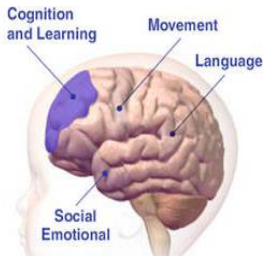


# Early Education and Care Imperatives for Nevada

Nevada Association for the Education of Young Children | 2017 – 2019 Public Policy Agenda



## WHY IS EARLY CHILDHOOD EDUCATION A PRIORITY?

90% of the brain's development occurs before Kindergarten. Before the age of two, children develop up to seven hundred new brain connections every second. There is now incontrovertible scientific evidence of the significant developmental impact of early childhood experiences and caregiving relationships. School readiness and success throughout the lifespan are dependent upon the quality of early learning experiences <sup>(2, 18)</sup>.

## WHAT IS HIGH-QUALITY EARLY CHILDHOOD EDUCATION?

Early childhood education programs are typically rated on two dimensions of quality – process and structure. The interactions, activities, materials, learning opportunities, and health and safety routines are observed and rated as a measure of process quality. When the activities and interactions are rated higher, using evidence-based assessments, children develop more advanced language and math abilities, as well as improved social skills. Conversely, poorer process quality has been linked to increased behavior problems. Furthermore, the cognitive and social benefits of

**90% of brain development occurs before age 5!**

high-quality child care experiences last well into the elementary years. The second dimension, structural quality, includes the size of each group of children, the adult-to-child ratio, and the education and training of the teachers and staff. For example, early childhood teachers who are more highly qualified and have smaller groups can more effectively provide individualized, responsive learning opportunities. In addition, higher teacher wages have consistently been linked to higher educational quality <sup>(7)</sup>.

## WHAT ARE THE COMMUNITY IMPACTS OF QUALITY EARLY CHILDHOOD EDUCATIONAL EXPERIENCES?

Attending a high-quality early childhood educational program can fulfill two important goals for our community. One, child care provides a safe environment when parents have to work. Two, a high-quality program nurtures and develops children in ways that prepare them for school and beyond <sup>(17)</sup>. It is important that the benefits of quality early childhood programs not be limited to testing outcomes in 3<sup>rd</sup> Grade since the long-term holistic benefits span the lifetime. Research has demonstrated that children who attend high-quality child care programs are proven to be more likely to enter school ready to learn, graduate from high school, attend college, earn more money as adults, and are less likely to engage in criminal activity or rely on social assistance programs as adults <sup>(1, 9, 14)</sup>. Dr. James J. Heckman, Professor of Economics at the University of Chicago and a Nobel Memorial Prize winner, is an expert in the economics of human development and has conducted groundbreaking research showing that quality early childhood development impacts both outcomes for the individual and for the whole of society. More specifically, his efforts have demonstrated that the effects of high-quality early education programs yield a cost savings to society of up to \$7 for every \$1 invested <sup>(11)</sup>.

*“The argument [for quality early childhood education] is not just an appeal to the poor. We’re saving money for everyone, including the taxpaying middle-class and upper-class.”*



**James Heckman**  
Nobel Laureate in Economics

## NEVAEYC RECOMMENDATIONS TO IMPROVE ACCESS TO QUALITY EARLY CHILDHOOD EDUCATION

NevAEYC implores our state leaders to make the necessary investments for our young children to become the educated, innovative, and productive citizens of our state's future. To capitalize on the benefits of high-quality early learning programs, greater investments need to be made to improve access to high-quality providers and a high-quality workforce (e.g. quality teachers and adequate wages for sustainability in the field). NevAEYC has identified the following four imperatives needed to garner the expected results discussed above:

1. Increase Child Care and Development Fund Contribution
2. Use Current Market Rate to Set the State Subsidy Reimbursement Rate
3. Support Nevada's Silver State Stars Quality Rating and Improvement System (QRIS)
4. Increase Wages and Retention of the Early Childhood Workforce



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"Delivering on the Promise of Early Learning"



