

How Can We Alleviate the Shortage of Quality Child Care Programs?

To close Minnesota's worst-in-the-nation achievement gaps, we need a robust supply of high-quality child care and early education programs serving children under age five. In much of Minnesota, such a supply exists. But in some communities, there is a shortage. The following are ways to alleviate the shortage:

CREATE MORE CONSUMER DEMAND BY FUNDING SCHOLARSHIPS. As we've repeatedly seen in market economies, supply of services grows when consumer demand increases. Therefore, to increase the supply of quality programs, we need to stimulate new consumer demand. A powerful way to do this would be to give Early Learning Scholarships to the 31,000 Minnesota children under age five who currently can't afford high quality programs. This would help address our shortage and our achievement gap problems.

- **Send Extra Scholarships to Childcare Deserts.** In addition to funding more Scholarships, we should especially target Scholarships to underserved areas, which are sometimes called "child care deserts." This will provide incentive for programs to expand and serve children in those areas.
- **Streamline Funding Streams.** Consolidate Minnesota's plethora of early education funding streams, so that it is more clear to providers and potential providers that strong consumer demand for high-quality care exists. With a confusing array of multiple funding streams, this is much less apparent to providers.

INCENTIVIZE PROVIDERS TO EXPAND SERVICES. Reward more providers with Parent Aware quality improvement coaching and grants. This would help retain and grow Minnesota's inventory of high-quality child care and early education programs. Also, Minnesota could enact a tax credit or other incentives to reward programs that expand quality early education services, particularly in areas identified by researchers as child care deserts.

STOP EXPEDITING CHILD CARE CLOSURES BY FUNDING UPK. The economics of child care programs require the ability to serve a mix of ages, including four-year-olds because they can be served with higher teacher/child ratios than can infant and toddler age groups. Any Universal Pre-K (UPK) program (called Voluntary Pre-k in Minnesota) that removes four-year-olds from the child care market accelerates the decline of early care and education programs.

A November 2017 opt-in online survey of 309 early care and education providers in Minnesota found that 92% said UPK would be financially harmful to their program. It found the financial impact could cause 70% of high quality providers to "invest less in maintaining the quality of my program," 80% to "fire or lay off staff," and 77% to "go out of business." This would obviously badly aggravate the child care shortage, and hurt the families these programs serve. (A complete summary of survey findings is available at: <http://bit.ly/2H6wIKZ>)