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AUTHOR Grubb, W. Norton

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ABSTRACT

Alternative early childhood education policies that states might consider are discussed in this five-part report. Likely consequences, and pros and cons of each alternative are outlined. Section I presents various funding options, including the funding of existing programs, voucher mechanisms, project grants, and formula funding. Section II examines regulatory options, such as required conventional licensing, stricter licensing for public programs, accreditation for public programs, teacher certification and licensing, and mandated provision of space or funds by developers and child care benefits by corporations. Section III describes capacity-building mechanisms, including resource and referral agencies, technical assistance by state and local governmental agencies, improvement of teacher training through community colleges and four-year colleges, and teacher certification and licensing. Section IV discusses alternatives for program administration, including a new office of early childhood education or an interagency coordinating council in the state departments of education, child care programs funded by the emerging workforce programs, a state agency that licenses child care or administers Head Start, a state office for children, and a coordinating council that integrates policies from several agencies. Section V offers a personal view of the ways states ought to structure their system of early childhood programs. (RH)

CHOICES FOR CHILDREN: POLICY OPTIONS FOR STATE PROVISION OF EARLY CHILDHOOD PROGRAMS

W. Norton Grubb
School of Education
University of California, Berkeley

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- To improve the quality and effectiveness of state legislatures;
- To foster interstate communication and cooperation; and
- To ensure state legislatures a strong, cohesive voice in the federal system.

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CHOICES FOR CHILDREN:

POLICY OPTIONS FOR STATE PROVISION OF EARLY CHILDHOOD PROGRAMS

W. Norton Grubb*
School of Education
University of California, Berkeley

To the surprise of many, public interest in young children is growing once again. At the federal level, a campaign of child care advocates over the past few years has succeeded in getting major legislation introduced; sensing a hot topic, federal politicians introduced more than 70 bills related to early childhood programs in 1987.[1] At least twenty-four states now provide funds for prekindergarten programs, almost all of them enacted in the past few years, and several other states have convened commissions to consider their options.[2] The business community has also extended its support to programs for poor children and to early childhood programs in particular.[3] After the decade of the 1980s, when nearly every program for children was the target of federal budget-cutters, and the decade of the 1970s, when every major initiative for early childhood programs was defeated, the resurgence of interest in young children is gratifying.

If the programs being contemplated in Washington and in state capitals are enacted, new institutional arrangements for early childhood programs will develop during the next decade. The current "structure" is practically non existent because public funding for early childhood programs has been so low and so fragmented. At the federal level, the largest federal subsidy comes in the form of the child care tax credit, an artifact of tax policy rather than a deliberate policy about the well-being of young children; some federal funds

*Philip Robins, Tom Schultz, and Lawrence Schweinhart provided helpful comments on an earlier draft.

for social services are spent on child care for welfare recipients, expenditure that is an appendage to the welfare system; and Head Start persists as the centerpiece of federal early childhood policy, even though it is relatively small and disconnected from the rest of early childhood programs. Most states provide very little funding of their own for early childhood programs; the majority of the recent initiatives provide limited funding for what are essentially pilot projects or experiments. Child care is still overwhelmingly a private responsibility, and there is very little institutional framework to use in building a public system for young children.

This situation presents both promise and danger. The promise is that it will be easier, without an existing institution dominating early childhood programs, to develop a system de novo, considering carefully the alternative policies and choosing those which best serve the interests of children. The danger is that, since the federal government and the states have so little experience with programs for young children, legislators will be unable to grapple with the full range of options and to choose among them on the basis of clearly-articulated goals, and will instead rush under the pressure of "doing good" to some expedient but inappropriate mechanisms. The best-known mechanism that states now use to distribute funds -- the school aid system directing state revenues to school districts -- is an obvious model for the states to follow, for example, but it is in many ways inappropriate for early childhood programs.

If the 1990s become the decade of young children, states will in all likelihood bear most of the responsibility for creating new institutions to serve their needs. The major legislation now in Congress gives states the responsibility to decide how funds will be spent. For example, the Act for Better Child Care Services, a bill expressing the consensus of many child care advocates, allocates funds to states and then requires them to submit a plan designating a lead administrative agency and describing how funds are to be spent. Senator Kennedy's Smart Start legislation requires states to submit a plan describing how federal matching funds are to be spent, and specifically allows states flexibility in designing their programs. Similarly, Senator Orin Hatch has introduced a block grant for child care, which like other block grants would provide states great freedom to choose the kinds of services they provide. To be sure, these bills do impose some regulations on what states can do. However, allowing states discretion in structuring programs funded with federal monies has been well-established during the 1970s and 1980s, in such diverse programs as the Job Training Partnership Act, the Carl Perkins Act for vocational education, the Social Services Block Grant (SSBG), the Education Block Grant, Aid to Families with Dependent Children, and Medicaid. The likelihood that Congress will take the same approach in any new early childhood program seems high.

However, states are now under-prepared for the responsibilities they will face if and when federal legislation passes.[4] The only funds most states now spend for child care are federal monies through SSBG, and these funds tend to be administered through welfare agencies as supplements to the welfare system -- a system generally considered inappropriate for a more general early childhood program. The states which have enacted early childhood programs recently have generally funded only a few demonstration projects, usually through project funding to local school districts; a few (Pennsylvania, New Jersey, and Maine) have used their regular school aid programs to fund prekindergartens and Texas enacted a special matching grant for its prekindergarten. Only California and Texas have statewide programs, and even California -- the state with by far the longest history of involvement with child care, the largest system of public subsidies, and the greatest variety of child care programs -- has a "policy" that is inconsistent, chaotic, and inefficient.[5]

The time is ripe for states to begin the process of considering how they should design their early childhood programs. In this paper I present the alternative policies states might consider, and outline where possible the likely consequences and the pros and cons of each. Section I presents various funding alternatives, I then examine regulatory options in Section

II and capacity-building mechanisms in Section III.[6] Section IV examines some issues about administrative structures. Finally, I present my own vision in Section V of how states ought to structure their system of early childhood programs, to illustrate what one specific alternative might look like.

In practice, of course, each state will develop a different approach, suited to its governing structure, the nature of local governments, the existing early childhood programs, and the political power structure. But states should make better decisions if they are informed about their options and weigh their goals carefully.

I. STATE ALTERNATIVES FOR FUNDING EAP'.Y CHILDHOOD PROGRAMS

Before states can even consider options for funding, they face a set of crucial decisions about the nature of programs to be provided: which children should be served, and which types of programs should be provide. (Table 1 presents an outline of the choices states face, paralleling the discussion in this paper.) These are decisions most likely to be constrained by federal legislation, but it is still important to be clear about the alternatives. If "school readiness" is the principal goal, then 4-year-olds may be the appropriate target; if states want to provide child care for working parents, then programs for 2-5 year olds are necessary, and even this age range may be inadequate because of the serious shortage of infant and toddler care in most communities. Similarly, "school readiness" may argue for the provision of half-day prekindergarten programs, but in an era when the majority of mothers with small children work -- and when lc income mothers whose children are most likely to be considered "at risk" of later educational problems are most likely to be working full time -- half-day programs are inadequate for most children. Similarly, there has been great attention to early childhood programs like Minnesota's Early Childhood Family

Table 1

POLICY CHOICES

1. Who shall be served

Age groups:	4-year olds 3 - 4-year olds toddlers and infants 0 - 2
Target groups:	Low-income children Educationally "at-risk" children Limited English-speaking children All children

2. Program type/hours of operation

Morning or half-day pre-school (2-3 hours)
Full school day (5-6 hours)
Full working-day (8-10 hours)
Morning pre-school plus after-school program
Parent education

3. Funding level, services provided, and funding sources

Level -- Spending per child ranges between $1,000 and $6,000
Services provided: Basic care/instruction only
Transportation
Health screening
Health care
Psychological screening
Counseling
Parent education
Social services/information to parents

