



The greatest amount of growth occurs during the first few years of life; early childhood. There is now incontrovertible scientific evidence on the significant developmental impact of early childhood experiences and caregiving relationships. Before the age of two, children develop up to two million new brain connections every second; over 100 trillion connections are made by two years old. Furthermore, 90% of the brain is developed before Kindergarten (Zero to Three, 2014).

Given the science behind early childhood development, it makes sense that children who attend high quality child care programs are proven 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. Lifetime effects of high quality early education programs yield a cost savings to society of \$16 for every \$1 invested (Grunewald & Rolinick, 2003; Schweinhart, Montie, & Xiang, 2004). 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.

### **Imperative 1. Increase Child Care and Development Fund Contribution.**

Families of all income levels, not just families in poverty, struggle with the cost of care. 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. 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 support child care providers who use the subsidy money to operate their business and maintain their own employment. Long term, subsidies provide equal access to quality child care opportunities so children are prepared for school and for life.

**Nevada's Status.** The Federal and State dollars that support CCDF subsidy currently serve families in poverty or children in the foster care system. Prior to February 1, 2009, working families earning 240% of poverty could qualify for assistance with 20% of their child care costs. Today, a single mom with an infant and preschooler making \$1820 a month (118% of poverty) would not qualify for subsidy. This same mother would have to spend 79% of her income on center-based

child care for her children. Many families in this situation cannot afford to work. Given that 33.78% (160,646) of all Nevada's children under the age of 13 live below 200% of poverty AND have all available parents in the workforce,<sup>1</sup> child care subsidies are critical in supporting their families' employment. Nevada's subsidy program currently only serves 2.79% of children in this eligible population.<sup>2</sup>

**Investment Needed.** \$45.9 million annually to increase the percentage of eligible children served from 2.79% to 10% (4475 to 16065 children).<sup>3</sup> These are children under 13 years old who live below 200% of poverty in single-earner moms, single-earner dads or dual earner households.

**Impact on Nevada's Economy.** 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's economy.<sup>4</sup> This investment would also stabilize employment for an additional 7,100 Nevada families living below 200% of poverty, who earn \$153 million annually in Nevada.<sup>5</sup>

<sup>1</sup> Percentage calculated using U.S. Census Bureau 2008-2012 American Community Survey Table DP03-Selected Demographics and Table B17024: Age by Ratio of Income to Poverty Level in the Past 12 Months.

<sup>2</sup> Percentage calculated by using the total number of children on the subsidy program from the Nevada Department of Welfare and Supportive Services (DWSS) September 2013 801 report data and U.S. Census Bureau 2008-2012 American Community Survey Table B17024 data.

<sup>3</sup> Investment needed calculated by using the total number of children on the subsidy program from DWSS September 2013 801 report data, the number of children living in poverty from U.S. Census Bureau, 2008-2013 American Community Survey: Table B17024: Age by Ratio of Income to Poverty Level in the Past 12 Months, and the percentage of children living in households where all parents work from Table DP03-Selected Demographics. The average monthly cost per child was taken from DWSS's September 2013 801 report and applied to the difference in the number of children currently served and the number of children living below 200% of poverty where all parents in the household work.

<sup>4</sup> Calculations made by using economic modeling by IMPLAN, 2009 Nevada data as cited in Insight (2011) The Economic Impact of Early Care and Education in Nevada. Calculations reviewed by Mark Nichols & Tom Harris, University of Nevada, Reno, Professors of Economics.

<sup>5</sup> Calculated the average family income of families on the subsidy program from the DWSS September 2013 801 report.

## Imperative 2. Use Current Market Rate to Set the State Subsidy Reimbursement Rate.

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 set on 2004 market rates. Only 3 states have reimbursement rates that are set on older market rates (Schulman & Blank, 2011). The Federal Register (1998) specifically states that a "biennial market rate survey (be) relied upon to determine that the rates provided are sufficient to ensure equal access" (pg. 39986).

In Clark County, the reimbursement rate for center-based preschool care only represents 4.04% of the available market. To access care outside of what the state will reimburse, parents must pay the overage between the State's maximum reimbursement rate and providers' actual market rate. For center-based preschool care in Clark County, the difference between the state maximum rate and the 2011 75th percentile rate is \$12.53 a day. This is overage alone is 22% of income for a single mom with a preschooler living at 100% of poverty. Because higher quality child care is often times more expensive than lower quality care, families on the subsidy program are being forced to use care that they can afford due to the increased responsibility to cover the overage.

