1/26/2000

1999, only about 12 percent of the 15 million low-income children eligible for assistance under federal law, received subsidies.

Assisting Over 8 Million Families with Child Care Expenses. The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. In his FY 2001 budget, President Clinton is proposing to expand the Child and Dependent Care Tax Credit by making it refundable for families who earn too little to claim the credit today, but who also do not feel the full benefit of child care subsidies; increasing the credit for families earning up to $60,000; and helping stay-at-home parents meet their added expenses. The President's budget includes $30 billion over 10 years, benefiting over 8 million families with their child care expenses and includes:

- **Making the Tax Credit Refundable for Nearly Two Million Working Parents.** Many low-income families with significant child care costs currently are not eligible for the maximum Child and Dependent Care Tax Credit (CDCTC). A typical family of four with an income below $25,000 does not have any income tax liability and thus is not eligible for much-needed relief from their often-significant child care expenses. To help these low-income families, the President is proposing to make the CDCTC refundable. This proposal, when combined with the President's other CDCTC expansion proposals, will provide an average tax cut of $902 to help offset the costs of child care. For example, a single mother who has one child, earns an annual salary of $15,000, and spends about $2,400 per year on child care, will receive a tax credit of $1,200, an increase of $817 over current law. The President's budget proposal to make the Child and Dependent Care Tax Credit refundable will assist nearly two million families.

- **Greater Tax Relief for Child Care to 4.4 Million Working Families.** The Child and Dependent Care Tax Credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The President is proposing to increase the credit for families earning up to $60,000, providing an additional average tax cut of $249 for these families and eliminating income tax liability for nearly all families with incomes below 200 percent of poverty that claim the maximum allowable child care expenses. For example, a family of four with an annual salary of $35,000, and child care expenses of $3,100, would receive a tax credit of $1,395, an increase of $775 over current law. The President's Child and Dependent Care Tax Credit expansion proposal will assist over four million working families paying for child care.

- **Providing Tax Relief to Parents Who Stay at Home.** The President believes that we should support parents in whatever choice they make for the care of their children. Therefore, he is proposing to enable parents who stay at home with children under one to take advantage of the Child and Dependent Care Tax Credit by claiming assumed child care expenses of $500. The President's budget will provide an average tax cut of $154, benefiting almost 2 million parents.

Creating New Child Care Tax Incentives for Businesses. To encourage employers to provide child care services for their employees, the President is proposing the creation of a new tax credit to businesses that provide child care services for their employees, such as building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services. The credit covers 25 percent of qualified costs (and 10 percent of resource and referral service expenses), but may not exceed $150,000 per year per business. The President's budget includes $1.4 billion over 10 years for this tax credit.

Promoting Early Learning. High quality early childhood programs can significantly improve children's success in school, boosting grade retention, achievement, and even high school graduation rates. To ensure that children have access to early childhood programs that promote their cognitive development, the President's budget includes $3 billion over five years for the Early Learning Fund to help improve child care quality and early childhood education for children under five years old. The Early Learning Fund will provide community grants for activities that foster cognitive development, improve child care quality and promote readiness for school. Resources could be used, for example, to help child care providers get training or certification, support licensing or accreditation of child care facilities, and reduce child-to-staff ratios -- factors associated with positive developmental outcomes for young children.

Supporting High-Quality Early Childhood Educators. The President's budget includes $30 million to ensure that well-trained professionals are teaching our young children. We know that the training and education of early childhood educators and caregivers are directly related to the quality of the early education they provide, and the quality of their service, in turn, is directly related to children's readiness for school. As a result, early childhood educators with more education and training provide the higher-quality language stimulation and literacy experiences that are critical for children's success in schools. The Early Childhood Professional Development initiative will provide competitive grants to local partnerships that provide professional development for teachers such as universities, local school districts that provide pre-school, and child care providers such as Head Start. The initiative would focus on equipping early childhood educators with the tools they need to help children develop the language and literacy skills that are the foundations for academic success.

