

Part One

Connecting the Dots: The Equation for School Readiness

The Importance of School Readiness

A child's "readiness for school" — what a child knows and can do at the time of school entry — is a foundation for the child's future educational, social, and economic success. Like most states, however, Iowa does not have a statewide indicator for a child's "school readiness" at the time of kindergarten entry. Therefore, Iowa Kids Count cannot provide statewide trend data on how well Iowa is doing to ensure that all children start school equipped for success in the classroom. Still, improving children's school readiness is one of the most important actions society can take to improve the health and well-being of children.

National research shows that what happens to children early in life has a profound impact on their later success in school. There are significant differences in the readiness of children for school and these have long-term consequences. A national study of a cohort of kindergartners across the country shows that more than half of America's children start school requiring some special atten-

tion in at least one area—health, social and emotional development, or cognitive development—and nearly one-third start behind in two or more areas. The children starting significantly behind their peers in any of these areas face serious challenges in catching up and are at high risk of falling further behind. In America, these gaps in school readiness are related both to socio-economic status and to race, with a mother's own educational level being one of the best indicators of a child's educational success. For instance, children from low income families start school with 13 million fewer words of cumulative language experience than the average child in a working-class family.

The federal No Child Left Behind Act requires schools to close the achievement gap across racial and socio-economic lines, starting with testing student performance in third grade. Again, however, the evidence is clear that much of this achievement gap already exists at the time children start school. Increasingly, educators are looking toward early childhood programs to ensure children start school equipped for success and schools can achieve the No Child Left Behind goals.

For more information on national research of children's school readiness and its implications for school success, see:

Lee, V. & Burkam, D. (September 2002). *Inequality at the starting gate: Social background differences in achievement as children begin school*. University of Michigan: Economic Policy Institute.

Rothstein, R. (May 2004). *Class and schools—Using social, economic, and educational reform to close the black-white achievement gap*. Washington, D.C.: Economic Policy Institute and Teacher's College. Columbia University.

Child Trends Research Brief (Second Printing, October 2001). *School readiness: Helping communities get children ready for school and schools ready for children*. Washington, D.C.

Kauerz, K. & McMaken, J. (June 2004). *NCLB: Implications for early learning*. No Child Left Behind Policy Brief. Denver, CO: Education Commission of the States.

The ABC's of School Readiness

While most states do not have direct statewide measures of "what children know and can do" at kindergarten entry, states do have information that can measure many of the elements that go into insuring that children do start school ready and equipped for success. Over the last four years, the Ford, Kauffman, and Packard Foundations have supported seventeen states in developing school readiness indicators.

This work started with the premise that all young children are eager and willing to learn. If children start school "unready," it is not because they have refused to complete assignments, made bad choices in the use of their time, picked the wrong friends, or willfully engaged in risky behaviors.

In other words, school readiness is not the result of the child's own constitution and innate abilities – it is the result of the child's experience

and environment. Keys to school readiness include:

- competent and nurturing parents,
- safe and supportive neighborhoods and communities,
- primary and preventive health services,
- quality and developmentally appropriate supervision,
- instruction and guidance in acquiring skills, and
- activities providing preparation for entering school.

Both research and common sense point to the following equation for school readiness:

Ready Families
+
Ready Communities
+
Ready Systems
+
Ready Schools
=
READY CHILDREN

In this equation, ready systems include health and nutrition and early care and education systems. Indicators can be developed for each of these elements of the equation and these can be measured and tracked over time. Of particular importance to policy are those included under ready systems. Iowa's current status in providing ready early care and education and ready health systems is provided next.

For more information on the School Readiness Indicators Initiative and strategies to impact these indicators and school readiness, see the following websites:

School Readiness Indicators Initiative and Seventeen State Indicator Development:
www.startingearly.org

State Early Childhood Policy Technical Assistance Network and Policy Implications for Improving School Readiness:
www.finebynine.org

Ready Systems – Early Care and Education

Iowa is a leader among states in the proportion of young families where both parents (or the only parent) work outside the home, yet Iowa lags behind many other states in ensuring that children receive quality care while their parents are at work. Research shows that child care quality directly affects child development and school readiness, yet families struggle to find affordable child care and much of what they do find does not provide the

quality or care children need to succeed. Particularly in Iowa, given the high proportion of families in the workforce with young children, having ready early care and education systems is important to assuring that children start school ready to learn. This means care that is *affordable* to families and provides *good quality (developmentally appropriate) care*.

