



# Laurie Davis, Policy Director, Minnesota Early Learning Foundation

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

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**Present :** Verne Johnson (Chair); Janis Clay, Paul Gilje, Jan Hively, Dan Loritz, Marianne Curry, Tim McDonald, Jim Olson, Paul Taylor, Bob White

**Executive summary :** *Early childhood learning is a high-potential area for making a positive impact. The goal of preparing young children for school would be best served by a more market-driven system with publicly sourced funding for low income families and a rating system that provides all parents with information about program quality. The Minnesota Early Learning Foundation currently supports a pilot rating program called Parent Aware.*

*For parents to make informed decisions there must be clear, evidence-based consistent information about providers and the quality of their services so that consumers may make informed choices. Tax credits for low-income students should be dealt directly to the providers. This provides incentives for early learning programs to be continually improving quality and serving the low-income children who stand to benefit the most from such programs, in terms of improvements in school readiness.*

**A. Context of the meeting** - The Minnesota Early Learning Foundation has been rethinking, redesigning and implementing a new idea for early childhood learning. Instead of running particular programs, they seek to create conditions that will help ensure the best performance of those programs that do exist. Today the Civic Caucus will hear about an effort to help parents become knowledgeable consumers, and governments to become knowledgeable payers, of early learning programs.

**B. Welcome and introductions** - Laurie Davis is policy director for the Minnesota Early Learning Foundation. Laurie is a partner in Advance Consulting LLC, a public policy consulting firm with a mission of improving the lives of children and families. Advance Consulting works with a number of non-profit, government and private clients on issues including early childhood, K-12 education, child support, health care, social services, father empowerment, youth development, economic development and self-sufficiency. Prior to founding Advance Consulting, Laurie worked with the Minnesota Department of Human Services, the governor's budget office in the Commonwealth of Massachusetts, a public policy and lobbying firm in Chicago and in the change management group at Accenture.

**C. Comments and discussion** -During Davis's visit with the Civic Caucus, the following points were raised:

**1. Background on Minnesota Early Learning Foundation** — The Minnesota Early Learning Foundation (MELF) was created in 2005 and will sunset in 2011. It was created to find cost-effective ways to improve the school readiness of what they term "high-return kids." That is, low-income young children most likely to enter kindergarten without the skills necessary for success.

Describing MELF's work Laurie said that, "We're not in business to design and create a program" of early learning, but instead we are trying to connect high return kids with high quality programs by providing parents with information about program quality and providing low-income parents with the resources necessary to access those quality programs.

Approximately 50 percent of young people are not properly prepared for Kindergarten-and not just low-income children. There is an immediate public financial interest in early learning: presently \$400 million in public money is devoted to early childhood endeavors in Minnesota each year.

**2. Parent information is essential to effective early childhood education** — "Parents are flying blind," Davis said, when they are making these important investments in time and money for early childhood education." Apart from word of mouth recommendations, "there is little information available to help them discern whether one program is more effective than another" on cost, or performance.

**3. Rating system developed to evaluate providers** — So the foundation sought to meet this need for information. The principal means is their Parent Aware program ( <http://www.parentawareratings.org/> ), of which early childhood providers volunteer to be evaluated as part of a rating system. MELF administers the rating system in partnership with the Departments of Human Services and Education, the University of Minnesota, the Minnesota Child Care Resource & Referral Network, and local resource and referral agencies in the pilot areas.

The participating early learning provider first attends an orientation and decides that they would like to move ahead. The provider then gathers documents and materials then sends them to Parent Aware for review, and eventually trained observers from the University of Minnesota Center for Early Education and Development go out to the program to observe.

"At first this makes many providers hesitant," Davis said about the providers, but soon they come to "love it because they get a very rich report on what they are doing well and can do better."

The program has a four star rating system. The Departments of Human Services and Education bestow the rating, because they have an infrastructure to gather and analyze the information that goes into each program's rating.

**4. Consumer information is central** — This program is about improving information for the parents. In other states, ratings are meant as an indicator for government funding. Instead here, it is consumer information. "Parent Aware has clearly filled a vacuum," Davis commented. "Resources are coming in from all over the place" that align with the framework of Parent Aware. In Saint Paul, there is a scholarship program that provides funding to low-income parents to enter programs with three and four stars under the rating system.

