Improving Early Care and Education in Atlanta:
Challenges and Opportunities

Presentation to the Atlanta Early Education Leadership Council

March 28, 2018

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Atlanta EELC Goal

To develop a shared vision, bold yet actionable strategies, and the funding and citywide commitment needed to sustain this work to ensure that all children in Atlanta have the opportunity to reach their full potential.

What Makes This Task Challenging:

- Early Care and Education (ECE) is the operative term – when children are very young you cannot separate *care* from *education*
- ECE is delivered in multiple public and private settings with uneven access to resources (to financial + human). Most providers are small, independent 'mom + pop" businesses
- ECE is market-driven – finance is largely based on parent choice
- Parent Fees are a significant part of the financing strategy, so understanding markets and consumer behavior is key to effective finance

Early Care & Education Marketplace

Non-Profit Child Care Center

Private Preschool

Faith Based Child Care Program

GA Pre-K in Centers

Independently Owned For Profit Child Care

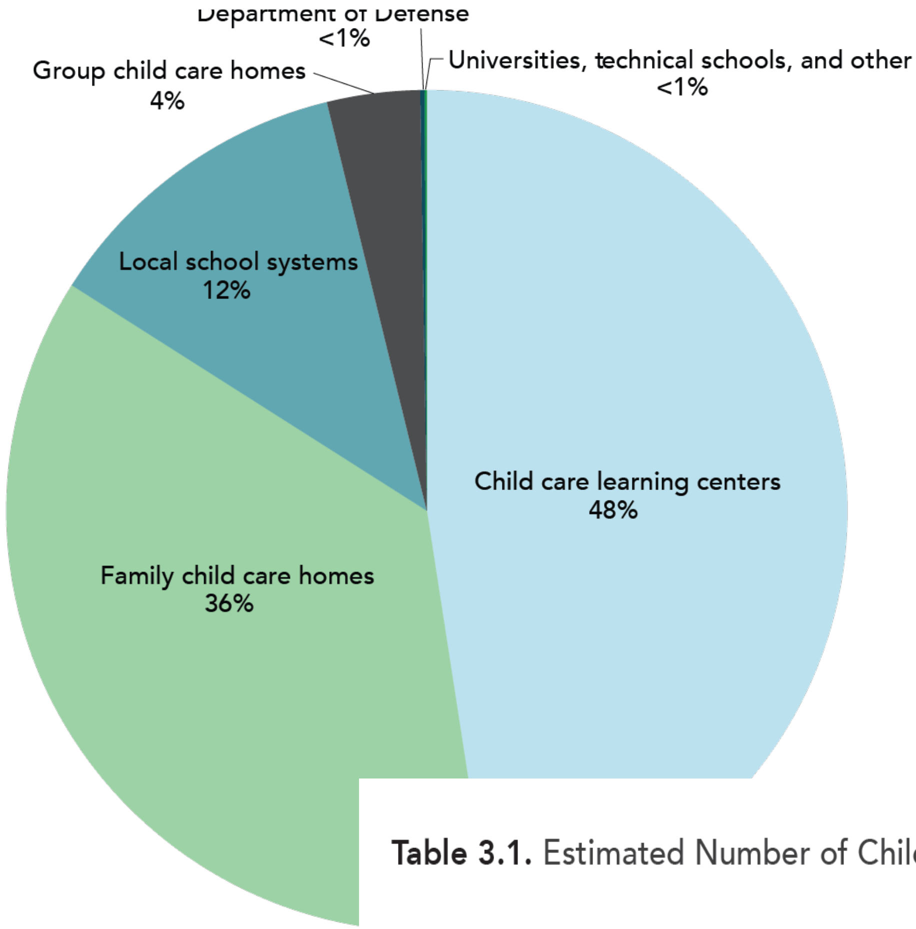
GA Pre-k in Schools

Proprietary Child Care Center

Early Head Start

Family Child Care

Head Start

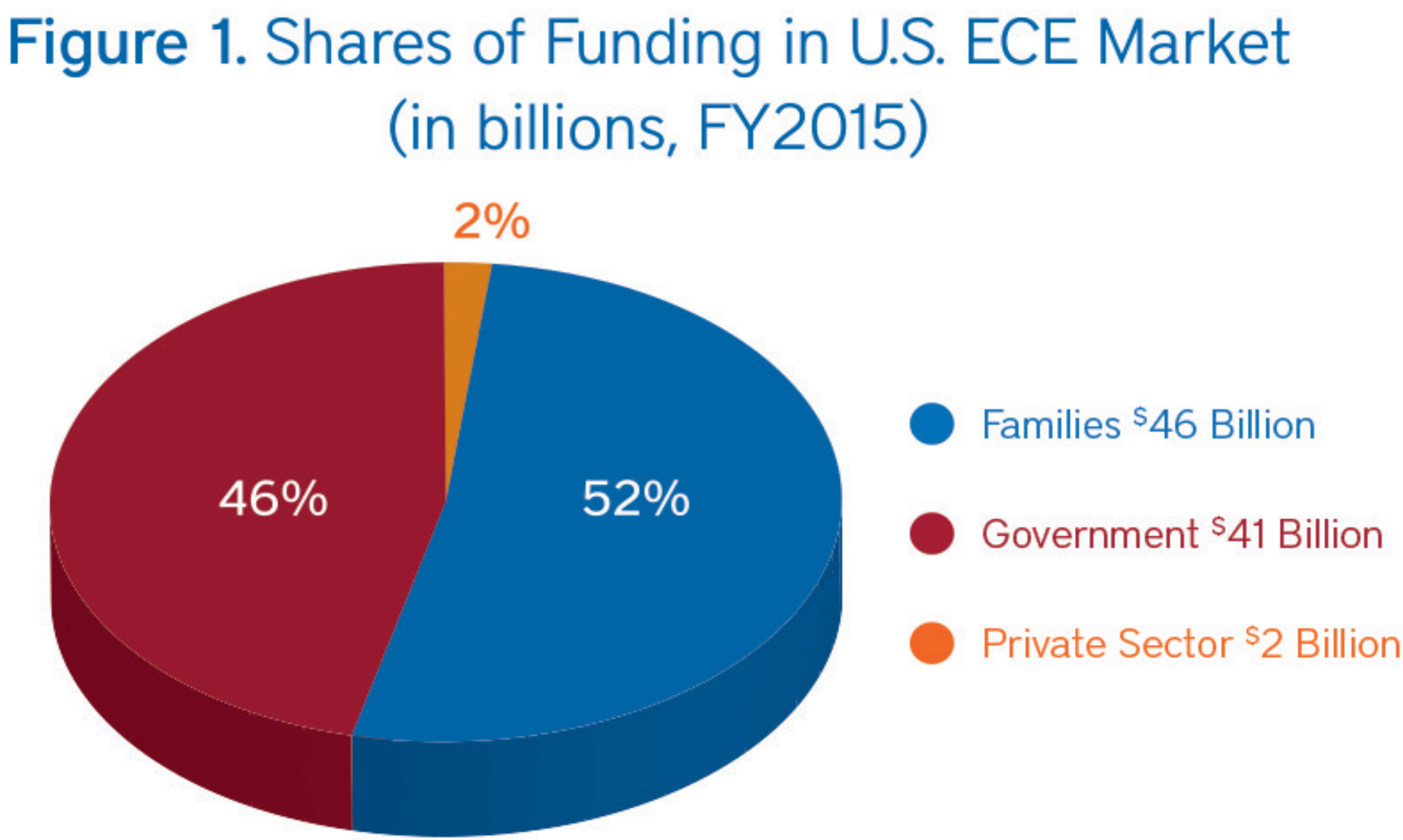


Most GA Children Receive ECE in Private Sector Programs

Table 3.1. Estimated Number of Children in Licensed Child Care in Georgia by Program Type