**Nevada's Status.** The Child Care Development and Block Grant Act (CCDBG) mandates that states review the current market rate every two years, but does not require states to set the reimbursement rate based on the results. Nevada must legislatively mandate resetting

the market rate at every two years to ensure equal access to quality, early childhood education programs. The Children's Cabinet currently conducts the state-wide market rate survey every two years and shares these results with the state.

**Investment Needed.** \$7.7 million to raise the current reimbursement rate to 75% of the market. This estimate is based on the September 2013 subsidy caseload. To raise both the caseload to 10% of children living below 200% of poverty as discussed in Imperative 1 and the reimbursement rate to 75% of the 2011 market rate, \$91 million annually would need to be invested.

**Impact on Nevada's Economy.** The increase to only 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 to both the subsidy caseload 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>6</sup> The increased market rate would also allow parents to spend in other areas like food, utilities, clothing and shelter, which would benefit the larger economy.



<sup>6</sup> Calculations made by using economic modeling by IMPLAN, 2009 Nevada data as cited in Insight (2011) The Economic Impact of Early Care and Education in Nevada. Calculations reviewed by Mark Nichols & Tom Harris, University of Nevada, Reno, Professors of Economics.

### Imperative 3: Support Nevada’s Silver State Stars Quality Rating Improvement System (QRIS).

A QRIS is a systemic approach to assess, improve, and communicate the level of quality in early care and education programs. QRIS awards star ratings to early care and education programs that meet a set of defined program standards. These systems provide an opportunity for States to increase the quality of care for children, increase parents’ understanding and demand for higher quality care, and increase professional development of child care providers. A QRIS can also be a strategy for aligning components of the early care and education system for increased accountability in improving quality of care (NCCIC, 2009).

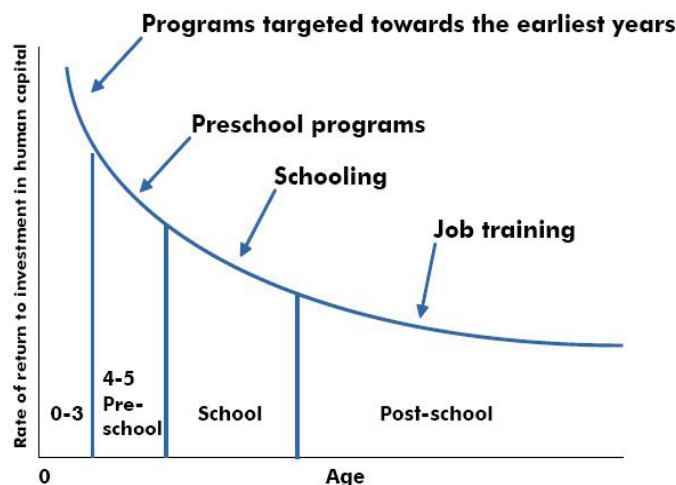
**Nevada’s Status.** Nevada’s Silver State Stars QRIS is a voluntary, statewide program available to all licensed child care centers (as of July 2013.) Center directors begin the process by taking an introductory training and applying for QRIS coaching. Early childhood programs are then assigned one star and considered participating, but not rated. Programs are eligible to receive 18 months of coaching and a grant for classroom materials. Together with their coach, directors develop a quality improvement plan, utilizing grant funds to make necessary improvements. After 18 months, centers officially apply to be rated and earn more stars by demonstrating the quality of their program. Centers, who achieve a 3, 4, or 5-star rating, will receive an additional 6%, 9%, or 12% (respectively) reimbursement for children on the subsidy program.



### The Heckman Curve

**Figure 1a**  
Returns to a Unit Dollar Invested

(a) Return to a unit dollar invested at different ages from the perspective of the beginning of life, assuming one dollar initially invested at each age



Source: Heckman, J.J. (2014). The Case for Investing in Disadvantaged Young Children. Retrieved April 14, 2014 from Heckman: The Economics of Human Potential at <http://heckmanequation.org/>

Future plans include requiring all programs receiving state or federal funds to participate in Nevada’s Silver State Stars QRIS. Work has begun on a QRIS models that include licensed family child care providers, licensed-exempt programs (such as state Pre-K), and tribal child care centers.

