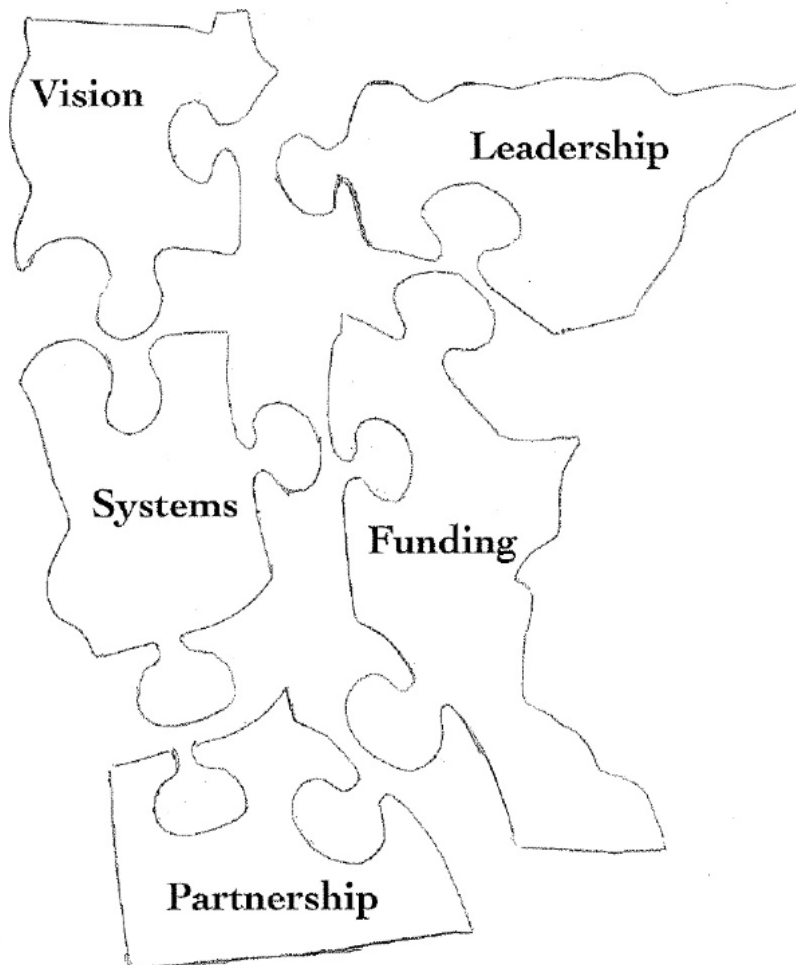


Solving the Puzzle:

The Gap in Minnesota's Early Care & Education

Finance and Governance Structures



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Executive Summary

Over the last two decades, early care and education (ECE) programming has gained increasing momentum as a policy field in the United States with recognition from policymakers, business leaders, and others. Minnesota's response has been a decentralization of its children and family services administration resulting in an uncoordinated distribution system for Minnesota's early care and education services. In order to understand how this response has affected Minnesota, we conducted a gap analysis, comparing promising practices in other states, secondary research, and other Minnesota policy fields against Minnesota's current ECE structure.

The research from other states' practices, secondary research, and other policy fields demonstrates that each state must customize their ECE system to the unique culture and conditions of that state. Five common themes emerged from research that should be incorporated as elements in producing a strong, coordinated ECE system: vision, partnership, leadership, governance, and funding. These principles were used as guideposts for evaluating the gap between where Minnesota is, and where it could be.

Our Minnesota research found the current system of early care and education services exist in a fragmented or "siloeed" structure that does not fully maximize the taxpayer funds received. Minnesota's financial contributions to the early care and education field are viewed as scarce, contributing to the competitive nature for resources in the state. As a result, collaboration and innovation must be done at the programmatic and local levels, containing its results to only a small number of children and only targeting individual problem areas.

Furthermore, multiple Minnesota stakeholders agree there is not common vision for early care and education towards which Minnesota stakeholders could direct policy or funding. Finally, Minnesota does not have a mandated body with the authority to bring stakeholders together to develop a coordinated system that maximizes current ECE funding to serve more children in need of services.

The report concludes with the projected consequences for Minnesota if an ECE system is not provided with a coordinated governance and funding structure. Minnesota currently spends \$363 million in public funding on ECE services, yet only approximately fifty percent of kindergarteners continue to be prepared for learning when they enter school. Meanwhile, only forty percent of children who qualify for Head Start funding actually receive the service. Minnesota's children and families will continue to struggle with a poorly-constructed system that is difficult to navigate and provides limited access and information to quality care and education.

Based on our research, we recommend that Minnesota 1) decide on a vision for the field, 2) create partnerships and encourage a leader to emerge, and 3) decide on a governance and finance structure that will work for the state of Minnesota.

Introduction

An ancient Chinese proverb says, “One generation plants the trees; another gets the shade.” This proverb illustrates the idea that in order to have a better life tomorrow, we must invest in our future today. Early childhood care and education provides this opportunity for us by preparing children of today for lifelong learning and positive outcomes.

Studies show that quality early care and education (ECE) improves high school graduation rates and lifetime earning potential as well as decreasing crime rates, welfare costs and unemployment rates (NIEER, 2008). Recognizing the importance and high potential of the early years, many Minnesota organizations have focused work and resources on early care and education (see Appendix 1). Despite these efforts and investments, the school readiness of young children continues to be a persistent and pressing issue.

A side-by-side comparison of the 2002 and 2007 School Readiness Studies conducted by the Minnesota Department of Education (MDE) illustrates that the school readiness of young children has not changed significantly over the past five years. In both 2002 and 2007, about half of children were not prepared with the skills they need to succeed in kindergarten and beyond (MDE, 2004, 2007). As a result, Minnesota is putting a great deal of time and money into this system that is not improving key outcomes for children. The resulting achievement gap between those with access to quality ECE programs and those who do not will have far reaching consequences for our state. In Minnesota’s knowledge-based economy, politicians and business leaders are worried about the consequences of Minnesota’s current ECE policies on the future availability of a quality workforce.

Because Minnesota has no single body charged with governing ECE nor a state-level mechanism to coordinate funding streams, the full potential of current work and investment in the field are not realized. The current system is characterized by:

- Lack of common vision and shared goals,
- Numerous unaligned collaborative efforts,
- Lack of mandated authority to align structure and policy,
- No statewide mechanism to coordinate across funding streams.

To address this critical state of affairs, Minnesota must establish a coordinated governance and finance system. A governance and finance system is essential for any state. Many states have established governance models with legislative authority to align policy and coordinate funding around early care and education. Groups across the country, like the Build Initiative, assist states in constructing coordinated systems to better serve the needs of young children and families.

In response to Minnesota’s current early care and education environment, the Minnesota Early Learning Foundation (MELF) charged us with researching promising practices of governance and financing structures in early care and education to inform future Minnesota practices. We looked at models in other states and other policy fields. Because MELF has strong support from the business and philanthropic sectors, research on other states included states with public/private partnerships. The research on other fields focused on housing, community and economic development, and higher education.

The creation of an early childhood governance and finance system in Minnesota is of particular importance to MELF. Currently, MELF is conducting a number of pilot projects to look at the most cost effective ways to promote school readiness among low-income children. It is the hope that promising practices will emerge from these pilots and be implemented state-wide. However, without a governance and finance system in place, state-wide implementation would be difficult. For this reason, MELF asked us to look closely at the systemic conditions within states that support ECE governance and finance systems.

Through a gap analysis, we compare Minnesota's current practices of governance and finance to promising practices in other states. The assumption of a gap analysis is that Minnesota is falling short of the promising practices in other states. It is our intention that this comparison will help inform the development of governance and finance systems in Minnesota.

The time to come together as a community is now. There are two opportunities on the Minnesota political landscape that the ECE field can impact. With the language in the newly-passed Head Start reauthorization bill requiring a state level entity to coordinate the ECE system as well as current legislation regarding the Office of Early Learning currently being discussed at the Minnesota capitol, it is clear that some sort of structure will be put in place in the not-so-distant future. Additionally, the upcoming gubernatorial election in 2010 is a great opportunity to ensure ECE is a priority to the candidates. Only through a united ECE community, can these opportunities can be realized.

Elements of a Strong Early Childhood System

The triangle shown below illustrates the elements of strong ECE system and the framework of our analysis. The stacked four-part triangle, demonstrates the relationships between four distinct elements of an early childhood system: Goals, Strategy, Structure and Programs. Within the triangle's sections are key principles, constructed from our interviews and secondary research: Vision, Leadership, Collaboration, Finance, and Governance.



From the bottom moving upward, each level of the triangle builds upon the next. The effectiveness of each element is dependent upon the effectiveness of the element below it. Below is a definition of each element and its role in advancing an ECE system.

Goals

Common goals and a vision to reach them comprise foundations for an effective ECE system. Agreed upon goals and vision make up the overarching framework for the work of the field. Convening stakeholders to establish an agreed-upon, concrete vision contributes to their buy-in and overall support of the effort. In *Building an Early Learning System: The ABCs of Planning and Governance Structures*, Charles Bruner encourages ECE field organizers to first determine the functions and goals of their system and then, align or develop the system to support these goals.

Strategy

Moving up the triangle, the next two principles of Leadership and Collaboration make up Strategy. Clear goals and vision are intrinsically linked to an effective ECE strategy. Flynn and Hayes explain, “A critical starting point is the possession of a clear vision and leadership that can articulate that vision and inspire stakeholders to achieve it” (2003).

It is widely recognized that partnership and collaboration of stakeholders are critical to the advancement of an ECE system. Key ingredients of effective partnership include a commitment to clear vision, sound process, effective leadership and hard work (Yankey & Willen, 2005).

Leaders with mandated authority must identify the strengths and weaknesses of their current system by identifying its gaps and resulting consequences. By determining their state vision for ECE, they can generate a communication strategy to secure necessary political and public support for their vision. Involving cross-sector stakeholder in this process contributes to buy-in for the effort, and the skills, expertise, and financial resources to necessary to advance ECE system. A sustainable structure earns its legitimacy through its practices and this is generally done through its vision and leadership (Bruner, 2004).

Structure

Structure consists of governance entity(s) and finance mechanisms. Structures are advanced through effective strategy aligned around a common goal.

Governance

There is no single governance model that will work for all states. According to Bruner:

“There is no single answer to the question: What governance structure can create an early learning system and manage the system efficiently and effectively? What works in one state and for one system-building purpose may not work in another state...” (2004).

Building an ECE governance structure is an organic process built on the unique political structure, institutions, culture and stakeholder within a state.

Effective governance structures have many important functions: the authority to act, regulate, budget and allocate funds, as well as collect and interpret data. These structures also have the authority to obtain resources across agencies and can be held accountable for their decisions. Additionally, governance structures must be durable enough to withstand political and membership turnover in order to provide sustainable future leadership to the ECE field. An effective system is a comprehensive, visible system that provides a family-wide approach to ECE with many accessible entry points for families and is easy to navigate.

There are four types of existing governance models in ECE:

Independent Department

A cabinet-level department, like a Department of Early Education, can consolidate ECE policy and programs and increases coordination, as well as creates visible lines of accountability and authority. Bruner explains that a disadvantage of this model is that programs brought over from other policy areas become disconnected from their policy fields (2004).

Sub Department

A sub-department is an entity where the responsibility to coordinate early care and education funding and policy is centralized. Sub departments are housed within a larger government entity (i.e. Department of Education) (PreK Now, 2008). Advantages to the sub department governance model include the creations of visible lines of accountability for ECE services. On the other hand, it can be difficult to find sub departments with technical capacity and credibility to provide the sort of leadership the governance structure needed to as garner cooperation from other entities. This model often forces the agency to compete with other agencies or entities for money and can bias the orientation of the programming. (Kagan and Kuerz, 2007).