Program Type	Estimated Number of Programs in Georgia		Estimated Number of Children in Care in Georgia by Program Type	
	N	%	N	%
Child Care Learning Centers	3,254	51.38%	286,452	84.99%
Family Child Care Homes	2,308	36.44%	12,807	3.80%
Public Schools	771	12.17%	37,765	11.21%
Total	6,333	100.0%	337,024	100.0%

Most ECE Funding is Paid by Families



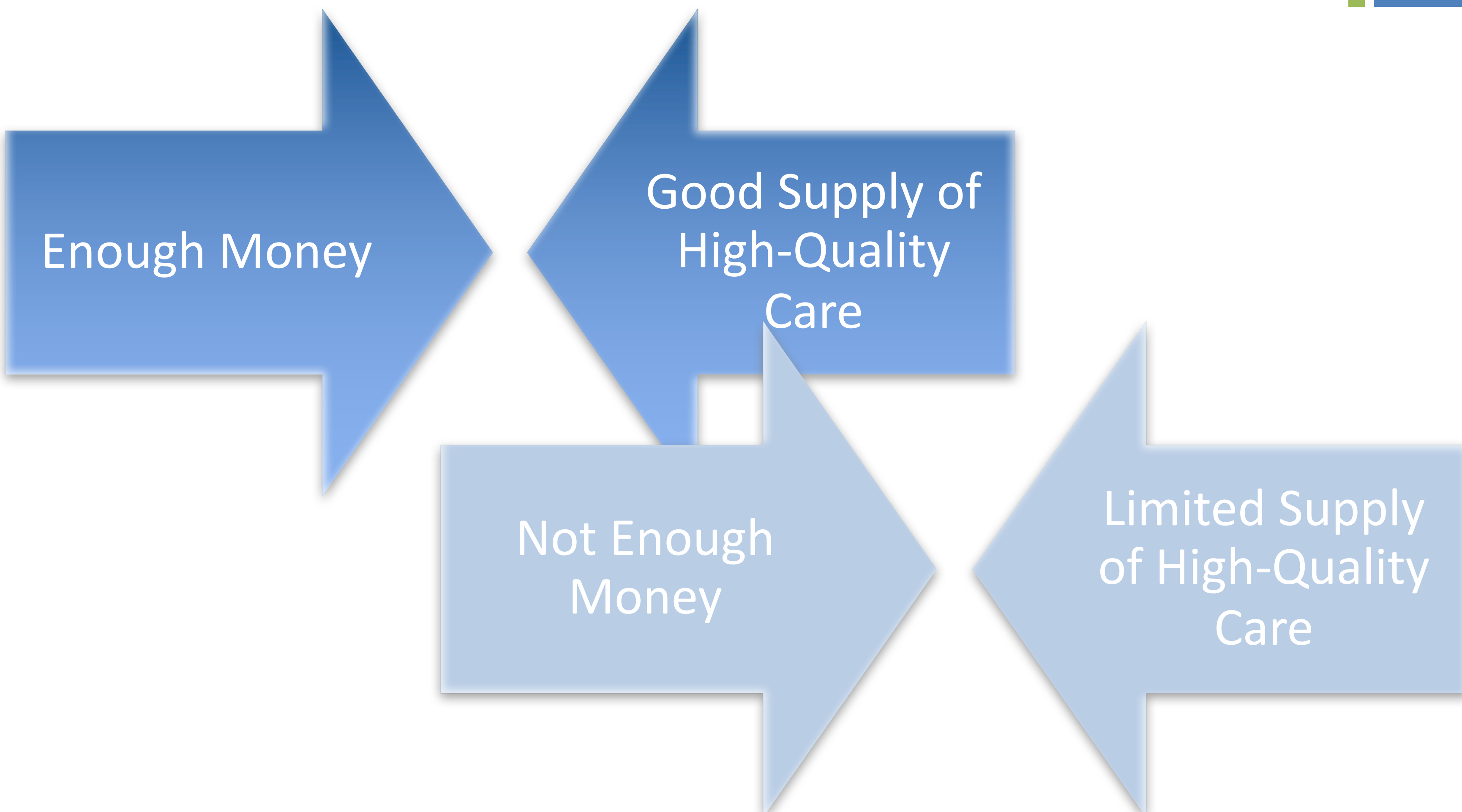
Bold, Actionable Strategies:

Policy Options for Consideration

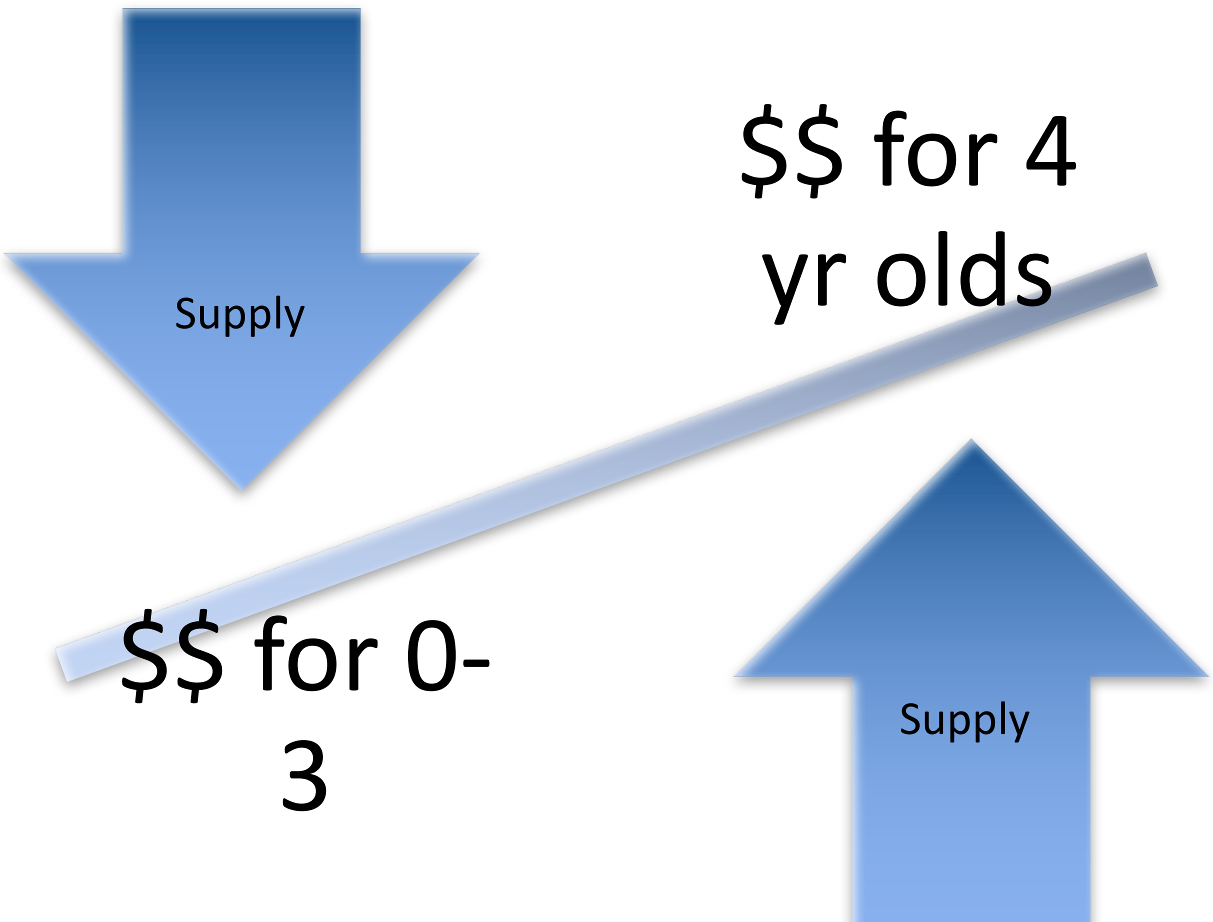
- Link any new $ to quality standards
- Target dollars to high-quality providers that serve children from families with limited resources
  - Piggy-back on GA Quality Rated Subsidy Grants (Contracts for classrooms)
- Focus on babies & toddlers
  - A significant % of 4yr olds are already served
- Understand costs, and use this information to guide finance
- Understand the power of scale, and consider financing strategies to encourage effective quality at scale

If we want high-need children in high-quality settings we must ensure those settings can succeed in the marketplace

If you build it …. they may NOT come! *Capacity and Funding are Linked*



Capacity and Funding Vary by Age



"The significant problems we face cannot be solved at the same level of thinking we were at when we created them."

Albert Einstein

Challenges that Require a New Level of Thinking

In recent years we have new information on ECE Costs and fiscal challenges, yet we still:

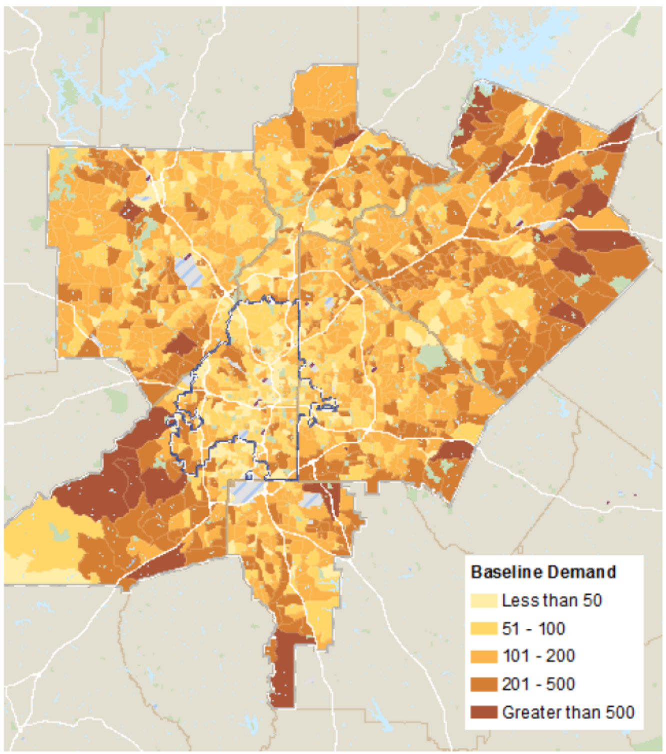
- Assume that general, population-based estimates of supply and demand are sufficient to inform policy.
- Assume that opening a small, independent child care center or family child care homes is a viable business.
- Assume that market forces are the way to keep fees affordable & base finance on the average price of care, even though the actual cost of infant care is almost double that of care for 4 year olds.

Reality: ECE is an Underdeveloped Market

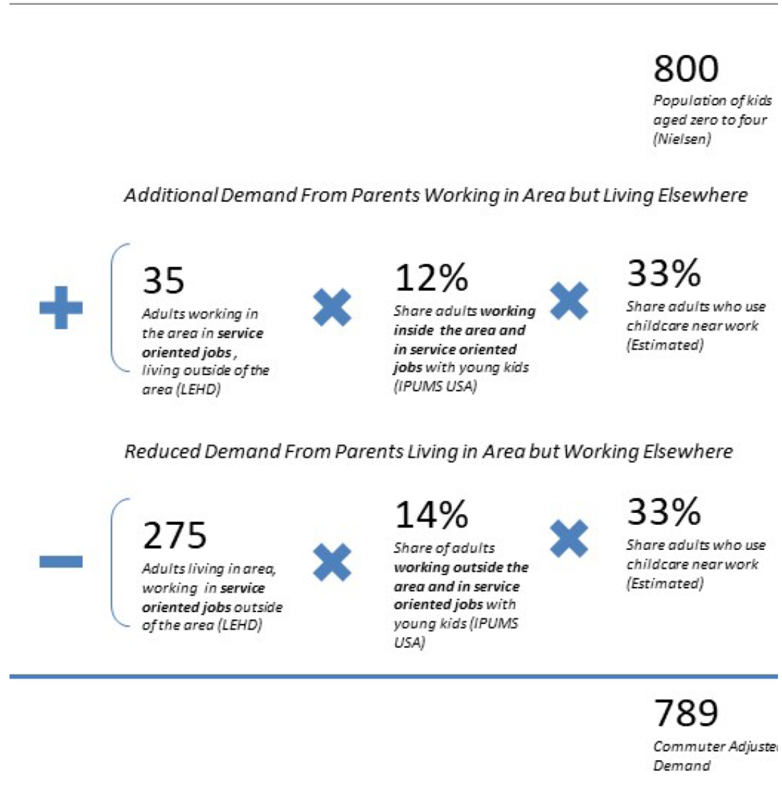
- Lack of <u>effective</u> demand from consumers for high quality services.
- Elastic markets result in many providers competing for the same children, keeping prices lower to maintain full enrollment.
- High labor expenses driven by mandated (and best practice) staff/child ratios and growing demand for credentialed teachers means that setting prices to cover costs is challenging.
- No economies of scale in an industry composed of very small businesses results in higher per-child costs.
- Almost no ability to gather or track business metrics to ensure sustainability or guide and invest research + development (R&D).