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# IMPERATIVE IMPACTS ON NEVADA’S FAMILIES AND ECONOMY

## IMPERATIVE 1 – INCREASE CHILD CARE AND DEVELOPMENT FUND CONTRIBUTION

*Impact on Nevada’s Families:* Families of all income levels, not just those in poverty, struggle with the cost of child care. The average cost of care in licensed centers in Nevada ranges from \$10,324 for an infant to \$8,792 for preschoolers (age 3-5) <sup>(4)</sup>. The Federal and State dollars that support the CCDF subsidy currently serve families in poverty or children in the foster care system. Prior to February 1, 2009, working families earning up to 240% of the poverty level could qualify for assistance with 20% of their child care costs. Today, a single parent making \$1,674.17 a month (100% of poverty) with an infant and preschooler would have to spend 95% of their income on center-based care <sup>(8)</sup>. There are approximately 227,000 children under the age of 6 in Nevada, and 63.6% of households with children under the age of 6 have all parents in the workforce, making quality child care opportunities essential <sup>(3)</sup>. Given that in 2014, 35.1% (167,389) of all Nevada’s children under the age of 13 live below 200% of the poverty level AND have all available parents in the workforce, child care subsidies are critical in supporting their families’ employment. Nevada’s subsidy program currently only serves 3.21% of children in this eligible population <sup>(5)</sup>.

*Impact on Nevada’s Economy:* The child care subsidy program has both short- and long-term effects on the economy. Short term, subsidies contribute to the economy by enabling parents to go to work as well as supporting child care providers who use the subsidy money to operate their business and maintain their own employment. Using economic output linkages of the Early Care and Education (ECE) industry, the short-term outcome of this increase would generate an additional \$14.2 million in indirect effects (spending by the ECE industry) and \$19.7 million in induced effects (spending by the ECE workforce) for a total increased direct, indirect, and induced economic output of \$79.8 million for Nevada <sup>(12)</sup>. Long term, subsidies provide equal access to quality child care opportunities so children are prepared for school and life.

## IMPERATIVE 2 – USE CURRENT MARKET RATE TO SET THE STATE SUBSIDY REIMBURSEMENT RATE

*Impact on Nevada’s Families:* Nevada’s parents have limited access to quality child care for children on the subsidy program due to the State’s subsidy reimbursement rate currently being based on 2004 market rates. Only two other states have reimbursement rates that are based on older market rates <sup>(15)</sup>. Currently, to access care outside of what the state will reimburse, many parents must pay an overage fee because the State’s maximum reimbursement rate does not cover the providers’ actual cost of care.

For instance, based on the average annual cost of center-based care for an infant and a preschool aged child (\$19,116), the current average annual reimbursement amount in Nevada is \$14,105 (\$7,930 for infants and \$6,175 for preschoolers). This means that a single parent would have to cover the \$5,011 difference, which is 25% of the annual income for a family of three living at 100% of the poverty level. With higher quality child care being more expensive than lower quality care (on average), families on the subsidy program are being forced to use lower quality care which can impact safety and lessens opportunities for the optimal brain development that enable a child to enter school ready to learn. Changes in the Child Care Development and Block Grant Act (CCDBG) now require states to use the current market rate to set state reimbursement rates and encourage states to bring their subsidy rates up to at least the 75<sup>th</sup> percentile to ensure equal access to high-quality care. The following table shows the needed daily increase in subsidy payments per child if market rates are updated to at least 75% of the current rate. Without a substantial investment from the state, the number of children served will not increase; in fact, the number served will decrease. More funding is crucial, not only to increase access to more children but to also ensure that none of the 3.21% of eligible children currently being served are cut from the program.

CHILD CARE CENTERS		Washoe	Clark	Car-Doug	Rural
Infants	Current Reimbursement Rate (2004)	\$35.00	\$31.00	\$29.00	\$27.00
	12-2015 75th Percentile Rate	\$43.59	\$48.00	\$39.19	\$35.75
	2015 / 2004 Rate Difference	\$8.59	\$17.00	\$10.19	\$8.75
Toddlers	Current Reimbursement Rate (2004)	\$30.00	\$28.00	\$24.00	\$22.00
	12-2015 75th Percentile Rate	\$39.58	\$42.00	\$35.85	\$32.50
	2015 / 2004 Rate Difference	\$9.58	\$14.00	\$11.85	\$10.50
Pre-K	Current Reimbursement Rate (2004)	\$26.00	\$23.00	\$24.00	\$22.00
	12-2015 75th Percentile Rate	\$34.00	\$39.87	\$31.50	\$36.00
	2015 / 2004 Rate Difference	\$8.00	\$16.87	\$7.50	\$14.00