Collaborative Structure, Government Only

Interagency models, or models comprised of directors across agencies or units of governance, can provide the benefit of leadership across the various agencies involved in ECE in a state and can make it easier to share information, collaborate on issues, and employ policies and practices across the agencies. The difficulties experienced in this model, however, can be merging missions, cultures, and business operations. (Kagan and Kuerz, 2007).

Collaborative Structure, Cross Sector

Research by Kagan and Kuerz indicates a current trend of reliance on “indirect governance” models that use third parties such as nonprofits, public/private partnerships, or collaborative arrangements to provide coordination of publicly financed ECE services (2007). Historically, nonprofit organization models have also provided oversight of ECE programs and can be credited with bringing a more comprehensive approach, better direct service implementation, and the encouragement for better infrastructure to the oversight process. However, the structures often lacked authority or accountability to implement their decisions and, in some cases, could not withstand the disruption of election cycles. These governance arrangements have grown out of the public’s growing demand for greater efficiency in their public services as a solution to patchwork funding that leads to uncoordinated standards, rules, and regulations that are confusing for parents to navigate (Kagan and Kuerz, 2007).

Finance

Funding early care and education is a complicated and onerous task for any state to undertake. Navigating and commanding the system requires innovative fund braiding as well as an ability to juggle sources, amounts and accountability mechanisms. Appendix 2 provides a chart that lays out the dominant funding sources available for early care and education.

From our secondary research, we found that for funding to be effective, it needs to be flexible, sustainable and stable (Stone, 2008). Fund braiding is a technique used to combine multiple sources of funds to maximize the potential of existing funding. The funds are “braided” rather than “blended” so that each source is used correctly according to accountability mandates from funders (See Appendix 3).

Flexibility is the ability of a funding source to be used as needed in multiple ways and for several purposes. For example, many states braid private foundation dollars with state general fund dollars to fund early care and education systems. This is the case in Washington, which collaborates with the Gates Foundation to support programs like Thrive By Five (Washington

State Department of Early Learning). These braided funds are flexible because their use is determined at the program level rather than by the state legislature or by a board of directors. Ideal funding would be completely flexible so that it could be used most advantageously.

Sustainability is the ability of a funding source to remain in place for a substantial period of time. Funding sources that are short-term programs or subject to tax cuts are not sustainable, unless the source has been in place for a long time and is viewed by the legislature or executive branch as a necessary allotment. Funding sources, such as Federal Impact Grants (that have been around since 1950), are considered sustainable because of their longevity. Sustainability can also be a result of large public support for a cause. The Individuals with Disabilities Education Act has a strong following and a strong lobby; both of which would mobilize if this funding source was threatened.

Stability refers to the ability of the funding source to withstand political changes. If a source is subject to the whims of every elected official then the source cannot be reliably used to fund ECE. Such flimsiness of a source causes cutbacks or complete defunding of sources in times of economic hardship, as is the case with the Early Childhood Educator Professional Development program for FY2008 (Administration for Children and Families).

Leaders must understand the parameters of their funding sources – authoritatively and conditionally. This will prevent the duplication of programs, identify limitations to the current system, and help maximize existing funds. In addition, when working with federal funds the governance structure must have the state’s control over the administrative activities

An effective system will work to make its funding sources more sustainable by maximizing its public revenue sources, creating more flexible categorical funding, and establishing public-private partnerships to ensure public support, and thus, stability.

Programs

Understanding the specifics of programs in a strong early childhood system is outside the purview of this project. According to our secondary research, if goals, strategy and structure are created successfully, they will yield effective programs.

History of Early Childhood Care and Education in Minnesota

Over the last two decades, early childhood has gained increasing momentum as a policy field in many states across the nation. State-level policymakers, business leaders, and others have recognized the importance of investing in the early years. As of 2008, 40 states have implemented statewide early learning programs (Stone, 2008).

On a state level, Minnesota did not mirror this national trend. In the early 1990's, Minnesota was an example of innovation in early childhood governance. By 2003, legislative changes dismantled the governance structure and funding cuts resulted in less access to child care and early education for Minnesota families. Experts such as Bruner believe that no single factor influences the advancement of early childhood governance and finance as significantly as a governor; "...it is generally recognized that leadership is key, with the governor's visible support particularly important" (2004). For this reason, this discussion of the history of early childhood in Minnesota will align with the terms of Minnesota's recent governors.

1991-1999: Governor Arne Carlson

The Carlson Administration established three key structures within government that supported the coordination of early childhood policies and practices. In 1991, First Lady Susan Carlson co-chaired a group called Action for Children Commission composed of members from both the private and public sectors. This group created a report called *Kids Can't Wait*, that found children and family services were fragmented across state agencies and recommended consolidation.

In 1995, the legislature approved Governor Carlson's proposal to replace the Department of Education with the Department of Children Families and Learning (CFL). With the goal of increased program coordination, early childhood programs, Head Start, child care assistance and other related programs were consolidated into the Department of Children, Families and Learning (CFL, 2001). Additionally, Governor Carlson convened a Children's Cabinet; a collaborative inter-agency early childhood governance structure, comprised of commissioners from Children, Families and Learning, Health, Human Services, Job and Economic Security and Transportation. This cabinet met regularly to align child-related policy and strategy.

1999-2003: Governor Jesse Ventura

During the Ventura administration, the state funding for child care programs increased \$80.9 million while funding for early education programs like Head Start and Early Childhood and Family Education was relatively stable (Minnesota Senate Office of Senate Counsel and Research, 2001, 2002, 2003). In 2001, the Department of Children Families and Learning released report *No Better Time: Starting Early For School Success* that outlined a "...plan for integrating Minnesota's current early childhood education and care programs and services to create a system of early childhood care and education that can lead to school success" (CFL, 2001). This report articulated seven recommendations: integrate programs and services, offer a full continuum of service, make funding simple and flexible, reduce and eliminate barriers, increase local decision making, strengthen accountability and evaluation and provide strong policy focus" (CFL, 2001). These recommendations were not implemented on statewide level.

In 2001, Ready for K, an advocacy organization was established to “assure that every young child in Minnesota enters kindergarten encouraged, supported, and fully prepared for learning success” (Ready for K). As part of their advocacy work, Ready for K was charged with convening stakeholders and raising awareness around school readiness. Shortly after its conception in 2002, Ready for K received a Build Initiative grant to support the work of building a state-level early childhood system in Minnesota.

2003 to present: Governor Tim Pawlenty

In 2003, many changes took place in Minnesota’s early childhood landscape. Early in the Pawlenty administration, the Department of Children, Families and Learning was dismantled. Some programs went to the newly reconstituted Department of Education; others to the Department of Human Services. For example, the Child Care Assistance Program (CCAP) moved to the Department of Human Services while Head Start and Early Childhood & Family Education (ECFE) were retained by the new Department of Education. At the same time, deep cuts totaling \$95.6 million were made to early care and education programs (Minnesota Senate Office of Senate Counsel and Research, 2004). Further cuts were made in 2005.

Within the Minnesota legislature, a bi-partisan early childhood caucus was formed in 2003 to focus on policies that impact Minnesota’s youngest children. The United Way of Minnesota provided funding to support the work of this group. Their funding has supported forums on early childhood across the state of Minnesota and continues to provide support for other organizing functions.

Also in 2003, the business community emerged as a strong advocate for early care and education. Art Rolnick and Rob Grunewald published a paper entitled: *Early Childhood Development: Economic Development with a High Public Return*. (Fedgazette, 2003). This message from new voices like Rolnick and Grunewald increased the visibility of early childhood care and education in Minnesota. Subsequently, the Itasca Project, an alliance of business leaders, commissioned a report on early childhood development in Minnesota (Itasca Project, 2004).

In 2005, leaders from foundations, business, and public sector created the Minnesota Early Learning Foundation (MELF) to address the pressing problem of school readiness in Minnesota (MELF, 2007). As part of their work, MELF is currently undertaking several pilot projects around the state of Minnesota. In order to take a pilot program to scale, a statewide early childhood governance and finance system is needed. For this reason, MELF contracted with our student consulting group from the Humphrey Institute.

Key Events in Early Childhood Policy in Minnesota

1991	1993	1995	2001	2002	2003	2005
• Action for Children Commission convened, co-chaired by Susan Carlson	• State of the State Address dedicated to children • Increase in funding for child care to provide work supports for families	• Children's Cabinet and The Department of Early Learning established	• No Better Time released by the Department of Children Families, and Learning • Ready for K created	• State funding for child care increased \$80.9 million	• State-funding cut by \$95.6 million for early care and education programs • Bi-partisan early childhood caucus is formed • Rolnick & Grunewald publish articles on economic investment of ECD	• Minnesota Early Learning Foundation Established
Arne Carlson (1991-1998)			Jesse Ventura (1999-2002)		Tim Pawlenty (2003-present)	

Research Methods

To include a comprehensive perspective in our research, we spoke with numerous stakeholders working in the field. In total, 43 one-hour interviews were conducted; these included 26 Minnesota stakeholders, 9 officials from other states, 6 national leaders, and 2 experts from other policy fields (See Appendix 4). Eleven states were contacted for interviews; formal interviews were completed in nine states. In one other state (South Dakota), information about the state's programming was provided via email from a Department of Education official. All but two people within Minnesota who were asked to be a part of the interview accepted. The Minnesota stakeholders broke down to:

	Administrators	Non-Profit/Foundation	Researchers
Interviews completed	13	6	7

Interviewees from Minnesota were identified as a convenience sample through a stakeholder analysis and discussions with Barbara Yates, Peg Birk and Jodi Sandfort, as well as through information gleaned from our secondary research. After an initial interview list was compiled, the snowball method was employed to identify other important perspectives within Minnesota.

Other states recognized as having promising practices in early childhood care and education were identified through the articles on governance and financing structures (Pre-K Now, Build Initiative, The Finance Project, and State Early Childhood Policy Technical Assistance Network). After researching 17 states with organized ECE systems, we determined the 11 states who best matched these criteria. When multiple states were identified in a specific governance and financing stream, we chose to interview the state whose program had been in existence the longest or the state for which we had received a referral from a national visionary. The logic is these programs will have been in place long enough to provide greater insight into promising practices.

All nine states in our sample had complex governance structures. In many cases, states had multiple governing bodies with different functions. For the purposes of this report, secondary resources were used to classify four-types of governance structures:

- **Independent Department:** Consolidated, Cabinet level-department: Generally, independent departments bring together programs and funding streams related to early care and education with the aim of coordination of funding and policy. The Department of Early Learning in Washington State and the Department of Early Care and Education in Massachusetts are examples of this model. Wisconsin is included in this category as governance for the state-funded 4-year-old kindergarten program flows through the Department of Public Instruction.
- **Sub-Department:** A sub-departments are entities where the responsibility to coordinate early care and education funding and policy is centralized. Sub departments are housed within a larger government entity (i.e. Department of Education). North Carolina and Pennsylvania have an Office of School Readiness and an Office of Child Development and Early Learning, respectively, that exemplifies this model. North Carolina's Office of

School Readiness is housed in the governor's office. Pennsylvania has a unique governance structure where the Office of Child Development and Early Learning is a joint office within the Department of Public Education and the Department of Welfare.