Affordable care. Most families with young children are at the beginning of their careers and their earnings are less than that of families with only school-aged children. They can only afford to pay so much for care and still meet their family needs.

Every state has a child care subsidy program, supported by both federal and state funds, to make child care more affordable to working families. Each state sets its own eligibility level for the subsidy program, based on family income. Iowa's income cut-off level for the child care subsidy—140% of poverty or \$21,938 for a family of three—is one of the lowest in the nation. At 140% of poverty, Iowa's eligibility level ranked 45th among states in absolute dollars and tied for 47th as a percentage of the state median income. The average state provides child care subsidies for a three person family up to \$30,515 per year, or 195% of poverty.

As a result, parents of young children above 140% of poverty must pay the full cost of child care, which, for full-time care of a preschooler in the state averages \$24.00 per day, according to the most recent market survey. Clearly, a three-person family making \$25,000 a year will face serious economic challenges in picking up that entire cost for one child, let alone for two children.

As a result of Iowa's low eligibility

cut-off in its subsidy program, when families who receive the child care subsidy receive raises and move above the income cut-off level, they often face huge increases in their child care costs, known as the “cliff effect.” As an illustration of this cliff effect, the mother in a working family of three, with a toddler in a child care center, receives a fifty cent increase in her hourly wage. This wage increase puts the family over the eligibility limit for receiving help from the state child care subsidy program because its income is now above the 140% poverty level. While the wage increase raises her family's income by \$1,040, the family's additional child care costs from the loss of the subsidy are \$4,475. The family is economically worse off by \$3,435 after the raise, a financial “cliff” that they have fallen off. The costs of continuing the child care would require nearly one-quarter of the family's total income.

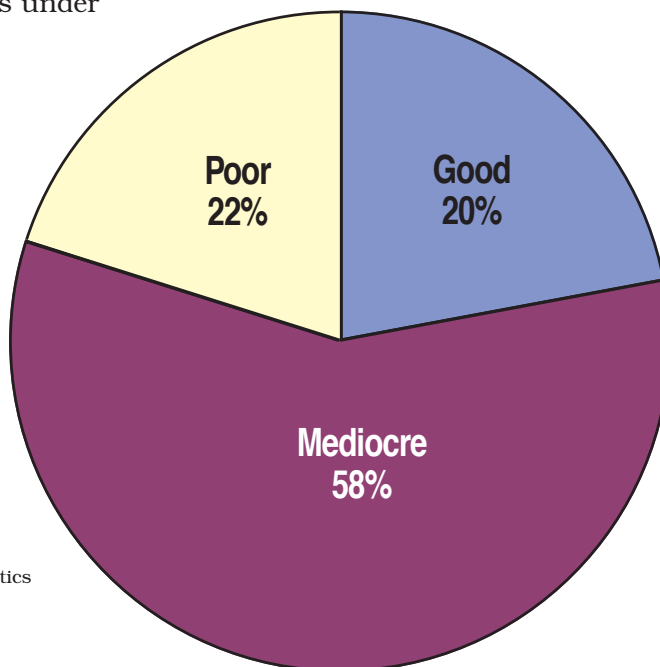
In short, the Iowa child care subsidy program's low eligibility cut-off level leaves many families in situations where they must struggle to find very inexpensive child care arrangements, ones which are safe, at best, but unlikely to ensure quality. Expanding eligibility levels under

the child care subsidy program is one necessary element to ensuring that families can afford ready early care and education systems.

Quality (developmentally appropriate) care. Research has shown that **quality matters**—that quality child care improves children's readiness for school and poor quality care can actually do harm to children. Providing quality child care requires skilled and consistent child care providers in appropriate child care settings, with few enough children under their care to give the attention those children need.

The quality of child care can be assessed directly through a variety of tools that require observation of the child care setting and the care provider interactions with children. The most recent survey of Iowa registered and licensed child care settings was conducted by the Midwest Child Care Research Consortium. This study found that only a minority of child care provided could be considered of good quality, while a significant share could be considered poor or mediocre, as shown in the chart, below.

Percentage of Poor, Mediocre, and Good Quality Child Care in Iowa



Source: Iowa Child Care Characteristics and Quality, Executive Summary. Midwest Child Care Research Consortium. February 17, 2003.