Encouraging the Pursuit of Higher Education by Offering College Campus Based Child Care. To encourage low-income parents to pursue higher education, the President's budget includes $15 million – a $10 million increase over last year's funding level -- to provide an additional 150 college campuses with grants to support the establishment or expansion of child care services. States may also use a share of the Child Care and Development Block Grant for this purpose.

~~SOTI Tech Mtg~~ 1/5/~~2000~~

Jan 6 -
ELF mtg in B Chow's office

Rob Andrews - interested in ELF/CC

he's into funding slots

he has specific criteria
• levels of teacher training
• outcome measures learning based
• schl focused to local ed agency

use of vocab w/s familiarity w/ books english for ESL

we thought we could coordinate ELF
provider traing
outcome measures

Stress cognitive dev

similar to ESEA -
he didn't go to HHS

we could stress cognitive dev → NICOLE AGREES → add ed'l quality

we would ~~~~ consider including • evaluation
• parent ed'n

Pgrms	Quality	Rob Andrews
Parent ed	Provider traing	- Outcome measures
info + referal	staffing ratios	- criteria to get funding
form CC networks	licensing	- demonstrate need
	Standards enf.	- match requirement (up to 50)
	health svcs	
	Spec needs kids	
	salary + ben enhancemt	
	mon + tech assist	

If you don't receive lang + lit support at 3+4, you're already 1 yr behind grade level

we have a fund that tries to ensure that this doesn't happen

This could be the basis of ~~of~~ for universal pre K

Zoe M. Neuberger
01/10/2000 09:52:27 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message
Subject: Early Learning Fund legislative language

Attached is a revised version of last year's Early Learning Fund bill language. The most significant changes are the addition of federal educational outcome goals and the strengthening of the national evaluation. I've also reorganized the list of allowable activities and changed the headings, but haven't actually removed or added any activites. Please get me comments (by email or marked up hard copies) as soon as possible--we said we'd try to reach internal consensus early this week so we could present the changes to HHS.

ELF bill FY01.wp

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SEC. __. EARLY LEARNING PROGRAM.

(a) FUNDING.—Section 418 of the Social Security Act (42 U.S.C. 618) is amended by adding after subsection (b) (as added by section ___) the following new subsection:

"(c) APPROPRIATIONS FOR EARLY LEARNING PROGRAM.—

"(1) IN GENERAL.—There are appropriated out of any funds in the Treasury not otherwise appropriated, for carrying out activities related to early learning programs in accordance with this section and section 658T of the CCDBG Act, $600,000,000 for each of fiscal years ~~2000~~ 2001 through ~~2004~~ 2005, which shall be allocated in accordance with this subsection.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated as follows:

"(A) AMOUNT FOR INDIAN TRIBES.—Up to two percent of the total amount appropriated shall be allocated to Indian tribes in proportional shares equal to the shares received by such tribes for such fiscal year under section 658O(c) of that Act.

"(B) AMOUNTS FOR TERRITORIES.—An amount shall be allotted to each territory that bears the same ratio to one-half of one percent of the total amount appropriated as the amount allotted to such territory for such fiscal year under section 658O(a)(1) of that Act bears to the total amount received by all territories for such fiscal year under such section.

"(C) SECRETARY'S ACTIVITIES.—~~$6,000,000~~ $x,xxx,xxx is reserved to the Secretary and shall be available to conduct a national evaluation of the effect of State, local, and tribal early learning programs on cognitive development and educational achievement, including educational outcomes measures specified in section 658T(b)(2)(E), $xxx,xxx of which may be used for costs of providing technical assistance to~~, and conducting national evaluations of,~~ State, local, and tribal early learning programs under such section 658T.

"(D) AMOUNTS FOR STATES.—From the total amount appropriated remaining after application of subparagraphs (A), (B), and (C), an amount shall be allocated among the States based on the formula used for determining the amount of Federal payments to the State under section 658O of the CCDBG Act.

"(3) MATCHING PAYMENTS TO STATES AND TERRITORIES.—

"(A) FEDERAL PAYMENTS.—The Secretary shall pay to each State and territory for a fiscal year an amount equal to the lesser of its allotment under paragraph (2) or 80 percent of expenditures by the State or territory for an early learning program under a plan approved under section 658T of the CCDBG Act.