- **Collaborative Structure, Government Only, Coordinated Multi-Body:** In this model, high-level state staff from state agencies that serve young children are brought together by the governor to coordinate policy and funding. Governor Strickland of Ohio put in place a Early Childhood Cabinet where five state agencies come together to coordinate policy and funding around a comprehensive statewide early care and education structure.
- **Collaborative Structure Government and Private, Coordinated Multi-Entity:** Michigan, South Carolina, and Oklahoma have nonprofit entities that are charged with the coordination of the state's early learning system. Board members are from both the private sector and public sectors.

Michigan has a newly created Early Childhood Investment Corporation that is a public/private partnership responsible for implementing an integrated plan for early learning care and education system. Although, private funds are used to support collaboration, to date, only public funds are used for direct service to children and families. Similarly, Smart Start Oklahoma is a nonprofit public/private partnership charged with coordinating school readiness efforts around the state. It funds collaboration and public awareness work, but does not fund directly service to families. South Carolina's First Step is a public/private partnership where the board is charged with leveraging funds at a local level to support increased participation in quality early learning environments.

Six of the nine states fund early care and education programs with primarily public dollars. Three of the states: Washington, North Carolina, and South Carolina have nationally recognized public/private partnerships, Thrive by Five, Smart Start and First Steps, respectively.

The following table illustrates the key finding that early childhood financing *did not* determine governance structure. Of the four governance structures (independent department, sub department, collaborative structure–government only, and collaborative structure–government and private), three were found across both financing structures.

FINANCING		
PUBLIC ONLY	PUBLIC/PRIVATE	Governance Structure
Wisconsin Massachusetts	Washington	INDEPENDENT DEPARTMENT <i>Single-body</i>
Pennsylvania	North Carolina	SUB DEPARTMENT <i>Single-body</i>
Ohio		COLLABORATIVE STRUCTURE GOVERNMENT ONLY <i>Coordinated Multi-body</i>
Michigan Oklahoma	South Carolina	COLLABORATIVE STRUCTURE GOVERNMENT & PRIVATE <i>Coordinated Multi-entity</i>

In our sample of states, there was only one publicly funded example of the collaborative structure government with no public/private example. However, it is important to note that South Dakota was originally identified as collaborative structure government with public/private funding. A state leader provided some information, but declined to be interviewed as South Dakota is in the beginning stages of this work.

We chose national leaders to interview based upon secondary research and asked them to help identify contacts in each of these states. One person was interviewed from each state. In the absence of recommendations, we relied on secondary resources.

Two interview protocols were developed; one for Minnesota and another for the national interviews (Appendices 5 and 6). When possible, two team members participated in every interview in order to maintain consistency. The questions centered on themes found in secondary research describing the key aspects of governance: authority and accountability; and finance: stability, sustainability flexibility.

Due to cost and time constraints, it was not possible to interview all relevant people in the field of early childhood or all states with promising practices. However, because of the methods used to identify interviewees, we are confident that the 43 interviews conducted provided a representative sample that yielded a diverse set of perspectives.

Analysis

Using inductive analysis, the data from the interviews with Minnesota stakeholders and national leaders were first analyzed separately for themes. This method was chosen because while there are existing theories of governance and finance structures of ECE on a national level, these theories are not available to be tested on a state by state level. After themes within each group of interviews were identified, they were compared to find similarities across the data.

Nine states and six national leaders were interviewed regarding governance and finance of early childhood systems. Analysis of interview data was divided into five steps. First, data from all 15 interviews was analyzed and themes were identified. Second, data was divided into funding sources: public only or public/private. Themes were identified in the public only data set and the public/private data set. Third, we compared public only themes to public/private themes. This comparison found no significant differences in the themes found in either funding mechanism. Fourth, we analyzed the data from national leader interviews and identified themes. Finally, the themes derived across data sets were analyzed. Five themes resulted: Partnership, Leadership, Vision, Governance and Funding.

Looking at the Minnesota interviews, data gathered through the 26 interviews was compiled and analyzed for consistent themes. Then, the themes were cross checked between the state administrators and non-administrators to make sure the findings were consistent. There were no differences in the themes found among both groups. Last, this information was triangulated with the previous studies done in the Minnesota ECE field to ensure congruency with previous research. From this method, five themes resulted: Siloed Operations, Scarce Funding, No State Mandate, No Common Vision, and Diverse Groups have Diverse Needs.

Once the themes in both datasets were identified, the themes were compared to find relationships between them. While the data themes, for the most part, were parallel, Minnesota stakeholders used these themes to identify Minnesota's ECE field weaknesses. Next, we performed a gap analysis to understand the exact difference between where Minnesota is and where it should be.

A gap analysis is a research tool used to compare the present state to a target state. Three key questions are asked in gap analysis:

- Where are we?
- Where do we want to be?
- How do we get there?

For this analysis, *present state* is defined as the current system of early childhood governance and finance in Minnesota and the *target state* is the promising practices other states have used to coordinate early childhood governance and finance systems. The assumption of a gap analysis is the present state is falling short of a target or ideal state. To test this assumption, we conducted a

literature review of early childhood development in Minnesota. To summarize, a few key points are listed below:

- 50% of children are not ready for Kindergarten (Minnesota Department of Education, 2004, 2007).
- Minnesota's System of Early Care and Education lacks both centralized authority and funding coordination. Fragmentation at all levels of the system from State Government to Types of Early Care and Education Programs (Itasca Project, 2004).
- Early childhood programs are divided into two distinct categories: Child Care—designed to support work force participation of low-income parents or Early Education designed to promote kindergarten readiness. These programs are “unconnected and unaligned” resulting in a piecemeal service delivery plan for low-income families (McKinsey, 2006).

Finally, after understanding the gap between where we are and where we want to be and incorporating the secondary research, the Goals-Strategy-Structure-Program (GSSP) analytical triangle was developed to understand how the themes build on one another to affect the ultimate goal of quality, affordable ECE for all Minnesota families.

Gap Analysis

From our analysis, we learned that early childhood governance and finance structures tend to be state-specific. However, common strategies and principles were identified for advancing the design of statewide early childhood systems. Through the analysis of data from 15 interviews with state and national leaders, five common themes emerged:

- 1) Governance
- 2) Funding
- 3) Partnership
- 4) Leadership
- 5) Vision

These themes are a set of guiding principles for creating state level governance and finance structure for early learning. How these themes build upon one another to create effective programs is illustrated in the GSSP triangle below. As the triangle illustrates, in order to have effective governance and finance structure, strategy and vision need to be in place.



The Minnesota analysis was consistent with the analytical triangle of goals, strategy, structure and programs. Through interviews and secondary research about the state of Minnesota's ECE system, we found that the programs, while they happen, are fragmented and siloed. This is a direct result of structure, strategy and goals are not aligned to coordinate the programs.

While interviewees communicated a few strengths of the ECE field, the themes that emerged centered on challenges of the field: siloed operations, competition for scarce funding, no state

convening mandate, and no common vision for the field. The siloed nature of the system can be seen in the policy field analysis constructed for the early care system in Minnesota (See appendix 1). In order to understand the complexities of this field, this analytical structure allowed us to visualize and understand the complex environment of the ECE system and its structures (Sandfort, 2008).

Using the logic of the GSSP triangle, we outlined the promising practices from other states and current practices in Minnesota for each element: goals, strategy, structure, and program. A comparison of the findings from other states and Minnesota informed the development of steps to bridge this gap.

Goals: Vision

A cohesive vision provides an illustration of the ideal system towards which ECE stakeholders align their work for system success. A vision provides the direction from which a strategy can be set to build governance and finance structures that can provide accessible and effective programming for children and families.

Promising Practices

An articulated unified vision is the foundation from which a comprehensive early childhood system is built. One state leader put forth the extreme importance of stakeholders “sharing a common vision and focusing on the very same goal”. Additionally, many leaders indicated that it was critical to communicate vision and goals with a unified message. One state leader noted, “we often disagreed in private, but did not disagree in public.” Flynn and Hayes also describe the significant role of unified vision to advance a statewide early childhood system, “A critical starting point is the possession of a clear vision and leadership that can articulate that vision and inspire stakeholders to achieve it” (2003). Vision ties together leadership and partnerships around a common goal. In order to advance an ECE system, leaders stressed that it was extremely important for the early childhood community to share a common vision and communicate unified message.

Current Minnesota System

The ECE practitioners have tried to create a system from the program level down because a mandated structure and effective strategy have not been put into place. This is a direct result of the competing views about the vision for this field.

In our interviews, people all agreed that there is no consistent view of what the vision of the field should be. In a status report done by Wilder Research in 2003, they agreed in saying that regardless of the leadership efforts happening around the state, “the initiatives, professional associations, coalitions, and individuals are not coordinating their efforts as well as they could be, nor do they share a unified vision for early care and education in Minnesota.”

One program officer stated that a common characteristic of successful states was there has been a unified vision, however in Minnesota, “it’s so fragmented; there are so many groups. People are in scarcity mode and really don’t like each other. You lose a lot when there isn’t one vision. When people do come together, they don’t really know what each other is doing and they don’t support each other. There are so many talented and opinionated people.”

Another report done by Wilder confirmed that existing “structures cannot agree on a unified vision for early care and education in Minnesota” (2004). They noted a common vision for ECE will be important to engage both the legislature and public to encourage support of ECE. One state legislator identified the gap between people’s conception that early education should be a function of state government and early care a function of the family, as one of the biggest obstacles to the system gaining support within the legislature.

How to Bridge the Gap

- Decide on Legitimate Body to Convene Stakeholders
- Commit to a Common Vision and Goals
- Agree on Unified Message

Strategy: Partnership & Leadership

Strategy through alignment of leadership and partnership around a common vision provides a strong base for an enduring early childhood system. One national leader quipped, “structure matters a lot less than strategy” and went on to explain that often states are not at the point to talk about systems as they are still developing key elements of strategy needed to advance systems.

Promising Practices

Partnership

All leaders spoke of the importance of partnership where entities come together around common goals and agree to be accountable to the group for its work. Clearly, effective partnership is essential for the advancement of the field, “often, when an initiative is able to build a broad base of supporters who care about it and believe it is vital, fiscal and non-fiscal support will follow” (Bryant and Cohen, 2003). Interview data maintain the idea that a broad base of support is key to moving early childhood forward. One state leader emphasized the importance of partnerships; they work to “maximize efforts in ways that will impact real people, in real time and in real communities.” Leaders provided many examples of partnership arrangements spanning from government to grassroots and across sectors.

Government coordination: Pennsylvania has established formalized partnership within government in the Office of Child Development and Early Learning (OCDEL) that is a joint office of Department Public Welfare and the Department of Education. OCDEL is charged with integrating the early learning work of these two departments and moving the governor’s early childhood agenda forward. Additionally, many leaders conveyed that partnering with Head Start at the state level has been a key ingredient to advancing early childhood work.

Partnerships with Business and Philanthropy: Multiple interviewees mentioned business and philanthropic partnerships as valuable asset to advancing a system. In both Oklahoma and Michigan, the private and public sector have come together to create a multi-sector advisory council to advance the creation of a comprehensive system for early childhood. Bank of America provided a \$50 million grant to Smart Start Oklahoma explicitly for the purpose of building an early childhood system. One Oklahoma leader described a key advantage to public/private partnerships through a comparison to a pendulum “when one falters the other picks up the slack and vice versa” Another state leader noted that the money and the energy went so much further

when they partnered with the private sector. The majority of interviewees pointed to leadership from the private sector as a key element in moving forward ECE systems.