*Impact on Nevada’s Economy:* The increase to the reimbursement rate would generate an additional \$2 million in indirect effects (spending by the ECE industry) and \$3 million in induced effects (spending by the ECE workforce) for a total increased direct, indirect, and induced economic output of \$13 million for Nevada’s economy. The increase in both the subsidy caseload (CCDF fund contributions mentioned in priority one) and the reimbursement rate would generate an additional \$28 million in indirect effects (spending by the ECE industry) and \$39 million in induced effects (spending by the ECE workforce) for a total increased direct, indirect, and induced economic output of \$159 million for Nevada’s economy <sup>(12)</sup>. The increased market rate would also allow parents to spend in other areas like food, utilities, clothing, and shelter, which would benefit the economy as a whole.

### IMPERATIVE 3 – SUPPORT NEVADA’S SILVER STATE STARS QUALITY RATING IMPROVEMENT SYSTEM (QRIS)



*Impact on Nevada’s Families:* A QRIS is a systemic approach to assess, improve, and communicate the level of quality in early care and education programs. These systems provide an opportunity for states to increase the quality of care for children, increase parents’ understanding of and demand for higher quality care, and increase professional development for child care providers<sup>(13)</sup>. Nevada’s Silver State Stars QRIS is a voluntary, statewide program available to all licensed child care centers (as of July 2013). It has expanded to include family home child care providers and school district preschools, and a tribal model for child care is currently in development. Programs are eligible to receive 18 months of coaching focused on quality improvement of the center and the staff and a grant for classroom materials. When a center feels ready, they officially apply to be rated and are assigned a star rating (1-5, with five being the highest) based on the quality of their program. The star ratings are awarded based on results from an onsite, evidence-based, quality assessment; director qualifications; classroom teacher-child ratios; and documentation in four quality categories: Policies & Procedures, Administration & Staff Development, Health & Safety, and Families & Community. Centers that achieve a 3, 4, or 5-star rating will receive an additional 6%, 9%, or 12% (respectively) reimbursement for children on the subsidy program. It is important to note that even after a star rating has been assigned coaching is still available to ensure that quality continues to improve. Star ratings are also reassessed every 18 months. As of June 30, 2016, 151 centers have participated in the QRIS, 51 centers are on a wait list to start the program, and 57 centers have received a star rating. In October 2016, mandatory participation will be phased in for

programs serving families who receive child care subsidies.

*Impact on Nevada’s Economy:* Investing in high-quality child care yields a return on investment of \$7 for every \$1 invested or \$1.76 million per year for QRIS in Nevada. The return on investment can be seen as early as kindergarten when children enter with the skills necessary to succeed in school and are therefore less likely to repeat a grade or require special education services. Mid-range results include decreased rates of juvenile incarceration and drug and alcohol use. Long-term benefits include increased high school graduation rates, less reliance on social assistance programs due to higher wages, and decreased rates of adult incarceration<sup>(10, 11, 16)</sup>.

### IMPERATIVE 4 – INCREASE WAGES AND RETENTION OF THE EARLY CHILDHOOD WORKFORCE

*Impact on Nevada’s Families:* Training and education in early childhood development are necessary to provide high-quality child care. Competitive wages and compensation are necessary to recruit and retain professionals with the skills necessary to ensure our children are successful in school and life. Without competent, trained early childhood professionals, who can be retained in the ECE workforce, quality child care cannot be achieved. In 2014, the average starting wage for a child care teacher was \$9.96 per hour and only 13% of licensed providers were receiving health insurance benefits. In addition, the turnover rate for center-based staff was 16%<sup>(3)</sup>. Research illustrates that children benefit from being enrolled in centers with lower turnover, as stability increases positive interactions and relationships between the children and teacher<sup>(6)</sup>. Currently, the majority of early childhood programs are financed by fees paid for by parents. Given the minimal assistance provided by the subsidy, any increase in cost due to teacher wages would be dependent upon increasing parent fees. This would again limit child care options, especially for the most at-risk families, as the decision will be driven by affordability and not quality.