GA Demand Estimates are Detailed…but….

Figure 4: Baseline Demand



nplified Illustration of Commuter Adjusted Demand



.....Your Research Doesn't Reflect *Effective* Demand

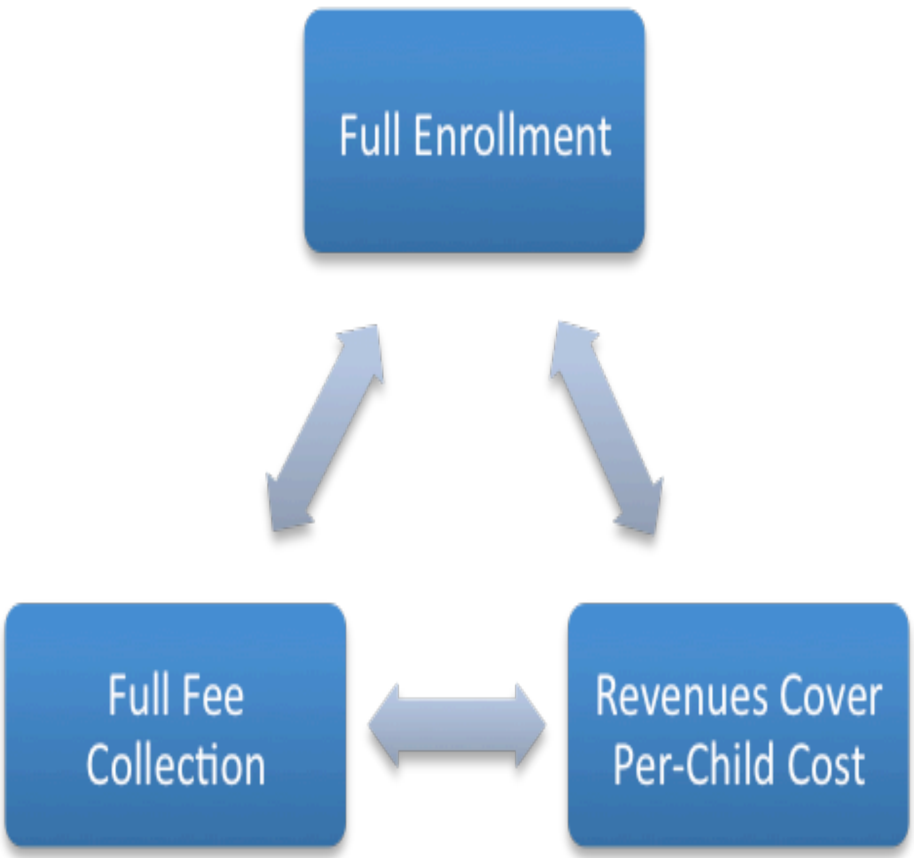
ef·fec·tive de·mand

noun ECONOMICS

the level of demand that represents a real intention to purchase by people with the means to pay.

- Parents vote with their feet. If they cannot afford to pay for ECE they won't buy it. If they have multiple children, and a higher income, they are likely to prefer a nanny + part-time preschool.
- Customers in the ECE sector are VERY price-sensitive!
- Even when researchers estimate high demand, programs often have vacancies.

Reality: ECE is an Economically Fragile Industry

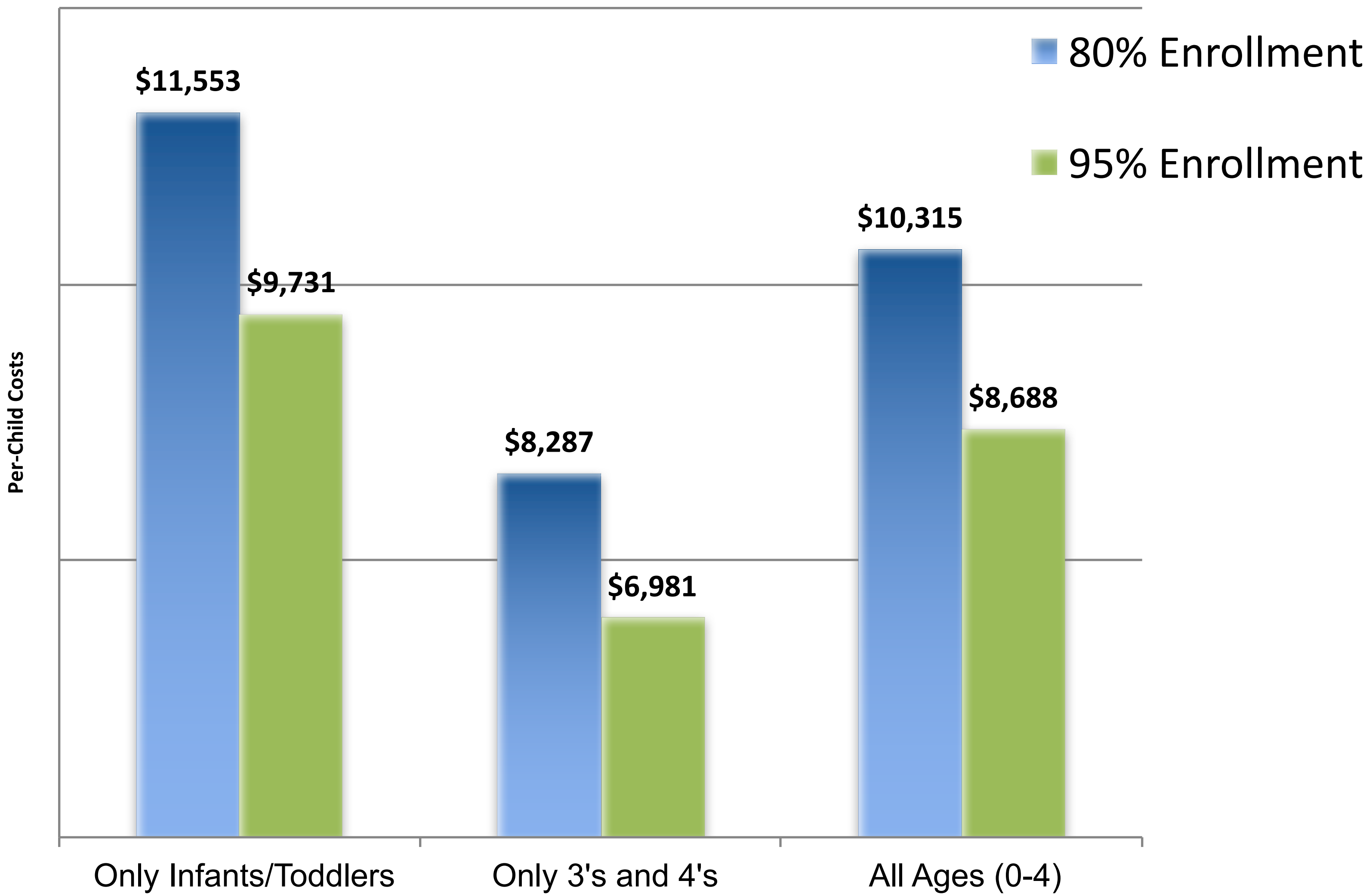


Bottom-Line Issues for ECE Businesses:

- Ensure Full Enrollment – every day, in every classroom
- Collect Tuition & Fees – in full and on-time
- Maintain High Quality Services (fees cover cost or have 3rd party revenue source)

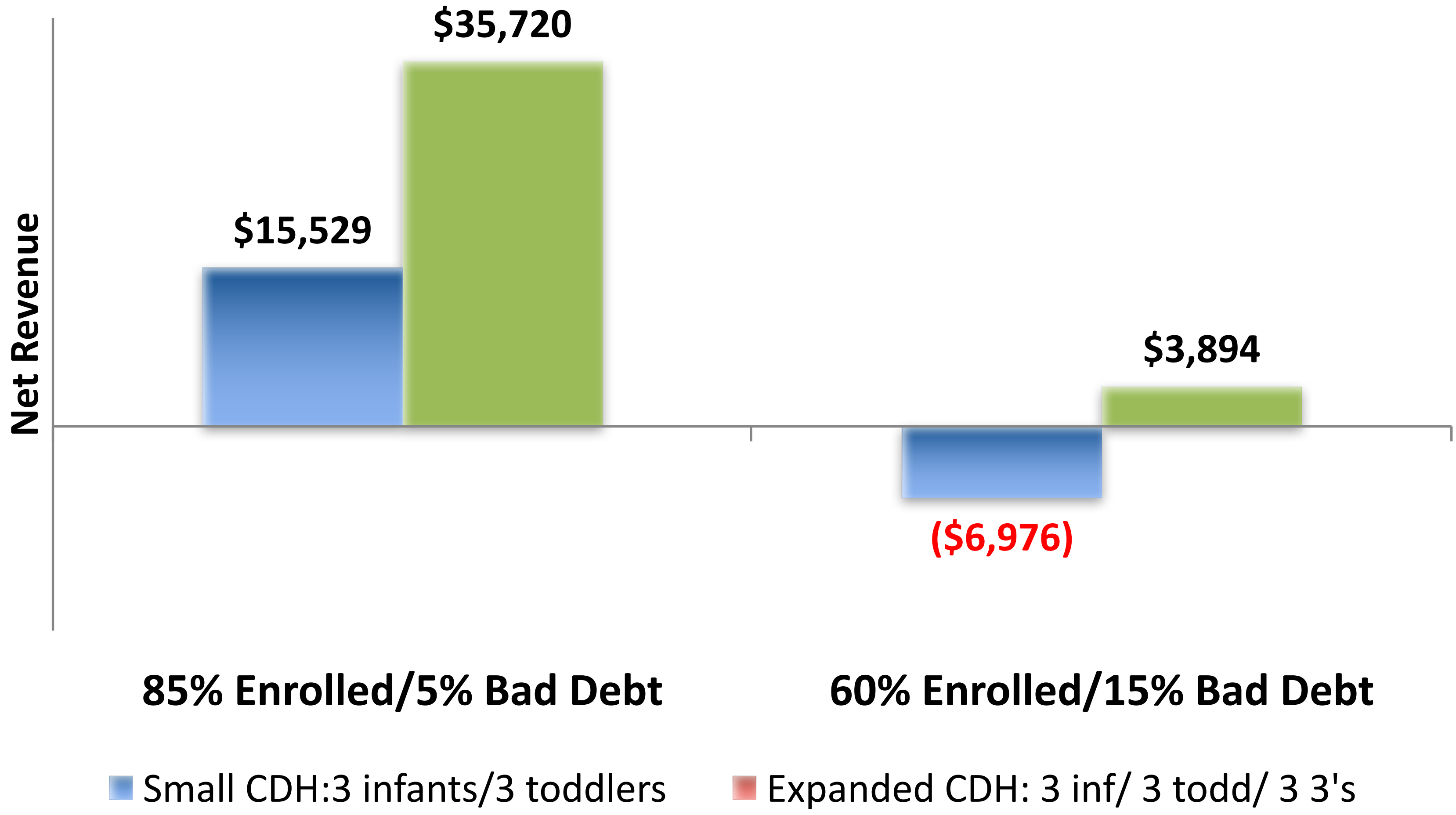
Enrollment Levels and Age Mix Determine Per-Child Costs

(Hypothetical Example)



Home-Based Care: Impact of Market Forces

(Hypothetical Example)



A New Level of Thinking about ECE quality and supply:

Enrollment Data is Key

- Improving access doesn't necessarily mean MORE providers.
- Increasing public dollars in fewer, higher-quality settings could increase access to quality and lower cost of quality compliance
- Full enrollment is key to financial sustainability
  - Many ECE programs are currently not full
  - Low enrollment is a key reason Family Child Care homes close or fail to get off the ground initially

Data on the supply AND enrollment of all high-quality settings (regardless of funding or auspice) is key.

Atlanta Data on ECE Supply and Enrollment

Child Care Supply + Quality data is based on licensed capacity; no enrollment data

Some data on GA Prek (4 yr old) enrollment, which could be reported by site if a new approach was used

City of Atlanta Early Childhood Profile

The Georgia Early Childhood Profiles are produced by GEEARS: Georgia Early Education Alliance for Ready Students, with technical assistance from Neighborhood Nexus. GEEARS is a nonpartisan, nonprofit organization whose vision is to ensure that, by 2020, all Georgia children will enter kindergarten prepared to succeed and be on a path to "read to learn" by third grade. These profiles highlight indicators relevant to early childhood and school readiness. To learn more, please visit **www.geears.org**.

Early Care and Education Providers

	Atlanta	State
Total Early Learning Providers[1]	**227**	**5,043**
Child Care Learning Centers	163	2,562
Serves infants	*84%*	*85%*
Serves toddlers	*94%*	*92%*
Serves preschoolers	*98%*	*99%*
Family Child Care Learning Homes	29	1,578
Serves infants	*83%*	*87%*
Serves toddlers	*97%*	*96%*
Serves preschoolers	*90%*	*93%*
Other Providers†	35	903
Total Licensed Capacity[1]	**18,987**	**305,919**
Quality Rated:#	37%	39%
Child Care Learning Centers	18,813	296,467
Quality Rated:#	37%	39%
1-star programs	*17%*	*15%*
2-star programs	*17%*	*19%*
3-star programs	*4%*	*5%*
Family Child Care Learning Homes	174	9,452
Quality Rated:#	31%	24%
1-star programs	*17%*	*6%*
2-star programs	*3%*	*10%*
3-star programs	*10%*	*7%*

Program Enrollment

	Atlanta	State
Kindergarten[2]	4,555	126,400
Lottery Funded Georgia Pre-K[1] ‡	2,682	77,593
At-risk children served[1]	*65%*	*49%*
Head Start and Early Head Start[3] ‡	2,544	23,896

†The category represents entities not subject to licensing by The Georgia Department of Early Care and Learning (DECAL) such as local school systems. Only providers known to DECAL are included.

