



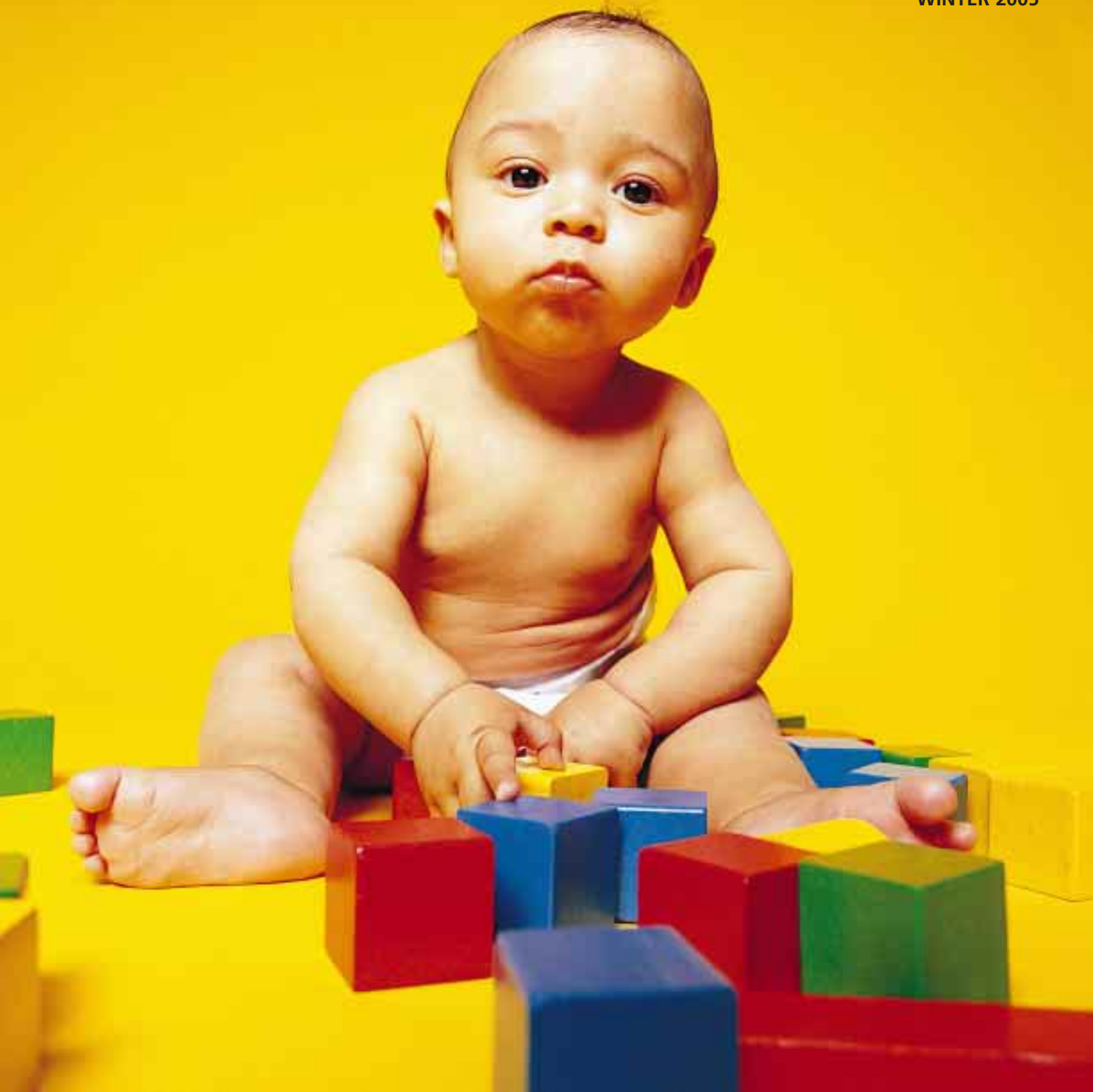
PENNSYLVANIA
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Issues and Ideas for Greater
Philadelphia's Leaders

GREATER PHILADELPHIA REGIONAL

REVIEW

WINTER 2005



INTRODUCTION TO REGIONAL REVIEW WINTER 2005

No, we didn't forget the title on the cover of this edition of the Regional Review. In fact, after playing around with several possibilities, we concluded that the expression on this child's face was title enough.

You name the emotion or feeling, and you can probably find it in this kid's face. Thoughtful . . . Curious . . . Inquisitive . . . Frustrated . . . Determined.

What we see in his face, though, is a question: what's my future? Will I get a good education? Will I get a job? Be a good friend, a good neighbor, a good parent, a good citizen?

These questions have always shaped and informed public policies and investments, and there's no better sign of this than the billions of dollars Americans commit to public education every year, in most states starting at age five.

But there's growing evidence — hard evidence gathered from years of study and research — that starting at age five isn't enough. Simply put, children who fail to start school ready to learn will find it difficult to travel the path of prosperity. Not only are they more likely to fail academically, but they're more likely to become disruptive in class, drift into delinquency, and end up with a life in crime and/or dependent on public welfare. Compounding the problem is the lack of a comprehensive "system" of early education and care to act as a safety net — unlike the safety net we provide to seniors through Social Security, or the safety net we provide to the disabled and indigent through Medicaid. For young people born into tough circumstances, the odds are often tragically stacked against them.

As the evidence gathers, early education is attracting new advocates. More and more business people, focused on the labor pipeline fueling their companies, are coming to see early education as a smart investment that pays off many times down the road — a return increased by the "social costs" avoided if a kid gets a good start to his or her education. That's the theme of this issue — exploring the connections between early education, economic development, and ultimately, the economic future of our city, region, and state.

Just as in school, we begin with a primer — "The ABC's of Early Childhood Care and Education" — which gives you an overview of how we currently provide, pay for, and ensure quality in early education and care.

The second piece is must reading that is shaking up the thinking around the country on how we view early education and care. Art Rolnick and Rob Grunewald, economists at the Minneapolis Fed, make a case in "Early Childhood Development: Economic Development with a High Public Return" that we should be comparing and measuring investments in early education against other economic development investments.

Moving on to quality, Steve Barnett of the National Institute for Early Education Research at Rutgers makes the case in "Better Teachers, Better Preschools" that teacher quality and how we ensure it are crucial considerations.

Next, Governor Rendell's new point person for early care and education, Harriet Dichter, details the significant steps Pennsylvania has taken over the past two administrations to reach more of the state's children. That piece is followed by "Should the United States Have Preschool for All?" — a summary of the debate on universal versus targeted preschool and where Pennsylvania falls on the scale. Next, we go local and look at the United Way of Southeastern Pennsylvania's "Early to Learn" program, a leading civic effort to get kids ready for school.