"(B) REDISTRIBUTION.—The Secretary shall, to the extent necessary, determine the need for redistribution of, and redistribute, amounts allotted under this subsection to States, in accordance with the procedures and formula set forth in subsection (a)(2)(D).

"(4) PAYMENTS TO INDIAN TRIBES.—The Secretary shall pay to each Indian tribe for a fiscal year an amount equal to the lesser of its allotment under paragraph (2)(A) or the total amount of expenditures by the tribe for an early learning program under section 658T of the CCDBG Act.".

(b) ESTABLISHMENT OF EARLY LEARNING PROGRAM.—

(1) STATE PLAN REQUIREMENT.—Section 658E(c) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)) is amended by adding at the end the following new paragraph:

"(6) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.—In the case of a State electing to implement an early learning program under section 658T, the State plan shall meet the requirements specified in section 658T(b)(2).".

(2) EARLY LEARNING PROGRAM.–That Act is amended by adding at the end the following new section:

"SEC. 658T. EARLY LEARNING PROGRAM.

"(a) PROGRAM PURPOSE.—The purpose of the program under this section is to enable States, through grants to communities, to support activities that—

"(1) promote children's ~~healthy~~ cognitive, social, and behavioral development during the earliest years of life;

"(2) improve early childhood education in ~~the quality of~~ child care settings for children aged five and under, including those with disabilities; and

"(3) encourage and facilitate emerging literacy, ~~and~~ language development, reading, and school readiness~~; and~~

~~"(4) enhance programs designed to achieve these goals~~.

"(b) REQUIREMENTS FOR STATE PARTICIPATION.—

"(1) IN GENERAL.—In order to be eligible for Federal matching funds under section 418(c) of the Social Security Act, the State shall have in effect under its plan under section 658E an early learning program plan meeting the requirements specified in paragraph (2).

"(2) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.—The early learning program plan shall meet the following requirements:

"(A) LEAD AGENCY.—The plan shall provide that the program will be administered by the lead agency designated under 658D.

"(B) COMMUNITY GRANT PROCEDURES.—The plan shall describe the standards and procedures to be applied in the review and approval of community applications, and in setting amounts, terms, and conditions of community grants, including the methods to be used to ensure that no less than 70 percent of grant funds are awarded to low-income communities, funded programs are designed to promote the educational outcomes specified in section subsection (b)(2)(E)(i), and funded programs reflect scientifically based research findings on language, literacy, and reading development.

"(C) COMMUNITY PARTICIPATION IN PLANNING AND

MONITORING.—The plan shall describe the methods to be used to ensure participation, in planning and monitoring activities under the community plan, of representatives of concerned elements of the community, including parents of young children, child care providers, child development and mental health professionals, early intervention specialists, health care providers, public school representatives, local interagency coordinating councils for children with disabilities, local government, and business leaders.

"(D) PROGRAM ACTIVITIES.—The plan shall specify which of the allowable activities enumerated in subsection (c) may be carried out under community grants under the plan.

"(E) PERFORMANCE GOALS AND MEASURES.—Children participating in early learning programs funded under section 658T of the CCDBG Act will be expected at a minimum to understand and use language to communicate for various purposes; understand and use increasingly complex and varied vocabulary; develop and demonstrate an appreciation of books; develop phonemic, print, and numeracy awareness; and in the case of children with limited English proficiency, progress toward acquisition of the English language. The Secretary shall provide guidance regarding specific performance goals, outcome benchmarks, acceptable methodologies for assessing progress, and steps to be taken if specified benchmarks are not achieved. The plan shall specify

(i) how the State will make progress toward the performance goals and outcome benchmarks provided in guidance by the Secretary;

(ii) the methodology the State will use to assess progress toward the performance goals and outcome benchmarks provided in guidance by the Secretary; and

~~(i) performance goals to be achieved and the interim and long term performance measures and timetables, as appropriate, to be used to assess~~

~~progress toward each goal under the plan, which—~~

~~(I) shall be developed pursuant to guidance provided by the Secretary and in consultation with local government authorities in accordance with section 658D(b)(2); and~~

~~(II) shall be designed to improve child development through coordination with health care and mental health services; enhanced early learning environments, especially those that promote language skills and literacy growth of children; quality of infant and toddler care; parental involvement; consumer education; reduced staff turnover; and increased rates of accreditation by nationally recognized accreditation organizations;~~

(~~ii~~ iii) the steps to be taken by the State or grantees in accordance with guidance provided by the Secretary if the specified outcome benchmarks are not achieved.