**Investment Needed.** Approximately \$4.3 million annually for a state-wide, comprehensive, QRIS system for all of Nevada’s early childhood programs.

**Impact on Nevada’s Economy.** Investing in high quality child care yields a return on investment of \$16 for every \$1 invested or \$1.76 million per year for QRIS in Nevada. The return on investment can be seen as early as 1-5 years as children enter school 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 juvenile incarceration and drug and alcohol use. Long-term benefits include increased high-school graduation rates, less reliance on social assistance programs due to high wages, and decreased adult incarceration (Heckman, 2012; Grunewald & Rolinick, 2003; Schweinhart, Montie, & Xiang, 2004).



#### Imperative 4. Increase Wages and Retention of the Early Childhood Workforce.

Training and education in early childhood development is necessary to provide high quality child care. Competitive wage and compensation is necessary to recruit and retain professionals with the skills necessary to ensure our children are successful in school and in life. Without competent, trained, early childhood professionals who can be retained in the ECE workforce, quality childcare cannot be achieved.

**Nevada's Status.** In 2011, the highest level of educational attainment for 66.44% of Nevada's early childhood workforce's was a high school diploma or less. In the same year, the average starting wage for a child care teacher was \$9.85 per hour and only 51% of center employees and 28% of family child care providers had health care benefits (The Children's Cabinet, 2012). Nevada's children are at the receiving end of an industry that is dependent on parent fees and cannot afford to recruit and retain qualified professionals with the education and experience necessary to foster their development.

The Nevada Registry is a statewide system of career development and recognition. In April 2010, a 3 ½ year phase-in began to require participation in the Nevada Registry's Early Care and Professional Career Ladder for all staff working in a licensed child care setting. The TEACH Early Childhood Nevada program provides scholarships for early childhood staff working in a licensed facility at least 20 hours a week to taking classes towards an apprenticeship certificate, Associate's or Bachelor's Degree in the early childhood field. The current funding provides scholarships for only 3.4% of the child care staff working in a licensed facility. These two programs provide a critical foundation for a much needed WAGES initiative in Nevada which will provide an education-based supplement to child care providers working in licensed child care programs.

**Investment Needed.** \$1.8 million annually to raise the educational 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 to implement 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.

#### References

- Federal Register (1998, July 24). Child Care and Development Fund, Final Rule, 63(142), 35725-35755.
- Grunewald & Rolinick. (2003). Early childhood development: Economic development with a high public return. Retrieved from the Federal Reserve Bank of Minneapolis website on February 24, 2012 from [www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=3832](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=3832).
- Heckman, J. (2000). Policies to foster human Capital," Research in Economics. 54(1), 3-56.
- Insight Center (2011). The economic impact of early care and education in Nevada. Retrieved March 2, 2012 from The Children's Cabinet [www.childrencabinet.org/userfiles/file/EIR%20Full%20Report-Web.pdf](http://www.childrencabinet.org/userfiles/file/EIR%20Full%20Report-Web.pdf).
- National Child Care Information Center, 2009. QRIS definition and statewide systems. Retrieved December 17, 2009 from <http://nccic.acf.hhs.gov/pubs/qrs-defsystems.html>.
- Schulman, K., & Blank, H. (2008, September). State child care assistance policies 2011: Reduced support for families in challenging times. Retrieved electronically from the National Women's Law Center on March 2, 2012: [www.nwlc.org/sites/default/files/pdfs/state\\_child\\_care\\_assistance\\_policies\\_report2011\\_final.pdf](http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_report2011_final.pdf)
- Schweinhart, L.J., Montie, J., & Xiang, Z. (2004). Lifetime effects: The High/Scope Perry Preschool study through age 40. Ypsilanti, MI: High/Scope Educational Research Foundation.
- The Children's Cabinet (2012). Child care market rate and child care resource and referral survey. [Datafile]. Reno, NV: Author.
- Turning Point, Inc. (2009, March). Nevada's Head Start Needs Assessment Executive Brief: Statewide Findings and Implications for Strengthening Collaboration with Local and Statewide Entities Serving Low-Income Families and Children in Nevada. Carson City, NV: Nevada Head Start State Collaboration Office.
- Zero to Three.org (2012). FAQs on the brain. Retrieved April 17, 2014 from: <http://www.zerotothree.org/child-development/brain-development/faqs-on-the-brain.html#fullydeveloped>