And last, but certainly not least, we look at the remarkable commitment of one Pennsylvania company, PNC Financial Services Group, Inc., and their Grow Up Great initiative, through a speech PNC's CEO, James E. Rohr, delivered at the annual Corporate Voices for Working Families conference in Washington last June. PNC's 10-year, \$100 million commitment is testimony to that company's belief that investing in children not only feels good, but is good for the bottom line.

This Regional Review is only a start for understanding this issue in Pennsylvania. Nationally, new research into the economic case for early education and care is being commissioned by the respected Committee for Economic Development, in partnership with Philadelphia's own Pew Charitable Trusts. Closer to home, PEL will continue to explore this issue, through its usual combination of research, communications and events. All of this would not be possible without our partner, The William Penn Foundation. We thank them for their support, and we look forward to more opportunities in the coming months to think about, and act on, the future of our children.

David B. Thornburgh
Executive Director, Pennsylvania Economy League

Annette B. Mattei
Editor

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UP FRONT

The ABC's of Early Childhood Care and Education

Early childhood care and education are the terms used throughout this special edition of the Greater Philadelphia Regional Review to describe various programs that parents use to care for and educate children from 0 – 5 years of age. These services are also commonly referred to as child care, day care, Head Start, nursery school, preschool or early childhood education. Here is a quick primer on early childhood care and education as it currently works in the United States.

Who cares for America's preschoolers?

Because the United States has not approached the provision of early care and education in a systematic way, there is no universally accepted classification scheme for early care and education providers that definitively describes the services they offer. Despite this difficulty, a national survey conducted in 2001 estimated that:

- 56 percent of 3- to 5-year-olds who had not yet entered kindergarten participated in some kind of center-based program, variously called day care, nursery school, prekindergarten, preschool, and Head Start.
- 27 percent of children had parental care only.
- The remaining children were more likely to be cared for by relatives or in family day care settings operated by non-relatives rather than in center-based programs.

Center-based providers vary in the extent to which they are organized to provide educational experiences for preschool children and whether they offer services on a full- or part-day basis. There are no hard and fast rules distinguishing centers, but those labeled “day care” are more apt to be full-day programs meeting the child care needs of working parents (i.e., 9 to 10 hours a day). Nursery schools, prekindergartens, preschools, and Head Start are more apt to include instruction as an important and integral aspect of their service and, like many

public kindergartens, may be part-day programs (2-4 hours) operating only during the regular school year.

The number of centers caring for children who have not yet entered kindergarten is unknown but totals well over 100,000. The Children's Foundation 2004 survey of child centers found 117,284, based on reports from state child care licensing offices. However, states differ in the extent to which they include or exclude educationally oriented preschool programs from their child care licensing requirements. The Foundation also reported that there were 290,530 regulated family child care homes in 2004, mostly serving six or fewer children, and estimated that there were four unregulated family day care homes for every regulated one.

Who pays for early care and education?

In 2001, the National Institute for Early Education Research estimated that public and private spending on early care and education for children from birth to age 5 totaled \$50-55 billion dollars, broken down by the following:

- Parents paid 50-55 percent,
- The federal government paid 25-30 percent,
- State and local governments paid 15-20 percent, and
- Corporate and philanthropic investments amounted to 1-5 percent but are difficult to estimate.

The two important considerations to keep in mind about early care and education funding are that, unlike elementary and secondary education, (1) families still bear the largest share of direct costs (in addition to the taxes they pay, which indirectly support all levels of education), and (2) the federal government is a significantly more important partner than the states in funding (as opposed to providing or administering) early care and education. In the case of public elementary and secondary education, states and localities bear 93 percent of the burden of funding public schools, parents pay nothing directly (though they do pay through taxes), and the federal government only contributes about 7 percent.

Federal Funding

Most of the federal funding that subsidizes education and care for children under age 5 comes from two programs, Head Start and the Child Care Development Fund (CCDF). Head Start and CCDF provide roughly three-quarters of the federal subsidies available for early care and education. Smaller but still important subsidies flow from Temporary Assistance for Needy Families (TANF), from special education programs, and from Title 1 of the Improving America's Schools Act. In addition to these direct expenditure programs, several tax credits and exclusions help families and employers pay for employment-related dependent-care expenses. Unlike direct federal early care and education programs, tax benefits are not targeted to lower-income families.

Head Start. Head Start provides grants to local agencies to provide comprehensive early childhood developmental, educational, health, nutritional, social, and other services to low-income children and their families. Ninety percent of participants must be from families whose income is below the poverty line or from families who are eligible for

public assistance. Nationwide, 1,570 Head Start grantees provided services in 18,865 centers at an average cost of \$6,934 per child. Head Start appropriations have risen rapidly over the last decade, from \$1.6 billion in 1990 to \$6.5 billion in 2004.

Head Start is the oldest of the federal early care and education programs, having enrolled its first children in 1965. With strong roots in the Community Action Program of the War on Poverty, Head Start has traditionally given local grantees wide flexibility in program structure.

CCDF. The Child Care Development Fund was formed during the 1996 welfare reform by consolidating several existing child care programs. The fund provides grants to states for subsidizing the child care costs of eligible families and for improving the overall quality and availability of child care services.

States give CCDF subsidies in the form of certificates or outright cash to parents to purchase child care services or through grants and contracts to providers who enroll eligible children. Federal law requires that CCDF providers comply with applicable state or local health and safety requirements but otherwise leaves it up to states to set licensing standards and determine reimbursement rates.

Parents share responsibility for paying child care fees, on a sliding scale basis, although states may waive fees for families below the poverty line. States set subsidy levels and fee schedules.

Federal funding for CCDF in FY 2004 was \$4.8 billion. The most recent General Accounting Office (GAO) estimates from FY1999 indicate that 1.3 million children under age 5 participated in CCDF.





Although children benefiting from CCDF may receive care that helps them prepare for school, school readiness is not an explicit goal of the program. There are no national performance standards for services or staff other than the basic requirements that states must have and enforce regarding health and safety rules.

State and Local Funding

As of 2003, 44 states and the District of Columbia invested in state prekindergarten initiatives offering regularly-scheduled group experiences for young children to help them learn and develop before entering elementary school. The most recent data indicates that approximately \$1.7 billion was spent on their pre-K initiatives and served 725,000 children. Total state spending was quite uneven: the 10 highest spending states accounted for over three-quarters of state spending on pre-K initiatives, although they accounted for just over one-half the pre-K age population. The 5 top spending states (California, Georgia, Illinois, New York, and Texas) accounted for about half of all state pre-K spending. State spending per enrolled pupil varied widely as well, from \$7,000 in Connecticut (for children enrolled in full-day programs) to less than \$2,000 in 14 state initiatives.