A member asked what share of the market the program covers? Davis replied that 16 percent of eligible programs in Saint Paul are rated. They are very happy with these numbers, particularly for a pilot program. There are over 300 programs involved.

"We have the highest portion of families with two working parents of anywhere in the country," Davis said of Minnesota. Most young children are involved in some sort of care. "For kids two years old and younger, 26 percent use only parent care. For 3-5 year olds, its 21 percent."

The Parent Aware program is a pilot, and ends June 30<sup>th</sup>. Its evaluation will come out in October. The foundation will be looking at the relationship between the star rating of an early learning provider and the progress of students toward school readiness. "We will be very honest about what we learn and advocate to make it as accurate as we can." Beginning July 1, 2010, the State will fund operation of the pilot for an additional year.

**5. The rating system must not be solely the prevue of government** — "If you have a government run rating system, immediately the providers put pressures on the policy makers to water down the standards." The example Davis gave to illustrate the point is lowering of Minnesota's high school graduation standards. There are numerous examples of when there is only government oversight, the standards go down. "We're going to be relentless on the private side to be a rigorous watchdog as the rating system goes statewide."

This is parent information. State government is not positioned like private organizations to demand responsiveness and quality.

**6. Early childhood learning is a key to closing the achievement gap** — "This is such a long-term problem," a member observed, about the achievement gap. "Generally the numbers of K-12 for the last 50 years have come out to be that 20 percent of students are world-class; 40 percent do very well; and 40 percent do badly." Now that split seems more like 20 percent doing alright; 30 percent alright and 50 percent poorly. "How much do you think you can influence?"

"We'd be foolish to write off any children," Davis responded, "particularly when you're talking about 0 to 5-year olds." Because of the high potential of intervening in the early years, MELF is confident that the early-years approach can have a significant impact.

There was some confusion during the discussion about what the proper role of government in early childhood. Davis clarified that the government may be the payer for scholarships, but that the majority of the providers would be private (as they are now) and the rating of the providers would be much stronger and remain focused on children if there was continued private-sector involvement.

**7. State-run program not desirable** — The foundation does not want to create a state-run program. There are states considering constitutional amendments to roll early childhood into public funding. That is the wrong approach, she argued, if in turn the services would be provided in the same controlled model as K-12. Instead, control of programs needs to remain decentralized and limited public resources should be targeted at high-return families that don't have the resources to access high-quality programs.

**8. Financing early childhood learning and its evaluation** — People spend more on their childcare sometimes than on their housing, Davis said. This is unpredictable for providers; so families are treated differently based upon whether they have a consistent scholarship or are operating on the Child Care Assistance Program (CCAP) or private pay. CCAP is the welfare program that provides childcare for working parents.

"We say to them, give this high-return child a high quality experience and we're going to make sure you get paid."

Who would want to go into this industry at such a lousy rate of pay, a member asked? "MELF believes significant, refundable tax credits available to early learning staff would encourage people to enter or stay in the profession and to improve their education and training to help them better serve children," Davis impressed. "Say you've taken care of your own kids and decide you'd like to make a career teaching other young children. We'd like to create a system where you have incentive to get that training, and to serve the children most likely to benefit from the quality services you provide. Otherwise what we're left with is the nursing home model—lowest paid people providing one of the most important services to some of our most vulnerable people."

Qualifications of staff are among the criteria for ratings in Parent Aware. Since early childhood programs are non-unionized they have more flexibility from the start, compared to the K-12 system. "The ratings don't set up a situation where we are mandating that everyone have a masters degree."

**9. High return on investment claimed** — Financing scholarships requires a significant capital outlay in the beginning, but MELF argues that its return on investment is substantial. Using the numbers from MELF's current scholarship pilot, it would cost the state around \$13,000 per year for a full-time, center-based scholarship. This is economic development, Davis said. There is a 16:1 return on investment.

"MELF board member Art Rolnick estimates we'd need a \$1.5 billion endowment to do parent mentoring and early learning programs for all high-return kids in Minnesota," Davis said.