The Nevada Registry, a statewide system of career development and recognition, instituted the Early Care and Professional Career Ladder for all staff working in a licensed child care setting. While participation in the Nevada Registry is required, obtaining the education necessary to move up the career ladder can be costly, and many teachers cannot afford additional education beyond the required continuing education credits. The TEACH Early Childhood Nevada program provides scholarships for early childhood staff (working in a licensed facility at least 20 hours a week) to take classes towards an apprenticeship certificate, Associate’s, or Bachelor’s Degree in the early childhood field. However, the current funding provides scholarships for only 125-150 professionals annually. These two programs provide a critical foundation for a much needed WAGES initiative in Nevada which will provide an education-based supplement to providers working in licensed child care programs.





# 2017-2018 NEVAEYC POLICY RECOMMENDATIONS

## 1) INCREASE CHILD CARE AND DEVELOPMENT FUND CONTRIBUTION

In addition to Federal Child Care and Development Fund (CCDF) dollars, State general funds need to be allocated to the child care subsidy program, which promotes family economic self-sufficiency by assisting with the high cost of child care.

- Using the current reimbursement rate, which is based on the 2004 market rate, it costs the state of Nevada an average of \$344.48 per child per month. In September 2015, 5,711 children were served by the subsidy program out of approximately 178,000 eligible children. Without adjusting the reimbursement rate to reflect the current 2015 market rate, it would take approximately \$73.5 million dollars annually (a \$49.9 million dollar increase) to raise the percentage of eligible children served from 3.21% to 10% (5,711 to 17,791 children)<sup>(a)</sup>. These are children under 13 years old who live below 100% of the poverty level in single-earner mom, single-earner dad, or dual-earner households.

- Calculation Note (2016). In Children's Cabinet indicated that in September 2015, Nevada provided child care subsidies to 3,210 families which allowed a total of 5,711 children to attend child care at the cost \$1,967,341.91 for the month, or 344.48 per month per child. 5711 is 3.21% of the eligible population that could receive subsidies. This indicates that 177,913 are eligible in Nevada

## 2) USE CURRENT MARKET RATE TO SET THE STATE SUBSIDY REIMBURSEMENT RATE

Nevada must legislatively mandate resetting the subsidy rate at the 75<sup>th</sup> percentile rate based on the most current market rate within 24 months of the release of the most current market rate. This will ensure equal access to quality early childhood education programs.

- It would require \$10.3 million annually to raise the current reimbursement rate to 75% of the market rate while sustaining all families currently in the program (3.21% of all eligible children). This estimate is based on the September 2015 subsidy caseload. To raise both increasing the caseload to 10% of children living below 200% of the poverty level as discussed in Imperative 1 and increasing the reimbursement rate to 75% of the 2011 market rate, \$83.8 million dollars would need to be invested annually.

## 3) SUPPORT NEVADA'S SILVER STATE STARS QUALITY RATING AND IMPROVEMENT SYSTEM (QRIS)

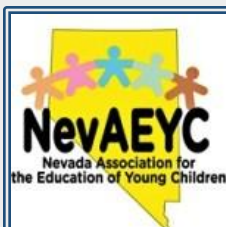
Nevada needs to increase investments in the Silver State Stars QRIS to assure high-quality early childhood educational experiences for all of Nevada's children. This would include increasing the number of QRIS staff, coaches, and assessors which would reduce or eliminate the waiting list and serve additional programs as the QRIS expands to include family child care, school districts, and tribal care statewide.

- Approximately \$4.3 million annually would need to be allocated for a state-wide, comprehensive QRIS system for all of Nevada's early childhood programs.

## 4) INCREASE WAGES AND RETENTION OF THE EARLY CHILDHOOD WORKFORCE

Nevada needs to increase investment in developing early childhood professionals by creating easier access to advanced education as well as to support wage increases to maintain qualified teachers in the early childhood education field.

- \$1.8 million annually would raise the education level of 16.7% of the workforce to an AA degree level through the current TEACH Program. Half of the workforce would have an AA or higher. \$2.5 million would allow implementing a WAGES supplement for direct service early childhood professionals (N=5995). The amount of the supplement would be based on individual Nevada Registry Career Ladder placement.



**Nevada Association for the Education of Young Children**  
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NevAEYC's mission is to promote high-quality early learning for all children, birth through age 8, by connecting practice, policy, and research. We advance a diverse, dynamic early childhood profession and support all who care for, educate, and work on behalf of young children.

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