Therefore, not only does Iowa's child care system need to be made more affordable through increasing the eligibility level for the subsidy program, its overall quality needs to be improved. Research has shown that quality is related to teacher education, training and experience. Also, the wages child care providers receive help determine who can be recruited to serve as providers and how long they will stay. Both qualifications and continuity of care provision (low turnover rates) affect child care quality.

Currently, Iowa's hourly wages for child care workers and for pre-school teachers are among the lowest in the country. The average hourly wage for a child care worker in Iowa is \$7.44 per hour, ranking 41st among all states. Iowa's average hourly wage for a pre-school teacher is \$9.45 per hour, ranking 40th out of the fifty states. On average, both child care workers and pre-school teachers earn 10% more in other states than in Iowa. In part this is reflective of what Iowa pays under the child care subsidy program where Iowa payments to providers are approximately 90% the average among states.

Clearly, improving Iowa's child care quality involves improving the subsidy rates to providers and the overall compensation of workers. With

such improvements, Iowa could support, at least on a voluntary basis, standards and a quality rating system to improve child care quality.

Iowa and other states support child care primarily through a mixture of state funding combined with the federal Child Care Development Block Grant (CCDBG) and Temporary Assistance to Needy Families (TANF) funding. These funds, in part, finance Iowa's Child Care Subsidy Program. While not the only sources of support, these are the major sources for child care in most states and ones for which there is comparable data across states. Again, Iowa's public investment in child care, on a per child basis, is well below the national average among states. State investments per child are only 65% of the national average, and state and federal investments combined are only 86% of the national average.

All these facts and figures point to the same overall conclusion. Iowa's public support of child care lags behind other states and is well below that needed to support the quality necessary to help achieve school readiness. Iowa's early care and education system needs to be made more ready for children, as part of the equation for achieving school readiness.

For further information on child care quality and Iowa's system, see:

Bruner, C., Hansen, S., & Soyer, K. (December 2, 2004). *Financing child care in Iowa: How far is too far behind?* Des Moines, IA: Every Child Counts Advocacy Network.

Kagan, S., & Cohen, N. (1997) *Not by chance: Meeting the needs of our youngest children*. New York, NY: Carnegie Corporation and National Center for Children in Poverty.

Hegland, S., Peterson, C., Jeon, Hyun-Joo, & Oesterreich, L. (February 17, 2003). *Iowa child care characteristics and quality*. Midwest Child Care Research Consortium. Ames, IA: Department of Human Development and Family Studies, Iowa State University.

Ready Systems – Health Care

A child's health is integrally tied to the child's ability to learn in school. Primary and preventive health care, including early detection and treatment of developmental delays and special health care needs, is crucial for ensuring children's school readiness. This starts with *health insurance coverage*, but also includes insuring that *comprehensive health services* are provided to address special needs.

Health insurance coverage. Health care costs have skyrocketed in the United States and this has created major new economic challenges for people needing health coverage, for employers providing health coverage to their employees and families, and to the government.

In most states, the Medicaid program is one of the largest and most rapidly growing parts of the state budget. State lawmakers around the country are struggling to determine how to continue to finance their state Medicaid programs. Children represent the largest and most rapidly growing part of the population served by Medicaid, and the companion State Children's Health Insurance Program (SCHIP).

In 1997, Congress established the SCHIP program, providing states additional funding and opportunity to cover more low income children, either under the existing state Medicaid program or under a companion state-developed health insurance program. While income eligibility for federal participation under Medicaid stopped for most children at 133% of the federal poverty level, SCHIP provided states the option to expand coverage, with matching federal funds, up to 200% of poverty. The goal of SCHIP has been to ensure that children have

health care coverage and receive primary and preventive health services. Children, and particularly very young children, are the age group that benefits most from primary and preventive health services, where early investments can address health conditions that, if left untreated, can result in major problems and increased costs later in life.

Iowa has exercised the federal options under SCHIP to: (a) expand Medicaid to cover all children up to 133% of poverty and (b) provide health insurance through the state *hawk-i* program to children up to 200% of poverty, with a parent co-payment of \$10 per month per child (or \$20 per month if there are more than two children enrolled). The Iowa *hawk-i* program is funded by the state and federal government but operated through private insurers, as is allowed by SCHIP.

