

Things Seen and Unseen

by Eric Karolak

Despite the headline, this issue's *Policy Matters* column isn't about conspiracy and includes no spiritual references. It's just that recently, I've been struck by how we can get caught up in one thing and miss something of equal or greater importance right smack in front of us; how things that don't seem to be 'early childhood' can have an enormous effect on our programs, while we don't see or appreciate less dramatic changes in early childhood policies — even when they're right in front of us.

Through September, folks in Washington, DC have been hyper-focused on a campaign to build support for the President's "Preschool for All" initiative. So was *Policy Matters*, which devoted about half our space to it this year.

That laser-like focus has limited attention for other matters, particularly the show-down over the budget and the debt ceiling,



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public policy alliance of thousands of early learning centers that together enrolled nearly 1 million children in all 50 states. From 2001 to 2006, he led the National Child Care Information Center, the largest Federal clearinghouse focused on child care and early education. He has worked closely with states developing the technical aspects of child care assistance programs, quality rating systems, and partnerships across early childhood programs. He has conducted policy research and fiscal analysis in the areas of child welfare, child care, women's labor force participation, and public housing, and has testified before several state legislatures and both houses of the U.S. Congress.

ing, and also the significant developments on the state level that have occurred.

Déjà vu All Over Again

By the time you read this, both the October 1 start of the federal fiscal year and the deadline for the debt ceiling to be increased will have passed. This time, the seemingly annual hang-up around the federal budget revolved around an effort to defund the Affordable Care Act (ACA), the health insurance reform law passed in 2010 and often referred to as Obamacare.

It just so happened that the timing for the federal debt to hit its statutory limit also closely coincided with the start of the federal fiscal year. The every-now-and-again debt ceiling deadline — when the Congress must revise the dollar limit it imposes on borrowing to meet its spending plan — gave rise to a major show-down in 2011 (see the September/October 2011 issue of *Exchange*) and in its wake forced spending cuts through a process called 'sequestration.'

Showdowns Slow Us Down

The continued uncertainty around the annual federal budget and Congress's handling of the government debt limit has implications for early childhood education providers. For child care providers, it dampens demand for your services just as it does for other goods and services by

reducing business confidence, slowing job creation, and causing businesses and consumers like your program's (prospective) parents to hedge their bets.

For child care providers that participate in their state's child care assistance program, and for all Head Start grantees (and to a much lesser extent public preschool program providers), it can affect the funding available to serve eligible children.

I know the government would have to shut down for some time before a delay in funding would occur, except in rare circumstances, but the atmosphere created by these continued high-stakes show-downs jeopardizes current funding levels. We've already seen this in the sequestration cuts being implemented just this year, which have caused Head Start grantees across the country to eliminate services for 57,000 children in order to keep within reduced appropriations.¹

So, I hope we made it through the October deadlines and that our leaders avoided the embarrassment of a government shut-down and the economic sucker-punch of failing to raise the debt ceiling and honor our country's fiscal obligations. Things will be harder otherwise.

Unseen?

We've seen too much of DC showdowns, and we probably haven't perceived what

are likely the most significant public policy developments for child care and early learning programs in the last five years. Or at least we've not recognized them for their importance to our field and industry:

American Recovery and Reinvestment Act of 2009 (ARRA). In February 2009, Congress passed the \$800 billion 'economic stimulus' bill as a response to the severe economic downturn that began the previous fall; its effects linger still. ARRA was important to early childhood for two reasons. First, while there are plenty of critics of its overall effectiveness, it's now fairly well understood that it kept the economy from slipping further downward. This helped child care demand and protected — however incompletely — family economic self-sufficiency. Second, ARRA brought \$5 billion in early childhood education investments, including \$2.1 billion in Head Start and \$2 billion in Child Care and Development Block Grant funding. This helped retain or add children to programs at a time when many states were retreating on the human service and early education fronts.