Washington is an example of a state that has established a public/private partnership called Thrive by Five. The chart shown in Appendix 7 illustrates the areas of partnership across Washington. Through the creation of Thrive by Five:

“A diverse group of public and private partners has come together to create and support Thrive by Five because of a belief that public-private partnerships combine the assets of each sector to help achieve sustainable social change. The public sector offers experience, considerable public resources and infrastructure, and political legitimacy. Private organizations, such as foundations and businesses, bring expertise, credibility, nimbleness, rigor, and flexible funding to an issue” (Thrive By Five, 2008).

Many leaders suggested that public/private partnerships are best operated through the clear definition of roles. In South Carolina for example, First Steps oversees private early learning programs on a local level with the South Carolina Department of Education oversees school based programs.

Partnerships with Local Communities: Many state and national leaders emphasized the importance of local-level partnerships. North Carolina and South Carolina are examples of states that have governance boards at the local level with the authority to allocate funding to fit the needs of the community. In a survey of six states on the role of community in building early learning systems, “leaders often indicated that a “one size fits all” state approach was unlikely to work, because it fails to reflect the very different needs, cultures, and assets of the local communities” (Bruner et al, 2006).

One leader in Washington conveyed the importance of building relationships with local entities. She relayed a story of where the state government noticed a spike in enrollment for a social service program in a local community. The state government contacted the local community to inquire about this increase. It was explained the spike was a result of changing their enrollment practices using three way calling and on-site interpreters to expedite the enrollment process for families. The state government was able to share and encourage this type of innovation with local communities across the state.

Partnerships with Advocacy and Interest Groups: In Massachusetts, a state advocacy group with funding from a local corporation conducted an effective public awareness campaign for early care and education. Key to the campaign were the results of a public opinion poll where voters expressed support for early education. With public will behind them, the advocacy group was able to garner support from state legislators for the creation of a new governance structure for early childhood. Because the governor at the time was opposed to the legislation, it was necessary for legislative support to be broad enough to override a potential veto. The legislation passed unanimously, was signed by the governor and put into law an independent department early learning.

Bi-partisan Partnerships: Consistent with the Massachusetts example a number of leaders indicated the importance of bi-partisan support. One national leader urged advocates to build

relationships with the opposition by finding common ground through starting a conversation with a general question like, What do you think we need to have in place to support children and families?

A number of leaders pointed to the divisions within the early childhood field as one of the biggest barriers to advancing statewide early childhood systems. Both state and national leaders emphasized the critical nature and the hard work involved with building effective partnerships across sectors and society. Leaders conveyed the following principals for collaboration: don't disagree in public, articulate a unified message, be clear about roles, don't duplicate efforts, look for opportunities to minimize competition, and collectively agree upon a minimum goal.

Leadership

Governor: All interviewees agreed that the involvement of a supportive governor in the development early childhood governance and finance structures was a key ingredient. Responses ranged from: "You cannot do anything without a governor behind you" to "Governors are important, but not essential." Broadly, interviewees agreed that systems work that is strongly supported by the authority of a governor has the potential to progress faster and further.

Connecting with high-level government authority creates a unique environment of accountability. This finding is echoed by Bruner who states, "It is generally recognized that leadership is key to success, with the governors visible support particularly important" (2004). The authority of a governor provides a mandate that obligates agencies to coordinate while holding them accountable for their work. In addition, the support of the governor can lend a high-level of visibility to the issue. (Bruner, 2004)

Eight of nine states indicated that the governor played a pivotal role in the creation of early learning, programs, policy, and governance structures. These examples are particularly informative as they also explain strategies that were employed before the elections of a supportive governor.

- Under Governor Deval Patrick, Massachusetts increased funding for a number of early childhood initiatives including a pilot of a quality rating system and universal preschool. Under the previous governor, Mitt Romney, Massachusetts's legislature unanimously supported legislation to create an independent Department of Early Education and Care, which avoided a possible veto.
- Early childhood communities in a number of states have been successful in attracting candidates to their issues. South Carolina's early childhood community also had the support of Governor Jim Hodges who ran with the creation of First Steps (a public/private partnership) as part of his platform (Pre-K Now). Prior to the race for governor in Michigan, the early childhood community organized around the goal of being placed on the platform of the candidates. The candidate who backed early childhood issues won.

Leadership within all levels of government: Interviewees explained the need for leadership within all levels of government. Mid-level government leaders were identified as influencing implementation by lending their service level knowledge to the planning process. In Michigan, one state leader described the strategy that lead to the advancement of a statewide governance

structure, the Early Investment Corporation. Michigan had a successful history of collaboration around early learning within state government and through work on an Early Childhood Comprehensive Systems grant and a Build grant; Michigan leaders identified the need for a governance structure for early childhood. A plan was developed through a white paper. The leaders commented on the process of developing this document, “We often disagreed in private but did not disagree publicly. We did not argue about the governance because it had to happen.” Through the election of a supportive governor, a collaborative public and private governance structure was put in place.

Trade-offs to aligning with power: Some leaders spoke of the trade-offs to the early childhood community when aligning with power. Trade-offs included losing control of who is at the table and how the system is designed. One national leader stated, “there are trade-offs for being connected to power, authority comes with strings.” Additionally, there are disadvantages to depending too heavily on one elected official as elections can be lost and terms can be limited. Bruner advises “an effective agenda must be broader than the goals of any one governor” (2004).

Alternatives to supportive governor: Court cases, initiative and referendum, and garnering the support of a veto-proof legislative majority (as exemplified by Massachusetts) were examples of strategies pursued by some states without a supportive governor. One national leader recognized the disadvantages of creating policy outside of the legislative and executive branch. Another national leader pointed to a state where a ballot initiative to support universal pre-kindergarten was successful in passing but not successful in getting quality standards in legislation. The result is a mandated universal program with suboptimal standards. Other states, like Arizona used ballot measures to create a new revenue stream through the allocation of a tobacco tax.

A national leader relayed the story of one state where the state supreme court mandated early childhood policy. “As a result of a lawsuit, *Abbeville County vs. South Carolina*, 36 counties in South Carolina were required, as of June 2006, to provide pre-kindergarten to low-income four year olds” (Barnet et al, 2006). In this example, the state had an existing early learning system on which to build the mandated programming and the legislature took this mandate seriously. More research is needed to investigate the results court mandates in states without early childhood infrastructure.

Current Minnesota System

The absence of a vision and strategy for Minnesota’s current ECE structure has resulted in a fragmented and incoherent system. Currently within Minnesota, there are siloed operations and a leadership void.

Siloed Operations

Within Minnesota, there is an atmosphere of competition in the field. This competition has created a siloed system that provides disjointed care for children from birth to kindergarten. A study commissioned by the Early Care and Education Finance Commission that looked at the early childhood system in 1998, found Minnesota had “a mix of government, nonprofit, and for-profit programs that did not work together or coordinate services” (Itzkowitz, 2002). In several of the interviews we conducted, this idea still seems to hold true today. One program officer at a foundation commented that they see “holistic needs and siloed operations” within Minnesota’s early childhood field.

These holistic needs are evident when thinking, as one program officer did, about “How do you stabilize a family in terms of housing, adult education, jobs, and mental health? This issue needs to be looked at comprehensively, as funding child care and education may not be enough for many of these families who are in crisis. “Families need to be funded as a whole,” one program officer said, “a mother who has three jobs, how can she think about school readiness?” This statement is consistent with many ECE observers who are advocating for a comprehensive family service approach for ECE structures.

This issue is one that philanthropic funders are paying attention to as well. When the Early Childhood Funders Network commissioned a report to identify areas of priority for them to work on as a network one major area identified was to “resolve the fragmentation of the early childhood system,” (Itzksowitz, 2005). In 2005, the Minnesota Legislature agreed that more coordination was needed among the commissioners of education, human services, and health (Department of Education, 2006). It required the departments to identify and report to the legislature how they will coordinate activities and resources. The report showed areas where service coordination exists between the departments, however, with respect to the programs that affect children the most, the commissioners agreed that further coordination was needed. These areas include improving access to programs for eligible families and improving communication and education to parents. Fostering collaborations, such as these, will lead to greater stability for children and families.

Leadership Void

In the absence of a group with authority, the business and philanthropic communities have attempted to fill this leadership void. The philanthropic community, in particular, has attempted strategic implementation with the money they contribute.

The Early Childhood Funders Network is a coalition of 20 Minnesota funders who have an interest in supporting early care and education (MCF, 2006). One program officer commented the participants started working together for the purposes of information sharing and understanding, where collective action might be helpful in moving a project forward. This network demonstrates the commitment of Minnesota foundations to continue funding early childhood priorities as well as encourages collaboration among the programs that they fund.

These foundations are able to use strategy to create small-scale governance and finance structures. One foundation-led program worked for two years to bring the right people together to create a cohesive, effective systems approach to early childhood education. The foundation Request For Proposals (RFP) encouraged groups to think long-term, offering funding for at least ten years. The program officer in charge of the project said the funding was offered for ten years so that the programs could “prove their worth.”

Currently in Minnesota, there are examples of partnership and strategic thinking, but they are happening on a small scale. For example, Invest Early was initiated by the Blandin Foundation, who brought together key stakeholders in four school districts in Northern Minnesota. The program has a funding application process that is much like what is found in higher education. Parents fill out one application for funding and program administrators allocate the funding as appropriate. Because another entity coordinates the funding and its distribution, the children do not know who is being funded through which stream. A component has also been incorporated in

the program that refers parents to available services. The program works with over 50 service providers and has made 464 referrals to 169 families.

Another example of innovation is the Metro Alliance for Healthy Families that is funded through a collaborative of foundations. This program involves the seven metro counties and offers home visits and a coordinated approach to offering services for at-risk families and children, regardless of where they live. This program offers stability to young children and focuses on their health and preparedness. According to one foundation program officer, over 2,400 families are reached through this program. Another program officer commented that because of the collaboration between public and private groups, as well as the ability to directly impact the lives of so many families, “this is the type of innovated program we love.”

The Minnesota Initiative Foundations (MIFs) were complimented in several of our interviews as doing innovative work in greater Minnesota. One reason they are so innovative is they engage the local communities to best understand what gaps need to be filled. One metro foundation officer praised the MIF model and suggested a similar grassroots model as the ideal method for a Minnesota statewide system. Itzkowitz, in her report commissioned by the Early Childhood Funders Network (ECFN), found that ECFN members thought the work of the MIFs were valuable, both for the impact within each community, but also as a step to build statewide support for early childhood (2005).

However, the foundations are aware that these small-scale projects are not enough to create large-scale change in Minnesota, at least in part because the philanthropic community can only hold groups accountable for the programs they have funded. Because the majority of funding for ECE programs is from the government, strategy discussions that do not include the government are ineffectual. One foundation officer mentioned that because foundation funding is such a small piece of what is spent overall in ECE in Minnesota, “foundations and advocacy groups should be focusing on working towards stable state funding.” One national leader commented that in Minnesota, the businesses and foundations are “at risk of getting ahead of the government, but, they can’t fund the system privately, so they need government support.”

How to Bridge the Gap

- Public sector champion who makes ECE a priority issue
- Align partnerships around common goals
- Define the roles for each member of the collaboration

Structure: Governance & Finance

Structure is the third level of the GSSP triangle. It employs the principles of Governance and Finance to create a coherent organization of policy and funding for early childhood care and education. Several models of governance and finance were studied and the promising practices that emerged and are explained below.