4. Funding mechanisms

Expand existing programs
Voucher mechanisms:
- Vouchers to parents, unrestricted
- Vouchers to parents, restricted to programs of specified quality
- Vouchers administered by programs (vendor payments)
- Tax credits to individuals
- Tax credits to corporations

Project funding via proposals:
- school districts only eligible
- school districts eligible, with subcontracts allowed
- districts and community-based organizations eligible

Formula funding to school districts:
- existing school aid formula
- new aid formula specifically for early childhood

Table 1 (continued)

Formula funding to towns, cities, counties, or special Service Delivery Areas (SDA's)
- matching grants
- non-matching grants

Extent of state restrictions on use of funds:
- local planning and priority-setting
- "California model": categorical funding for specific types of early childhood programs

5. Mandates

Conventional licensing required
Stricter licensing required for public programs
Accreditation required for public programs
Teacher certification and licensing
Requirements for developers to provide space or funds
Requirements for corporations to provide child care benefits

6. Capacity-building mechanisms

Resource and referral agencies
Technical assistance by state and local governmental agencies
Improving teacher training through community colleges and four-year colleges, teacher certification and licensing

7. State administrative agency

State department of education (perhaps with a new office of early childhood education)
State department of education, with an interagency coordinating council
State welfare agency
State agency that licenses child care, or that currently administers Head Start
State office for children
New state agency
Coordinating council to integrate policies from several agencies

Education Program and Missouri's Parents as First Teachers; but these are parent education programs that provide a few hours per week of information to parents, and they provide neither child development nor child care for children.

Decisions about funding levels are similarly important -- and equally political. Choices about which children are eligible and how many hours to operate will affect costs, of course. However, decisions about funding levels -- what level of cost per child to support from public sources -- are simultaneously choices about levels of quality, particularly through the effects of funding on adult-child ratios and on salary levels; the trade-off between costs and quality are inexorable in early childhood education.[7] In addition, some decisions must be made about which (if any) ancillary services -- including transportation, health screening, health care, psychological screening, counseling, and other social services -- are to be publicly funded along with basic care and instruction. The Head Start model -- the other early childhood program aside from the Perry Preschool that has captured the public's imagination -- has always included a wide array of ancillary services, adding substantially to its cost. Finally, the capacity-building mechanisms described in Section III below all involve substantial outlays of public funds, again requiring political decisions about spending.

Very often, the public discussions of early childhood programs have become confused about the most basic issues of purpose and structure. It makes no sense to point to trends in the numbers of working mothers as justification for early childhood programs, and then to enact a prekindergarten program that lasts only a half-day, or a parent education program; it makes no sense to point to evidence about the educational benefits of high-quality early childhood programs and then to enact programs, like the Texas prekindergarten program with its 22:1 child/teacher ratio; and it makes no sense to cite Head Start as a model program and then to eliminate all funding for ancillary services. At the very least, the goals of early childhood programs and the levels of public spending should be consistent.

Once the initial political decisions about target groups of children and types of programs have been made, then more technical and less politically-charged -- but no less controversial -- decisions about how to structure the funding of early childhood programs must be made. There are at least four generic alternatives to consider seriously:

1. Funding existing programs: The simplest alternative for states would be to expand existing programs, either child care programs funded through Title XX/SSBG funds or Head Start programs. This alternative would add state revenues to existing (and dwindling) federal funds for these programs, allowing more low-income children to be served; state revenues could also be used to allow more moderate-income children to join existing programs, for example by using a sliding fee schedule that permits parents to pay a fee based on income. In the past several years, a few states have "bought out" their Title XX/SSBG child care programs, replacing federal funds with state funds and freeing federal funds to be used for other social services; and several states including Massachusetts, Maine, and Rhode Island have expanded Head Start with their own revenues. This alternative has the obvious advantage of simplicity, since it would not be necessary to develop new administrative structures or new program models.

However, such an approach would take the policies of the past as the blueprint for future programs, rather than investigating a wider range of alternatives. Title XX programs unfortunately have the stigma of the welfare system associated with them, and Head Start programs -- for all their high visibility in Washington -- are not well integrated with the rest of the early childhood community. In most cases, building on the existing publicly-funded child care system would do little to eliminate the deep divisions between the "educational" and the "custodial" sides of early childhood programs, or to improve the quality of existing child care.

2. Voucher mechanisms: Proposals for voucher mechanisms have become increasingly popular in debates about schools, medical care, housing, and child care.[8] Voucher mechanisms already exist in the child care tax credit, in student grants for higher education, in the Medicare system, and in the food stamp program. The appeal of vouchers is that consumers choose what to purchase, rather than having choices constrained by government decisions about what types of schools or child care facilities to offer. In the area of child care, where most people feel that parents should make the crucial decisions for young children, this aspect of vouchers has tremendous appeal. Vouchers also facilitate funding family day care compared to center-based care; given the preferences of some families for family day care, especially for very young children, vouchers could help satisfy the demand for variety. Finally, vouchers also promise to reduce administrative costs, especially by eliminating the need for additional bureaucracies to develop and administer programs.

Voucher mechanisms include true voucher systems, where eligible individuals receive vouchers (like food stamps) which they can redeem for goods and services; vendor systems, where individuals can choose among child care providers but the state (or another administrative agency) reimburses the provider directly rather than giving vouchers to parents (as happens in Medicare and in the vendor-voucher child care program in California); and tax credits, which provide reimbursement through the tax system to individuals purchasing child care. Voucher mechanisms vary in the amount of control they provide the state over the content of programs. Vouchers can be constrained so they can be "spent" only at a specified facilities, and vendor systems can be similarly designed; eligible facilities might include all licensed facilities, or only facilities that meet some additional test of quality, or only non-profit facilities, or only centers rather than family day care homes, for example. However, the idea of constraining facilities where vouchers can be spent runs contrary to the principle of maximal parental choice.

In contrast, under tax credits it becomes extremely difficult to constrain parental choices of child care facilities, or to monitor and regulate the quality of care.[9] Particularly if a state's intent is to establish compensatory pre-school programs of high quality, tax subsidies might be inappropriate. However, state tax credits do minimize administrative costs, relative to true voucher programs or vendor-voucher systems.

Given the appeal of parental choice, a particularly simple alternative would be to expand state tax credits. Currently, 25 states have a credit or deduction for child care in their personal income tax system, all but four of them tied to the federal tax credit. The amounts of money in most state credits are not large, and therefore provide little help to parents -- though these tax subsidies in most states are still larger than direct subsidies[10] -- and they tend not to benefit low-income parents who don't pay taxes. An obvious alternative for states to consider, therefore, is to expand their tax credits, and in addition to make them refundable in order to extend the benefit to low-income parents.

An alternative would be to provide credits to corporations instead of (or in addition to) individuals. For example, Connecticut had a credit equal to 25 percent of expenses corporations incurred in planning, acquiring, or renovating (but not operating) day care facilities, though no corporations took advantage of it. This credit was recently replaced by a credit equal to 50 percent of amounts invested, in an effort to increase participation -- but with a limit of $250,000 per year for the entire state so that total support will be trivial. The strategy of tax credits to corporations is a novel one, and builds on recent interest in encouraging corporations to provide child care as employee benefits similar to health care benefits.

Despite the appeal of voucher mechanisms, including tax credits, they suffer from many drawbacks. The most fundamental is the least understood: Voucher mechanisms are examples of demand-side policies that operate by increasing the funds parents have to demand a particular good or service. If we pose a simple model of the demand for and supply of child care as a function of price, in Figure 1, then vouchers to some individuals will shift the demand curve from D to D', where the demand curve is shifted up by the amount of the subsidy; the quantity of child care increases to Q', the total cost of child care increases to P', and the cost to the recipient net of the voucher falls from P to P''. This scenario assumes that increasing the price of child care will cause more child care to be provided, that child care providers will respond automatically to increased demand. In many areas this may not happen because the child care market is so imperfect, with many regulatory barriers to entry (including licensing requirements and local health and safety codes), poor information by providers about demand, a lack of suitable space, shortages of child care workers, and no one to give prospective providers any help through the complex process of starting a child care facility. The profit motive that is assumed to be so powerful in conventional markets is particularly weak among individuals who care for young children -- happily so, many might add -- and relying on market mechanisms to increase the amount of care may not work.

