Plan remains a core component of the local Early Childhood Iowa Board process.
  - Program-level and Statewide Performance Measures remain a core component of the ECI accountability process. That data is captured in the Annual Report and is duplicative if also included in a community needs assessment/community plan. The recommendations address that issue.

The Community Plan will actually have an increased role in local decisions if the Draft Bill is passed. This is due to a recommended change in the Appropriations language which removes the \$ cap that an ECI area can spend on a certain types of Activities. These caps are often referred to as "Categories" or "Buckets" by local ECI Areas.

The current Appropriations Language specifies the \$ amount that a local ECI area can spend per defined Activity. The defined Activities are Preschool Tuition, Family Support and Quality Improvement. ECI areas agree that these activities are important and need to be planned for and funded.

The Draft bill requires that these same activities are included and must be addressed by ECI Areas, therefore not changing the intent of ECI, nor would it change the accountability for the use of funds.

What changes is that the local Board decides how much of their Allocation to spend on each Activity rather than having that pre-determined in the Approps bill. This allows local Boards to address the priorities of the local area as established in the community plan. It also allows local Boards to respond to their areas emerging and diverse needs.

You may wonder why ECI areas consider this to be a barrier to meeting community needs

An ECI Board has Child Mental Health as one of their priorities for several years. The Board does promote Positive Behavior Interventions & Supports (PBIS) services to child care, preschool and family support programs which is helpful but does not address the true need for treatment.

To address the need the Board determined that training local therapists on Parent Child Interaction therapy (PCIT), a research-based therapy for young children with emotional and behavioral disorders would be a positive strategy to address this issue. However, the available ECI funds are not in the right bucket to cover this type of programming. The ECI area uses all the \$ in their buckets except for Preschool Support. But the therapy is not an eligible use of the Preschool Support \$.

The Draft Bill would remove the prescribed \$ per Category and allow local ECI Boards to address the priorities established in their community plan, ensuring efficient and effective use of the dollars for the children in their local community.

Again, the Bill language does Not change the Type of Activity that an ECI area can fund. It Does allow the local Board to determine the \$ amount needed for each of the defined Activities.

**Conclusion**

In conclusion you have the results of an 8 month collaborative local-state Work Group effort to enhance the efficiency and effectiveness of the Early Childhood Iowa system. These recommendations accomplish that without reducing the Accountability of ECI areas AND are Budget Neutral.

Perhaps most compelling is that the Recommendations acknowledge the reality of flat funding by proactively empowering each local ECI Board to decide how best to spend their limited funds to address their unique community needs.

# 2,000 DAYS



www.earlychildhoodiowa.org

## Why Early Childhood = School Readiness

*Building a Foundation for Success:*

**Good Health   Strong Families   Quality Early Learning**

The mission of the Early Childhood Iowa system is to provide a public/private structure that identifies and implements quality programs, policies and practices through coordination, engagement, and support to improve the lives of children five and younger and their families.

### Findings shared by the Committee for Economic Development include:



#### In Iowa

##### Child Care Usage

- There are **194,726** children under age 5 in Iowa who may require paid child care services.
- The average annual cost of infant center-based care is **117.1% of the cost of tuition and fees at a 4-year college.**
- The average **cost of care for a 4-year old is \$7,904** in a child care center and \$6,521 in a family child care home.

##### Child Care Industry Impact

- There are **13,260 child care establishments** with **revenue of \$447.6 million.** This includes 12,426 sole proprietors (family child care home operators) and 834 child care centers employing 10,290 individuals.
- Access to the organized child care market can increase labor force participation and support state and regional economic growth.

##### Quality Child Care Matters

- Quality child care is essential to the safety and healthy development of children, particularly in the school readiness of low-income children. **In Iowa, 19.1% of children under age 5 (about 40,000) live in poverty.**
- Child care as an industry can be an economic driver – for example, in Iowa, industry revenue combined with spillover effects (additional spending) have a nearly **\$730 million impact on the economy.**

##### A Well-Educated Workforce is Required to Support a Strong Economy

- Investing in early learning and development is the **best foundation for human capital.** These investments have both immediate and long-term benefits to the individual child and society at large.
- For example, low-income children who have access to high quality child care are less likely to be retained in grade, less likely to be referred to special education, less likely to go to jail, more likely to graduate from high school, and more likely to attend college – **all leading to higher earnings.**