Promising Practices

Governance

Interviewees often hesitated when asked to articulate the pros and cons of governance models; common responses tended to focus on the contextual nature of governance as it depends upon a

myriad of factors in a given state. The analysis of interviews provided a theme around governance that reflected a set of principals for system-building rather than a prescription. These principals are explained below:

Build the system around state's unique history, politics, and assets: Both state leaders and national researchers conveyed distinctive stories of their evolving systems of governance and finance. This finding is consistent with the work of Bruner, "each state must consider its unique characteristics when developing its system" (2004). Many leaders advised Minnesota to survey the early childhood landscape by identifying assets and challenges. One state leader echoed this sentiment, "Know your context and community, do an analysis of the situation in your state." Both state and national leaders support the notion that each state develops a unique system.

Wisconsin illustrates this point with its long history of public education for four-year-olds. Since 1873, Wisconsin has provided public four-year-old kindergarten through (what evolved into) the state's school funding formula. The Wisconsin constitution mandates free public education for citizens aged four to twenty-one (Stone, 2008). As mentioned previously, the funding for Wisconsin's pre-k program has been protected from political wrangling.

Another example of systems-building around states' strengths is Washington. Washington has strong philanthropic and business interest in early childhood. As one Washington state leader explained, "many foundations were interested in investing in early learning but wanted to invest in a more comprehensive system." As a result, the non-profit Thrive by Five was fashioned to create an organization where foundations could make decisions together with state government to align work. Thus, the state was able to capitalize on private interest through a formalized agreement.

Build system around quality and research: All nine states are engaged in the creation and/or implementation of a quality rating system for early learning settings. Many leaders expressed the necessity of building a system around research-based quality care and education while recognizing the inherent funding challenge associated with this goal.

Michigan used a research-based strategy to advance the creation of new governance structures for early childhood. An early childhood steering committee was convened where the group identified the need for a governance structure. As a result, the group created a white paper outlining their vision for a governance entity. A newly elected Governor supported the idea and through legislation created the Early Childhood Investment Corporation (ECIC). The ECIC is a collaborative structure governance model with both government and public sector membership.

Build a system with state coordination & local facilitation: Many state leaders discussed the importance of local input into a statewide early learning system. A number of leaders cited North Carolina's Smart Start model as promising. This public/private partnership has a strong element of local control. Within North Carolina, "Seventy-eight local partnerships are established throughout the state to administer funding and programs. Smart Start funds are used to improve the quality of child care, make child care more affordable and accessible, provide access to health services and offer family support" (Smart Start North Carolina, 2008). South Carolina has a similar public/private initiative called First Steps.

While many leaders spoke favorably about these models, one opined that models with a lot of local councils spent too much time on bureaucracy and less time on implementing programs. This opinion highlights the importance of designing a system with an eye toward implementation of which many leaders spoke. One national leader pointed to the importance of leadership from within mid-level government as individuals in this position greatly impact policy implementation and consequently, how families experience early learning programs.

In Washington, state leaders have identified data-sharing as a priority in system building. One leader explained the importance of developing a comprehensive system of data sharing:

Sharing data can be beneficial to children and families. This will help us pinpoint what families under chronically stressful situations need. If you have to fill out too many twenty-page applications you may eventually give up.

As a result, Washington is building a data-sharing mechanism across the system to ease families' navigation of the ECE system.

Build a comprehensive system: Many leaders mentioned the importance of developing a system beyond a single program to provide comprehensive support to children and families. One state leader stated, "the end result of an early childhood system is that it needs to be well-integrated, coordinated and leverages other types of money. However, it is easier to just take money and use it to start a new program." Bruner (2004) suggests that the work of building an early learning system is more accurately described as building a system of systems. In other words, a comprehensive early learning system coordinates across existing systems like health, human services, and education to better serve children and families (see Appendix 8).

Funding

All leaders talked about the importance having dependable funding as a vital element of an early learning system. The overarching funding message from national and state leaders was current funds are not adequate to support a comprehensive early learning system for all children. One national leader simply stated, "we need more money in the system...blending small amounts of funds does not necessarily make a good program because it's still small." Many leaders emphasized the importance of quality early learning programs while acknowledging that there was not enough money in the existing system to support them.

The report titled *Early Learning Left Out*, detailed the investments in children ages birth to college in nine states and the District of Columbia and, argued that programs for children ages birth to five receive a disproportionately small amount of funding. The report identifies a national "public investment gap" that leads to children entering the school door for the first time without the skills they need to learn. The chart in Appendix 9 illustrates the gap.

Recognizing that more money is needed for comprehensive system with effective quality programs, it is important to note that "finding funding to invest in human capital is almost always a matter of allocating scarce resources among competing priorities" (Hayes, 2002). With regard to existing funding, leaders talked about the importance of maximizing federal dollars, braiding funding, the pros and cons of state funding, and public/private partnerships.

Generally, leaders viewed federal funding as relatively stable and sustainable; however, federal regulations limit flexibility in using the dollars. Most importantly, federal funding tends to make

up the majority of funds supporting comprehensive early learning system. One state leader observed, “Now in early childhood, much of the work is coming out of Health and Human services because that’s where much of the money is. States are working with how to change the system, without creating a turf war between the bodies at that agency.”

In addition, many leaders cited collaboration between Head Start and state funded early learning initiatives as key to maximizing supports for children and families, while others suggested using Medicaid funds as a mechanism to fund home visiting. Recognizing the importance of federal funds, some leaders spoke of the limitations of these funds due to federal regulations attached to their use. For example, one national leader did not support the use of TANF funding for Pre-K programs, as the federal eligibility requirements are difficult for programs to track during implementation.

Through discussion of partnerships, leaders highlighted ways in which the impacts of early childhood dollars were maximized through coordination and combination. A number of leaders made a distinction between “braiding funding” and “blending funding.” Leaders stressed the importance of accountability to the requirements of funding sources since it is important to tie the dollars back to the source; thus, braiding is the appropriate term for fund coordination as it implies a higher level of accountability than blending. While some leaders put forth braiding funding as a promising practice, others were more cautious.

Leaders mentioned many types of state funding beyond general revenue like funding through the public school formula, lottery, tax credits, and “sin” taxes. One state leader commented, “As long as governor doesn’t change and the support is there, the funding is stable.” The comment illustrates the potential lack of sustainability with state funding as it is subject to the political cycle, thus making it unstable over long periods of time. Additionally, the political nature of this funding results in various levels of flexibility.

Another point of view is reflected by the national trend to fund pre-kindergarten programs through state school funding formulas, as it would be a safe haven from state politics (Stone, 2008). One state leader commented, “people are fairly happy with how it (state-funded pre-kindergarten) works because it is not subject to political whims, it is fairly stable and there is no limit on enrollment.” Other funding sources like tobacco tax and lottery were cited as potential sources for additional and substantial resources. One leader favored tax credits as a more permanent funding mechanism for early learning.

Generally, public and private partnerships were viewed as promising development in the field. Some leaders pointed out the key advantage to public and private partnership is how the different funding sources leverage each other. Leaders also recognized how the sustainability of public dollars balances well with the flexibility of private dollars. One state leader’s comments illustrate this point in regard to public and private funding “government is the key to sustainability, we have \$330 million per year while the private sector has \$100 million to invest over 10 years. Philanthropy has a lot of freedom and flexibility with their money.” Many of the leaders mentioned partnering with business and philanthropic sectors as a key to advancing early learning systems. Some put forth the reality that neither public nor private entities have adequate funding in isolation.

One national leader conveyed the critical point that early learning is largely paid for by parents. The majority of dollars in the early care and education system consist of parent payments to child care. The McKinsey Report indicated that 80 percent of spending on ECE in Minnesota is parent fees, totaling \$1.2 billion, annually (McKinsey & Company, 2006).

Current Minnesota System

The themes identified in the Minnesota data analysis all spoke to the lack of cohesive governance and finance structures within Minnesota.

Governance: No State Mandate

In Minnesota, there is no organization with formal authority to bring fragmented groups together and make policy decisions. One state administrator noted that there is no single body in Minnesota that can make decisions and hold other organizations accountable. She commented, “The state needs a strong agency. However, it seems as though there is interest from state leaders to keep the system fragmented.” One advocate stated that “what’s missing in Minnesota is a set of standards that all ECE organizations have to follow to get state funding....In any governance structure, you need to organize around them....there is no cohesion.”

This lack of a coordinating body and structure has affected the early childhood system negatively. In the *No Better Time* report, the CFL reported that because early childhood programs do not have a mandate, they have lower priority for space, transportation and administrative support (2001).

The lack of a governing body also creates confusion for the end users. In the 2005 McKinsey Report, one of the issues found was each “Early childhood program has a unique objective and/or target audience, which minimizes overlap of services to the child. However, this design requires families to coordinate with multiple program and agencies to receive the full benefit of early childhood programs.” With the exception of some local programs like Invest Early, there is no substantive financial and service coordination between organizations.

Additionally, in Minnesota, groups have tried to convene the appropriate stakeholders to create a body with informal authority over the system. However, this has not been successful. Interviewees did not identify any groups who had authority to coordinate the field. One group, who tried to convene, has had little luck because stakeholders are not obligated to remain part of the group. One program administrator said, “The authority is tenuous; any one can walk away at any time.”

Scarce Funding

Much of the siloed nature in Minnesota’s current structure exists because of the culture of funding scarcity that exists within the community. The federal and state government spends approximately \$363 million on programs within Minnesota. The funding is administered separately through three departments at the state level: Education, Human Services and Health. The money for Head Start bypasses the state and goes straight to these grantees. With each of these funding streams, there are different accountabilities and requirements attached, however, with the exception of Head Start, the money is not being used to fund programs associated with research-based quality. This funding model, in which programs are siloed around the funding type received, especially when the funding streams are not aligned, results in fragmentation.

Whether the amount of money being spent is adequate for quality programming is outside the scope of this research; the MELF pilot project research being done will help better estimate the amount that should be spent per child. However because the groups using the funding do not see it as stable, sustainable, or flexible, this attitude towards the funding structure in Minnesota leads groups to compete with each other for these scarce resources.

In a report commissioned by the Early Childhood Funders Network (ECFN), Itzkowitz found that one of the major gaps in the ECE field was “funding, funding, funding” and that not only was a lack of funding a gap, but organizations could not agree on how to use the funding that does exist (2005). In their analysis of Minnesota’s current systems in early care and education, the former Department of Children, Families, and Learning found that one cause of Minnesota’s lack of collaboration among groups was “turf fires start when funding is short” (CFL, 2001).

In our interviews, one researcher commented that it is hard to get entities to coordinate funding streams, both because it is difficult to move across cultures, but also because groups are so “protective of their own funding streams.” Foundation program officers also agreed that the current system in Minnesota is fractured, everybody “has their own little pots of money, but it doesn’t work together.” The perception within the field that when one program receives funding, another group is going to lose theirs.

Many of the government programs in Minnesota are not fully funded; making it is difficult to accomplish the goals set forth by the programs. One state administrator let us know that currently Head Start is only funded to provide programming to 40% of eligible children and receives minimal contributions from the state. Many other programs have had flat funding rates for the past several years. Because outcome goals are not being met, at least in part because the funding is not available, it is difficult to make the case for increased investment. The governor wants to see outcomes improvements before more money is put into the system. But, as one administrator pointed out, “How do you achieve better outcomes if you don’t have enough money?”

How to Bridge the Gap

- Decide as a community the governance model that best matches Minnesota’s unique characteristics
- Advocate for that governance structure to have mandated authority
- Coordinate the funding streams through the governance entity identified

Programs

Our interview protocol focused on the governance and finance of the early childhood systems, not on specific program elements. However, in order to understand governance and finance structures in each state, it was necessary to develop a working understanding of the spectrum of programs offered in each state.