In addition to meeting their required state match for federal funds, states do expend some of their own funds on child care. In their last comprehensive data collection, in FY 1999, the Children's Defense Fund reported that state and local spending on early care and education combined is estimated to have been about \$8 to \$10 billion.

States sometimes draw on general revenues for child care funding, but may also depend on a variety of other revenue sources. For example, Kentucky and Maine devote part of their tobacco settlement money to child care; and California uses funds raised by taxes on cigarettes and other tobacco products. Massachusetts and Kentucky give individuals the option of designating part of their fees to support child care when registering and licensing motor vehicles. Missouri funds its Early Childhood Development, Education and Care Fund from gambling fees. Georgia funds its pre-K program, as well as college education, from a state lottery. Over half the states have tax credits or deductions for child and dependent care.

How are early childhood care and education regulated in Pennsylvania?

Three types of child care facilities are regulated by the Pennsylvania Department of Public Welfare (DPW) and therefore require a license to operate:

- **Day care centers**, in which care is provided for seven or more children unrelated to the operator,
- **Group day care homes**, in which care is provided for no more than 15 school-age or 12 children of mixed ages unrelated to the operator, and
- **Family day care homes**, in which care is provided for four to six children unrelated to the operator.

How is quality encouraged in Pennsylvania facilities?

An early childhood program can apply for accreditation from the National Association for the Education of Young Children (NAEYC). NAEYC administers a national, voluntary, professionally sponsored accreditation system to help raise the quality of all types of preschools, kindergartens, child care centers, and school-age child care programs. There are currently about 8,000 NAEYC-accredited programs, serving nearly 700,000 children and their families; Pennsylvania currently has 275 NAEYC-accredited programs.

Accreditation is awarded by NAEYC based on evaluation of programs in the following areas: interactions among teachers and children; curriculum; relationships among teachers and families; staff qualifications and professional development; administration; staffing; physical environment; health and safety; nutrition and food service; and, evaluation.

An early childhood program accreditation from NAEYC means that:

- An early childhood program — child care center, preschool, kindergarten, or before- and/or after-school program — voluntarily applied for accreditation by the National Academy of Early Childhood Programs. The program then engaged in an extensive self-study based on the Academy's Criteria for High Quality Early Childhood Program. The accuracy of the program's self-study was verified during a site visit to the program by a team of trained volunteer validators. The validated self-study, including the program director's responses to the validation visit, was reviewed by

a 3-member national commission composed of recognized experts in child care and early childhood education, judged to be in substantial compliance with the Academy's Criteria, and granted accreditation for a three-year period.

- The early childhood program agreed to act upon the commission's suggestions regarding areas needing improvement and to submit annual written reports documenting improvements and continued compliance.

Keystone STARS

Keystone STARS is Pennsylvania's program to improve the quality of child care. Quality environments for children contribute to increased social and emotional development, learning skills and school readiness. The Keystone STARS program provides Standards, Training, Assistance, Resources, and Support (STARS) to facilitate continuous improvement and recognize achievement by child care providers.

Keystone STARS is a voluntary program that recognizes DPW regulated child care providers that exceed state health and safety licensing requirements. Keystone STARS is available to all of these providers regulated by DPW. Keystone STARS establishes a quality rating system beginning with the Start With STARS level and progressing up through a STAR One, Two, Three, or Four designation. Each STAR designation has its own research-based performance standards or benchmarks that are linked to improving outcomes for children. The highest rating, STAR Four, is similar to meeting accreditation standards developed by NAEYC.

Pennsylvania has approximately 4,000 regulated child care centers, and 42 percent are participating in the Keystone STARS program. Keystone STARS provides families with a valuable tool to assess the quality of their child care provider.

This section draws from: (1) *Preschool For All: Investing In a Productive and Just Society*, a statement of the Research Policy Committee of the Committee for Economic Development (www.ced.org; Chapter 2: Overview of Existing Policies and Programs for Young Children, part of the publication); (2) the website of the National Association for the Education of Young Children (www.naeyc.org); and, (3) the website of the Pennsylvania Department of Public Welfare (www.dpw.state.pa.us/Child/ChildCare/). Figures have been updated where available and appropriate.

Early Childhood Development:

ECONOMIC DEVELOPMENT WITH A HIGH PUBLIC RETURN

Art Rolnick and Rob Grunewald, Federal Reserve Bank of Minneapolis

Early childhood care and education are generally not thought of as economic development issues, but the authors of this article make a compelling case. Based on standard measures of economic impact, public investments in early childhood care and education are shown to outperform traditional forms of economic development. Minnesota is their model, but Pennsylvania could be easily substituted.

Why the case for publicly subsidizing private businesses is flawed and misguided

Over the last few years, the future of Minnesota's economy has been called into question. While many recognize the success of the Minnesota economy in the past, they see a weakening in the foundations of that success. Some point to the decline in corporate headquarters located in Minnesota. Some point to the lack of funding for new startup companies, particularly in the areas of high-tech and biotech. Some point to the possible loss of professional sports teams. Some think the University of Minnesota is not visible enough in the business community. And still others raise the broader concern that Minnesota's citizens and policymakers have become too complacent and unwilling to make the public commitment to be competitive in a global economy.

State and local subsidies to private businesses are not new. In the name of economic development and creating new jobs, Minnesota, and virtually every other state in the union, has a long history of subsidizing private businesses. We have argued in previous studies that the case for these subsidies is short-sighted and fundamentally flawed. From a national perspective, jobs are not created — they are only relocated. From a state and local perspective, the economic gains are suspect because many would have been realized without the subsidies. In summary, what often passes for economic development and sound public investment is neither.

If subsidizing private businesses is the wrong way to promote Minnesota's economy, then what is the right way?

Market failures can occur for a variety of reasons; two well-documented failures are goods that have external effects or public attributes. Unfettered markets will generally produce the wrong amount of such goods. Education has long been recognized as a good that has external effects and public attributes. Without public support, the market will yield too few educated workers and too little basic research. This problem has long been understood in the United States and it is why our government, at all levels, has supported public funding for education.

Investment in human capital breeds economic success not only for those being educated, but also for the overall economy. Clearly today, the market return to education is sending a strong signal. Prior to 1983, the wages of a worker with an undergraduate degree exceeded a worker with a high school degree by roughly 40 percent. Currently, that difference is close to 60 percent.

Evidence is clear that our state has one of the most successful economies in the country because it has one of the most educated workforces. In 2000, almost a third of persons 25 and older in Minnesota held at least a bachelor's degree, the sixth highest state in the nation. To ensure the future success of Minnesota's economy, we must continue to provide a highly educated workforce.

The economic case for public funding of early childhood development

Knowing that we need a highly educated workforce, however, does not tell us where to invest limited public resources. Policymakers must identify the educational investments that yield the highest public returns. Here the literature is clear: Dollars invested in early childhood development (ECD) yield extraordinary public returns.