In addition, the voucher mechanism illustrated in Figure 1 operates by increasing the total cost of care. If some people are not eligible for subsidies, the costs of care will still in theory increase for them, and so vouchers will benefit those eligible for subsidy but harm those ineligible.[11] This would be a particularly inappropriate result if eligibility is extended to a small group of low-income parents, but denied to those over some threshold; then the near-poor -- those just over the threshold -- will suffer increased costs even though they may be just slightly less needy than those eligible.

A third drawback to all voucher mechanisms is that they assume that consumers are well-informed about choices available, particularly in the rationale that parents can use vouchers to buy that child care which is in the best interests of their children. In fact, the information parents have about child care alternatives is often quite poor, and in many

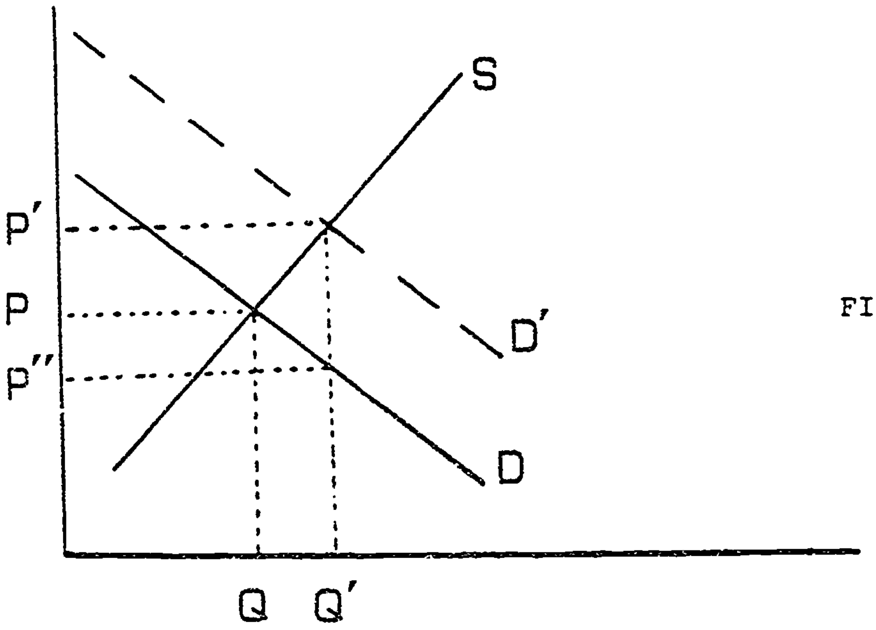

FIGURE 1

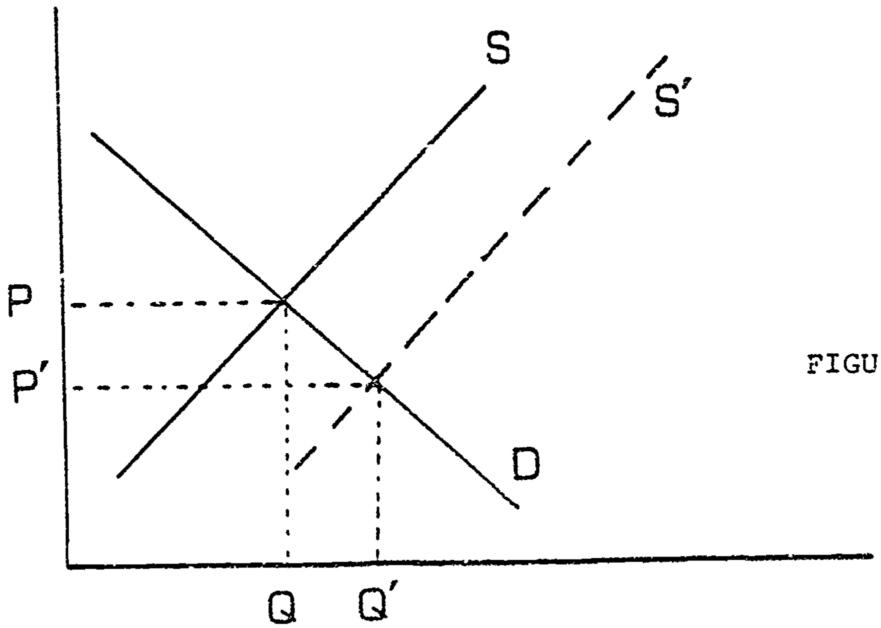

FIGURE 2

areas there is no source of information aside from the recommendation of friends. In California, which subsidizes a vendor system, there is a general consensus that voucher mechanisms cannot work without a resource and referral (R&R) agency to provide information to parents, and so California's vendor system has been acceptable only because the state also funds R&R agencies in every county.

Finally, it is not at all clear that voucher mechanisms -- at least, true vouchers and vendor/voucher systems -- are cheaper than direct spending programs. Both require administrative costs, and potentially extensive costs if there is any effort to monitor quality. In California, the vendor/voucher system appears to be slightly cheaper for pre-school child care, but only because this system uses more family day care, less school-based care with high salaries, and is more extensively used in rural areas. In fact, the vendor/voucher program for school-age child care is relatively more expensive than other programs because of the administrative costs.[12] There are no real efficiencies associated with these voucher mechanisms, then, since the costs of child care must be paid in any event.

In addition to the general problems with voucher mechanisms, tax credits suffer other liabilities. The lack of state control over the content of programs funded through tax credits implies that states would cede the opportunity to establish clear goals and coherent policies to the vagaries of the child care market. In addition, tax subsidies are poor instruments of policy because the amounts of government subsidy involved are often unknown. Since tax-based subsidies involve taxes not collected rather than public funds disbursed, it is also easier for legislatures to ignore these mechanism, continuing tax expenditures year after year without facing the policy consequences.

There are some special drawbacks to tax credits for corporations. The efficiency of such a mechanism is probably poor, in the sense that it is more likely to reward corporations that have already established child care programs than to induce corporations into funding a benefit they are reluctant to provide on their own. Corporate tax credits might only be used by the largest, wealthiest, and most socially-conscious corporations -- leaving behind most low-income parents with marginal employment whose need for subsidy is the greatest. Indeed, given the many drawbacks to tax mechanisms, one serious alternative would be for states to repeal their child care tax subsidies and use these resources to fund early childhood programs directly.

Despite the flaws of voucher mechanisms, they may still have their place in a well-designed state system. In California, there is some agreement that vouchers are the best way of funding child care in several situations: in rural areas, where there may not be enough children eligible for subsidy to establish a separate facility; to support family day care; in cases of child care for children with special needs -- handicapped children, for example, or those requiring care during unusual hours -- where again there may not be enough children for a separate facility; and in emergency situations, like cases of suspected abuse or neglect, where speed in placing children is crucial. Above all, in a system where there are also public subsidies to expand the supply of care and R&R agencies to provide information, a limited voucher system may indeed expand the choices available to parents. But such a mixed system of vouchers with other funds to expand supply directly is quite different from one in which vouchers are the dominant form of public funding.

3. Project grants: The generic alternative to voucher-like mechanisms are direct subsidies to programs to expand spaces available to eligible children. These are supply-side subsidies; they operate, as in Figure 2, (page 12) to shift the supply curve outward, increasing the quantity of child care from Q to Q' and lowering the cost of care to parents rather than raising the cost. Thus supply-side policies are more likely to benefit those ineligible for subsidies by lowering the costs of care to them.[13]

The most common forms of direct subsidy in the recent state initiatives in early childhood programs are project grants; these are also widely used in Title XX/SSBG programs, and in the extensive state system of child care in California. These mechanisms work by soliciting proposals from agencies eligible to provide services, and choosing among proposals on the basis of criteria that typically include geographic distribution, the quality of proposed programs, and perhaps the variety of programs in a particular area (to facilitate choice).