Promising Practices

States typically funded programs for three and four year olds through a diverse delivery system. Early learning settings included public schools, faith-based organizations, Head Start, and private child care. All states are engaged in promoting quality in early learning settings. Some states have established quality rating systems (that vary from state to state) while others have newly funded pilots. Additionally, quality measures and compliance rules vary. Multiple states offered additional services to help support healthy children and families. Examples of these services include health screenings, parent education, home visiting, and parent involvement activities.

Minnesota

Currently, the programming in Minnesota has diverse models of delivery. The settings include family, friend and neighbor care, public schools, churches, and child care centers. Programs that receive Head Start funding do have quality indicators attached to that funding stream. Quality improvements are largely initiated by the program itself.

Other Policy Fields

Two policy fields, higher education, housing, and community and economic development were examined to provide a mechanism for understanding how other policy arenas have successfully used the principles of vision, partnership, leadership, governance and finance to create a coherent system. Understanding how these systems work provide lessons for the ECE system in how to bridge the gaps identified between the current system and promising practices.

These fields were chosen for two reasons. First, our secondary research pointed to several experts (Nancy Johnson, Ann Vast) who suggested that higher education funding structures could be utilized in early childhood education. Second, we followed up on a suggestion to look at community and economic development from our client and found that both housing and community and economic development had lessons that could be applied to ECE.

Higher Education

The higher education financing structure in the United States, while increasingly expensive, utilizes a funding mechanism that has proven to be fairly efficient and equitable. Annually, the federal government of the United States allocates over \$80 billion a year in grants, loans, and work-study assistance (Department of Education, 2008). Experts in early childhood care and education have suggested that the early childhood field should adopt a similar funding structure to ensure that families from all income levels are able to choose quality early care and education.



To determine financial aid eligibility in higher education, students or parents fill out a Federal Application for Federal Student Aid (FAFSA). This form takes into account income and (to some extent) assets of parents to determine the Expected Family Contribution (EFC) for the child's educational expenses. This amount is determined based upon a sliding scale, shown below (Alliance for Early Childhood Finance, 2008).

Estimated Family Contribution to College Expenses

Total Income	Percent of Income Contributed
\$25,000	0.5%
\$40,000	5%
\$65,000	9%
\$80,000	12%

***Note: The \$25,000 family is one parent and one child. The other families assume two parents and one child. Total income is assumed to come only from wages and no assets are included in the calculations. The maximum age of either parent is assumed to be 42.*

The EFC amount is then reported to the institute of higher education and often the school's financial aid office works to put together a package of federal, state and private dollars to make up the difference between the EFC amount and then cost of attending the school. The package could be made up of state and federal grants, loans, or work-study assistance. This allows the burden of funding to be partially shouldered by the schools. Similar methods of fund packaging have been suggested by early childhood experts as a strategy for making quality care and education more affordable.

Using the Goals-Strategy-Structure-Program Triangle (GSSP), the higher education system is governed by the overarching goal to "ensure that all eligible individuals benefit from federal financial assistance...for education beyond high school" (Department of Education, 2008).

This system employs the strategy of allowing lower and middle-class students to attend college because, by filling out a FAFSA, the government is essentially offering to finance what the parents cannot. Families who can afford to pay more for college are offered less financial aid and vice versa. This allows students from all income levels to attend higher education (Vast, 2001).

The structure of the aid system is mandated by government funding from both state and local levels through the FAFSA application. Thus, policy and structure is created as a result of financial requirements. Because each source of funding requires a unique set of accountability standards, the methods that schools and states use to structure financial aid is configured around the requirement of the funding source.

Finally, each school bears the responsibilities to allocate the financial aid to students. This allocation is the "program" portion of the triangle which is where the finances get to the end-users.

In addition to grants, work-study, and government loans, students and parents may also seek out private loans from banks or lending organizations to subsidize the cost of attending college. This form of funding is widely-accepted because the value of higher education is widely-known. This is not a method that is widely used in early childhood funding because, while the value of an early childhood education is known by experts in the field, many parents cannot justify taking out private loans to pay for quality early care or education when using a family, friend or neighbor as a provider would be much less expensive.

Housing and Community and Economic Development

Nonprofits within the Community and Economic Development field, called community development corporations (CDCs), cluster the field of housing with the field of community and economic development (CED) because the projects and funding streams are often related and blended. The structures of each have been irrevocably linked to the other because the similarities in projects create natural coalitions between the fields. This environment of collusion fosters the ability of advocacy groups to work in both fields simultaneously.

Housing and CED are fields in which the federal government has taken a “hands-off” approach in recent decades. Using the GSSP triangle we see that instead of government mandating a structure, CDCs have stepped in to create a structure that was missing. These nongovernmental organizations have acted as a convener for all stakeholders.

Since the enactment of the 1986 Low Income Housing Tax Credit, the states have been given greater control over allocation of tax credits—the main source of public funds for housing and CED, but the direction of the funding is largely influenced by CDCs (Hect, 2006).

In Minnesota, the Minnesota Housing Finance Agency (MHFA) is the state agency responsible for distributing tax credits as well as setting the policies for affordable housing standards and allocating loans, grants, and private funds for affordable housing development. The federal agency that disburses funds is the Department of Housing and Urban Development or HUD. HUD and MHFA work separately to distribute funds to CDCs and individuals who are in need of housing assistance (Goetz, personal communication, 2008).



The strategy portion of the GSSP triangle was formed over two decades ago by innovative leaders at the McKnight Foundation who realized that they needed to bring a vehicle for structure in housing and CED to Minnesota. They did this in 1980, by creating the Family Housing Fund to serve the Twin Cities area. Later, in 1996, the Greater Minnesota Housing Fund was created by the McKnight and Blandin Foundations to serve greater Minnesota. The Family Housing Fund and Greater Minnesota Housing Fund operate as nonprofits that collect philanthropic dollars to fund grants and loans to create and maintain affordable housing in Minnesota. They serve as the structure within the GSSP triangle framework.

In 1979, the Ford Foundation identified 50 to 100 regions of interest and offered to fund housing and CED nonprofits called Local Initiatives Support Corporations or LISCs in these areas if the localities could come up with matching funds. The Twin Cities was one of these regions. Shortly after its inception in 1980, the Family Housing Fund recognized Ford's offer as a great opportunity and persuaded the McKnight Foundation to put up \$350,000 to match the Ford Foundation Funds. Thus, Twin Cities LISC was created. Presently, LISCs are present in 30 regions and aid approximately 830 CDCs by providing funding, training, education and technical support to these groups.

In Minnesota, LISC works on several projects including the predevelopment stage of creating affordable housing and in fostering community development through training CDCs to implement neighborhood renewal projects. Their mission is to "help community-based organizations transform distressed neighborhoods into healthy communities—communities that are good places to live, do business, work, and raise families" (LISC website, 2008).

Governance Structure

In Minnesota, housing and CED governance structure is largely controlled by private funders, LISC and CDCs with the only public input coming through MHFA policies and funding mechanisms. The governance comes from large nonprofits like LISC and the Family Housing Fund who convene and educate CDCs in addition to funding these projects. The strategy for the structure comes from these large entities and is passed on through the funding of programs deemed appropriate by LISC and other CDCs.

The need for collaboration in low-income housing has fostered the environment for a convener. This need is present in early care and education, but the need for a convener has not been met successfully because prior attempts to convene have lacked authority from the government to take action. LISC stepped into this role in 1980 and continues to be the housing and CED convener in the Twin Cities.

Finance Structures

In its role as convener, LISC serves as the primary financial resource to nonprofits and other groups that want to develop affordable housing. LISC acts as the structure from which financing for programs come. LISC steps in to offer financing that allow groups to hire professionals to evaluate properties in the pre-development phase, to acquire property, to pay for construction and to offer technical assistance in the form of architectural, financial, or IT consultation.

LISC braids financing from public and private sources to provide grants and loans that are suitable for each borrower. Other groups, such as the Family Housing Fund and Greater Minnesota Housing Fund offer construction loans that come from philanthropic donations to nonprofit developers.

Applications to ECE System

The lessons from housing and economic development that could be applied to early care and education are:

Creation of a convener has been pertinent for housing and community and economic development. LISCs in each region of the country take on the role of convener to bring together financing, governance, and the community to set common goals, create group norms, and be a resource and voice for the housing and community and economic development communities.

Through the creation of a convening body with authority, the early childhood community could more successfully ensure quality, accessibility and affordability to families in need of early care and education. A central convener could act as a pass-through for private funds as well as controlling and enforcing quality standards.

A convener would also bring together the siloed sectors of the field and act as an unbiased collaborator of knowledge and resources in addition to authority. This convener could help groups and families navigate the confusing path of funding early care and education in Minnesota as well as serving as a unified voice for the community to policy makers.

Fund braiding allows for maximum efficiency of money given to development groups. One source cannot fund all aspects of affordable housing development. However, combining state, local, federal, and private funding streams produces a wealth of funding that can be utilized for each aspect of development.

The downside of this braiding is the multiple and varying forms of accountability required when using several different sources of funding. Convening groups, like LISC, alleviate some of these accountability issues by clearly laying out all expected reporting mechanisms in all grant applications.

Braiding of funds can be applied to early care and education in Minnesota and is already being utilized by some nonprofits. The braiding of nonprofit funds is different from braiding of public and private funds because accountability mechanisms are different. Maximizing the utility of each dollar that can be leveraged from public and private sources allows more children to receive quality care and education in Minnesota. To be sure, accountability must be taken into account when braiding funds. A single body, in the form of a convener perhaps, could step in to monitor and ensure accountability compliance for early care and education in Minnesota.

Projected Consequences

Minnesota's inconsistent record on early childhood systems has consequences on families' access to affordable, quality child care. A fractured and inefficient system (See Appendix 1) produces sub-optimal delivery of services to all families, especially low-income.

At the very least, the \$363 million being spent per year is not maximized because the funds are not coordinated and only some are aligned with research-based quality standards. State, federal and local money spent on child care totals \$201 million annually and the Federal and Minnesota Departments of Education funding for Head Start, ECFE, School Readiness, First Grade Preparedness, and Part C totals \$162 million. A program administrator said, "There is a huge opportunity to lower the costs of so many programs.....Currently, we are spending dollars inefficiently and without results."

Although money is being spent inefficiently, there are many more serious consequences for the citizens of Minnesota. First, despite the money being spent, approximately 50% of children who start kindergarten are not ready (MDE, 2007). This lack of preparation has far-reaching consequences. If a child does not receive this support at an early age, the child is a greater risk for negative consequences such as not finishing high school, committing a crime, and receiving welfare as an adult (Burr, 2006).

It is this achievement gap that led to the Governor's Summit on School Readiness. The report from this summit noted:

"The results of these [Minnesota School Readiness Year 3 Study: Developmental Assessment at Kindergarten Entrance] studies show that some children, especially children from families with low incomes and low levels of maternal education, are not yet demonstrating proficiency in all five developmental domains studied. An improvement in proficiency by these children at kindergarten entrance would help reduce Minnesota's persistent achievement gap."