The quality of life for a child and the contributions the child makes to society as an adult can be traced back to the first few years of life. From birth until about 5 years old a child undergoes tremendous growth and change. If this period of life includes support for growth in cognition, language, motor skills, adaptive skills and social-emotional functioning, the child is more likely to succeed in school and later contribute to society.

However, without support during these early years, a child is more likely to drop out of school, receive welfare benefits and commit crime.

A well-managed and well-funded early childhood development program, or ECDD, provides such support. Current ECDDs include home visits as well as center-based programs to supplement and enhance the ability of parents to provide a solid foundation for their children. Some have been initiated on a large scale, such as federally funded Head Start, while other small-scale model programs have been implemented locally, sometimes with relatively high levels of funding per participant.

An often-cited research project is the High/Scope study of the Perry Preschool in Ypsilanti, Michigan, which demonstrates that the returns available to an investment in a high-quality ECDD are significant. During the 1960s the Perry School program provided a daily 2½-hour classroom session for 3- to 4-year-old children on weekday mornings and a 1½-hour home visit to each mother and child on weekday afternoons. Teachers were certified to teach in elementary, early childhood and special education, and were paid 10 percent above the local public school district's standard pay scale. During the annual 30-week program, about one teacher was on staff for every six children.

The quality of life for a child and the contributions the child makes to society as an adult can be traced back to the first few years of life.

Investment in human capital breeds economic success not only for those being educated, but also for the overall economy.

Beginning in 1962, researchers tracked the performance of children from low-income black families who completed the Perry School program and compared the results to a control group of children who did not participate. The research project provided reliable longitudinal data on participants and members of the control group. At age 27, 117 of the original 123 subjects were located and interviewed.

The results of the research were significant despite the fact that, as in several other studies, program participants lost their advantage in IQ scores over nonparticipants within a few years after completing the program. Therefore a significant contribution to the program's success likely derived from growth in noncognitive areas involving social-emotional functioning. During elementary and secondary school, Perry School participants were less likely to be placed in a special education program and had

a significantly higher average achievement score at age 14 than nonparticipants. Over 65 percent of program participants graduated from regular high school compared with 45 percent of nonparticipants. At age 27, four times as many program participants as nonparticipants earned \$2,000 or more per month. And only one-fifth as many program participants as nonparticipants were arrested five or more times by age 27.

The High/Scope study conducted a benefit-cost analysis of the Perry School program by converting the benefits and costs found in the study into monetary values in constant 1992 dollars discounted annually at 3 percent. The researchers found that for every dollar invested in the program during the early 1960s, over \$8 in benefits were returned to the program participants and society as a whole (see Table 1A).

Perry School Preschool's Estimated Impact per Program Participant

Table 1A — Benefit/Cost Analysis

Benefits*	Present Value in 1992 Dollars Discounted at 3%		
	For Participant	For Public	Total
Child care provided	\$738	\$0	\$738
More efficient K-12 education, such as less grade retention and higher achievement	0	6,872	6,872
Decrease in public adult education costs	0	283	283
Increase in participants' earnings and employee benefits	21,485	8,846	30,331
Decrease in crime	0	70,381	70,381
Increase in publicly funded higher education costs	0	-868	-868
Decrease in welfare payments	-2,653	2,918	265
Total Benefits	19,570	88,433	108,002
Cost of Program	0	-12,356	-12,356

Estimated return on \$1 invested in program:

For Participant and Public: \$8.74 (\$108,002 in Benefits/\$12,356 for Cost of Program)

For Public: \$7.16 (\$88,433 in Benefits/\$12,356 for Cost of Program)

* Benefits and costs were measured from ages 3 through 27 and projected for ages 28 through 65.
Data source: The High/Scope Perry Preschool Study Through Age 27

Perry School Preschool's Estimated Impact per Program Participant

Table 1B — Real Internal Rate of Return *

Average Annual Effect in 1992 Dollars

Benefits**		For Participant	For Public	Total
Child care provided	(Ages 3-4)	\$385	\$0	\$385
More efficient K-12 education	(Ages 5-17)	0	747	747
Decrease in public adult education services	(Ages 20-25)	0	89	89
Increase in participants' earning and employee benefits	(Ages 18-27)	2,142	714	2,856
	(Ages 28-65)	1,070	357	1,427
Decrease in crime	(Ages 18-27)	0	8,923	8,923
	(Ages 28-65)	0	1,565	1,565
Increase in publicly funded higher education costs	(Ages 20-25)	0	-225	-225
Decrease in welfare payments	(Ages 18-27)	-392	431	39
	(Ages 28-65)	-31	34	3
Cost of program	(Ages 3-4)	0	-6,444	-6,444
Estimated Real Internal Rate of Return		4%	12%	16%

* The internal rate of return is the interest rate received for an investment that consists of payments and revenue occurring at regular periods. The above amounts were allocated annually across the age groups listed.

** Benefits and costs were measured from ages 3 through 27 and projected for ages 28 through 65.

Data source: *The HighScope Perry Preschool Study Through Age 27*

... for every dollar invested in the [Perry School] program ... over \$8 in benefits were returned to the program participants and society as a whole.

While 8-to-1 is an impressive benefit-to-cost ratio, we place this result in context with returns from other economic development projects by calculating the internal rate of return for the Perry School program.

To calculate the internal rate of return, we estimated the time periods in which costs and benefits in constant dollars were paid or received by program participants and society (see Table 1B). We estimate the real internal rate of return for the Perry School program at 16 percent. "Real" indicates that the rate of return is adjusted for inflation.

While program participants directly benefited from their increase in after-tax earnings and fringe benefits, these benefits were smaller than those gained by the general public. Based on present value estimates, about 80 percent of the benefits went to the general public (students were less disruptive in class and

went on to commit fewer crimes), yielding over a 12 percent internal rate of return for society in general. Compared with other public investments, and even those in the private sector, an ECDP seems like a good buy. This analysis suggests that early childhood development is underfunded; otherwise, the internal rate of return on an ECDP would be comparable to other public investments.

The returns to ECDPs are especially high when placed next to other spending by governments made in the name of economic development. Yet ECD is rarely considered as an economic development measure.

For example, tax increment financing and other subsidies have recently been used to locate a discount retail store and an entertainment center in downtown Minneapolis, and to relocate a major corporate headquarters to suburban Richfield and a computer soft-



ware firm to downtown St. Paul. Can any of these projects, which combined represent an estimated quarter of a billion dollars in public subsidies, stand up to a 12 percent public return on investment? From the state's point of view, if the subsidy is simply moving businesses within the state, the public return is zero. If the subsidy is required for the business to survive, the risk-adjusted public return is not merely small but could be negative.

