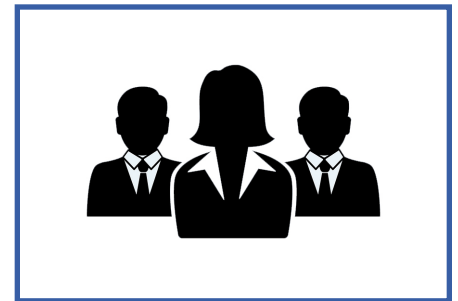


Transforming the Financing of Early Care and Education

Issue Brief for the Business Community

Supporting the Transformation

High-quality early care and education for children from birth to kindergarten entry, provided by a highly qualified workforce, benefits not only the development and early learning of children but also their families and society at large. It enables parents to be employed as part of the current workforce. It is also a critical investment to develop a skilled and productive future workforce to meet the needs of employers and contribute to the economic growth and prosperity of the nation.



Yet the current system for financing early care and education is inadequate, fragmented, and perpetuates economic and social inequality. A report from the National Academies of Sciences, Engineering, and Medicine, *Transforming the Financing of Early Care and Education* (2018) offers recommendations to develop an effective, child-centered financing structure.

This brief describes how contributions from the business sector can be further employed as part of a transformed system of financing for early care and education.

A VISION FOR FINANCING EARLY CARE AND EDUCATION

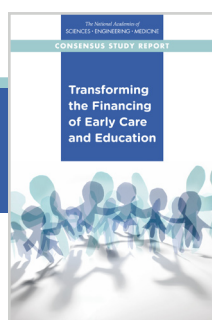
To realize the considerable benefits of early care and education, the report envisions an integrated framework of laws and policies that uses financing to bring about an accessible, affordable, and high-quality early care and education (ECE) system.

This equitable and sustainable financing structure would incentivize quality and would include adequate and integrated funding for service delivery, workforce supports, and system supports. It would harmonize financing mechanisms, standards, and requirements while also providing flexibility for efficient coordination among multiple funding sources.

Transforming the financing of early care and education will require significant mobilization of financial and other resources, which will need to come from governments, families, employers and the private philanthropic and corporate sectors.

THE ROLE OF THE BUSINESS SECTOR

Financial contributions to early care and education from employers, other businesses, and corporate foundations are small relative to the contributions of families and the public sector. Nonetheless, the business sector plays several essential roles in augmenting the financial landscape for early care and education.



Transforming the Financing of Early Care and Education (2018)

Available: http://www.nas.edu/Finance_ECE

Some employers offer their employees onsite care, ECE cost assistance, or resource and referral services. Business leaders also play an important role as advocates in public discourse and policy arenas for the importance of ECE. Furthermore, some corporations and corporate philanthropies help to address critical gaps in ECE needs. These include, for example:

- expanding access to quality ECE services in local communities,
- incubating innovations and pilot programs,
- supporting research and evaluation,
- investing in system-building and quality improvement initiatives, and
- contributing expertise to strengthen business management for ECE providers.

The business sector also contributes through its participation in economic and workforce entities. These can call attention to high-quality ECE as a priority for economic vitality. They can also advance the ECE workforce—as efforts are made to create more viable careers in ECE, workforce boards and other entities can embrace ECE as a viable field for investment in training and other supports.

In the system envisioned in this report, these investments would be more explicitly integrated through better coordination with other funding sources and through greater consistency in incentivizing high quality.

SUPPORTING THE TRANSITION PROCESS

Transitioning from the current financing structure to an integrated system that is adequate, equitable, and incentivizes quality will take not only time and resources but also intentional coordination and planning. The report specifically recommends that a coalition of public and private funders, in coordination with other key stakeholders, should support the development of plans at the local, state, and national levels that lay out how to implement a new financing structure.

As part of this coalition, corporate philanthropy is well suited to recognize the value of investing to support effective strategy development and planning. Business leaders could also serve as members of collaborative partnerships and contribute specific expertise in strategic business planning.

The business sector can also exert its influence to assert the importance of setting a vision for systemic transformation, developing a strategic plan to achieve it, and sustaining the drive to implement a new financing structure. Consistent champions will be particularly important during the transition, when long-term commitment to the process will be needed.

CONCLUSION

High-quality early care and education for young children, provided by a highly qualified workforce, can be achieved, with benefits not only for children and their families but also for employers and the nation's economy. It can be accomplished through greater harmonization and coordination among funding streams and greater uniformity in incentivizing quality. It will require significant mobilization of financial and other resources.

This will mean a transformation of the current financing system, one in which an ongoing role for the business sector will remain important. There is also an urgent need for business leaders to actively help to ensure a viable transition process. This will be vital to realize the vision of access to affordable high-quality early care and education.

For More Information . . . This Issue Brief was prepared by the Board on Children, Youth, and Families based on the Consensus Study Report, *Transforming the Financing of Early Care and Education* (2018), sponsored by the Alliance for Early Success; the Bill & Melinda Gates Foundation; the Buffett Early Childhood Fund; the Caplan Foundation for Early Childhood; the Foundation for Child Development; the Heising-Simons Foundation; the Kresge Foundation; the U.S. Department of Education; the U.S. Department of Health and Human Services Administration for Children and Families; and with additional support from the Bruce Alberts Fund, the Cecil and Ida Green Fund, and the W.K. Kellogg Foundation Fund. Any opinions, findings, conclusions, or recommendations expressed in this publication do not necessarily reflect the views of any organization or agency that provided support for the project. Copies of the Consensus Study Reports are available from http://www.nas.edu/Finance_ECE.

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