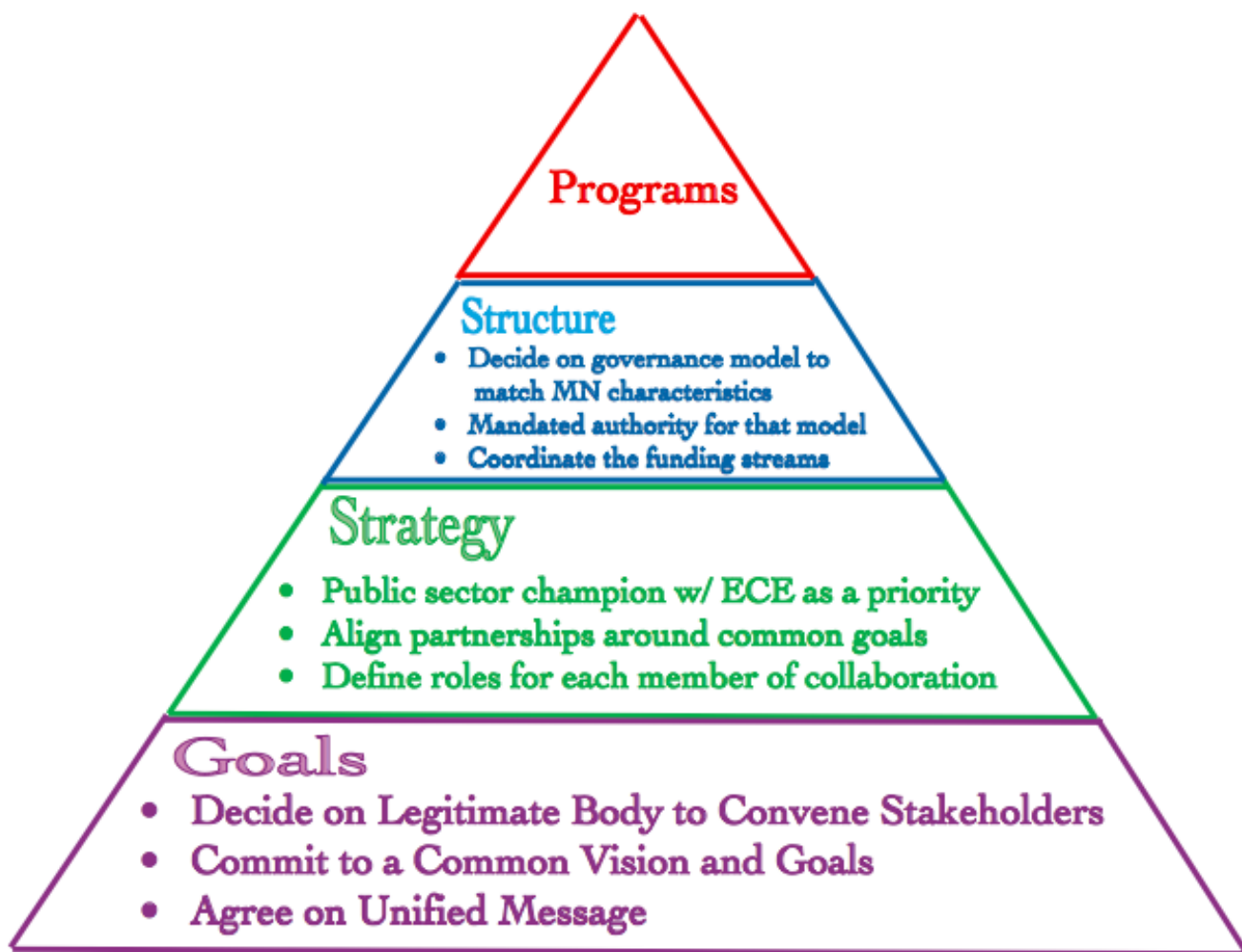
On an economic level, there are also important consequences for Minnesota's future. The aforementioned achievement gap will affect the quality of Minnesota's future workforce, which directly affects the companies that we can recruit and retain in Minnesota. A local elected official said, "We have a knowledge-based economy and the children aren't getting the training to fill these jobs. Our economy needs us to close the achievement gap so that the major companies here can draw from the pool."

While there is a cost to investing in coordinated, comprehensive, quality programming now, these costs are less than the costs of tomorrow. A local elected official made the comment that "what we spend today impacts our outcomes for tomorrow." Intervening in children's lives now is much more cost efficient than trying to intervene in an older child's life. When asked about the consequences of not acting now, a local expert said, "We will spend more money and time later doing what we could do now, cheaper." A state legislator remarked, "if an intervention doesn't happen, there will have to be an increase in spending for other costs later. This will be an ongoing burden on society. It is better to make a difference early so that this does not occur."

Finally, as noted previously, one of the major assets in the state of Minnesota are these pilot projects and other innovative programs in small pockets around the state. One of the major consequences of the lack of a coordinated system is that there will not be the supporting infrastructure to take any of these programs to scale. In turn, families will continue to have limited access to affordable, high quality child care.

Next Steps

Now is the time for the ECE field to act. What has been done in Minnesota to date has been an inefficient way to serve the children and families. In order to achieve the same success that other states have, it is important to build on the themes of vision, partnership, leadership, governance and finance. The recommendations that we have laid out below will help advance Minnesota's ECE field in a way consistent with Minnesota's high standards of education.



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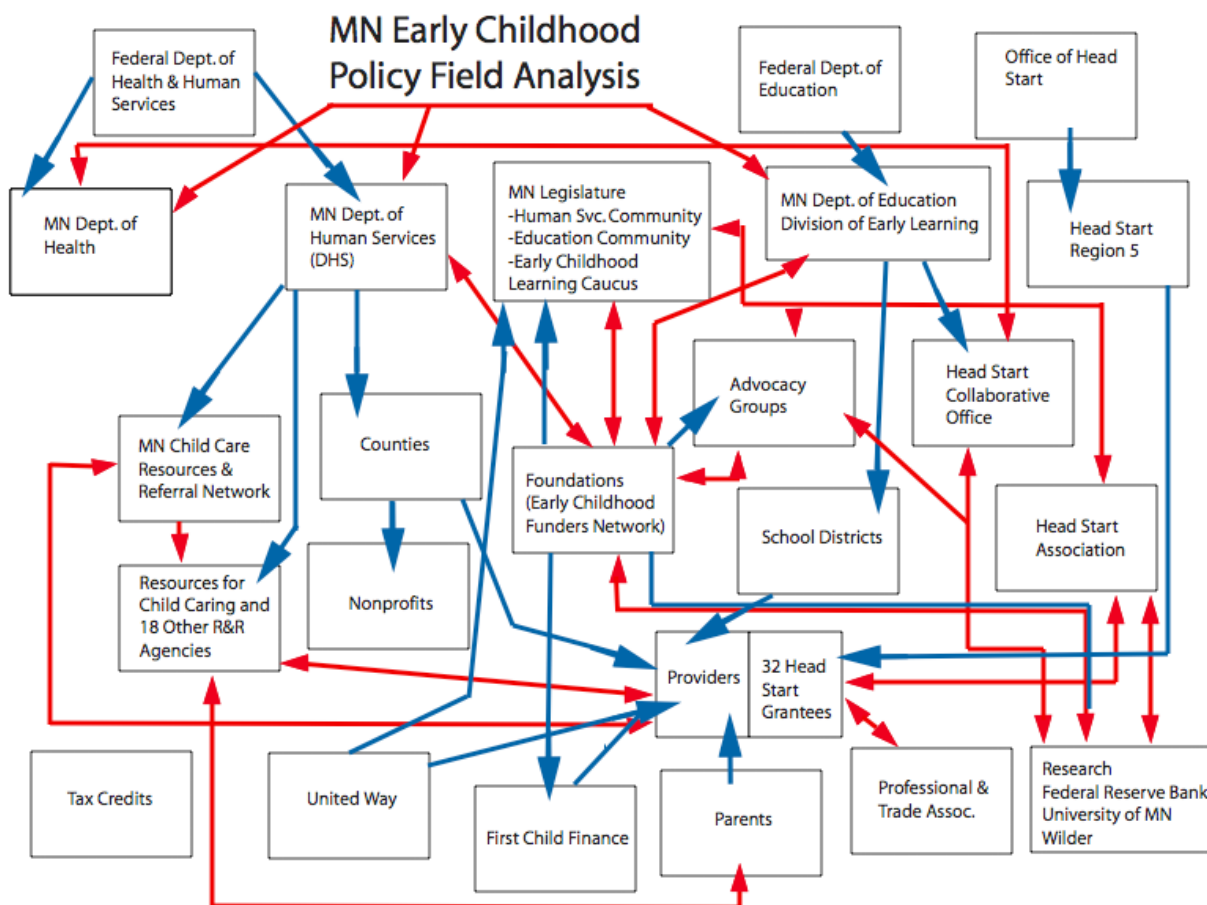
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Appendices

Appendix 1: Policy Field Analysis



Appendix 2: Overview of National Funding Sources

Federal Funding – What is Available to States	
Campus Child Care	\$16 million
Child Care Development Block Grant (CCDBG)	\$2.062 billion
Child Care Development Fund Mandatory and Matching Funds	\$2.917 billion
Federal Impact Aid	\$62,496,000 (in 2005)
Federal tax credit	Varies by income and area
Head Start	\$6.8 billion
Individuals with Disabilities Education Act (IDEA) Includes: Grants for Infants & Families and Special Education Preschool Grants	\$11.98 billion, of which \$10.95 billion is dedicated to IDEA Part B state grants
Medicaid	Varies by number of enrollment
No Child Left Behind Includes: Reading First	\$24.5 billion
Social Services Block Grant (within TANF)	\$1.7 billion
Temporary Assistance to Needy Families (TANF)	\$16.5 billion
Title I: Including Early Reading First and Even Start	\$14.0191 billion
Title IV-B for children in foster care	Funding is \$285,754,000 for FY 2007.
Title V Maternal and Child Health Services Block Grant	\$850 million

State Funding	State who Applies to ECE
Corporate income taxes	CO, GA, OR
Crime prevention and control	NY, NC, DC
General fund	Every state except GA, MO, and SD
Head Start match	WI, IL, NJ
Higher education funding	CA, FL, IL, NJ
Income tax	NY, MN, NE, OH
Local governments	Seattle, WA; San Francisco, CA
Lottery and gaming profits or fees	GA, MO, KY
Property tax	Austin, TX
Sales tax	CO
Sin tax	AR
State health care funding	RI, PA
State human services	RI, WI, OK
Tobacco settlement	KS, LA

Private Funding Sources
Businesses
Community-based philanthropy
Employers
Foundations
Parents
Unions

Appendix 3: Pre-K Funding Strategies: The Pros and Cons

Pre-K Funding Strategies: The Pros and Cons

Source of Funding	Pros	Cons
General Revenues	• Potentially stable • Can increase with need • Flexible • Thrives in economically sound times • Substantial amounts available • Politically popular if tied to K-12 funding	• Subject to political whims • Vulnerable to swings in states' economic health • Competes with other critical children's programs • Must be regularly reauthorized by legislatures
Distribution through the School Funding Formula	• Assured funding source • Receives equal priority with K-12 • May promote quality with teacher-certification requirements • Allows growth commensurate with enrollment	• May result in restrictions on how pre-k is delivered or by whom • Local match usually required • Swings with K-12 budget
Lottery Funds or Gaming Revenues	• Large amount of revenue raised • Does not require new taxes • When proceeds are dedicated, doesn't compete with other priority children's programs • Doesn't require repeated legislative approval	• Annual revenues are unpredictable • Regressive "tax" • Promotes gambling
Tobacco Settlement	• Does not require new taxes • Provides substantial, easily quantified, dedicated funds	• Non-renewable at some point in the future
"Sin" Taxes	• Dedicated amount doesn't compete with other priority children's programs • Doesn't require repeated legislative approval	• Unpredictable level of funding • Targets individual industries • Likely to dry up as discouraged behavior decreases • Regressive tax
Dedicated Percentage of Sales or Income Tax	• Potentially large source of funds • Dedicated amount doesn't compete with other priority children's programs • Doesn't require annual legislative approval	• Requires voter/legislature-approved tax increase or allocation • Subject to economic health of state or local residents
Public-Private Partnerships	• Engages private sector in making pre-k a priority • Potential catalyst for innovative pilots • Flexibility in distribution of funds	• May not be sustainable • Requires continual fundraising efforts • Hard to raise substantial amounts

Stone, Diana. (2008). Funding the Future: States' Approaches to Pre-K Finance 2008 Update. Seattle, WA. Pre-K Now.