"(F) COORDINATION~~ WITH ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE~~.—The State plan shall specify the methods to be used to coordinate activities under this section and section 658G(a), including coordination of planning and of performance goals and measures~~, in order to maximize the effectiveness of both programs~~ and coordination with local educational agencies to ensure a smooth transition from child care programs receiving early learning program funds under section 658T to kindergarten and early elementary education. Funds provided for early learning programs under section 658T shall be used to supplement rather than supplant existing programs.

"(c) ALLOWABLE ACTIVITIES.—An early learning program under a State plan under this section may provide for any or all of the following activities to promote cognitive, social, emotional, and physical development in order to enhance emerging literacy and language development, and school readiness:

"(1) PARENTING EDUCATION TO PROMOTE LEARNING AT HOME ~~INFORMATION AND RESOURCES.—~~

~~"(A) PARENTING EDUCATION.—~~Provision of parenting education, including use of or collaboration with Even Start or similar programs, for parents of young children by means including use of community-based resource centers, family literacy programs with parenting education components, collaboration with early intervention and preschool providers of services for children, public elementary schools, centers that serve children with special health care needs or disabilities and their families, and home visiting programs.

~~"(B) INFORMATION AND REFERRAL.—Initiatives to develop or increase the availability of consumer education information and referral services and other resources to assist parents to locate and assess the quality of available child care services.~~

~~"(C) FAMILY CHILD CARE NETWORKS.—Development of support networks, information and referral services, and other supportive services addressing needs of family child care providers for access to such resources as education, training, and community support services.".~~

"(2) ACTIVITIES TO PROMOTE QUALITY TEACHING IN CHILD CARE SETTINGS ~~QUALITY AND AVAILABILITY~~.—

"(A) PROVIDER TRAINING.—Training of child care personnel, which may include training in early childhood development, early literacy, ~~health, nutrition, hygiene, first-aid and safety,~~ best practices for serving children with disabilities in child care, and other appropriate matters.

"(B) IMPROVED STAFFING RATIOS.—Initiatives to increase ratios of child care staff to children in care and to reduce child care group sizes.

"(C) SALARY AND BENEFIT ENHANCEMENT.—Assistance to child care programs to increase the quality and continuity of care by attracting or retaining highly qualified child care staff working directly with children through enhanced compensation.

"(D) FAMILY CHILD CARE NETWORKS.—Development of support networks, information and referral services, and other supportive services addressing needs of family child care providers for access to such resources as education, training, and community support services.".

"(3) ACTIVITIES TO PROMOTE QUALITY CHILD CARE—

"(~~C~~ A) LICENSING AND ACCREDITATION ASSISTANCE.—Assistance to entities and individuals in meeting applicable child care accreditation and licensing requirements and in obtaining licensing or accreditation.

"(~~D~~ B) STANDARDS ENFORCEMENT.—Initiatives to increase the numbers of qualified child care licensing and standards enforcement staff and activities to increase monitoring and enforcement of State and local health and safety standards.

"(C) INFORMATION AND REFERRAL.—Initiatives to develop or increase the availability of consumer education information and referral services and other resources to assist parents to locate and assess the quality of available child care services.

"(~~E~~ D) HEALTH SERVICES.—Improving coordination of child care with appropriate health services including health and mental health consultations, hearing and vision testing, and immunizations, by methods such as co-location of health and child care services, referrals of children in child care to health care providers or screening services, and transfer of child health records to public school at school entry. Services under this subparagraph shall not include direct provision of or payment for health care services.

"(~~F~~ E) CARE FOR CHILDREN WITH SPECIAL NEEDS.—Increasing the availability and quality of child care for young children with special health care needs, developmental delays, and disabilities; and coordinating with early intervention and preschool special education services.