In most of the recent state initiatives, only school districts are eligible to apply; in most Title XX/SSBG programs only private non-profit agencies are eligible; and California has separate programs to which public and private agencies can apply. Thus an important decision in establishing project grants is which agencies are eligible. This raises most directly the question of whether public schools ought to be allowed to provide child care, or whether they should have a monopoly on the provision of early childhood programs. Schools can be excluded or allowed to monopolize early childhood programs simply by defining which agencies are eligible for project grants.

In general, project grants maximize state control over the content of programs because a state can specify not only the criteria a subsidized early childhood program must meet, but can also choose among alternative applicants. Project grants are especially appropriate for pilot projects or experimental programs, because they allow a state to try a variety of approaches and then to expand based on evidence of success or failure.

However, in the case where a program becomes general and statewide, then funding through project grants will involve the state in the continued selection of service providers, a situation in which there may be too much centralized authority for some tastes. In addition, it may be difficult to achieve geographic equity with project grants, since the location of subsidized projects is due partly to the vagaries of who applies for grants. Finally, project grants may give an advantage to organizations -- such as wealthy school districts -- which are sophisticated at writing grant proposals, rather than those which can serve children best.

4. Formula funding: An alternative to project funding is formula funding: a formula allocates state funds to local recipients, rather than relying on the discretion of a state agency to choose among applicants. State aid to K-12 education, the largest single expenditure in almost all states, is the best-known example of formula funding, and in many ways is an obvious model for states to follow in early childhood programs.

Some states, including New Jersey, Pennsylvania, and Maine, have used their existing school aid formulas to direct funds for pre-school programs to school districts; children in such programs are included in the average daily attendance counts which determine the state's aid. This approach has the obvious advantage of building on familiar funding mechanisms, rather than requiring the political and technical decisions necessary for a new aid formula. However, this mechanism restricts funds to school districts only. Very few districts may take advantage of such a program: in most states, state aid funds only a fraction of total costs in K-12 programs, and districts may be reluctant to fund novel or experimental programs out of local revenues. In addition, the well-known problem of inequalities among rich and poor districts, the subject of numerous court cases, would be replicated in extending existing funding formulas to early childhood programs. A likely consequence would be that only wealthy districts aggressively committed to early childhood and to experimentation would receive state funds under this mechanism -- and these are unlikely to be the districts where the children most in need of pre-school programs live.

An alternative would be to devise a distinctive formula to fund early childhood programs -- one that initially provides a higher level of support, and perhaps a greater inducement for poor districts to participate, than existing state aid formulas do.[14] Texas took this approach in funding its pre-kindergarten program, for example, providing a matching grant (different from the regular K-12 formula) where the state's share is higher for poorer districts. If carefully designed, such a mechanism could eliminate geographic inequities and the reluctance of many districts to support new programs.

However, devising a specific formula for child care programs would still restrict eligibility to school districts. This would amount to a decision in favor of a public school monopoly over early childhood programs, and forego the diversity and flexibility that community-based organizations would provide. To get around this problem, yet another alternative would be to create a formula-based funding mechanism in which either school districts or community-based organizations could provide programs. One way of doing so would be to allocate funds to school districts, but then require districts to subcontract with community-based organizations to provide a certain amount of service. Depending on the desires of school districts to provide services themselves, this approach might either work well to distribute funding throughout the community of early childhood providers, or might involve endless wrangling between school districts and those community-based organizations trying to pry public funds loose from them.

A more elegant procedure would be to devise formula-based funding which directs funds to some local government unit other than school districts.[15] This unit would then make decisions about which agencies would provide services, and could then subcontract with both school systems and community-based organizations to provide services. In some states with strong county governments (like Maryland), counties could be the recipients of funds; in other states where towns and cities cover the state, they could be the recipients.[16]

Still another approach which could be adapted to child care might be that of the Job Training Partnership Act (JTPA), which directs funds to local Service Delivery Areas (SDA's) that can be county or city governments, or consortia of local governments. The flexibility of SDA's is important where a service has a regional character, as does the provision of manpower programs in regionally-specific labor markets or child care services in regions with demographic, income, and employment profiles leading to distinct patterns of child care needs. SDA's must be approved by the state, which can also use its power to force consolidation of inefficiently small SDA's, or to break up inappropriately large ones. In addition, a state agency may itself play the role of a "balance of state" SDA to administer programs in rural areas of other regions where no other SDA has been formed. Thus it would be possible to develop "early childhood SDA's" to make local funding decisions

One more possibility exists: directing funds by formula to R&R agencies to distribute to local programs.[17] The option of directing formula funds to non-governmental agencies may be impossible in some states. Furthermore, such a plan would place R&R agencies in the difficult situation of both providing assistance to providers and choosing which among them would receive public subsidies.

The advantages of a state-local system based on formula funding directed to local units of government other than school districts are many. This mechanism would provide a greater flexibility and variety of early childhood programs. In some areas -- especially rural areas -- the school system might be the only organization to provide early childhood programs. In most towns and cities, however, several different kinds of organizations -- existing child care programs, church-based groups and social service agencies, neighborhood groups and minority advocacy organizations, lab schools based in colleges --could be expected to receive funding along with schools. Allowing a variety of organizations to receive funds would provide some competition with the schools and greater choice for parents. Furthermore, if school and community-based programs can interact, this provides another way of drawing together the different communities with interests in young children: schools can learn from organizations with different concerns and goals, and community-based organizations can absorb the educational techniques of the schools. To be sure, allowing non-school organizations to receive state funds creates problems that don't arise if school districts are the only recipients.[18] However, many of these problems are familiar to states from funding other social services; and the advantages of variety should outweigh any administrative difficulties.

Another advantage of relying on local governments to receive state funding is that they are often responsible for local health and safety codes. These regulatory mechanisms can cause child care facilities considerable trouble, especially in efforts to set up or expand facilities. If the governments responsible for health and safety codes were also responsible for funding child care, then it might be easier to coordinate all the different funding and regulatory requirements necessary for establishing early childhood facilities.

Two other important decisions need to be made as part of any formula funding mechanism. One is what kind of formula to use. The design of formulas incorporating variables to direct funds to areas of greatest need has become a highly elaborate process, especially in school finance, and there is no need to review the many alternatives here.[19] In general, however, it would be important to make sure that formulas provide sufficient incentives for local governments and school districts to offer programs that are new to them and lack local constituencies, formulas modeled after state aid to schools, which usually provides less than half of what it costs to fund a K-12 program, might be insufficient to lead any but the wealthiest, most committed, and most innovative communities to provide more subsidized programs. Similarly, it would be important in designing formulas not to replicate the inequalities among local governments that now exist in K-12 programs; this implies that strongly equalizing formulas would have to be devised.

Another decision for states to make involves the use of non-matching formulas versus matching formulas, where local governments have to pay some fraction of program costs. Matching formulas have the advantage of spreading costs among different governments, minimizing the burden on each and diversifying the revenue sources of a program. They also generally lead to higher total expenditure for a given amount of state aid, because they contain incentives for local governments to increase their own contributions. On the other hand, local governments may be reluctant to provide much of their own funding for a new program, and thus it may be important to keep the state proportion high, at least initially.

A more serious problem with matching formulas arises in cases where the local recipients are coalitions like SDAs, rather than school districts, cities, or counties with well-defined taxing authority. Although taxing authority can usually be created for special jurisdictions, such an arrangement may be complex in some states.

Finally, a local government (or consortium of governments) could also act as a planning agency, in making decisions locally about which types of early childhood programs to provide. This possibility involves another crucial state decision: whether to specify from the state level the kinds of early childhood programs that will be funded, or whether to allow more flexibility in determining the mix of programs to be offered. The "California model", for example, is one which relies heavily on categorical funding of different types of child care. California provides separate funding for school-based child care, community-based child care, family day care homes, a voucher program, child care for college students, migrant child care, child care for JTPA clients, care for children of teenage parents, school-age child care, care for severely handicapped children, emergency care for abused and neglected children, and a half-day preschool program like Head Start. Since programs often have different regulations and standards, the proliferation of programs makes it difficult to coordinate programs and for agencies to administer different types of programs.