#*Quality Rated* is Georgia's Quality Rating and Improvement System for child care and early learning programs. For more information, visit qualityrated.org.

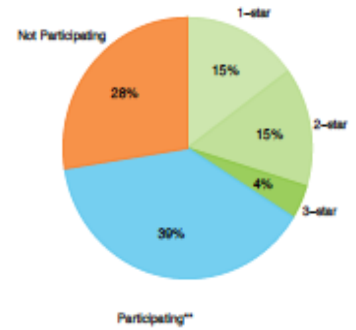
‡There may be overlap between Pre-K and Head Start enrollments due to braided and blended funding sources, so these categories are not summative.

* Insufficient data

Third Grade Assessment Results

	Atlanta	State
Students Tested, ELA[4]	**4,678**	**136,238**
Proficient/Distinguished Learners:	32%	36%
White	*77%*	*49%*
Black or African-American	*19%*	*24%*
Hispanic or Latino	*25%*	*26%*
Limited English Proficiency	*16%*	*22%*
Economically Disadvantaged	*18%*	*26%*
Students Tested, Math[4]	**4,690**	**136,670**
Proficient/Distinguished Learners:	34%	42%
White	*78%*	*56%*
Black or African-American	*21%*	*27%*
Hispanic or Latino	*29%*	*35%*
Limited English Proficiency	*26%*	*32%*
Economically Disadvantaged	*20%*	*32%*

Quality Rated Licensed Early Learning Providers[1]



** Participating in the Quality Rated process, but not yet rated as of 1/1/2018.

GEEARS
GEORGIA EARLY EDUCATION ALLIANCE FOR READY STUDENTS

Caring People Alliance - R. W. Brown Community Center

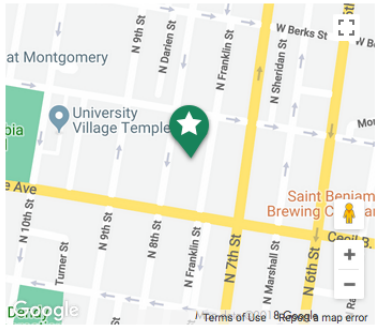
Need Help?

Basics

Location	1701 N. 8th St Philadelphia PA 19122
Administrator	Ms. Barbara Hall
Phone	(215) 763-0900
Website	Visit Site
Fax	(215) 763-8088
School Age Provider	Yes
Nearest Cross Street	Cecil B. Moore
Septa Routes	Bus (3, 47)
Hours	Sunday: Closed Monday: 7am-6pm Tuesday: 7am-6pm Wednesday: 7am-6pm Thursday: 7am-6pm Friday: 7am-6pm Saturday: Closed

Program Types

Keystone STARS	STAR 4
PHL Pre-K	Yes
PA PreK Counts	Yes



Space Available

Number of Open Seats	(12-18mo): 3 spaces, (19-24mo): 6 spaces, (24-36mo): 4, (PreK): 30 spaces. We also offer an after school program for ages 5-12 or for grades Kindergarten to 8th grade.
Total Seats	254
Waitlist	Yes
Waitlist Size	(PreK 3-4yos): 25 on waiting

Last Updated: Apr 26, 2017

Services & Support

Subsidy Accepted	Yes
Meals Offered	Yes

Before And After Care

After School	Yes

Languages

Multilingual Staff	Yes
Languages	Spanish
Language Accomodations	

Contact center for details.

Summary

Mission

At R. W. Brown Community Center we believe that children are individuals who learn in different ways and at different paces. We also seek to develop the "whole child" and believe that children learn through play.

Admissions Policy

Parents must make an appointment with the intake specialist. Parents must also complete an application and bring in a copy of their child's health assessment and immunization record.

Pre-K Counts must also bring in a copy of the child's birth certificate, parent's photo ID, proof of income and dental exams.

Cost

Young Toddlers 12-24mo: $224/week

Older Toddlers 24-36mo: $201/week

Pre-K Counts (must be age 3 before 9/1/15) is FREE**

After Care is available until 6pm fro $28/day or $138/wk

PreK Camp: $163.25/wk

After School (ages 5-12): $77/wk

Summer Camp (ages 5-12): $120/wk

*$25.00 registration fee per child for all programs except PreK.

**Through the School District of Phila between the hours of 8am-2:30pm.

***Childcare subsidy/CCIS accepted.

Points of Pride

1. Our teachers believe in implementing hands on learning activities that enhance children's cognitive, social, language, and physical skills.

2. Activities are also planned and implemented for individual children to insure that each child's individual needs are met.

Great Philly Schools Early Childhood
www.greatphillyschools.org

Searchable database:

Location
Ages Served
Available Seats
Services Offered
Subsidy Accepted
Languages

Discussion: Questions About Supply & Enrollment

- Does it make sense that you cannot plan for ECE with the same mindset as planning for K-12 public education?
- What additional information do you need:
  - To better understand the problem?
  - To target resources?
  - To help boost supply for infants and toddlers?
- Additional questions/concerns

…now let’s go on to talk about the Cost v Price challenge

A New Level of Thinking about ECE quality and supply:

Cost vs Price

- Market Rate Surveys measure the PRICE of care, not the cost.
- Prices are typically based on what families can afford or are willing to pay
- Cost varies a lot by age of child & quality of care; but market prices can't vary much or consumers might flee.
- Infants & toddlers are very expensive to serve; most families cannot afford to pay the full cost, so programs must price at a loss.
- Cost Modeling makes it possible to understand the cost of delivering services at various levels of quality.

What do you know about the gap in cost and price, for various age children, in Atlanta?