~~"(G) SALARY AND BENEFIT ENHANCEMENT.—Assistance to child care programs to increase the quality and continuity of care by attracting or retaining highly qualified child care staff working directly with children through enhanced compensation.~~

"(~~H~~ F) MONITORING AND TECHNICAL ASSISTANCE.—Technical assistance to grantees, and monitoring of programs, assisted under this section. State expenditures under this subparagraph shall not exceed a percentage of total State expenditures for the program under this section equal to 10 percent for each of fiscal years ~~2000~~ 2001 through ~~2002~~ 2003, and 5 percent for fiscal year ~~2003~~ 2004 and each succeeding fiscal year.".

(c) ANNUAL REPORT.—Section 658K(a)(2) of the Act (42 U.S.C. 9858i(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

(3) by inserting after and below subparagraph (E) the following new subparagraphs:

"(F) the early learning program under section 658T, including—

"(i) the number and average dollar amount of grants awarded;

"(ii) the number, average dollar amount, and percentage of the total

State award of such grants made to low-income communities;

"(iii) the number of early learning programs;

"(iv) the number of children served with special health care needs, disabilities or developmental delays;

"(v) the number of early learning programs that assist children with special needs;

"(vi) progress toward the educational outcomes specified in section 658T(b)(2)(E), including specific and quantifiable measures of achievement of each performance goal and benchmark provided in guidance by the Secretary, ~~for each specific, quantifiable and measurable objective~~;

"(vii) expenditures for each allowable activity listed in section 658T(c), total expenditures and, to the extent feasible, the volume or frequency of such activity and the average expenditure per unit of such activity; and

"(viii) with respect to any allowable activity listed in section 658T(c) for which expenditures are made by the State both under section 658G(a) and under section 658T, the amount expended under each such section; and

"(ix) such other data as the Secretary may require.

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message
Subject: Early Learning Fund budget text

As discussed at our meeting this afternoon, here is the revised Early Learning Fund paragraph for the Working Families budget chapter. Last year's text follows for comparison. I've given the language an education focus, with references to the outcome measures, allowable activities, and evaluation that we discussed. I open with a description of the research findings on outcomes associated with early childhood education programs, but have been unable to find the specific reference to students lagging behind by first grade. Ann is going to track down that data and I'm considering including it in place of the White House conference sentence if you are amenable.

Unfortunately, the chapter is on the verge of being sent out for West Wing review. If I receive comments by 10:30 am tomorrow (Friday) I'll be able to address them in the version to be sent for review. Otherwise, revisions won't appear until the next draft and it will be somewhat harder to make changes.

Revised Early Learning Fund budget text

Scientific research shows that early childhood programs profoundly affect brain development and for low-income children can significantly improve education achievement, including raising IQ in early years and improving grade retention and likelihood of high school graduation in later years. In response to such evidence presented at the White House Conference on Early Child Development and Learning in 1997 the Administration proposed the Early Learning Fund to help improve early childhood education for children under five years old. The 2001 budget proposes to establish the Early Learning Fund at a level of $3 billion over five years to provide community grants for activities that foster cognitive development, with a focus on language acquisition, emergent literacy, reading development and other early childhood education activities aimed at improving readiness for school. Resources could be used to help providers obtain certification or accreditation, enhance provider training and retention, and reduce child-to-staff ratios--factors associated with positive developmental outcomes for young children. Grants to states would be contingent on reporting of children's progress toward educational goals, such as vocabulary building and language use, and a federal evaluation would assess improvements in educational outcomes that result from the Fund.

FY 2000

The Early Learning Fund responds to the scientific research presented at the White House Conference on Early Childhood Development and Learning in April 1997, indicating that a child's experiences in the first three years of life profoundly affect his or her brain development. The budget proposes $3 billion over five years for the Fund, which would provide grants to communities for activities that improve early childhood education and the quality and safety of child care for children under five years old. For example, the money can fund innovative efforts to meet the developmental needs of children, with a focus on language development, emergent literacy, and other child development activities aimed at improving readiness for school. Resources could also fund parent education in child development, home visits, and efforts to help child care centers become accredited and reduce child-to-staff ratios in child care.