As our lawmakers review proposals to build or improve the state's major professional sports stadiums, let's not make the same mistake. The various proposals to build new baseball and football stadiums and improve the current basketball stadium total over \$1 billion. Can new stadiums offer a comparable public return on investment as an ECDP? How does a new stadium reduce crime, increase earnings and potentially break a chain of poverty? We propose that this \$1 billion plus be invested in a project with a much higher public return.

Proposal: Minnesota Foundation for Early Childhood Development

For several years the state of Minnesota has sponsored initiatives to help prepare children for

kindergarten, specifically, Early Childhood Family Education, or ECFE, School Readiness and state-funded Head Start programs.

We propose that the Minnesota state government create the Minnesota Foundation for Early Childhood Development to fill the gap between the funds currently available for ECFE, School Readiness and Head Start and the amount necessary to fully fund a high-quality program for all 3- and 4-year-old children living in poverty in Minnesota. A one-time \$1.5 billion outlay would create an endowment that could support ECDPs on an annual basis. The foundation would receive donations from government, private foundations, individuals and businesses. With the foundation's funds invested in corporate AAA bonds, earning about 7 percent per year, we estimate that the \$105 million in annual earnings would cover the yearly costs required to fully fund comprehensive, high-quality ECDPs for all children from low-income families in Minnesota.

The Minnesota Foundation for Early Childhood Development would provide funding for well-supported and highly effective ECDPs, whether supplementing funds for an existing Head Start center or

helping start a new program. The Foundation would provide additional resources to enhance existing programs, such as boost teacher qualification and compensation, reduce teacher-student ratios and expand curriculum resources. Furthermore, the Foundation would provide startup funds for new ECDPs to help reach all eligible children.

We contend that funding for ECDPs should reach the level of model program status, such as the Perry School program, since this is the level at which high returns have been demonstrated. Well-funded ECDPs would ensure that all teachers have a degree in early childhood education and are paid at a level that keeps turnover to a minimum. Furthermore, ECDPs would maintain low student-to-teacher ratios and use high-quality curriculum materials. Funds should also be allocated for research to track the improvement of participating children and identify where additional support may be needed. Participation in these programs should be voluntary, but incentives may be provided for families to participate. ECDPs should work effectively with parents and include them in the education process with their children.

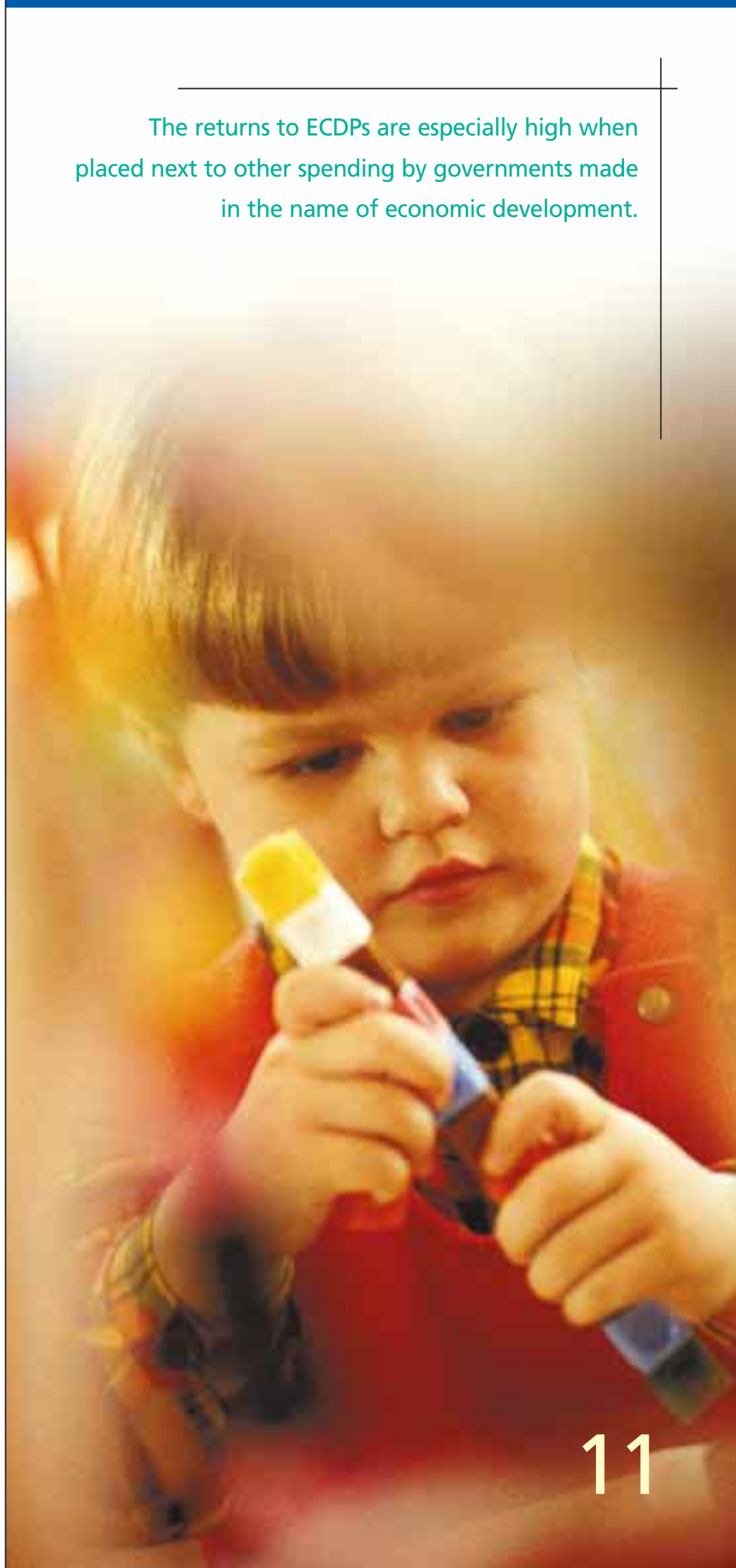
Conclusion

The conventional view of economic development typically includes company headquarters, office towers, entertainment centers, and professional sports stadiums and arenas. In this paper, we have argued that in the future any proposed economic development list should have early childhood development at the top. The return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime. A \$1.5 billion investment to create the Minnesota Foundation for Early Childhood Development would go a long way toward ensuring that children from low-income families are ready to learn by the time they reach kindergarten.

After measuring the public impact on the quality of life that such a foundation can provide, the costs of not making such an investment are just too great to ignore.

Art Rolnick is Senior Vice President and Director of Research and Rob Grunewald is Regional Economic Analyst with the Federal Reserve Bank of Minneapolis. This article was first printed in the March 2003 edition of the Fed Gazette and is printed here with their permission. Visit www.minneapolisfed.org for more information.

The returns to ECDPs are especially high when placed next to other spending by governments made in the name of economic development.





