INTRODUCTION

Over the last ten years, North Carolina has made great strides in improving the early care and education of children across the state. We are heading in the right direction with changes to the provider licensing system that emphasize high quality child care programs with better educated teachers. Funds have been targeted to address the needs of the “whole” child from birth to five years and to programs for at-risk four-year-olds. By raising the income limits to qualify for a subsidy, more North Carolina families have access to quality child care. These initiatives have made a significant, positive difference in the lives of North Carolina’s children and families. Where do we go from here?

Because each policy and program changes the balance in the whole system and because tighter budgets have caused these various programs to become competitors for limited funding, it is important to measure success, gaps and strengths from a systemic perspective and to give policy-makers a complete perspective on which their decisions may be based. Because evaluations tend to be done program by program, we miss the overall effect of changes to one program in the whole system. North Carolina needs to continually and comprehensively assess all of its early childhood systems that support a child’s readiness for school.

Our study takes a “whole system” view to examine and assess the laws, policies, programs and procedures North Carolina has to support the development of young children and ensure their readiness for school. The 2005 North Carolina Early Childhood Systems Study is a step in that direction.

THE STUDY

The study examined laws, policies, procedures and rules grouped into six policy areas:

1. Quality Early Care and Education Settings
2. Professional and Workforce Development
3. Informed Families, Informed Public
4. Governance and Coordination
5. Accountability and Results Orientation
6. Adequate Early Childhood Financing

Questions

CCSA and the Advisory Committee assessed each of the Six Policy Areas with the following four questions:

• What are the policies and laws that affect the early care and education system?
• Do the policies and laws adequately address the needs of young children and families in North Carolina?
• What changes are needed?
• What interventions are needed to make the changes?

Background

The North Carolina Early Childhood Systems Study was based on a modification of the 2003 edition of “Policy Matters, Improving the Readiness of Children for School” released by the Center for the Study of Social Policy. Revised by the authors of the original report, Sharon L. Kagan and Elizabeth Rigby, the new document offered a series of national standards to help states better understand gaps in services and acknowledge a comprehensive infrastructure designed to increase children’s readiness for kindergarten.

Using the structure outlined in the framework, the Advisory Committee and Child Care Services Association determined the appropriate sources of data to document North Carolina’s efforts in each policy area including relevant laws, policies, procedures, funding and rules. Child Care Services Association compiled and reviewed these source documents and made recommendations to the Advisory Committee members regarding North Carolina’s status in addressing each of the policy areas. The Committee members reviewed CCSA’s preliminary assessment and came to agreement on that assessment. Using that assessment as a starting point, the Committee then determined where there were gaps and where the immediate focus should be placed to address those gaps. Next, the Committee created a list of suggested interventions, or action steps, they identified as priorities to improve the overall system. This report includes those priorities in its Findings section, and a condensed, subset of the most urgent priorities as its Plan of Action.
The Advisory Committee narrowed the original list of priorities from the Findings section to focus on the most urgent for development of the Plan of Action. The main goal is to better equip the Early Childhood System to prepare children for school and lifelong success. The three most urgent priorities directly impact the system on several different levels, but all were selected based on manageability, impact, potential cost, and need. Advisory Committee members sought to highlight action steps that are feasible, cost effective and have the most potential for a significant, positive impact on young children.

**FINDINGS**

The 2005 North Carolina Early Childhood Systems Study identifies the following interventions as priorities.

**Quality Early Care and Education Settings**
- Implement the following pre-service requirements for child care program personnel.
  - Require business training for all child care center directors.
  - Require each center to have an Instructional Leader with a 4-year degree in Early Childhood Education.
  - Require center-based teachers to have an Associate’s degree in Early Childhood Education.
- Change group size and teacher-to-child ratio requirements for 3- and 4-year olds to 1:10 with a maximum group size of 20 (at minimum licensing levels for centers).
- Eliminate public school programs from the exemptions outlined in North Carolina law (GS110-86).
- Implement consistent regulations across all programs, regardless of auspice (nonprofit, faith-based, etc.).

**Governance and Coordination**
Establish a cabinet level authority to lead coordination of the Early Childhood systems and create a corresponding operational unit. The cabinet should develop a comprehensive and coordinated 5-year plan and budget.

**Accountability and Results Orientation**
- Require the use of an instructional assessment for 3- and 4-year-old children in programs that receive public funds.
- Require and monitor the use of program and early learning standards in all five domains of school readiness for publicly funded programs serving 3- and 4-year-olds.