The alternative to this categorical approach would be for the state to forego specifying what types of programs are to be provided, and instead to allow local govemments to decide what programs they will establish, subject to broad requirements that funds be used to serve young children. Then local govemments could perform needs assessments -- possibly with the help of local R&R agencies -- to determine which programs are most necessary, and subcontract for those services.

This mechanism takes the model of decentralized decision-making from the federal-state level and applies it to the state-local level. In the process the state would cede some of its control over the content of early childhood programs to local governments, and the state might have to establish some regulatory mechanisms to limit the discretion of local governments. However, if the idea of decentralized decision-making about programs for young children makes sense, then it should support some power in local hands as well as the devolution of decision-making from the federal to the state level.

Unavoidably, shifting from project funding to formula funding involves difficult decisions about who the local recipient of funds will be and what the division of power will be between the local and the state levels. Such discussions are novel in the arena of early childhood programs, simply because there is no state-local system of any sort in the country,[20] though such issues are familiar from debates over K-12 and community college systems. The important point is that, in the event a state decides to develop a state-local system for early childhood education, a clear delineation of responsibilities is necessary before the program is enacted.

II. CHILD CARE QUALITY AND THE ROLE OF REGULATION

Although the availability of "affordable" child care has been the most pressing issue stimulating interest in public funding, the quality of programs is a close second. The interest in young children arising out of the "excellence" movement, with its emphasis on early childhood programs as mechanisms of compensatory education and cognitive development, partly explains the renewed interest in quality. In addition, evidence about the positive effects on low-income children of a very high-quality program, the Perry Preschool, is also partly responsible. Finally, many child care advocates and parents have realized that there is a great deal of mediocre care around, though they may not have either the power or the resources to do much about it.

In part, of course, decisions about funding are decisions about quality. In two areas in particular -- the adult-child ratio, and the salaries of teachers -- the trade-off between costs and quality is inexorable. A political decision to provide prekindergarten programs with an adult-child ratio of 1:22, as one state has done, is a decision to offer programs of low average quality. Low funding and low salaries of child care teachers guarantee low morale, high turnover, and constant shortages.

To be sure, some aspects of program quality may not cost any more. The National Day Care Study determined that smaller class sizes enhance quality, regardless of the adult-child ratio, because smaller groups reduce distractions and chaos and increase the interaction between teachers and children; thus two classes of 20 are better than one class of 40 children, even with the same numbers of teachers. In addition, the training of teachers that matters most is specific preparation in early childhood development, rather than formal years of schooling in general. This implies that teachers need not have B.A. degrees, and in fact that a teacher with a community college certificate in early childhood or with a Child Development Associate credential would generally be preferable to someone with an elementary teaching certificate.

Thus adequate funding is necessary for high-quality programs, though funding may not be sufficient. States have regulatory mechanisms at their disposal to try to ensure that early childhood programs are of good quality. The most prevalent of these are licensing regulations, which establish minimum standards for adult-child ratios, teacher preparation, physical facilities, and other conditions of operation.

But while licensing is well-known, it is usually considered a mechanism for achieving minimal levels of health and safety, not a device for enhancing more subtle dimensions of quality. States also need to develop incentives to improve the quality of programs above minimum standards and to promote those aspects of quality which cannot be readily regulated.

One alternative is to require that publicly-subsidized programs meet higher standards than those in the private sector. This is the approach in several public programs in

California, and also seems to characterize many of the recent state preschool initiatives.[21] While it may seem appropriate, this approach suffers from several drawbacks. It creates dual standards, creating a rift between public and private programs; and it establishes public programs that almost by construction are more expensive than private programs, often generating later efforts to erode the quality of public programs in the interests of public economy. Finally, the acceptance of state efforts to upgrade child care standards depends on the expertise and the legitimacy of state officials, which may sometimes be lacking (especially in certain agencies).

An alternative approach to enhancing the quality of public programs would be to rely on private accreditation of child care facilities, much as states do for higher education, private schools, hospitals, nursing homes, and some other types of facilities. For example, the National Association for the Education of Young Children (NAEYC) has recently established a system of voluntary accreditation, involving an extensive set of guidelines for good practice, a self-study procedure, and finally a site visit by a group of "validators" who then present their findings to the centers they visit.[22] The procedure emphasizes advice from peers, rather than the requirements and threats associated with licensing. The site visit appears to be much more thorough and informative than the typical site visit for licensing, since "validators" are looking for aspects of good practice far beyond the simple standards typical of licensing regulations. Finally, as a professional organization NAEYC has a legitimacy and acceptance among early childhood practitioners that would be hard to duplicate in any governmental body.

One way to use accreditation in a state system of early childhood education, then, would be to require that public programs be accredited in addition to being licensed. Then public programs would be drawn from a pool of higher-quality programs, but as long as some private programs are also accredited the division between public and private programs would not necessarily be so sharp. In addition, accreditation would facilitate improvement of more subtle dimensions of quality than would an extension of licensing.

Another mandate a state can use to improve quality is teacher certification and licensing. One shibboleth among early childhood educators is that teachers of young children should have training in child development, and this standard can be written into requirements for public programs.

Other state influences over quality take the form of technical assistance and control over the content of teacher training; both are discussed in the following section on mechanisms of capacity building. One implication is that a state's policy toward quality will take many different forms, some of them embedded in funding decisions, others in licensing or accreditation mechanisms, teacher certification, and capacity building. The different strands of a policy about quality may be administered by different agencies, with varying levels of expertise in and commitment to early childhood programs; and problems of coordination may arise whenever government policies are fragmented among agencies. The only solution is to envision a coherent policy toward quality from the outset and to work to make that policy as consistent as possible.

It is easy to envision other state mandates in the arena of early childhood programs, though they are politically even more difficult than those mentioned so far. As examples, San Francisco and Concord (California) have enacted requirements that developers either provide child care facilities in new office buildings, or contribute to funds to subsidize child care for low-income parents. One could similarly imagine requirements forcing all employers (or all large employers) to provide child care subsidies as part of their benefits. However, such a mandate would be unprecedented; corporations provide the most common benefits, like health care and pensions, because of employee bargaining and custom, not because of government requirement. In this country mandates are difficult to use to generate resources, and are best limited to efforts to assure quality.

III. CAPACITY-BUILDING MECHANISMS

Both the demand-side subsidies like vouchers and the supply-side mechanisms depicted in Figures 1 and 2 assume that the supply of child care will increase in response to government action. However, this assumption is quite problematic, because the existing "system" of child care is so diffuse, so chaotic, motivated by such disparate forces, and with such inadequate information. It may be necessary for a state to develop mechanisms that improve the capacity of early childhood programs -- including both the quantity and the quality of programs -- in addition to the funding and regulatory mechanisms examined earlier. Such capacity-building efforts do not directly provide services, and they may therefore be considered frills, especially in a period of fiscal constraint. However, capacity-building can be viewed as an investment in future services, by improving the ability of the "system" of early childhood programs to expand and improve and by building competence in the community of providers, parents, and advocates.[23] Some capacity-building instruments are aimed at increasing the supply of care, while others can improve the quality of programs.

Resource and referral (R&R) agencies are perhaps the most powerful forms of capacity-building. At their best, R&R agencies provide information to parents seeking child care, assistance to providers trying to set up facilities, and advice to centers and family day care homes about good practice, they serve as advocates for children and children's programs, and can negotiate with government agencies to streamline regulatory barriers. They work simultaneously to increase capacity and improve quality, and they help the child care "market" operate more smoothly by providing the information that both parents and providers often lack. Many communities around the country have R&R agencies, usually funded by foundations, some business contributions, and fees to parents and providers they help; IBM and a few other corporations have funded R&R agencies in areas where they have facilities. Public funding for R&R is still rare except in California and Massachusetts, which both support statewide systems of R&R agencies.[24]

R&R agencies could be governmental agencies, operated as part of school districts or city offices, but most of them are private organizations. As in the case of accreditation, there are advantages to private status; and because the roles of regulator and friend are hard to combine, there are benefits to a division of labor between public agencies, providing funding and monitoring compliance with regulations, and private organizations that provide advice and technical assistance. One vision of a state-local system of providing early childhood programs, then, would incorporate both local governments to allocate funds and regulate facilities, and private R&R agencies to plan, inform parents, and provide technical assistance.

