Delivering High-Quality Early Childhood Education and Care to Low-Income Children: How Well is the US Doing?

Katherine Magnuson
University of Wisconsin-Madison

Jane Waldfogel
Columbia University

Conference on Equal Access: Providing Quality Early Childhood Education and Care to Disadvantaged Families
September 28, 2012

Funding from Nuffield Foundation gratefully acknowledged.
Introduction

• The tensions between the three legs of the “child care triangle” -- the goals of advancing access, quality, and affordability – have never been so acute as they are today.

• The high share of working mothers makes increasing access imperative, but at the same time, we know more than ever before about the crucial importance of quality – but at a time when budgets are exceptionally tight.

• Within this context, this paper asks how effectively, and through what mechanisms – in particular, regulation, subsidy, and direct public provision -- the US attempts to ensure access to high quality ECEC for children of all backgrounds.

• A note about terminology: in the US “child care” = ECEC.
Background: Child care quality

- We know from random assignment studies that high quality child care programs can have strong benefits for child health and development, particularly for disadvantaged children.
- Delivering high quality at scale has been more challenging.
- There are also challenges in measuring quality.
- Two main types of measures have been used:
  - Structural (e.g. teacher education, child:teacher ratio)
  - Process (e.g. ECERS, CLASS)
The policy framework

• The US relies heavily on the private market (with little support from employers and relatively little public funding).
• Middle income families receive support through tax credits and pre-tax payment plans (DCAPs).
• Low income families generally do not benefit from the tax credits but may receive child care subsidies or Head Start (contingent on eligibility and the availability of funding).
• Subsidies reach 1/3 of eligible families; HS reaches 1/2 of eligible 3- and 4-year olds; early HS reaches <5% of eligible 0-2s).
• State-funded pre-kindergarten reaches 28% of 4-year olds.
• States also play an active role in establishing regulations.
Access, quality, and affordability for low-income families

• Given the limited public funding available to offset the costs of ECEC, the minimal role of employers, and the heavy reliance on the private market, it should not be surprising that low-income families do less well than others on all three dimensions of the “child care triangle”.
Access

• In the US, in contrast to other countries, enrollment in some form of “preschool” in the year or two before school entry is not universal.
• And, low income children are less likely to be enrolled.
• Enrollment trends from 1968-2010 for 3- and 4-year olds show that although enrollment has risen for all groups over time, gaps still remain, with low income children and Hispanic children less likely to be enrolled (see Figures).
• Policy clearly plays a role here:
  - We do not see gaps for kindergarten, which is publicly funded
  - We see smaller gaps when HS and preK funding expands.
Figure 1: Percent of children enrolled in preschool by family income quintile: 3- and 4-year olds

Note: Data from October CPS, data shown are from 3 year moving averages.
Appendix Figure 1. Percent of children enrolled in preschool by race:
3- and 4-year olds

Note: Data from October CPS, data shown are from 3 year moving averages
Quality

• National data on quality, especially process quality, are scarce.
• But the data that do exist indicate that low-income children attend lower-quality ECEC.
• In ECLS-B, at age 2, 43% of poor children are in low-quality care vs. only 16% of non-poor children, and only 9% are in high-quality care vs. 15% of non-poor children.
• Quality differentials may also exist in preK programs.
Affordability

- When they use care, low-income families tend to pay more for ECEC as a share of their income (even though they are more likely to use informal and lower-quality arrangements).
- Families who receive subsidies, or have access to HS or preK, pay less, but these do not reach all low-income families, and there is also considerable instability in subsidy receipt.
- The cost of school or center-based ECEC, considered to offer the best preparation in terms of school readiness, is generally out of reach for low-income families.
  - Average cost of center care for an infant ($9,520) is 1/2 the average income of a family of 3 at the poverty line ($18,530).
Efforts to improve access, quality, affordability: Federal level

• Primary policy levers at federal level are child care subsidies / tax credits and HS. (Federal govt can also have an indirect effect by providing incentives to states to improve quality.)
• Child care subsidies have been expanded but still reach only a minority of eligible families, and the quality of care subsidized varies widely. Proposed reforms would expand eligibility and take steps to improve the quality of care subsidized.
• Debates about HS continue. The Obama administration has taken a pragmatic approach, requiring all HS programs to use the CLASS to monitor the quality of their programs and inform quality improvements and making the lowest performing HS grantees compete for funding.
Efforts to improve access, quality, and affordability: State level

• States have a greater number of policy instruments: regulation, subsidies/tax credits, and direct public provision.

• Current state efforts are focusing on Tiered Quality Improvement Rating Systems (TQRIS) (supported in 14 states by federal Early Learning Challenge grants). TQRIS provides:
  - A standard rating of program quality, available to parents
  - A range of technical assistance, resources, and incentives for programs to improve quality.

• North Carolina’s Smart Start, begun in 1993, is a model. The quality of ECEC has improved dramatically, and funding for preschool for 4-year olds led to improved 3rd grade test scores.
Efforts to improve access, quality, and affordability: State level

• There is also a good deal of interest at the state level in universal preK for 3 and 4 year olds.
• These programs now serve just under 30% of 4-year olds.
• Rigorous empirical studies in the US have found that preK leads to enhanced school readiness, consistent with evidence from other countries.
• Most recently, a study of Boston’s preK program found that it led to substantial improvements in children’s math and vocabulary skills and smaller gains in executive function and emotional development.
Concluding thoughts

• The US faces challenges with regard to all 3 legs of the “child care triangle” -- low-income families are less likely to access ECEC and, when they do, receive poorer-quality care and pay more as a share of their income.

• The challenge is to make high quality ECEC more available and affordable for low-income families.

• One route is to directly provide more high-quality programs such as preK and HS.

• Another is to use regulations and other tools to improve quality, as TQRIS are attempting to do.

• Of course, the two approaches are not incompatible, and the US is pursuing both. But the challenge is how to pay for them.
The bottom line

• The financial challenges make it all the more important to be sure that the funds that are going into early childhood education and care are being used wisely.

• We can not afford the status quo, where public (and private) funds are being used to purchase care that is all too often not of good quality.

• Thus, limited funds do not mean we must set aside the quality improvement agenda; indeed, the financial challenges make quality improvement all the more urgent.
Extra slides
• Linda Smith, Deputy Assistant Secretary for Early Childhood at the Administration for Children and Families, eloquently makes this point:

• “We haven’t figured out how to finance this. When it costs more to produce a product than the consumer can afford to pay, you have a broken market. What we have done is pretty much financed the system on the backs of parents. But the cost of doing it right is more than families can afford to pay – even middle income families are struggling to find quality at a rate they can pay. So how do you then build a structure?”