"This falls into redesigning. The state has no money. It doesn't make sense to say the solution is simply to put more money into a system that is failing to fully prepare 50 percent of our children. We believe the State should link all funding to quality."

**10. Emphasis on tax credits** - Under the MELF proposal, tax credits would be given directly to the providers. The programs should receive the credits because it's challenging to get low-income families to access tax credits - they may not file tax returns, and it would be challenging to really link the money to connecting children with high quality programs. Channeling the credits through the provider has many advantages - credits may be provided for just the kinds of things you want to incent: higher quality ratings and serving high-return children. In addition, the quality provider becomes the agent for recruiting the high-return family to their program - it benefits both the provider and the families who need the services most.

For this to work, programs have got to be rated. "Even if you have one star, you get something." That will encourage people to participate. Also, the credits would be structured so that those serving lower-

income students get more. The financing may be arranged to cut out the government middleman. Let the private providers market to would-be consumers directly, which is most effective and does not require setting up an entire government bureaucracy.

The MELF's Parent Aware and Saint Paul Early Childhood Scholarship programs are the pilot test of economist Art Rolnick's model of using early childhood development programs as an economic development engine, Davis said. "He'll say that this is a far better public investment than building stadiums."

MELF would like to see a public-private partnership as the Parent Aware system goes statewide. There needs to be a stable funding source to underwrite evaluation because the availability of consistent information is necessary for a sound process of selecting the best providers. The private side would also be better situated to market the ratings to parents, and would serve as a watchdog to monitor the rigor of the rating standards over time.

**11. There is remarkable potential for volunteers as well** — The potential for public good is not just limited to the gains made by otherwise unprepared students.

Part of a larger effort at school readiness will involve helping parents understand all the things that go into helping children become school-ready, starting at home. "There are families don't have any books in their home, because they don't know that is what you are supposed to do."

"Kids from all walks of life are coming to school without the skills necessary for success - there are kids who stay home with their parents that are way far behind. Well-designed, high-intensity programming has positive impact on all students. Parents need to become involved, whether their children are home with them or spending time in early learning programs," but that itself takes high capacity in a program. There is much to do. Working with teenage mothers, and the special challenges facing them, opens another front.

"It seems like we need a strong mentoring program," a member observed. There are many retired people, and that number is rising. "There's this cadre of people out there waiting to make a contribution to the community." This can get older adults more active, provide affordable labor, and keep retirees vital and contributing in a meaningful way.

Yes, Davis agreed—"The only way many early learning programs can operate is through volunteers - the programs and the children they serve would really benefit from an even stronger volunteer base."

**12. The future of Parent Aware** — Because of the pressures on the budget, Davis said that the foundation anticipates the 2011 legislature to provide less money for all services, likely including early childhood.

"We would not say right now that the state should start by putting more money into the system. Overall, there may be a need for more money to provide access for all high return children, but we'd say the state needs to reform how it spends money first."

There are policy decisions that can be made, i.e. only spend money on highly rated programs. MELF is focused on promoting the package of school readiness tax credits. Absent the \$1.5 billion endowment, for the time being they are focusing their efforts at that tax credit position.

**13. Broad support for combining funding with evaluation** — "People are desperate for solutions," Davis said, and like this strategy because it does not just say *spend more money*. Politicians, unions, business groups and others support combining funding with evaluation to improve the cost and effectiveness of early childhood programs. This is an approach that empowers parents, provides the choice to opt-in and the choice over the type of program that parents pursue.

They enjoy broad support. "We're not a traditional advocacy organization. We're not going to focus on asking for money, but instead on how we can be spending better. The MELF board is committed, plugged in and engaged-like the Civic Caucus-they're having these sorts of discussions around the table."

#### **D. Closing**

In sum, looking out at the long term, a member asked Davis, what her suggestions are for redesigning public schooling to include early childhood.

She broke it down to two parts: School readiness rewards and incentives, and quality ratings of providers. "Its all about information and access." One does not work without the other.

"Art (Rolnick) says this is about creating a well functioning market." And those are two important pieces.

Thank you to Laurie for a good visit.