Message Sent To:

Nicole R. Rabner

01/07/2000 09:16:20 AM

Record Type: Record

To: Zoe M. Neuberger/OMB/EOP@EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: Early Learning Fund budget text

I think the text looks very good, Zoe. I have a couple of comments:

1. I'm uncomfortable with the opening of the paragraph. First, I don't believe that scientific research bears out that early childhood programs dramatically affect brain development -- rather, we know that brain development is profoundly important in the early years, and that high quality early childhood programs can help children get to school ready to learn and achieve even beyond that. Also, my sense is that we should not discuss IQ -- I'm not sure that we endorse that measure, but I could be convinced otherwise. I would suggest something like the following to open, if we do not have the NAS study cite, which I think would be optimal:

"Scientific research shows that experiences in early childhood are critical to brain development, and for low-income children, high quality early childhood programs can significantly improve education achievement, including boosting school-readiness and improving grade retention and likelihood of high school graduation in later years. The White House Conference on Early Childhood Development and Learning in 1997 showcased some of this evidence. In response, the Administration proposed the Early Learning Fund to help improve early childhood education for children under five years old."

The NAS study came AFTER the White House conference, so I think it is misleading to say that the research described in the first sentence was presented at the WH Conf., but I think it's important to maintain some reference to the conference, considering that this was in fact the origin of this proposal.

2. Regarding this sentence: *Resources could be used to help providers obtain certification or accreditation, enhance provider training and retention, and reduce child-to-staff ratios--factors associated with positive developmental outcomes for young children.* **My understanding is that providers do not get accredited; rather, child care centers and facilities do.**

3. I wonder, but don't feel strongly, if we should add the following in bold to this sentence to make clear that those listed are not the only allowable activities of the fund: *Resources could be used,* **for instance,** *to help providers obtain certification or accreditation, enhance provider training and retention, and reduce child-to-staff ratios--factors associated with positive developmental outcomes for young children.*

Zoe M. Neuberger

Zoe M. Neuberger
01/06/2000 06:42:04 PM

Zoe M. Neuberger
01/07/2000 11:11:32 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message
Subject: Early Learning Fund budget text

Here is the paragraph that will be included in the next budget draft. It incorporates revisions based on the comments I received this morning. If you have not yet reviewed the text, please disregard the last version and send me comments on this one--I'll try to incorporate them in the next draft.

Early Learning Fund. Scientific research shows that experiences in early childhood profoundly affect brain development. High quality early childhood programs can significantly improve educational achievement and behavior in early grades as well as grade retention and likelihood of high school graduation in later years, particularly for low-income children. The White House Conference on Early Child Development and Learning in 1997 highlighted some of this evidence. In response, the Administration proposed the Early Learning Fund to help improve early childhood education for children under five years old. The 2001 budget proposes to establish the Early Learning Fund at a level of $3 billion over five years to provide community grants for activities that foster cognitive development, with a focus on language acquisition, emergent literacy, reading development, and other early childhood education activities aimed at improving readiness for school. Resources could be used to help providers obtain certification, facilitate licensing or accreditation of child care centers, enhance provider training and retention, and reduce child-to-staff ratios--factors associated with positive developmental outcomes for young children. Grants to states would be contingent on reporting children's progress toward educational goals, such as vocabulary building and language use, and a federal evaluation would assess improvements in educational outcomes that result from the Fund.

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EARLY LEARNING AND CHILD CARE QUALITY

It is critical that the President's child care initiative retain a strong commitment to promoting school readiness and cognitive development by improving the quality of care. Research bears this out:

- Three multi-site studies conducted between 1988 and 1994, including the highly regarded *Cost, Quality and Child Outcomes in Child Care Centers*, found that only 12 to 14 percent of children in care are in arrangements that promote their growth and learning, while 12 to 21 percent are in settings that are unsafe and actually impair their development. For infants and toddlers, the percentage of poor/unsafe settings is much higher -- 40 percent (*Florida Child Care Quality Improvement Study: Interim Report*, Howes, Smith, Galinsky, Families and Work Institute, 1995).