Better Teachers, Better Preschools:

STUDENT ACHIEVEMENT LINKED TO TEACHER QUALIFICATIONS

W. Steven Barnett, National Institute for Early Education Research

Much of the debate on early childhood care and education centers around adequate supply of providers. But even if the current level of service stayed the same, there is much work to be done on improving quality of early childhood programs, particularly in the area of teacher quality. The National Institute for Early Education Research explains what current teacher qualifications are and how higher educational standards can markedly improve early childhood development.

The nation has yet to fully appreciate the importance of high standards for preschool teacher knowledge and expertise, as it does for K-12 teachers. This is evident in the minimal requirements for early childhood teachers in Head Start and many state preschool and child care programs. Early childhood teacher qualifications are low relative to other professions and have not been improving over time.

What qualifications do preschool teachers need now?

America's preschools vary widely in teacher education requirements, to some extent because standards vary across the different government agencies that sponsor and regulate Head Start, public school, and other preschool and child care programs. The consequence is that preschool education is less effective than it should be, and educational effectiveness varies depending on the government agency responsible.

Rhode Island is *the only state that requires a bachelor's degree* for teachers in all early education programs, including licensed child-care centers. All its teachers must have a four-year degree and early childhood education teacher certification.

Preschool programs operated by public schools employ the best-educated teachers. Nearly 90 percent of preschool teachers in public school programs have at least a four-year college degree. Typically they have degrees that require specialized preparation in early childhood education. Most early childhood teachers in public schools have a teaching credential or license that has requirements beyond completing a bachelor's degree.

State-funded prekindergarten programs are not always provided through the public schools, however, and vary in whether they require a four-year degree or a teaching credential. For example, Georgia's universal prekindergarten program has yet to fully implement a requirement that teachers have even a two-year college degree.

Until recently, the federal government's Head Start program did not require teachers to have any higher education. Only a quarter of Head Start's teachers have four-year college degrees. Others have some college and many have a Child Development Associate (CDA) credential, which may not require

college coursework. Congress has increased the accountability of Head Start for enhancing children's school readiness. However, it was reluctant to substantially increase standards for Head Start teachers, requiring only that half of all teachers have a two-year college degree by 2003. Until Head Start teacher qualifications and compensation are raised, Americans won't see the large educational gains for disadvantaged children that was the impetus for the creation of Head Start, based on studies of high-quality preschool programs.

Government regulation and funding for child care provide little support for teacher quality, with the lowest teacher education standards of any early childhood program. As a result, compensation is poor and teacher qualifications are highly variable. Less than half the teachers in child care centers have four-year college degrees, and many teachers have just a high school education. More teachers in child care centers have just a high school education than in Head Start and other programs.

Forty states require no formal education beyond a high school diploma for teachers in child care centers. Many of the states require some kind of early childhood-specific preparation, but this can be as little as a few hours of training. Only three states (California, Massachusetts and Vermont) require training to be obtained through college courses.

Better-educated teachers have more positive, sensitive and responsive interactions with children . . .



Forty states require no formal education beyond a high school diploma for teachers in child care centers.

What does research tell us about the link between teacher qualifications and child development?

A preschool teacher with a college education is more effective. Studies have found teacher education to be related to the quality of preschool education and the development of children in preschool classrooms. Both general education and specific preparation in early childhood education have been found to predict teaching quality. Better-educated teachers have more positive, sensitive and responsive interactions with children, provide richer language and cognitive experiences, and are less authoritarian, punitive and detached. The result is better social, emotional, linguistic, and cognitive development for the child.

Several studies of state-supported preschool programs have found that quality is higher in programs where more teachers have at least a four-year college degree. The higher quality of preschool programs in the public schools is plausibly related to better pay and benefits that enable them to hire teachers with at least a B.A. Teachers with four-year degrees also have been found to be better teachers in Head Start.

Confidence in this conclusion also derives from the simple logic that explains this pattern of findings. Better-educated teachers have more knowledge and skills. This makes them more effective teachers for many reasons. For example, they:

- have larger vocabularies to which young children are exposed
- are better at constructing and individualizing lesson plans

- are better problem solvers when they encounter challenges in the classroom such as a child with a learning difficulty or a child upset by a death in the family.

Low quality is linked to poor compensation. Poor pay and benefits make it difficult to recruit and hire good early education teachers. And poor compensation contributes to high turnover, which harms educational quality and wastes the resources spent on teacher preparation and continuing education.

Lower quality preschool programs with less qualified, more poorly paid teachers have much smaller effects on learning and development and may not pay off. Thus, the question taxpayers should be asking is whether America can afford not to pay for highly qualified preschool teachers.

Disadvantaged children have less access to high-quality teachers, even though they may benefit the most from teacher quality. Studies from around the nation show that preschool education quality is lower for children from the most disadvantaged families. While there is evidence that quality makes a difference for all children, a number of studies suggest that quality may have larger impacts on the learning and development of children from disadvantaged families.

What should good preschool teachers know?

The knowledge and skills required of an effective preschool teacher have increased as science has revealed more about the capacities of young

Lead Teacher Qualifications Required in Pennsylvania

Early Education and Care Center	Pre-Service	Continuing Education
Child Care Center	A.A. with 30 credits in child-related coursework, and 3 years of experience; higher levels of Keystone STARS require more staff with higher degrees in ECE	6 hours/year; higher levels of Keystone STARS require more continuing education
Prekindergarten	B.A. in Early Childhood Education with teaching certificate	180 hours every five years
Private Nursery Schools	B.A. in Early Childhood Education, or B.A. with 24 hours in ECE or child development or elementary education, or B.A. and 2 years of experience in specified settings	None
Kindergarten	B.A. in Early Childhood or Elementary Education with teaching certificate	180 hours every five years

Source: Commonwealth of Pennsylvania

children, how they learn best, and the importance of early learning for later school success.

The National Research Council (NRC) report, *Eager to Learn*, recommends that the minimum standard for teachers of 3- and 4-year-olds should be a four-year college degree, with specialized training in early childhood education. The report says preschool teachers need to know:

- How young children learn and what they need to learn based on an understanding of child development and knowledge in specific subject areas.
- How to individualize teaching based on the temperament, responsiveness, learning style, ability, home language and culture, and other characteristics of each child.
- How to establish effective relationships with young children and their families.
- How to best work with groups of young children.

In 2001, the National Council for Accreditation of Teacher Education (NCATE) and the National Association for the Education of Young Children (NAEYC) approved standards to prepare early childhood professionals. They require a four-year college degree and practical experience in which teacher candidates learn and demonstrate the abilities of effective teachers.

Recommendations for Policy Makers and Educators

Qualifications for New Teachers

Require a four-year college degree and specialized training for teachers in Head Start, state prekindergarten programs, and licensed child-care centers serving as the primary providers of education for 3- and 4-year-olds outside the home.