Lessons from Cost Modeling: A Georgia Example

Cost, Price and Subsidy Rates
Hypothetical Georgia Child Care Center for 66 children

			Cost of Service	
	Subsidy Rate	Market Price	Min licensing	NAEYC Accreditation
Infants	$6,708	$7,769	$10,800	$24,600
			1:6	1:4
Toddlers	$6,708	$7,311	$8,220	$19,000
			1:10	1:6
Preschoolers	$5,928	$6,626	$6,936	$14,600
			1:15	1:10

Center for American Progress, 2018: *Where Does Your Child Care Dollar Go?*

Largest ECE Expense is Personnel

GA ECE Wage Data (2016 early childhood index)

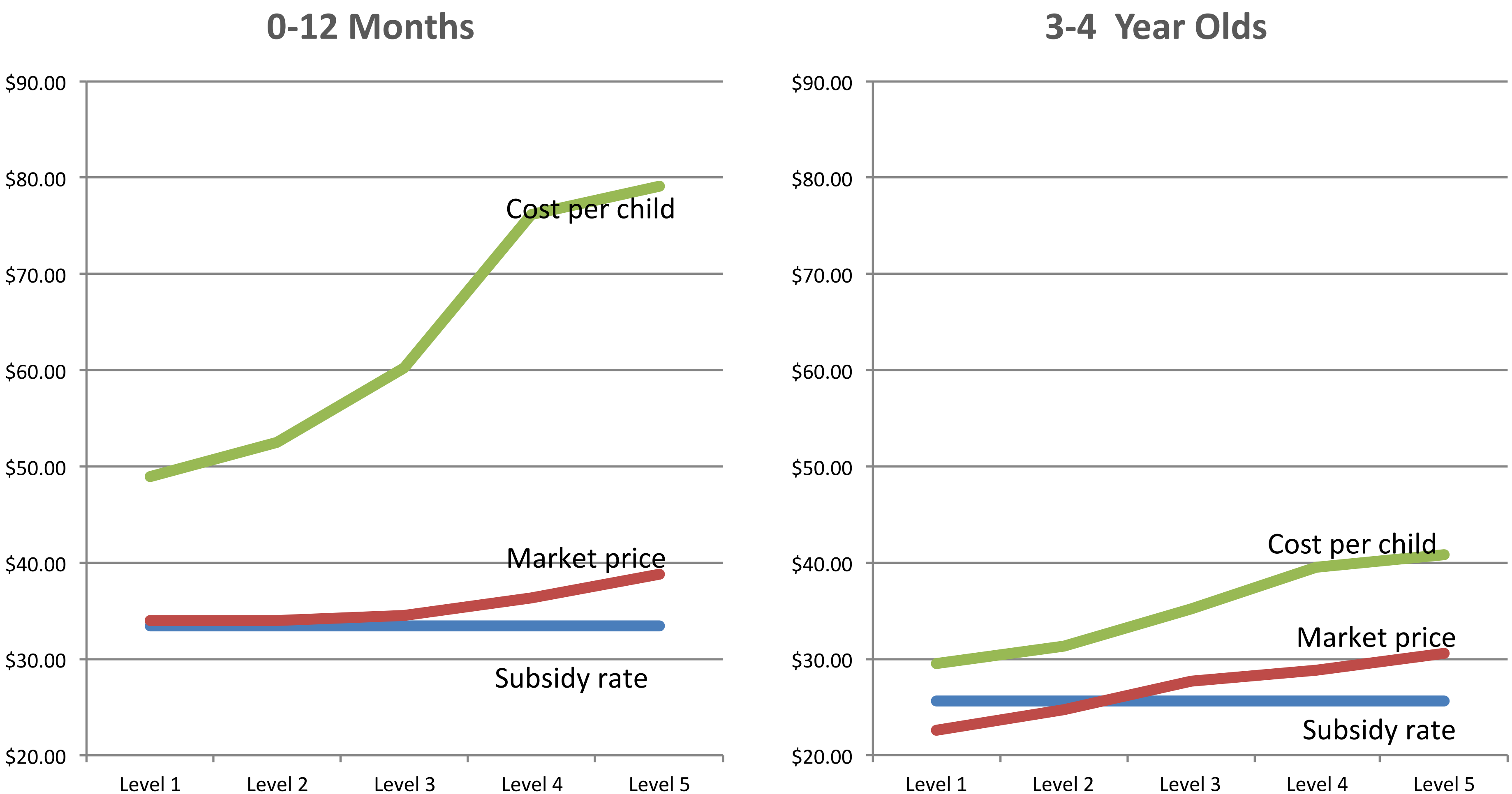
- Child Care Worker $9.16/hr
- Pre-K Teacher $13.50/hr
- Kindergarten Teacher $25.88/hr
- Elementary School Teacher $25.86/hr

Wage Assumptions in CAP Model

Job Title	Base Model	Better Quality
Assistant Teacher	20,600	28,223
Lead Teacher	29,000	40,020
Director	48,000	66,240

ECE Markets are Very Price-Sensitive

Cost vs Price in Low-Income Area with Few Providers
(Hypothetical Example)



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A New Level of Thinking about ECE quality and supply:

Size Matters

- Cost modeling suggests that a stand-alone child care center needs at least 100 children to meet NAEYC standards & make ends meet financially – and closer to 300 in order to pay decent wages.
  - ✓ How big are centers in Atlanta? Are they sustainable?
- Shared management & collaborative staffing can enable scale but keep sites small – boosting sustainability AND quality
- Attrition among home-based child care is huge – often because they can't stay consistently full with steady income

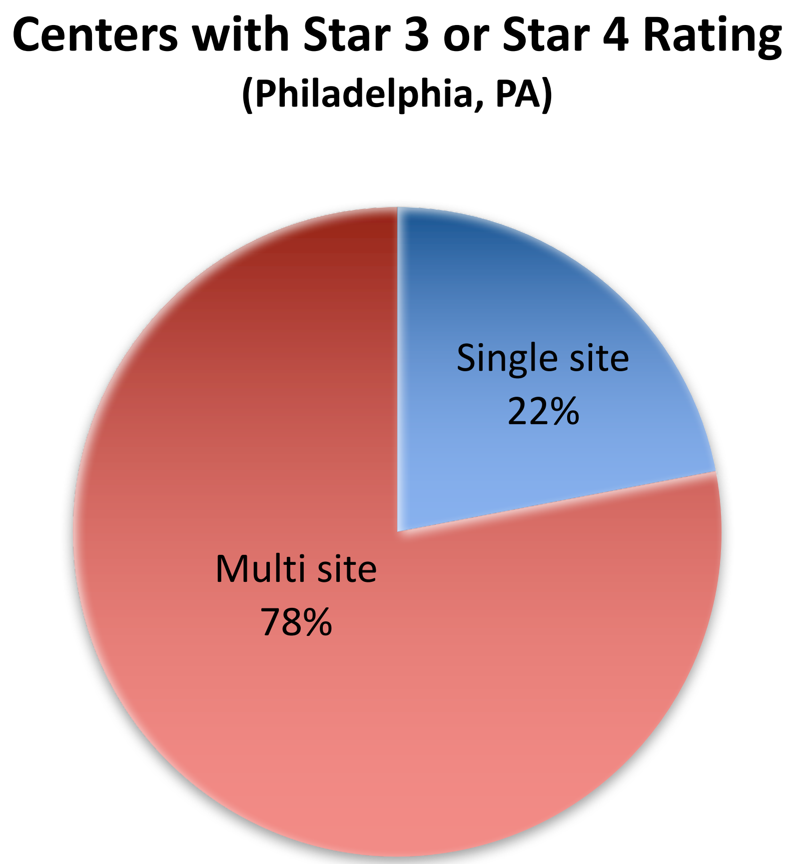
Can you help centers and homes better understand costs and explore Shared Services?