**Adequate Early Childhood Financing**
- Increase child care subsidy reimbursement over 3-5 years. Subsidy rates for five star centers and homes should reflect at least a 25% enhancement above rates for one star centers and homes. Efforts to improve subsidy rates should focus first on programs serving infants and toddlers.
- Increase eligibility and funding for all 3- and 4-year-old children to access high quality pre-kindergarten programs.
- Increase subsidy payment rates to the 75th percentile of the market rate based on a market rate survey that is determined no less than every two years and indexed each year.
- Institute a refundable child and dependent care tax credit for low income families.

**Professional and Workforce Development**
Implement a single statewide salary supplement with a local option to enhance the amounts of the supplements.

**Informed Families, Informed Public**
- Build on the existing child care resource and referral system to cover the entire state with effective services and information for parents, child care programs, and communities.
- Provide opportunities for all families to receive parenting information when children are born or adopted. Coordination of available parenting resources should reach diverse populations.

**PLAN OF ACTION**

The Advisory Committee narrowed the original list of priorities from the Findings section to focus on the most urgent for development of the Plan of Action. The main goal is to better equip the Early Childhood System to prepare children for school and lifelong success. The three most urgent priorities directly impact the system on several different levels, but all were selected based on manageability, impact, potential cost, and need. Advisory Committee members sought to highlight action steps that are feasible, cost effective and have the most potential for a significant, positive impact on young children.
**Priority 1**

**Increasing/Redistributing Subsidy Payments**

The first intervention identified as a priority combines two of the original priorities: (1) focusing on infants and toddlers first; and increase subsidy reimbursement over 3-5 years. This effort would ensure that rates for five star centers and homes were at least 25% higher than those for one star programs. (2) Child care subsidy payment rates should be increased to the 75th percentile of the market rate based on a market rate survey that is determined no less than every two years and indexed each year.

<table>
<thead>
<tr>
<th>Strategy Used to Accomplish Goal</th>
<th>Who Should Take the Lead</th>
<th>When Should Goal be Accomplished</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with child care providers to support better rates.</td>
<td>Child Care Coalition, North Carolina Early Childhood Association, Smart Start, Child Care Resource and Referral Agencies, Child Care Providers</td>
<td>Now</td>
</tr>
<tr>
<td>Analyze payment rates. Study cost models to show the differential.</td>
<td>FPG Child Development Institute &amp; The Urban Institute</td>
<td>December 31, 2005</td>
</tr>
<tr>
<td>Identify Key House and Senate leaders to take on issue. Explore a no or low cost rate increase strategy.</td>
<td>North Carolina Division of Child Development &amp; North Carolina Child Care Coalition</td>
<td>December 31, 2005</td>
</tr>
<tr>
<td>Introduce budget provision to increase rates.</td>
<td>Key Policy Makers</td>
<td>Now</td>
</tr>
</tbody>
</table>

**Priority 2**

**Develop an Early Childhood Cabinet**

The Advisory Committee overwhelmingly supported the development of a cabinet level authority with an operational unit to focus on early childhood programs and policies. The goal of the cabinet would be to decrease overlap in the service delivery systems and work to streamline and centralize early childhood education efforts in the state. The Committee developed the following plan for implementation by 2007.

<table>
<thead>
<tr>
<th>Strategy Used to Accomplish Goal</th>
<th>Who Should Take the Lead</th>
<th>When Should Goal be Accomplished</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a blueprint document as a springboard for discussion. The blueprint should include both the why and how of the cabinet level authority.</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
<tr>
<td>Recruit support of key business and foundation leaders.</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
<tr>
<td>Seek key legislative support.</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
<tr>
<td>Urge the State Board of Education to see creation of this cabinet authority as imperative and a high priority.</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
<tr>
<td>Emphasize the overwhelming support North Carolina Early Childhood Systems Study Advisory Committee members have for the creation of a cabinet level authority on early childhood.</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
<tr>
<td>Solicit support and interest of North Carolina’s Governor</td>
<td>State early childhood and public policy leaders</td>
<td>By 2007</td>
</tr>
</tbody>
</table>
# Priority 3