In part as a result of the expansions, Medicaid enrollment of children has grown dramatically. Part of this growth has come through the eligibility expansions under Medicaid and *hawk-i*, and part through more children participating who met prior Medicaid guidelines. Between 1999 and 2004, there has been an 87% growth in the total number of children enrolled in these programs, which now cover over 170,000 children, 24.5% of all children in the state. Medicaid represents the single largest insurer of children in Iowa.

This increase has helped keep the rate of health coverage of children in Iowa relatively stable, despite increased costs and declines in employer-sponsored coverage. Still, 7% of Iowa's children are not covered by health insurance, with some of these just above the current eligibility ceilings for the state Medicaid

and *hawk-i* programs. While Iowa's overall insurance rate is high among states, 16 states have insured more children by extending their eligibility above 200% of the federal poverty level, with 23 other states having eligibility levels at 200% of poverty, like Iowa's.

Comprehensive health coverage. In addition to health insurance coverage, children need primary and preventive services that identify and address special health care needs, including child development issues. Pediatric health care providers are in the position to do this screening and referral to needed special services.

Through federal funding, all states receive support for special education services under the Individuals with Disabilities Education Act (IDEA). While most of the funding for IDEA involves special education services for school-aged children, Part C of IDEA, the Infant and Toddlers Act, provides early access services to identify and address developmental and health issues for the 0-2 year-old population. Iowa's Early Access program serves this purpose, and relies upon health care providers, as well as parents, to identify possible developmental delays that need to be addressed. Early detection and

treatment of such developmental delays is critical to helping children learn and start school ready. Iowa's Early Access program served 1.95 % of Iowa's infants and toddlers in 2003, below the national average of 2.23% and ranking Iowa 29th among states. National estimates are that at least 6-8% of the young child population has developmental issues that can be addressed, if detected and treated. Many states provide a broader definition of children who qualify for Part C services than does Iowa, which also contributes to Iowa's low overall participation rate.

In short, while Iowa's Medicaid and SCHIP program do provide health insurance coverage for a large share of Iowa's children and Iowa's overall insurance rate is high, there is opportunity for improvement. To achieve school readiness, insurance coverage should be expanded and not contracted. Also, additional attention needs to be provided to addressing children's developmental health issues, and particularly in guaranteeing they receive early access services. Iowa's health and developmental health services need to be made more ready for children, if the school readiness equation is to be achieved.

For more information on health and school readiness, and Iowa's services, see:

Bruner, C. (2004). *The Iowa health care crisis without medicaid—The role of medicaid and hawk-i in covering children*. Des Moines, Iowa: Every Child Counts Advocacy Network.

SECPTAN. (October 2003). *Health care and school readiness: The health community's role in supporting child development—new approaches and model legislation*. Des Moines, IA: State Early Childhood Policy Technical Assistance Network.

Iowa Council for Early ACCESS. (2003). *Iowa early ACCESS annual report*. Des Moines, IA: Iowa Department of Education.

Achieving School Readiness – Building Early Learning Systems

Parents clearly are their children's first and most important teachers. In most instances, parents and their communities provide sufficient supports to ensure that children start school able to succeed.

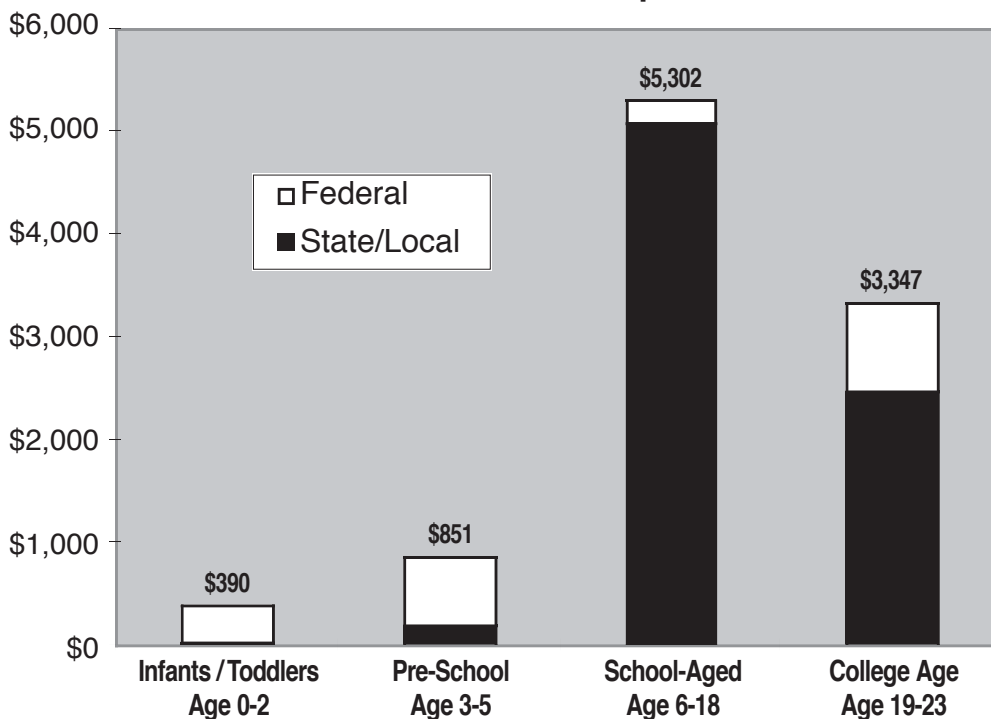
At the same time, however, society is changing, with more parents in the workforce and increasing expectations placed upon children to acquire high level skills to compete in the world economy. Brain research has shown the critical importance of the earliest years of life to lifelong learning and development. Substantial research has shown the cost effectiveness of investing in these earliest years.