Strong Fiscal and Program Leadership Are Essential to Quality

- Child development expertise
- Classroom coaching
- Teacher supervision
- Instructional leadership
- Child assessments

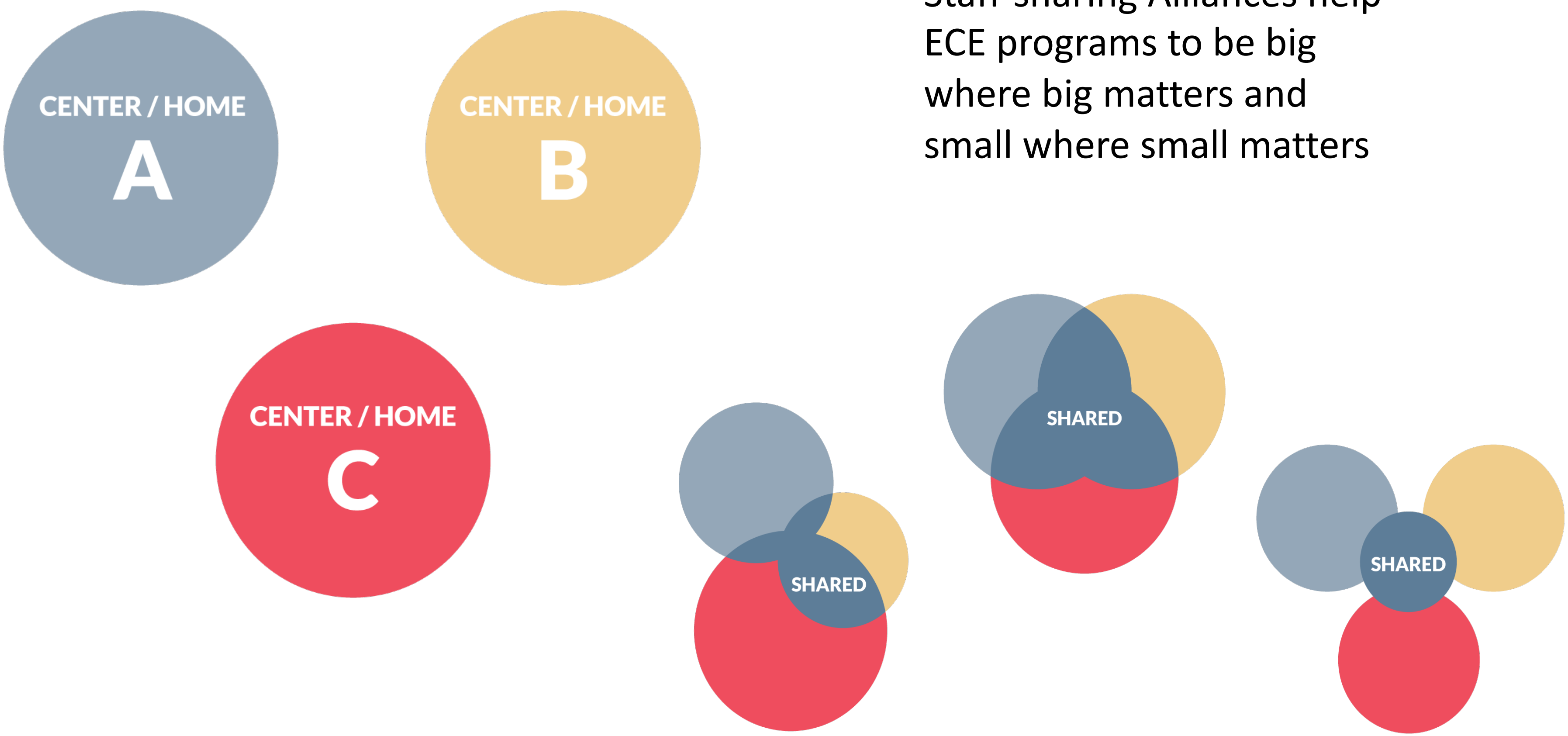
- Full enrollment
- Fee collection
- Cost-per-child calculation
- Fundraising
- Reporting
- Regulatory compliance

+ Impact of Scale: Multi-Site Centers More Likely to Attain Higher Star Rating



Quality at Scale: New Business Models for Sustainable High-Quality

Staff-sharing Alliances help ECE programs to be big where big matters and small where small matters



Examples of Staff-Sharing Alliances

- Chambliss Center (TN) – Large center provides management to 5 small CBO-operated centers + ‘micro-centers’ in public schools.
- Sound Child Care Solutions (WA) – Citywide network of centers in diverse neighborhoods linked by shared administration.
- Infant-Toddler Family Child Care (VA) – Network of homes linked by LLC that provides all business services; many fee-paying families
- Wonderschool (CA) – Network of homes that share fiscal, enrollment, marketing and other costs with access via a cell-phone powered app.
- Miami (FL) – New, emerging Alliance of 4 small African-American owned private centers linked by a neighborhood-based non-profit

For more info, www.opportunities-exchange.org/alliances-in-action/

Discussion: Questions About Cost vs Price?

- Does it make sense that **price** is related to what families can afford or are willing to pay while **cost** varies by program auspice and size, length of day, ages served, and more?
- What additional information do you need to better understand the cost vs price gap in Atlanta?
- What policy options are worthy of exploration?
  - See following slide for some suggestions

Bold, Actionable Strategies:

Policy Options for Consideration

- Link any new $ to quality standards
- Target dollars to high-quality providers that serve children from families with limited resources
  - Piggy-back on GA Quality Rated Subsidy Grants (Contracts for classrooms)
- Focus on babies & toddlers
  - A significant % of 4yr olds are already served
- Understand costs, and use this information to guide finance
- Understand the power of scale, and consider financing strategies to encourage effective quality at scale

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Bold, Actionable Strategies:

Next Steps

- How can we ensure that any new $ is linked to quality standards?
- How can we effectively focus on babies & toddlers?
  - Offer city scholarships to 0-3?
  - Create QR subsidy grants for 0-3 classrooms only?
- What is the best way to augment GA Quality Rated Subsidy Grants?
  - Additional contracts for classrooms
  - Rate supplements?
- Should we conduct cost modeling?
  - If so, who should do this and how should the data be used?
- How can we gather more information about ECE provider scale?
  - Who should conduct this research?
  - Should we explore grants to encourage innovative new business models, such as staff-sharing Alliances?

For more information

Opportunities Exchange

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http://opportunities-exchange.org/

http://www.earlychildhoodfinance.org/