Consumer Product Safety Improvement Act of 2008. This law included a first-ever retroactive recall of certain cribs, but only if the cribs were used commercially, not if they were used in a child's home. The major national provider organizations calculated the recall would cost the field at least \$600 million, which convinced the Consumer Product Safety Commission to allow two years for compliance with what turned out to be the second biggest financial event in the early childhood sector during 2011-2012.²

Affordable Care Act (ACA) of 2010. While it's hard to imagine the fight over Obamacare could have gone unnoticed by anyone in America, many child care and Head Start providers likely don't see it as a major development in the

Child Care Reauthorization in the Senate

In September, the Senate Health, Education, Labor, and Pensions Committee passed out a bill (S. 1086) to reauthorize the Child Care and Development Block Grant (CCDBG). Under the bipartisan leadership of Senators Tom Harkin (D-IA), Barbara Mikulski (D-MD), Richard Burr (R-NC) and Lamar Alexander (R-TN), the bill takes a number of steps to move the child care subsidy program, originally crafted as a workforce development effort, in a direction that reflects that child care is early education. Among the provisions included in the bill:

- Background checks for all providers
- Eligibility periods of 1 year
- More emphasis on provider training
- Better consumer education
- Higher set asides for quality

These and other provisions mirror the Administration's proposed revisions to CCDBG rules, which were out for comment over the summer, and which in draft form looked to transform CCDBG into a combined work-support and early education program.

Congress has not overhauled the program since it was formulated during welfare reform in 1996, and it's not clear we're any closer to revision. S. 1086 sets a direction, but the Committee on Education and the Workforce, which has jurisdiction in the House of Representatives, has announced no plans to take up CCDBG.

early childhood sector. But the ACA's provisions will affect options for individuals who work independently, as do family child care providers; for individuals who work in child care and Head Start centers; and for employers throughout our field. I've heard elation at the promise of affordable health care for a workforce that's underpaid and largely without access to good benefits. I've also heard concerns from employers about costs and from workers about hours being cut as employers look to reduce their number of full-time equivalents.³

Seen in the States

This year DC has been all about the President's "Preschool for All" initiative and the anxiety-filled line-up of government shutdown, debt ceiling showdown, and ACA roll out. But while Washington argues, the states have kept moving, sometimes forward, sometimes backward.

In Arizona, for example, after five years of decline, child care funding logged a historic \$9 million boost back in June in a state budget moved by a bipartisan coalition. Minnesota also notched significant increases for child care.

Troubling, however, Connecticut reduced child care subsidy funding by more than \$3.25 million after having added \$3 million for the state's quality rating and improvement system (QRIS) last year. One step forward, two back, is a dance move well-known to those who follow state developments.

In Kentucky, providers and families are bracing for nearly \$60 million in cuts, which are anticipated to put child care assistance out of reach for nearly 9,000 additional families in the coming state fiscal year.

State-funded PreK gained significantly in places like Indiana, Michigan, Mississippi, New Jersey, and New York. In both Ohio and California, the legisla-

ture recommended an increase of \$30 million in state preschool funding; in California, Democratic Governor Jerry Brown reduced the preschool increase to \$25 million, while Ohio's John Kasich, a Republican, approved the full amount plus a \$2 million increase, all of which will leverage access for eligible children to public PreK delivered by high-quality, star-rated providers over the next two years beginning in October.

Wondering about your state? The National Women's Law Center frequently provides state updates in the child care and early learning section on its website at www.nwlc.org.

Seen or unseen, policy and funding decisions at the state and federal level can have a big impact on your program and the families you serve.

Endnotes

1 "Head Start eliminated services to 57,000 children in U.S. as a result of sequester," *Washington Post*, August 19, 2013.

2 Patricia A. Politzer to CPSC, "Final Standards for Full-Size and Non-Full-Size Cribs under Section 104 of the Consumer Product Safety Improvement Act and Revocation of 16 C.F.R. Parts 1508 and 1509," December 1, 2010. Viewed online at www.cpsc.gov/PageFiles/126953/104cribs.pdf

3 There are few published resources targeted to the early childhood sector, but one of the best is "The Affordable Care Act — for Child Care Employers: A Basic Question and Answer Overview" by the T.E.A.C.H. Early Childhood® National Technical Assistance and Quality Assurance Center, July 2013. Viewed online at www.childcareservices.org/_downloads/FactSheet_ACA_NCEmployer_Alt8_19_13.pdf