- Children in higher quality settings develop receptive language more rapidly, have superior math skills, engage in more complex play with both objects and other children and exhibit fewer behavior problems (both at the time and upon entering school). Studies have found that the impacts on social skills and academic performance persist into elementary school (*Are They in Any Real Danger* , Love *et. al.*, Mathematica Policy Research, 1996)

- As noted in the CEA paper on early learning: "children who receive care in quality centers tend to be less distracted and more task-oriented, considerate, happy and socially competent in elementary school. They are more self-confident, proficient in language, advanced in cognitive development and make better academic progress. Conversely, children in poor quality programs risk the development of poor school skills and heightened aggression."

The following three options focus on improving the quality of the vast majority of existing care for children aged 0-5, and ensuring that these opportunities help us to meet the first goal of Goals 2000 – school readiness.

OPTION ONE: Re-propose the Early Learning Fund, included in FY 99 and FY 00 at a $3 billion over five year in mandatory funds to improve child care quality and promote school-readiness. Modeled on the successful North Carolina Smart Start initiative, the proposed Early Learning Fund provides challenge grants to communities (distributed by states) to support programs to improve early learning and the quality of child care for children ages 0 to 5. To receive funds, HHS must approve a state's early learning program plan that specifies a lead agency, outlines community grant procedures, describes community participation in planning and monitoring, specifies activities to be carried out, and outlines performance goals and measures. Allowable activities include parenting education, resource and referral services, the development of family child care networks, provider training, efforts to improve staffing ratios, licensing and accreditation assistance, health services, added care for children with special needs. Each state would be required to submit an annual report documenting the use of the funds and progress toward achieving performance goals.

OPTION TWO: Propose a More Targeted Version of the Early Learning Fund, at or above $3 billion over five years in mandatory dollars. Target the allowable uses of the Early Learning Fund to measurable activities that promote the cognitive development and school readiness of children aged 0-5 in child care. These activities would include: improving provider training, recruitment and retention, reducing teacher to student ratios, promoting accreditation, increasing reimbursement rates for accredited programs, increasing networks for family child care providers, and promoting adherence to professional quality standards. Goals in some or all of these categories would be required for the state's early learning program plan, and the state's annual report would document progress toward those goals (e.g., number of programs with ratios below a specified level, number of children in accredited programs, number of providers receiving AAs or BAs or ECE through the program). States failing to make progress toward the goals would have to submit a corrective action plan or lose funding.

OPTION THREE: Create a New Set-Aside Within the Discretionary Title of CCDBG to Promote Congnitive Development of children aged 0-5 in child care. In FY 2000, the $1.182 billion discretionary title of CCDBG includes 3 discretionary pots of funds: (1) a 4 percent set-aside for quality activities; (2) $50 million for infant and toddler child care quality improvement activities; and (3) $173 million for general child care quality activities. By folding the second and third funding streams into one program to improve child care quality for children aged 0-5, and adding $277 million, we could create a $500 million school readiness fund. Similar to our proposed Early Learning Fund, this fund would support child care quality improvements designed to promote the cognitive development (i.e. improve the language, reading and math skills) of children in care. Parameters of the $500 million fund would mirror the above-described options, including:

- The funds would be distributed according to the CCDBG formula, but in order to receive its share of the funds, HHS would have to approve a State's "school readiness plan" describing how the State would use the dollars to enhance the cognitive development of children in care and establishing performance goals and measures.
- The funds would be used to improve provider training, recruitment and retention, reduce teacher to student ratios, promote accreditation, increase reimbursement rates for accredited programs, promote adherence to professional quality standards, etc.
- Each year, the state would be required to report on how funds were used and on progress toward goals established in the plan (e.g., number of programs with ratios below a specified level, number of children in accredited programs, number of providers receiving AAs or BAs or ECE through the program). States failing to make progress toward the goals would have to submit a corrective action plan or lose funding.

The Administration could seek minimal appropriations language for this, e.g.:
" . . .Provided further, That of the funds provided for fiscal year 2001, ~~$172,672,000~~ $500,000,000 shall be reserved by the States for activities to support the cognitive development of children aged 0-5 authorized under section 658G of the Omnibus Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990) and approved by the Secretary of Health and Human Services, such funds to be in addition to the amounts required to be reserved by the States under section 658G . . ."