Professional Development Support for Current Teachers

Design and subsidize professional development programs that will enable current teachers and assistant teachers to obtain four-year degrees within a reasonable time.

Certification and Regulation

Encourage policy makers and schools of education to use NAEYC/NCATE standards in designing new programs to prepare preschool teachers.

Salary and Benefits

Pay preschool teachers salary and benefits comparable to those of similarly qualified teachers in K-12 education, whether they work in public schools,

Minimum Post-Secondary Degree Requirements for Preschool Teachers, by State

State	Child Care **	State Financed Pre-K	Kindergarten
California	6 credits***	24 credits****	BA
Florida	None	CDA	BA
Georgia	None	AA*	BA
Illinois	CDA or CCP	BA*	BA
Maryland	None	BA*	BA*
Michigan	None	BA	BA
New Jersey	CDA*	BA*	BA
New York	None	BA	BA
North Carolina	None	AA*	BA*
Ohio	None	AA by 2008	BA*
Pennsylvania	None	BA*	BA
Texas	None	BA*	BA
Virginia	None	CDA	BA*

AA – Associates Degree; BA – Bachelor's Degree; CDA – Child Development Associates Credential; Pre-K – Prekindergarten; CCP – Certified Childcare Professional.

* with courses or certification in early childhood.

** many states require professional training or ongoing development.

*** 2 year vocational child care course or 6 credits in early childhood education.

**** in topics related to early childhood education or child development.

Source: MERR

Head Start, or child care centers. The cost will be offset by savings from reduced teacher turnover and the economic returns to taxpayers from educationally effective public programs.

Education and Training Institutions

Support institutions of higher education in developing the faculty and programs required to provide the professional development early child-hood teachers need. These programs must meet high standards for preparing teachers with knowledge of child development, best teaching practices, and the knowledge and skills required to teach a highly diverse population.

W. Steven Barnett, Ph.D. is the Director of the National Institute for Early Education Research and a Professor of Education Economics and Public Policy at Rutgers University. This article is excerpted from the Issue 2 / March 2003 edition of *Preschool Policy Matters* and is printed here with his permission. The full article can be found at: <http://nieer.org>.



EARLY LEARNING FOR PENNSYLVANIA'S YOUNG CHILDREN:

Challenges and Prospects

By Harriet Dichter, Commonwealth of Pennsylvania

While the federal government is a major funder of childhood care and education, states are primarily responsible for developing and implementing policies and programs for our children. What major initiatives are underway in our Commonwealth, and in what direction are they taking us? We hear from the Rendell Administration's newly appointed "point-person" on early childhood care and education on efforts underway to ramp up Pennsylvania's commitment to our youngest citizens.

Child Care vs. Early Education

For the past 100 years or so, when people who think about policy for preschool age children, they have tended to think in one of two ways: Either they think they are looking at a "child care" issue, or they think they are looking at a "nursery school" or "early education issue." While nothing makes these two perspectives mutually exclusive, in practice they were code words for very different perceived missions and clusters of issues. That led to very different public sector oversight philosophies, regulatory requirements, and funding streams.

Our challenge today, from a public policy perspective, is to uphold the best values of both the "child care" and "early childhood education" approaches — hence the term "early care and education" — and to assure that families and children are getting a firm foundation for educational and employment success. We also need an honest appraisal of what public investment is achieving, compared to what it should or could achieve.

Where Pennsylvania Stands

Pennsylvania is just beginning to treat early care and education as a foundational element for its children. We have been taking some exciting steps forward, but we lag our "competitors" in other states and abroad in many areas. We are a long way from assuring that all parents who need it can enroll their children in an early learning program and expect that program to be effective in preparing their child for future success.

There is substantial bi-partisan support for the broad objectives the state is pursuing. During his short administration, Governor Mark Schweiker commissioned a report called **Early Care and Education: The Keystone of Pennsylvania's Future, Preparing Our Children for Success**. Key recommendations in that report included:

- making full-day kindergarten available
- making quality prekindergarten available

- improving financial assistance to parents who cannot afford to purchase early care and education
- making school readiness a priority at the gubernatorial level

The efforts of the Rendell Administration are fully consistent with the report's recommendations:

Full Day Kindergarten. The Rendell Administration has made particularly dramatic progress for full-day kindergarten. With the initiation of the Education Accountability Block Grant funded at \$200 million for the school year 2004-05, local school boards and superintendents could select from among 11 proven approaches to boost quality in their educational programs. The Accountability Block Grant that Governor Rendell signed into law makes available three early childhood options — full-day kindergarten, quality prekindergarten, and small class size in the early grades. Local educational leaders acted: at least \$2 out of every \$3 in Accountability Block Grants will be used for these early childhood programs. Full-kindergarten is seeing a dramatic surge in Pennsylvania — if past trends stay the same, this year's Accountability Block Grants will increase the number of children in full-day kindergarten from about 40 percent of kindergartners to at least 54 percent.

Quality Prekindergarten. The Rendell Administration marks the first state-level public sector support in Pennsylvania for quality prekindergarten offered through Head Start and public schools. Until very recently, we were one of a very few states with no public investment in quality prekindergarten. Under Governor Ed Rendell, we have joined the mainstream, but other states and governments abroad are doing far more.

In order to involve public schools in offering quality prekindergarten, the Education Accountability Block Grant offers a first-time state option for schools to offer quality prekindergarten. The choice is up to the local education leaders to proceed. Given the urgent need to move to full-day kindergarten, quality pre-K is off to a slower start, with 40 districts taking advantage of this option. Among these is Pittsburgh, which is investing all of its resources in quality prekindergarten, and will serve as a beacon for the remainder of the state.

Head Start, a federal prekindergarten program, has repeatedly proven to be a highly effective way to improve eventual school success of disadvantaged children. By adding \$15 million of Pennsylvania funds to the direct federal contributions that primarily fund Head Start, we have been able to add 2,500 children to Head Start programs statewide. This has been done by initiating new partnerships among Head Start, child care and schools. However, even with the combined new state and ongoing federal investment in this

program, we are reaching only about 50 percent of the impoverished children who are eligible for enrollment. We still have another 30,000 children to reach!

Keystone STARS. Keystone STARS, which is administered by the Department of Public Welfare (DPW), is Pennsylvania's program to boost quality in its child care centers by identifying standards, providing financial and technical assistance to achieve the standards, and rewarding progress in meeting standards. Keystone STARS was designed to help child care centers become true partners in supporting the school readiness of young children. It represents the most comprehensive approach of any of the nation's state-based quality improvement initiatives for non-school-based early education.