Another form of capacity-building is the technical assistance that public agencies can provide to early childhood programs, particularly to improve quality. In California, for example, the office within the State Department of Education responsible for child development programs has always provided some technical assistance, with regular Program Quality Reviews to help publicly-funded programs. Such efforts require both sufficient funding for staff, and staff who have substantial expertise operating programs and legitimacy with providers; however, efforts to economize on administrative costs and to select staff through a civil service procedure that ignores expertise can make such an effort useless. To some extent technical assistance by public agencies and by private R&R agencies might overlap, but a division of labor can be devised, for example where public agencies provide assistance to publicly-subsidized programs and R&R agencies provide help to the private sector.

States can also provide technical assistance by grants to local private or public-private organizations. For example, the California Child Care Initiative provides assistance specifically for family day care in six communities, with local R&R agencies involved in recruiting, training, and providing continuing support to new family day care providers. The Initiative is funded by the BankAmerica Foundation, several other corporations, the Department of Health and Human Services, the state, and various cities and counties.[25] This provides an example of a special-purpose assistance program, initiated in this case by BankAmerica but combining public and private funds.

Teacher training is another form of capacity-building. In the K-12 system, for example, a "second wave" of reform has recently focused on improving the training of teachers, with the realization that other reform efforts will fail if teachers do not change their ways. Similarly, in early childhood programs additional public funding might be powerless to improve the quality of programs if there were no mechanisms by which new teachers of young children could be trained. One alternative, for example, would be for a state to work with its community college system to establish comprehensive Associate degree or certificate programs to prepare early childhood teachers, working in concert with the state agency in charge of teacher credentialing and licensing. Another approach would be to develop an articulated system, including both community colleges and public four-year colleges, to develop a sequence of training for child care aides, teachers, supervisors, and administrators. Such efforts would benefit both publicly-subsidized and private programs.

Finally, state capacity-building mechanisms may arise in response to specific problems or crises. The inability of child care facilities to borrow in private capital markets has led some states and cities to use their bonding capacity to set up loan pools, lending public funds at lower rates to improve physical facilities for early childhood programs. The recent crisis in insurance, which left many child care providers unable to find liability insurance at reasonable rates, led others to establish public insurance programs. These are essentially ways of clearing away barriers to expansion of the child care system.

IV. ADMINISTRATIVE OPTIONS

Still another decision involves the choice of which state agency will administer early childhood programs. The dominant outlook of an agency and the backgrounds of its personnel may partially determine the content of its programs, so the choice of an administering agency is crucial to the regulations and other small decisions that shape programs. Currently, most federally-funded child care is administered through welfare agencies, while the pre-school programs recently enacted have been placed in state departments of education (with the exception of Washington) to emphasize their educational orientation. Neither alternative is completely satisfactory. Welfare agencies have an unavoidable stigma attached to them, and a greater concern with moving families off welfare and with abused and neglected children than with "normal" children and educational goals. Education agencies are unfamiliar with early childhood programs and often unsympathetic to child care concerns.

To avoid these problems, states have sometimes considered administering early childhood programs in an independent state agency, like an Office for Children; Washington decided to administer its new pre-school programs through the Department of Community Affairs, also responsible for Head Start, partly because of feelings that the education department would be unsympathetic to programs for young children. Still another alternative is a model of interagency coordination, like that South Carolina has adopted. Although the Department of Education is responsible for the pre-school program, an interagency coordinating council must approve all plans for the program; its members come from all state agencies serving children, including the welfare agency. Although many coordinating councils in social programs have poor records, the South Carolina effort is considered successful because of its longevity and the strong support of the governor. Similarly, Massachusetts seems to have created a system which deliberately allocates different functions to different agencies, and then coordinates all of them through the governor's Office of Human Resources.[26]

Given the current divisions over early childhood programs, developing a new and probably weak agency is not necessarily a good resolution of the administrative decision.[27] An alternative would be to grant administrative responsibility to an existing agency, like the state's education agency, but then to ensure that it has the staff and the connections to ensure that programs adhere to good early childhood practice, and to bridge the different worlds of early childhood. One mechanism for doing this is an advisory group which includes educators, early childhood advocates, welfare officials, and representatives of other camps. Several states -- including California and Connecticut -- have had considerable success with such groups, and have found that they can help create consensus out of confusion.

As the examples of capacity-building clarify, the process of establishing a coherent state policy for early childhood programs would require coordinating several different kinds of agencies. That is, it might be necessary for a state to designate one agency to administer funds (either through project grants or formulas) while another is responsible for licensing, yet another system provides higher education including teacher training, and another regulates teacher certification. Local units of government (counties, cities, or special SDA's), formally creations of the state in many cases, might have still other responsibilities in a state-local system. The variety of both governmental and private agencies involved generates the danger of poor coordination, interagency rivalries, and fragmentation.

Two frequently-mentioned solutions to the coordination problem are to establish a state coordinating council or advisory group, with either formal or informal power to enforce coherence on state agencies; or to establish a superagency in charge of all aspects of early childhood policy, to obviate the fragmentation among agencies that might otherwise occur. Both approaches have their drawbacks. Coordinating councils are very often ineffective, particularly if they are underfunded and have no formal powers; and quite apart from being politically difficult to establish, such children's agencies don't yet have a record of special success. The problem of coordination is one that must be resolved differently in every state. However, it is important to consider how to resolve this inevitable problem in the early stages of formulating a state policy.

One special problem that will develop in many (if not most states) is the appearance of child care programs funded by workfare programs. During the 1980s mandatory programs of education and training became more popular as solutions to poverty; many states developed workfare experiments, and several states (notably California and Massachusetts) expanded their pilot programs into statewide programs. The welfare reform proposal now being considered by Congress would expand workfare programs in all states. These efforts generally include some provision for child care. However, as heirs to the tradition of "custodial" programs, these sources of funding threaten to establish purposes and standards of quality that are quite different from those established by programs with more developmental or educational purposes. In this case, states will face the prospect of having dual systems of child care, funded by different federal programs, with inconsistent eligibility, standards, and purposes.

The development of a dual system of child care is an example of a coordination problem that states often face, created by federal legislation. The only real solution, of course, is for Congress to avoid creating separate child care programs for different clients and purposes. Failing that, states should work to develop funding mechanisms that can integrate different federal funding streams, rather than replicating the divisions of federal legislation policy in state policy. The least effective solution -- but the most common in all areas of social policy -- is to treat such problems as coordination issues, to be resolved by interagency committees and coordinating councils.

If early childhood policies develop during the 1990s, there will inevitably be great variation among states, and some trial and error. Some flexibility in designing state policies -- that is, mechanisms for evaluating and correcting the workings of state policy -- should be included in any legislation, rather than assuming (as legislators often do) that bills once enacted will work smoothly.

V. ONE VISION OF STATE POLICY

States face many hard choices in developing an early childhood policy, and the options and combinations of alternatives are almost limitless. Many of these choices are value-laden and intensely political, where they are not, there is in many cases very little information to guide policy-makers. In this situation, formulating a coherent state policy requires both judgement and speculation.

In my own view, the many options that have piled up in the previous sections are not uniformly worthwhile. As a way through the thicket of alternatives, I offer my view of what a state early childhood policy should look like. While this is only one conception, and one articulated without the need to negotiate the various political problems that states inevitably face, it does illustrate the kinds of choices necessary and the need to articulate clearly the value assumptions underlying various strands of policy.