NOTE: Child care advocates and congressional democratic staff working on child care have urged that we maintain our child care quality proposal on the mandatory side.

Early Child Educator Professional Development in the ESEA: The Department of Education and others are very concerned that preschool needs to have a tangible education focus. To that end, we need a pipeline of caregivers well trained in teaching small children – caregivers, for example, knowledgeable in how reading is learned and able to spot developmental disabilities. Standards alone do not appear to be enough. Currently, this proposal is funded at $50 million in the ESEA and in our budget request. We might consider enhancing that amount to complement one of the items described above. A substantial increment in funding to this component – on the order of $200 million – would highlight its importance and help it to achieve its goals.

CHILD CARE QUALITY

It is critical that the President's child care initiative retain a strong commitment to improving the quality of care. In prior years, the President's initiative included significant investments inboth subsidies and quality, because it makes little sense to spend more money on care that is in many cases substandard.

- Three multi-site studies conducted between 1988 and 1994, including the highly regarded *Cost, Quality and Child Outcomes in Child Care Centers*, found that only 12 to 14 percent of children in care are in arrangements that promote their growth and learning, while 12 to 21 percent are in settings that are unsafe and actually impair their development. For infants and toddlers, the percentage of poor/unsafe settings is much higher -- 40 percent (*Florida Child Care Quality Improvement Study: Interim Report*, Howes, Smith, Galinsky, Families and Work Institute, 1995).

- Children in higher quality settings develop receptive language more rapidly, have superior math skills, engage in more complex play with both objects and other children and exhibit fewer behavior problems (both at the time and upon entering school). Studies have found that the impacts on social skills and academic performance persist into elementary school (*Are They in Any Real Danger* , Love *et. al.*, Mathematica Policy Research, 1996)

- As noted in the CEA paper on early learning: "children who receive care in quality centers tend to be less distracted and more task-oriented, considerate, happy and socially competent in elementary school. They are more self-confident, proficient in language, advanced in cognitive development and make better academic progress. Conversely, children in poor quality programs risk the development of poor school skills and heightened aggression."

OPTION ONE: Create a New Set-Aside With the Discretionary Title of CCDBG to Promote Congnitive Development of children aged 0-5 in child care. In FY 2000, $1.182 billion discretionary title of CCDBG includes 3 discretionary pots of funds: (1) a 4 percent set-aside for quality activities; (2) $50 million for infant and toddler child care quality improvement activities; and (3) $173 million for general child care quality activities. By folding the second and third funding streams into one program to improve child care quality for children aged 0-5, and adding $277 million, we could create a $500 million school readiness fund. This fund would support child care quality improvements designed to promote the cognitive development (i.e. improve the language, reading and math skills) of children in care. Parameters of the $500 million fund inclued:

- The funds would be distributed according to the CCDBG formula, but in order to receive its share of the funds, a State would be required to submit a "school readiness plan" describing how the State would use the dollars to enhance the cognitive development of children in care. HHS would be required to approve the plan.
- The Funds would be used to improve provider training and retention, reduce teacher to student ratios, promote accreditation, increase reimbursement rates for accredited programs, etc.

- Each year, the state would be required to report on progress toward goals established in the plan (e.g., number of programs with ratios below a specified level, number of children in accredited programs, number of providers receiving Aas or Bas or ECE through the program). States failing to make progress toward the goals would have to submit a corrective action plan or lose funding.

The Administration could seek minimal statutory language for this program, e.g. "$500,000,000 is reserved for activities in 658 (G) approved by HHS to support the cognitive development of children aged 0-5 in child care."

OPTION TWO: Re-propose the Early Learning Fund, a $3 billion over five year mandatory program to improve child care quality and promote school-readiness. Modeled on the successful North Carolina Smart Start initiative, the proposed Early Learning Fund provides challenge grants to communities (distributed by states) to support programs to improve early learning and the quality and safety of child care for children ages 0 to 5. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care