

## Universal Financing of Early Care and Education for America's Children Project

### Co-Directors:

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### Multi-Disciplinary Team:

Richard N. Brandon, U WA: policy and finance  
Sharon L. Kagan, Columbia, Yale: policy and early childhood  
Jutta M. Joesch, Batelle Memorial Institute: economics  
Erin Maher, U WA: sociology and education  
Susan Ochshorn, Columbia: policy and early childhood

### Consulting experts, advisors, and working groups:

Early childhood policy experts, national associations, economists, child care training and compensation specialists, resource-referral and regulatory experts, ECE providers, state policy officials, and public communication experts

### Universal ECE Financing Points:

- Quality of ECE impact performance of children
- ECE is too cheap for quality, too expensive for families, an equation that calls for expanded financing
- Thriving social benefits in US have middle-class constituencies; current welfare-work formulation narrows constituency and inhibits quality
- Action more likely at state than federal level

### Universal Financing Project Supplies Key Elements for State Financing Design:

- Applies desirable features from other near-universal social benefits (retirement, health insurance, K-12 and higher education, housing and transportation)
- Specifies and estimates cost of each key element of compensation and infrastructure (governance, regulation, professional development) to support a universal system
- Provides cost estimates that take into account parental responses to changes in financing structure (demand surveys conducted in partner states)
- Provides quantitative comparisons of costs and impacts of different financing approaches; distribution of benefits by income, age of child, race-ethnic group
- Works with state policy makers and stakeholder groups to explore, specify, and compare the costs and impacts of alternative financing policies and approaches

### ECE Financing Simulation Model:

- Provides states a flexible tool that can produce detailed estimates of the cost and impact of different ECE financing mechanisms; incorporate alternative policy specifications; and reflect the dynamics of how financing changes affect parent's choices about employment and the type and amount of care

- Components
  - Financing Mechanism Module- compares methods for assisting families, providers; shows cost, distribution of benefits
  - Demand Module- estimates parent responses to financing systems
  - Unit Cost Structure- derives hourly cost of high quality ECE; compensation and infrastructure options

Special Features of Model:

- Covers all types of care-centers, FCC, family, friends and neighbors-and assumes parental choice in a diverse market
- Reflects likely parent responses to improved financing and quality-changes in amount and type of care used and hours of maternal employment
- Estimates costs in comparable way for different financing approaches (e.g. compares higher education to K-12 approaches; vouchers, provider subsidies or tax credits)
- Compares alternative policy specifications (e.g. income eligibility limits, co-pay schedules, staff compensation) as work is done with policy makers and stakeholders; clarifies design choices by showing subsidy costs, affordability for parents, and coverage of different populations for each set of policies
- Estimates impacts on maternal employment and resulting tax revenues, as well as the costs of improved ECE finance

Requirements for State Work with Universal ECE Financing Project

- A strong commitment to significantly expanding services for young children and families
- Support for key state and local officials and other stakeholders
- Data for a state-specific household survey of ECE utilization
- A key staff person to work on the project

Length of Project:

The expected length of the project is 18 months

Costs:

The project costs total approximately \$500,000. The breakdown is as follows:

Household survey to be conducted by the U WA staff in random MS homes (Data belongs to the state for further planning)	\$150,000
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Contractual and Travel:

Staff costs for performing data collection, analysis, review, facilitation of meetings in state, report writing and policy review/development	\$350,000
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