# 2,000 DAYS



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## Why Early Childhood = School Readiness

Building a Foundation for Success:

Good Health

Strong Families

Quality Early Learning

Nobel Laureate James Heckman's analysis of early care and education programs serving children from birth to age 5 reveals that investing in early childhood development for disadvantaged children provides a high return on investment to society through increased personal achievement and social productivity. (James Heckman, *The Heckman Equation: A Solution for Better Education and Health Outcomes, Less Crime and Poverty and Greater Economic Security* (Chicago: The Heckman Equation, 2009))

- **77% of households** in Iowa with children under age 6 have all available parents in the labor force; Iowa ranks #1 among the 50 state states. (U.S. Census, 2008-2013 American Community Survey)
- Continuous growth in participation in Iowa's Quality Rating System for child care and early education providers. As of July 1, 2015, there are **693 center environments** (67% increase since 2011) and **1,388 child development home providers** participating (26% increase since 2011). (Iowa Department of Human Services)
- The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime." STAM 2015 / Alexandria, Virginia; Bill Millett, President, Scope View Strategic Advantage

**Will you make investments in high-quality early childhood programming a priority?**

**"Invest in early childhood development: Reduce deficits, strengthen Iowa's economy,"** (Heckman Equation).

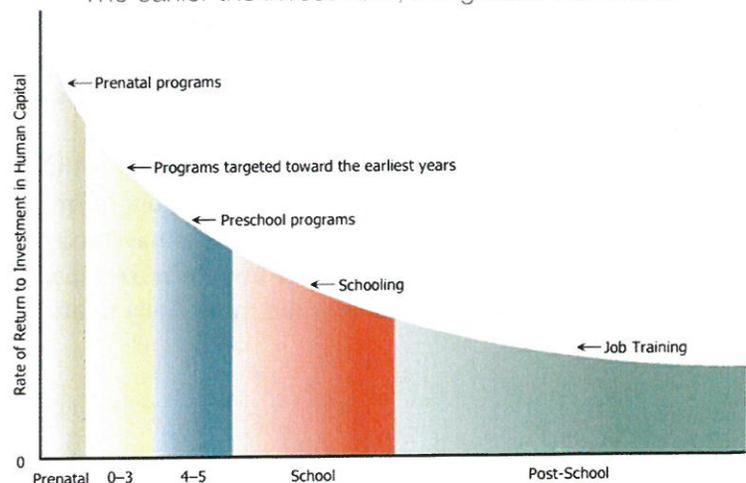
- Those seeking to reduce deficits and strengthen the economy should make significant investments in early childhood education;
- Early childhood development drives success in school and life;
- Investing in early childhood education for at-risk children is an effective strategy for reducing social costs;
- Investing in early childhood education is a cost-effective strategy for promoting economic growth.

- Investing in early childhood education to increase high school graduation rates would boost Iowa's economy; i.e., "a 5% increase in male high school graduation rates is estimated to save Iowa \$18 million in annual incarceration costs and crime-related expenditures. If that same 5% not only graduated but went on to college at the same rate as typical male high school graduates, their average earnings would accrue an additional \$27 million annually."

"A higher rate of return to investment in human capital is seen in the early childhood years than in any other time in life."

## EARLY CHILDHOOD DEVELOPMENT IS A SMART INVESTMENT

The earlier the investment, the greater the return



Source: James Heckman, Nobel Laureate in Economics

# 2,000 DAYS



[www.earlychildhoodiowa.org](http://www.earlychildhoodiowa.org)



“Early childhood services are critical to growing the skilled workforce our nation needs to thrive.”

– Ron Pointer, National Association of Workforce Boards

“Early childhood education has a tremendous impact on the national economic security and the viability of the American dream.”

– U.S. Chamber of Commerce, Institute for a Competitive Workforce



“Over the past two decades, business leaders have invested time, expertise, and resources in efforts to improve K-12 education in the United States. What we have learned leads us to conclude that America’s continuing efforts to improve education and develop a world-class workforce will be hampered without a commitment to early childhood education for 3-4 year-old children. The economic and social costs to individuals, communities, and the nation of not taking action on early childhood education are far too great to ignore.”

– Business Roundtable



America needs employees who are well prepared—but we’re not getting them. . . . The failing workforce pipeline can be repaired—but we have to start early.”