One important goal of state policy should be to avoid perpetuating the divisions that have beset early childhood programs. Such programs need not be solely "custodial", caring for children while their mothers work, or "developmental", stimulating the social and emotional development of young children, or "educational", preparing young children for the cognitive tasks of schools; they can be all of these and more. Early childhood programs at their best are rich and multi-faceted (just as schools are), providing cognitive, physical, social, and emotional development for children, security and full-time care for working parents, substantial cooperation between parents and caregivers, and parent education for parents seeking different ways of interacting with their children. The best programs provide children early, non-competitive and non-threatening experiences with children of other races and class backgrounds, rather than segregating some children from others in classes for those "at-risk". To fasten a single purpose for early childhood programs is to destroy this vision of what early childhood programs could be.

It follows, in my view, that states should not establish only half-day preschool programs, as most of the recent initiatives have been, because these are too limited in a period when young children increasingly need full-day programs, and because they focus too intently on school readiness as a goal. Instead states ought to institute full-day programs with developmental and educational components appropriate to the ages of children, with options for parents to use them for part-day care if they want to do so. This is also preferable to setting up half-day preschool programs with a separate "after-school" component to cover the working day, because this approach perpetuates the idea that "education" and "care" are separate.

One of the most difficult issues involves the question of whether public programs ought to be universal, with public support available to all children regardless of income, or means-tested, with only low-income children receiving public subsidies. This decision may be decided by federal legislation, since the major existing bills provide federal subsidy only for low-income children -- though of course states could then supplement federal funds with state funds to make a state program universal. However, while universal programs are preferable because they are easier to integrate by class and they assure the support of middle-class parents, I despair of any state generating enough public revenue during the next decade to provide a universal program. Even in California, which spends about $320 million per year of its own funds, about 8.7 percent of eligible children (those with incomes under 84 percent of the state median) in need of child care are in publicly-subsidized programs.[28] The prospect of increasing state revenues eleven-fold -- just to cover all eligible children -- is unthinkable; extending the state's system to all children regardless of income defies imagination (limited though mine may be). In other states, with shorter histories of early childhood programs, the political battles to appropriate enormous sums will be even more difficult, especially in an era when state and local finances are likely to be relatively constant rather than expanding.[29] I conclude, therefore, that initially state systems will have to concentrate their resources on low-income children. Universality should remain a goal, but one that will have to wait until early childhood programs are considerably better established.

For many reasons, states ought not devise policies which grant monopolies to schools in providing early childhood programs, to promote flexibility and diversity, both schools and private non-profit organizations ought to provide state-subsidized care.[30] Therefore grants to school districts only. and the use of existing school aid formulas, are inappropriate. Project grants are appropriate for the initial, exploratory stages of a state policy, but they are inappropriate for large, statewide systems, and there are many benefits to creating a state-local system where some local unit of government -- cities, counties, or special SDA's, depending on the political structure of the state -- receives state grant funds, establishes priorities with the help of local R&R agencies, and selects school programs and private non-profit agencies to provide various kinds of programs. In this vision, the state would not impose many categorical constraints on what kinds of programs would be funded, but instead would allow considerable local choice. This approach has the advantage not only of generating programs that are most consistent with need, but also of generating local expertise about early childhood issues and local responsibility for programs.v In addition, the local administering agency should coordinate the funding of programs with local health and safety codes, to eliminate unnecessary barriers to new programs.

As a way of spreading the costs of early childhood programs, state formulas ought to be matching grants, with a local match required varying inversely with local tax bases. However, the average local match should be relatively small -- perhaps on the order of 25 percent -- to provide sufficient incentives for communities to invest in new and unfamiliar programs.

Even if public subsidy supports low-income children only, instead of being universal, it is still possible to devise programs that integrate children of different income levels, by instituting sliding fee scales that permit parents of different income levels to pay different amounts (including the full cost of care), with state and local subsidy making up the difference. It then becomes necessary to assure that facilities don't become segregated by being filled with subsidized children only, because of a lack of places for fee-paying children; thus a policy of limiting the numbers of subsidized places in any particular facility may be necessary. Such an approach must operate flexibly and informally, because inflexible limits may cause insuperable difficulties for program providers in some neighborhoods[31] -- another reason why there should be local rather than state administration of funds.

To maximize flexibility, some amount of state funds ought to be distributed to local administering agencies for voucher-like programs where parents find care which is then subsidized, such an arrangement is particularly necessary for emergency situations and for children with unusual needs. However, given the imperfections of the child care "market", such demand-side subsidies ought to be restricted to communities where R&R agencies exist. In addition, voucher mechanisms should not dominate supply-side funding.

In my view child care tax credits are very poor instruments of public policy, especially in a system which emphasizes subsidies to low-income children; states should repeal any tax credits and use the funds for direct spending. I am not in favor of any additional subsidies to corporations for child care -- because they receive many indirect subsidies already through the federal corporate tax, because corporate tax credits are generally inefficient,[32] and because corporate sponsorship does not help the children of parents marginally employed who are most in need of subsidy. However, if a state wants to encourage employers to provide more care, it would be preferable to establish a direct spending program of matching funds rather than to allow credits through a corporate income tax. In addition, it would still be valuable to have a state provide technical assistance (either directly or through R&R agencies) to corporations wanting to support early childhood programs for their employees.

To promote programs of higher quality, private accrediting mechanisms and technical assistance are more appropriate than more stringent licensing. However, in this approach states would have to make sure that an accreditation mechanism has the capacity to serve its public purpose, which is not now the case, and they would have to fund technical assistance as a specific activity of the state administrative agency rather than leaving this to chance. In addition, states ought to establish coherent curricula in community colleges and four-year colleges for the training of early childhood teachers and administrators, coordinating such efforts with accreditation mechanisms, national professional associations like NAEYC, and teacher certification agencies.

Of the various capacity-building mechanisms, states ought to establish networks of R&R agencies, because they serve so many important functions. If R&R agencies are comprehensive, then it may be unnecessary to provide additional technical assistance through public administering agencies, though it is always necessary to be sure that administering agencies have staff with sufficient expertise in early childhood education that they can be trusted by providers. Some division of labor between R&R programs and local administering agencies must be developed, the most appropriate would be for the public agency, which has fiscal responsibility, to monitor compliance with regulations while an R&R program provides support and technical assistance.

Finally, I think it a mistake to develop a new state agency to administer a new and vulnerable program, and therefore a "superagency" for children's programs would be undesirable in most states. Welfare agencies are completely inappropriate, in my view; and while some states may have other agencies able to administer early childhood programs -- including existing children's agencies -- in most states education departments will be the only appropriate agency. It then becomes necessary to make sure that early childhood programs do not become lost or downgraded amidst the other responsibilities of an education department. Advisory councils and interagency coordination councils are appropriate to make sure that state agencies do not lose touch with other communities responsible for young children.

Given a model in which local agencies and R&R programs establish priorities and monitor quality, the role of the state agency is different from a model in which policy- and decision-making is entirely centralized. Instead, the state agency becomes responsible for assuring uniformity and equity throughout the state, so that some areas are not underserved or poorly served, and the state agency can concentrate on identifying emerging needs and problems, developing model programs, and performing other research and development functions that local agencies cannot undertake. It addition, it may be appropriate to reserve some funds for the state agency to support activities with statewide benefits, or to support programs in areas not served by local administrative units.

The vision of a state's early childhood policy I have offered here requires many assumptions and value judgments. It is also a relatively complex structure, involving both governmental and private agencies, both state and local government, and several different state agencies and responsibilities. To develop such a policy may seem hideously complex, and the choices may appear politically intractable; the legislator in search of calm might be tempted to move to another arena, or to substitute universal platitudes for legislative action. But we should keep in mind the goals: to meet the needs of young children, and to redress widespread developmental and educational problems by nipping them in the bud. "What the best and wisest parent wants for his own child, that must the community want for all of its children", declared John Dewey; so for policy-makers the prospects of improving the lives of young children should be worth the trouble of developing a coherent state policy.

ENDNOTES

1. Philip Robins, "Federal Financing of Child Care: Alternative Approaches and Economic Implications", University of Miami, January 1988, Table 9. This information came from the House Information Systems (LEGIS).