As with other states, however, Iowa invests only a small fraction of its public resources in the earliest learning years. The preceding sec-

tions on child care and health coverage show gaps in Iowa's current investments, where there are opportunities for effective new investments.

Iowa's investments in school readiness also can be contrasted with investments in educational success later in life. As the chart shows, in 2001, public investments (state, federal and school district) in education and development in the early learning years in Iowa were only a fraction of those invested in the school-aged or college-aged years. While much attention is being given to expanding pre-school programs for three- and four-year olds, it actually is at the earliest learning years (0-2) that the investment gap is largest. Overall, for every dollar invested annually in children's learning in the school-aged years in Iowa and 63 cents in the college-aged years, only 16 cents is invested in the pre-school-aged years (3-5) and a scant 7 cents in the infant and toddler years (0-2).

Current Public Investment per Child in Iowa



For more information on brain development and on the cost effectiveness of investing in early childhood services, see:

Shonkoff, J., & Phillips, D.(eds) (2000). *From neurons to neighborhoods: The science of early childhood development*. Committee on Integrating the Science of Early Childhood Development. Washington, D.C.: National Research Council and the Institute of Medicine. National Academy Press.

Shore, R, (2003). *Rethinking the brain: New insights into early development*. New York, NY: Families and Work Institute.

Lynch, R, (2004). *Exceptional returns—Economic, fiscal, and social benefits of investment in early childhood development*. Washington, D.C.: Economic Policy Institute.

Bruner, C. (2004). *Many happy returns: Three economic models that make the case for school readiness*. Des Moines, IA: State Early Childhood Policy Technical Assistance Network.

Conclusion – Implications for Action

While Iowa does not have direct statewide measures of children’s school readiness that Kids Count can report on, school readiness is known to affect many of the child well-being indicators reported by Iowa Kids Count, including high school dropout and teen parenting. Other indicators, such as low birth-weight and child abuse, are risk factors that can affect school readiness. Clearly, the information provided here shows both the need and opportunity for Iowa to make additional investments in the early learning years. Early Childhood Iowa, involving over three hundred Iowans from both the public and private sector, are completing a comprehensive school readiness plan. As part of this work, the Urban Education Network has called for a \$90 million down payment on school readiness, and the Governor has put forward his own multi-year initiative.

The importance of school readiness has become increasingly clear and has become much more than simply a “children’s issue.” Law enforcement, through Fight Crime Invest in Kids, has called for increased invest-

ments in the early learning years as a crime prevention strategy. Corporate leaders, through the Committee for Economic Development and PNC Financial Services Group, have issued a joint statement calling for major new investments at the federal level as a twenty-first century workforce issue. Nobel Laureate economist James Heckman has concluded that the research evidence makes a clear case to “invest in the very young” as one of the most cost effective investments government can make in children. Educators have called for investments in early learning in order to close the achievement gap.

Ultimately, improving the well-being of children across Kids Count indicators will require improving the school readiness of all Iowa children.

For more information on Iowa activities, see:

Urban Education Network
www.uen.k12.ia.us

Early Childhood Iowa
www.earlychildhoodiowa.org

Community Empowerment
www.empowerment.state.ia.us