Appendix 4: Organizations Interviewed

Minnesota:

Blandin Foundation
Bush Foundation
Children's Defense Fund
City of St. Paul
Department of Children, Family, and Learning
Federal Reserve Bank
Head Start
Head Start Association
Hennepin County
McKnight Foundation
Minnesota Child Care Resource and Referral Network
Minnesota Department of Education
Minnesota Department of Human Services
Minnesota State House of Representatives
Minnesota State Senate
Minnesota State Senate Research
Northland Foundation
Ready 4 K
Resources for Child Caring
University of Minnesota
Wilder Research

National Experts:

Alliance for Early Childhood Finance
Build Initiative
National Child Care Information and Technical Assistance Center
Pre-K Now
School Readiness Initiative
University of Iowa

Other States:

Massachusetts
Michigan
New York
North Carolina
Ohio
Oklahoma
Pennsylvania
South Carolina
Washington
Wisconsin

Other Policy Fields:

LISC
University of Minnesota

Appendix 5: Interview Protocol for Minnesota Stakeholders

Overview of Project: I am part of a consulting team made up of graduate students from Humphrey Institute at the University of MN. Our client, the Minnesota Early Learning Foundation, is interested in looking at that what conditions support a statewide EC system. We are specifically looking at conditions surrounding governance and finance. We were given your name because of your established position within the field.

- 1) What are your responsibilities within the organization?
- 2) It would be really helpful for us to understand how both money and information flow through your organization. Could you tell us how:
 - a) Does the money flow from the highest level of authority down to the end user or client?
 - b) Do policy mandates come down from the highest level of authority to the end user/client?
- 3) In Minnesota's system of early child care and education what are (or do you see) the roles and responsibilities of your organization?
 - a) In Minnesota, right now – is there a body that has the authority to convene groups to make decisions and set policy in ECE?

Governance

First we want to understand who your organization has authority and accountability over and who has authority and accountability over you.

- 4) What programs does your organization have decision making authority over?
 - a) What authority do you have?
 - b) Who gives you this authority?
- 5) Who makes the decisions in your organization or program?
- 6) To whom is your organization accountable?
- 7) With whom does your organization collaborate to provide service?
 - a) How did this collaboration start?
 - b) Are there any other organizations that would be useful to have in this collaboration?

Finance

Next, we want to ask you a few questions about funding EC programs in Minnesota.

- 8) What funding stream(s) do you work with in your program area?
 - a) What form does the money take at each level of government?
 - b) What are the reporting requirements attached to the program money you receive?
- 9) How stable is your operating budget?
 - a) Variance from year to year?
 - b) Depend on state/federal budget?
- 10) How sustainable is this funding source?
- 11) How much control do you have over how this money is spent?
 - a) What strings are attached?
 - b) What, if any, funding restrictions are placed on these funding streams?
 - c) How do your sources of funding blend with other funding sources?

Wrap Up Questions

- 12) Who else should we talk to?
- 13) What questions didn't we ask?

Appendix 6: Interview Protocol for National & Other State Leaders

Overview of Project: I am part of a consulting team made up of graduate students from Humphrey Institute at the University of MN. Our client, the Minnesota Early Learning Foundation, is interested in looking at that what conditions support a statewide EC system. We are specifically looking at conditions surrounding governance and finance. We were given your name because of your established position within the field.

- 1) How did you get started in this work?
- 2) Describe your work in states with statewide Early Childhood (EC) systems
- 3) What are common assets or strengths of states that have advanced statewide early childhood systems?

Governance

- 4) Who is in charge of the statewide early childhood system?
 - a) What is the authorizing environment?
 - b) Who sets policy?
 - c) Who is in charge of accountability? (Enforces the policy and tracks the money).
 - d) Who has authority to convene stakeholders and make decisions that get enacted?
- 5) Give an example of a state with a promising EC system that has a single body in charge of governance.
- 6) Give an example of a state that has multiple bodies governing the EC system
- 7) What are the pros and cons of EC governance models?

Finance

- 8) What are effective mechanisms to fund statewide EC systems?
 - a) Where do the dollars originate?
 - b) What are the requirements or regulations attached to the dominant funding streams?
 - c) Describe how the money flows from government to family.
- 9) What are the most sustainable funding mechanisms?
 - a) What are the most stable funding mechanisms?
 - b) What are the most flexible funding mechanisms?
 - c) What funding mechanism is best suited to grow with enrollment shifts and cost increases?
- 10) Describe pros and cons of different finance systems.

Wrap up questions

Now I am going to ask a few closing questions.

- 11) What are common mistakes of states as they attempt to advance a statewide early childhood system?
- 12) What has been most surprising to you in your work with statewide EC systems?
- 13) What advice do you have to us in MN as think about a statewide early childhood system?
- 14) Is there anyone else that you think I should talk to?
- 15) Are there any questions we did not ask?

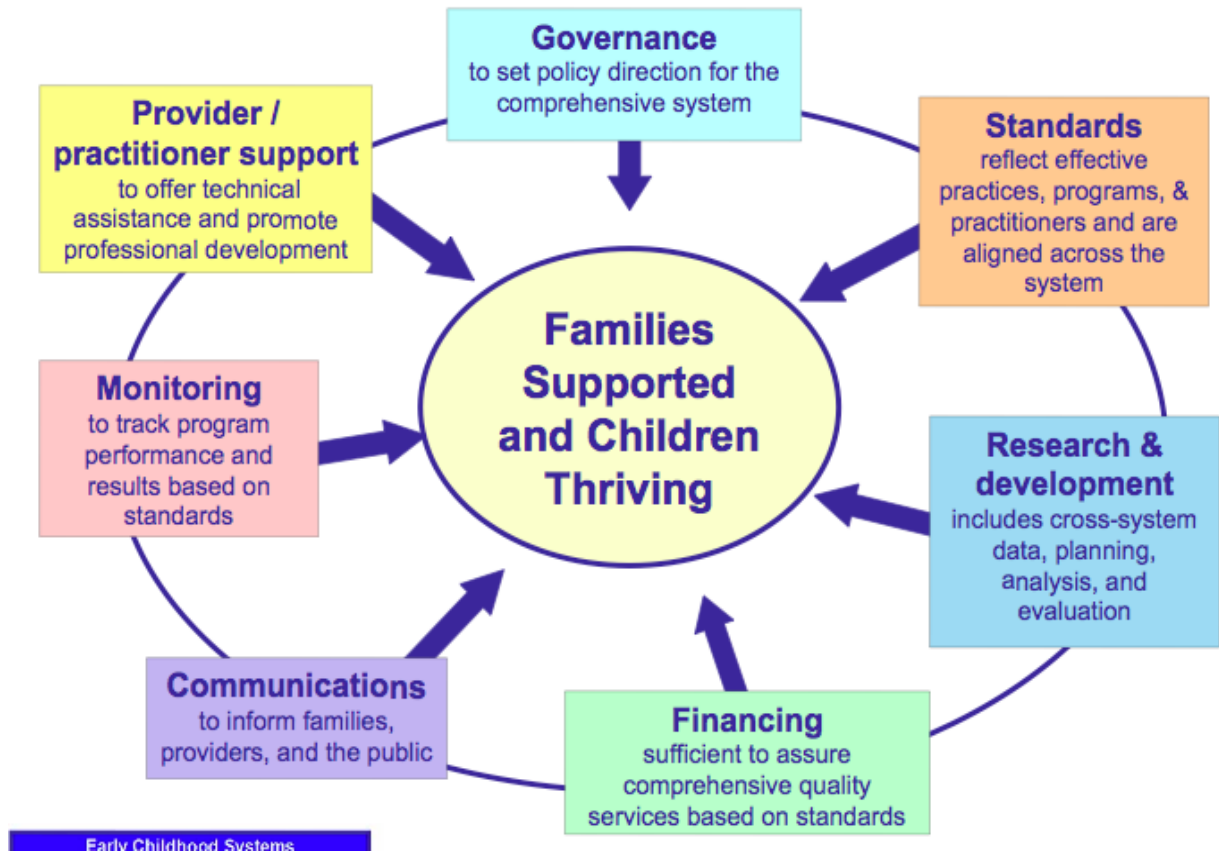
Appendix 7: Washington State Thrive By Five Activities



Thrive by Five (2008). Championing positive early learning opportunities for every child.
<http://www.thrivebyfivewa.org/aboutus.aspx>.

Appendix 8

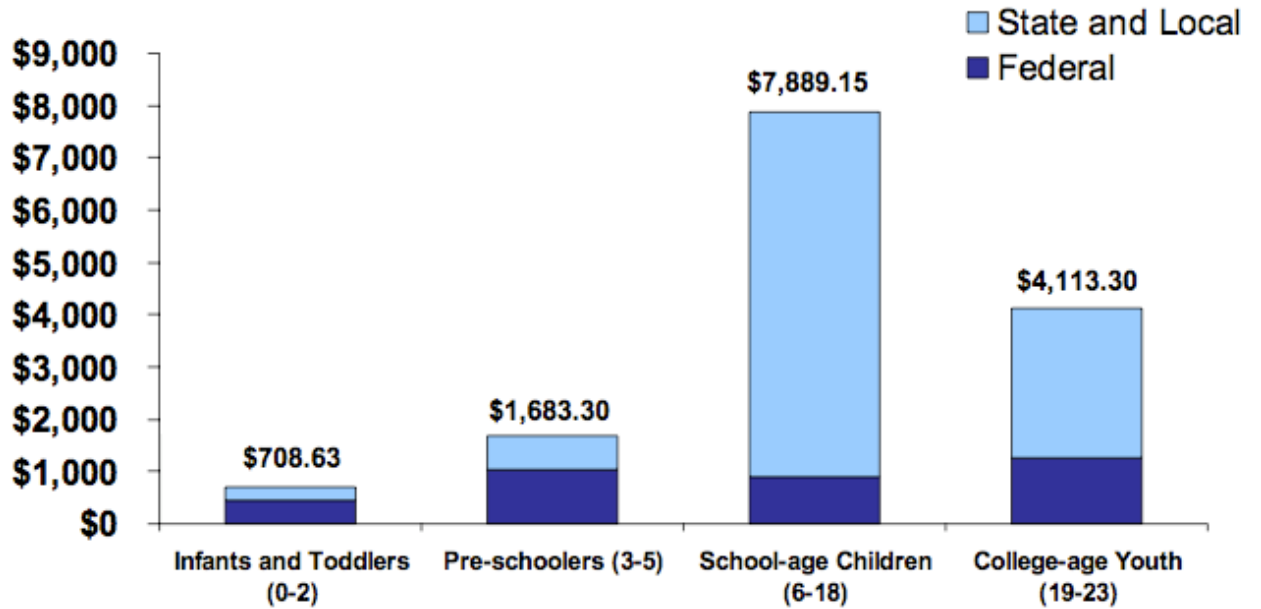
Core Elements of an Early Childhood Development System



Charles Bruner

Appendix 9

Composite Nine-State & DC Average per Child Investment by Age



Children and Family Policy Center and Voices for America's Children, 2005