2. On the state initiatives, see W. Norton Grubb, Young Children Face the States: Issues and Options for Early Childhood Programs. Center for Policy Research in Education, Rutgers University, May 1987; and the publications of the Public School Early Childhood Study, especially Fern Marx and Michelle Seligson, The State Survey, Bank Street College of Education, 1988.

3. Children in Need: Investment Strategies for the Educationally Disadvantaged (New York: Committee for Economic Development, 1987).

4. On the lack of coherence in state child care policies, see Alfred Kahn and Sheila Kamerman, Child Care: Facing the Hard Choices (Dover, Mass.: Auburn House, 1987), Ch. 3.

5. See W. Norton Grubb, "The Conundrums of Early Childhood and Child Care Programs in California", Policy Analysis for California Education, Stanford University, May 1988.

6. This paper has benefited from the typology of policy instruments presented in Lorraine McDonnell and Richard Elmore, Alternative Policy Instruments, Center for Policy Research in Education, Rutgers University, November 1987. They divide policy instruments into inducements, roughly equivalent to the funding mechanisms I examine in Section I; mandates, equivalent to the regulatory mechanisms I examine in Section II; capacity-building instruments, the subject of section III; and system-changing instruments. I do not include a section on system-changing instruments because any large program of public funding would almost by definition change the existing system of privately-provided child care. However, I do mention when particular policy options would be most likely to change the existing system thoroughly, and therefore generate the most opposition.

7. See "Young Children Face the States" for an extended discussion of these trade-offs.

8. At one point Representative Nancy Johnson introduced a bill to provide federal subsidies for vouchers to low-income children; this provision has been incorporated in Senator Orin Hatch's child care block grant. Robins' paper cited in endnote 1 presents a model for a federal program which relies heavily on an expansion of the existing child care tax credit with a smaller "safety net" of direct child care expenditures. However, Robins simply presents his model without any arguments supporting it; I know of no effort to develop a coherent argument for the superiority of vouchers in child care.

9. It isn't literally impossible: Philip Robins has pointed out that a child care provider number could be required on claims for the tax credit, and then checked against lists of licensed or "approved" providers. However, making the Internal Revenue Service or a state tax agency an enforcer of child care quality would be absurd.

10. On state tax credits and deductions, see Child Care: Whose Priority? (Washington D.C.: Children's Defense Fund, 1987), pp. 230-240.

11. Costs will increase unless the voucher program is relatively small, in which case the shift in demand will be trivial, or unless supply is completely elastic. Vouchers probably work best in cases where supply is highly elastic; the food stamp program provides the best example. Conversely, where supply is relatively inelastic, as in the case of urban housing, they are most ineffective in increasing the amount supplied.

In addition, costs may not increase because many child care providers are not profit maximizers, and may be reluctant to increase fees which they know parents can ill-afford to pay. In this case the voucher mechanism cannot operate to increase the amount of child care, assuming supply is not perfectly elastic. The child care market differs from conventional markets because demanders and suppliers share emotional commitments to children, rather than being independent individuals who maximize their own well-being regardless of the welfare of others.

12. W. Norton Grubb, "The Conundrums of Early Childhood and Child Care Programs in California", Policy Analysis for California Education, Stanford University, May 1988.

13. Costs to parents may not go down if the public programs are constrained to be of higher quality than unsubsidized programs. In this case there will be a dual market, one for subsidized and one for unsubsidized care; and the existence of a market for subsidized care may increase costs in the unsubsidized market by bidding away teachers. In addition, the cost denoted by p' in Figure 2 does not include the costs to government through the supply-side subsidy, so that total costs per child will still go up.

14. Devising a new formula also allows a state to devise a different unit for reimbursement. Currently, most states provide aid per student in average daily attendance; but this is an inappropriate unit to use in early childhood programs, where children may attend for different hours and different periods throughout the year. Alternatives include reimbursement per hour or per day, differentiated by type of program.

15. The discussion in this section about possible state-local systems is drawn in part from discussions with Lynn DeLapp of the Assembly Office of Research in California.

16. The principle of geographic coverage argues against having towns and cities receive funds in states where there are substantial unincorporated areas, though such a mechanism could work by generating a "balance of state" agency to allocate funds.

17. This possibility has been indirectly suggested in Kahn and Kamerman, in Child Care: Facing the Hard Choices, p. 79. However, their conclusion appears to be based on overestimating the centrality of R&R programs in California to the existing system.

18. For example, state agencies must become skilled at determining the quality of programs, in order to avoid funding community-based organization of poor quality. Hard decisions also have to be made about whether to fund profit-making as well as non-profit agencies, and about funding church-based groups. If a state is serious about fostering variety, it may be necessary to provide considerable technical assistance to encourage community groups to develop programs. California goes so far as to provide some funds for capital outlays and start-up costs for new programs, since community-based organizations often have cash-flow problems that make it difficult to develop programs.

19. See, for example, James Guthrie, Walter Garms, and Lawrence Pierce, School Finance and Educational Policy (Englewood Cliffs, N.J.: Prentice-Hall, 1988).

20. A partial exception occurs again in California: In the days before Proposition 13, school-based child care centers were funded both with local tax revenues and with state project grants. The division of control -- between the local school board and the State Department of Education responsible for state funds -- was an issue. However, because the child care was so small this did not often become a serious debate.

21. Many of these preschool initiatives specify adult-child ratios of 1:10, higher than prevail in many licensing statutes; and many of them require early childhood development preparation for teachers and some form of parental participation. The effort in the late 1970s to develop federal regulatory standards for child care also assumes that the appropriate instrument to assure quality was a set of regulatory standards stricter than most states were using.

22. Sue Bredekamp, editor, Accreditation Criteria and Procedures of the National Academy of Early Childhood Programs, National Association for the Education of Young Children, 1984.

23. McDonnell and Elmore emphasize that capacity-building instruments are investments in future capacity, but they also stress that the results of capacity-building are uncertain, intangible, and unmeasureable.

24. On R&R agencies see Kahn and Kamerman, Child Care: Facing the Hard Choices, Ch.2.

25. "Child Care Initiative Year-End Report, October 1, 1985 - September 30, 1986", California Child Care Resource and Referral Network, San Francisco, January 1987.

26. Kahn and Kamerman, Child Care: Facing the Hard Choices, Ch. 3.

27. The idea of creating a new state agency is linked to an old ideal among early childhood educators -- that they could create an institutional alternative to the schooling system, strong enough to exist independently and indeed able by force of its example to transform the schools. The history of the kindergarten movement does not provide any reassurance that this can be done, and the other attempts to build institutional alternatives have similarly failed. The 4C's movement of the 1960s has collapsed, as have most community action agencies; state agencies for children have typically served to coordinate existing programs, not to administer large-scale programs. The idea of creating a new institution de novo specifically for early childhood programs might be attractive, but -- aside from being politically unrealistic -- it would exacerbate coordination problems with the schools. Faute de mieux, I conclude that in most states building on the existing school systems -- while working to make sure the schools adhere to good practice in early childhood programs -- is the only feasible alternative.

28. Grubb, "The Conundrums of Early Childhood and Child Care Programs in California".

29. Allan Odden, "A School Finance Research Agenda for an Era of Education Reform", Journal of Education Finance 12 (Summer 1986)L: 49-70.

30. For a more careful development of this argument, see W. Norton Grubb, "Public School Provision of Child Care: Costs and Consequences", prepared for the Child Care Action Campaign Symposium, "Economic Implications and Benefits of Child Care", April 1988.

31. For example, in its after-school programs California required facilities to reserve half of their spaces for unsubsidized children; but many facilities had trouble finding enough unsubsidized children to fill their "quota" and had to spend inordinate amounts of time both on recruitment and on paperwork.

32. The long and arduous effort to increase corporate funding for child care has not generated very much support, even if there are some outstanding examples of corporate efforts; see Kahn and Kamerman, Child Care: Facing the Hard Choices, Ch. 6.