– ReadyNation<sup>1</sup>

<p><b>Workforce Pipeline Failing</b> Despite a high unemployment rate, jobs remain unfilled.<sup>2</sup></p> <p>80 to 90 million American adults, about half of the workforce, do not have the basic education and communication skills required to acquire and advance in jobs.<sup>3</sup></p> <p>Effective early childhood programs enable children to become more creative, adaptable, team-ready employees by developing “soft skills.”</p>	<p><b>We Can Fix it By Starting Early</b> There are only 2,000 days between the time a baby is born and when that child will begin kindergarten.</p> <p>During that time, 90% of critical brain development takes place. The brain is the only organ not fully developed at birth. The wiring that forms the brain’s architecture happens in infancy and early childhood and how that wiring is formed, either as a strong or weak foundation, depends on a child’s earliest experiences.</p>	<p><b>A Good Investment</b> A child’s quality of life and the contributions he or she will make to society can be directly traced to the first few years of life.</p> <p>High quality early education yields higher graduation rates, reduced crime, higher earnings, and better jobs.</p> <p>As a result, economists estimate that every dollar invested in early education produces a 7-10% return on investment through increased personal achievement and social productivity.<sup>4</sup></p>
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<sup>1</sup> *Business Case for Early Childhood Investments*, ReadyNation, [http://www.readynation.org/uploads/20120409\\_ReadyNationBusinessCaseLowRes.pdf](http://www.readynation.org/uploads/20120409_ReadyNationBusinessCaseLowRes.pdf)

<sup>2</sup> *Starting Smart & Finishing Strong*, U.S. Chamber of Commerce, Institute for a Competitive Workforce, [http://www.readynation.org/uploads/20101005\\_ICWBrief10052010.pdf](http://www.readynation.org/uploads/20101005_ICWBrief10052010.pdf)

<sup>3</sup> Ibid.

<sup>4</sup> *Return on Investments: Costs vs Benefits*, James J. Heckman, University of Chicago





## Early Childhood Iowa Strategic Plan

2016 -2018

(go to [www.earlychildhoodiowa.org](http://www.earlychildhoodiowa.org) to view the entire plan)

There is no single strategy to accomplish our vision. It takes a system of systems, from both the private and public sectors, for a child to reach their potential. These individual systems include early care, health and education. The Early Childhood Iowa (ECI) State Board, the ECI Stakeholder Alliance and local ECI Areas are charged with developing, supporting and maintaining effective, efficient and integrated systems.

The founding legislation for ECI (formerly Iowa Community Empowerment) established five results to be achieved at both the state and local level and utilized the Accountable Government Act as the standard for measuring progress toward accountability:

- Healthy Children
- Children Ready to Succeed in School
- Safe and Supportive Communities
- Secure and Nurturing Families
- Secure and Nurturing Early Learning Environments

### **Strategic Goals and Areas of Focus to Achieve the Desired Results**

#### **Establish and Promote a Solid Infrastructure to Advance the Early Childhood System**

- Establish effective communication strategies among the ECI System

#### **Ensure Access to High Quality Services for Young Children and their Families**

- Identify, promote and invest in high quality services, programs and systems.
- Be good stewards of tax dollars by ensuring the effectiveness of services and impact on children and families using data informed decision making.
- Promote and invest in high quality services and programs

#### **Build Public Will for Supporting Young Children and their Families**

- Inform, educate, and actively engage all Iowans in the value of the First 2000 Days as the most critical stage of the human lifecycle, so that young children are nurtured and supported.

### **Activities Being Planned in 2016 to Support the Goals**

- Encourage racially, culturally linguistic groups to join in the ECI efforts.
- Strive to gather input and have involvement of parents of young children.
- Continue funding for early childhood programs that meet a minimum level of standards and move the system forward with positive impacts on children and their families.
- Begin a process to move towards an established set of core services that should be available to families with young children.
- Research and develop common principles of evidence-based services.
- Determine definitions for at-risk, high-needs and underserved children.
- Develop a set of guiding principles for agencies to assist with addressing cultural competence and accessing services.
- Conduct and share a fiscal assessment of how government funds are being invested.
- Strengthen the ECI State Annual Report to include system strengths as well as emerging needs yet to be addressed.