## Monitoring and Requiring Instructional and Child Assessments

The second identified intervention also combined two priorities: (1) The required use of an instructional assessment for publicly funded programs serving 3- and 4-year-olds; and (2) The required use of program and early learning standards in all five domains of school readiness for publicly funded programs serving 3- and 4-year-old children. The Advisory Committee developed the two-year plan found in the following table to implement this intervention.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Who Should Take the Lead</th>
<th>When Should Goal be Accomplished</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Schools</strong> – State Board of Education endorses program standards as they did the early learning standards and strongly encourages public school programs to implement all standards.</td>
<td>Collaborative Team that is appointed representing DPI, More at Four, DCD, Smart Start, and Head Start that oversees a coordinated approach to implementing standards across all sectors.</td>
<td>Early learning standards – implement in 2005-06 school year; Program standards – endorsed by SBE in 2005-06 and implement in 2006-07 school year.</td>
</tr>
<tr>
<td><strong>Child Care</strong> – Implement a voluntary process for child care centers to participate in implementing all standards; eventually pursue a statutory change to require that all programs that receive subsidy implement the standards and increase subsidy rates.</td>
<td>Collaborative Team</td>
<td>Voluntary process for child care centers beginning in 2005-06 and phased in over several years.</td>
</tr>
<tr>
<td><strong>More at Four</strong> – More at Four Task Force adopts early learning standards, revises existing program standards as needed, and requires all programs receiving More at Four funds to implement all standards; More at Four monitors programs for compliance.</td>
<td>Collaborative Team</td>
<td>2005-06 school year</td>
</tr>
<tr>
<td><strong>Smart Start</strong> – North Carolina Partnership for Children board endorses program and early learning standards and recommends that programs receiving Smart Start funds implement standards; eventually North Carolina Partnership for Children requires programs funded by Smart Start to implement them and provides additional funds.</td>
<td>Collaborative Team</td>
<td>Program standards and early learning standards adopted in 2005-06; implement in 2006-07 or earlier if possible.</td>
</tr>
<tr>
<td><strong>Developmental Day</strong> – Mental Health Commission adopts the program standards and early learning standards for developmental day programs for 3- and 4-year-olds; encourages programs to implement and eventually requires them.</td>
<td>Collaborative Team</td>
<td>Program standards and early learning standards adopted in 2005-06.</td>
</tr>
<tr>
<td><strong>Head Start</strong> – Head Start programs invited to implement standards voluntarily; collaborative team pursues effort to educate and encourage Head Start programs to participate; Head Start programs that receive state funds implement as required by those funding sources.</td>
<td>Collaborative Team</td>
<td>Voluntary implementation beginning in 2006-07 school year unless required by another funding source to implement in 2005-06.</td>
</tr>
</tbody>
</table>
Overall, North Carolina has made improvements in the provision of early childhood services over the past decade. However, during this same period, the needs for early care and education have dramatically increased. Population growth has outpaced growth in investments in the early care and education system. Low-income families, especially the working poor, families with limited English proficiency, and generally at-risk children and families, need more assistance and support. While state and federal funding to Smart Start, More at Four, child care subsidies, T.E.A.C.H. Early Childhood® scholarships, and other quality initiatives, has been consistently available, North Carolina must continue to improve the provision of early childhood services and to maintain the needed level of funding. High quality early child care education has huge payoffs for our communities, state and nation; yet, for too many families, it is still out of reach.

Child Care Services Association and the North Carolina Systems Study Advisory Committee believes that North Carolina can and should make significant, lasting changes that improve young children’s opportunities for healthy, successful lives. The study’s analysis sought to evaluate state policy in the key areas that make up an integrated and high performing early childhood system. By focusing on the critical interplay between policy and program features – by engaging a systems perspective – this study offers actions and strategies that can serve not only as a framework, but also as a tool by which North Carolina can gauge its progress. As North Carolina seeks to improve its early child care and education system and moves to accomplish some of the goals set out by this study, the framework should be referenced and updated. With the practical application of this study, North Carolina will have a clearer picture of the status of the overall system of early child care and education in 2007 and be able to plan the next steps.

ACKNOWLEDGEMENTS

This publication was written by Child Care Services Association staff: Sue Russell, Erin Schwab and Teresa Derrick. This publication was edited by Karen Archia and Mishaun Coates provided graphic design.

CCSA would also like to thank Sharon Lynn Kagan, Elizabeth Rigby, and Kristie Kauerz of Teachers College, Columbia University for allowing us to use their framework and assisting us throughout the study process.

Special thanks to the Advisory Committee for their hard work and dedication to this study and the children of North Carolina:
Peggy Ball, North Carolina Division of Child Development
Karen Chester, North Carolina Interagency Coordinating Council
Richard Clifford, FPG Child Development Institute, University of North Carolina at Chapel Hill
Kristen Guillory, More at Four Pre-Kindergarten Program
Shelia Hoyle, Southwestern Child Development Commission
Karen Ponder, North Carolina Partnership for Children (Smart Start)
Lucy Roberts, North Carolina Department of Public Instruction
Roz Savitt, North Carolina Child Care Coalition
Catherine Scott-Little, University of North Carolina at Greensboro
Janet Singerman, Child Care Resources Inc.

This publication was made possible through the generous financial support of the Z. Smith Reynolds Charitable Foundation.

For more information about this report please contact:
Child Care Services Association
PO Box 901
Chapel Hill, NC 27514
(919) 967-3272 • research@childcareservices.org

© Child Care Services Association, 2005