Just moving from planning into implementation as the state's leadership moved from Governor Schweiker to Governor Rendell, this program is growing. Forty-two percent of Pennsylvania's 4,000 regulated child care centers are participating. We are very proud of this. But Keystone STARS is still a long way from reaching all centers and from assuring parents that their child care provider's Keystone STARS participation will truly enhance their children's school readiness.

Another important aspect of Keystone STARS is that, unlike Head Start and school-based prekindergarten, it addresses the early learning needs of vulnerable infants and toddlers. An effort is also underway to continue to strengthen the Nurse Family Partnership, which provides first-time teen mothers with intensive child development support for their babies and toddlers.

Financial Assistance for Parents. The Rendell Administration has increased the budget for child-care subsidy, which builds upon the trend initiated in the Ridge-Schweiker Administration. DPW also recently proposed a complete overhaul of the regulations governing its tuition subsidy program, one which substantially simplifies both eligibility requirements and the procedures for getting and retaining assistance. We hope that this simplification removes unnecessary barriers to parents who desperately need quality child care for their children.

It is important to recognize, as well, that the expansion of Head Start and public-school-based prekindergarten also represents a very important form of financial assistance to the parents of the children served by these programs, since they are free to the families served.

Gubernatorial Leadership. In 2004, the state established a new Office of Child Development within DPW in order to unify the various child care and early intervention efforts within DPW, and has also appointed the leader for this office as Policy Director at the Pennsylvania Department of Education (PDE).

Pennsylvania's
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Our challenge today, from a public policy perspective, is to uphold the best values of both the “child care” and “early childhood education” approaches — hence the term “early care and education” . . .

The purpose of this new office, and the joint appointment, is to assure ongoing progress in the establishment of early childhood education and care as a major thrust of state government. The newly established Governor’s Early Learning Team brings together the Governor’s Office, PDE, DPW, the Department of Health, and the Head Start program to assure that the Governor’s early childhood priorities are well-established and understood, and to assure appropriate cross-departmental leadership and collaboration in this work.

The Struggle for Quality

Historically we have paid little attention to the quality of the early educational experience.

The quality of the programs that are offered makes all the difference to the children and families that participate. Paying for programs that do not offer the kind of quality we value does not make sense. Several ongoing initiatives by Pennsylvania are focused on boosting the quality of the programs we regulate or sponsor.

Disseminating Best Practices. One way to help unify disparate types of programs is to use a common set of standards that identify the most effective program practices and also establish high expectations for children. Pennsylvania has significantly lagged the nation in this area, as was noted in Governor Schweiker’s report, but during 2003-04, PDE and DPW came together with stakeholders from around the state to develop Pennsylvania’s Early Learning Standards. These standards are being used to inform the essential, ongoing continuing education that is offered each summer to early childhood teachers and administrators. In the summer of 2004, nearly 2,000 early childhood practitioners — from public and private schools, from child care programs, and from Head Start — were reached, a significant improvement over the number reached the previous decade.

Making Credentials Work. Translating these best-practice standards into good outcomes for children requires well-trained teachers and administrators. They need to be versed in how young children learn and develop, and to use their knowledge day in and day out with young children and their families.

Right now, there are radically different rules for teachers, depending on the setting in which they teach — and different consequences for these teachers in terms of compensation and professional recognition. For the early education settings that come under the umbrella of PDE, a B.A. in early childhood education is required, programs of induction are required, and continuing education must occur for at least 180 hours every five years. For the early care and education set-



tings in child care that DPW oversees, the acceptable teacher credential is an A.A. in human services with 6 hours of continuing education each year. Head Start is moving towards a credentialed teacher requirement and has no formal requirement for continuing education hours, but it has a vigorous system for ongoing professional development and program reviews.

Over the summer of 2004, DPW and PDE teamed up with United Ways from across the state and met with over 700 child care practitioners and administrators, child care trainers, and higher education faculty in order to gather on-the-ground information about how to assure that all of the state’s investments in professional preparation and development meet the standards and support practitioners in gaining appropriate degrees.

The current work includes modifying the guidelines for the B.A. programs to align them with the new Early Learning Standards. We are also aligning the investment in child care practitioners to offer a more credential-based course of study and shifting the state’s investment in child care professional development from a “workshop” to a credit-based model.

We have initiated efforts to improve compensation for child care teachers who are well-credentialed and experienced in early childhood education. Improving compensation is crucial both for encouraging teachers to obtain meaningful training, and for making certain

that the best-trained teachers remain in the system and help build its human capital store. Compensation for child care teachers is being addressed in three ways: 1) through the development of a new part of Keystone STARS (e.g., Education and Retention Awards) that offers financial awards to highly qualified teachers who are working in the areas of the state with high poverty and where children are at high risk of school failure; 2) through payments that child care providers accept when they enroll low-income children; and 3) through expansion of the popular T.E.A.C.H. scholarship program, which supports current early childhood practitioners to get their early childhood degrees. This work is early in its development and will require deeper investment and additional strategies over time.

Conclusion

Experienced participants in state policy and politics know that little happens fast here in Pennsylvania. The progress being made now is the result of years of work in the state and across the nation. In the years ahead, we will need to invest more, and expect more from our investment.

Harriet Dichter is Governor Rendell's point-person on early childhood care and development, with a joint appointment as the Deputy Secretary in the Office of Child Development of the Pennsylvania Department of Public Welfare and the Policy Director of the Pennsylvania Department of Education. For more information on the state's policies, programs, and initiatives, visit the state's website: www.state.pa.us.

The Rendell Administration has initiated efforts to improve compensation for child care teachers who are well-credentialed and experienced in early childhood education.

Pennsylvania Investments in Early Childhood Care and Education		
Item	FY 2004-05	FY 2003-04
Quality Prekindergarten		
• Prekindergarten Head Start	\$15 million	\$0
• School-led Prekindergarten	\$9.3 million	\$0
Early Care and Education/Child Care	\$521.9 million	\$491 million
Full-Day Kindergarten	\$97 million	\$0
Child Care		
Item	FY 2004-05	FY 2003-04
Access to Child Care	\$448.7 million	\$433.9 million
Community Engagement	\$2.5 million	\$2.4 million
Health/Safety Grants	\$0 (incorporated health and safety as part of STARS)	\$15 million
Keystone STARS	\$25 million	\$15 million
Licensing and Inspection	\$6.3 million	\$6.2 million
Parent Information and Referral	\$11.5 million	\$11.5 million
Professional Credentialing		
• Basic credentials	\$.8 million	\$.3 million
• T.E.A.C.H. education scholarships	\$2.4 million	\$1.8 million
• Higher Education Vouchers	\$.3 million	\$.3 million
Quality Supports for Home-Based Programs	\$.8 million	\$.4 million
Community-based training for practitioners (non-credentialed)	\$3.6 million	\$3.5 million

Source: Pennsylvania Departments of Education and Public Welfare



THE UNIVERSAL VS. TARGETED DEBATE:

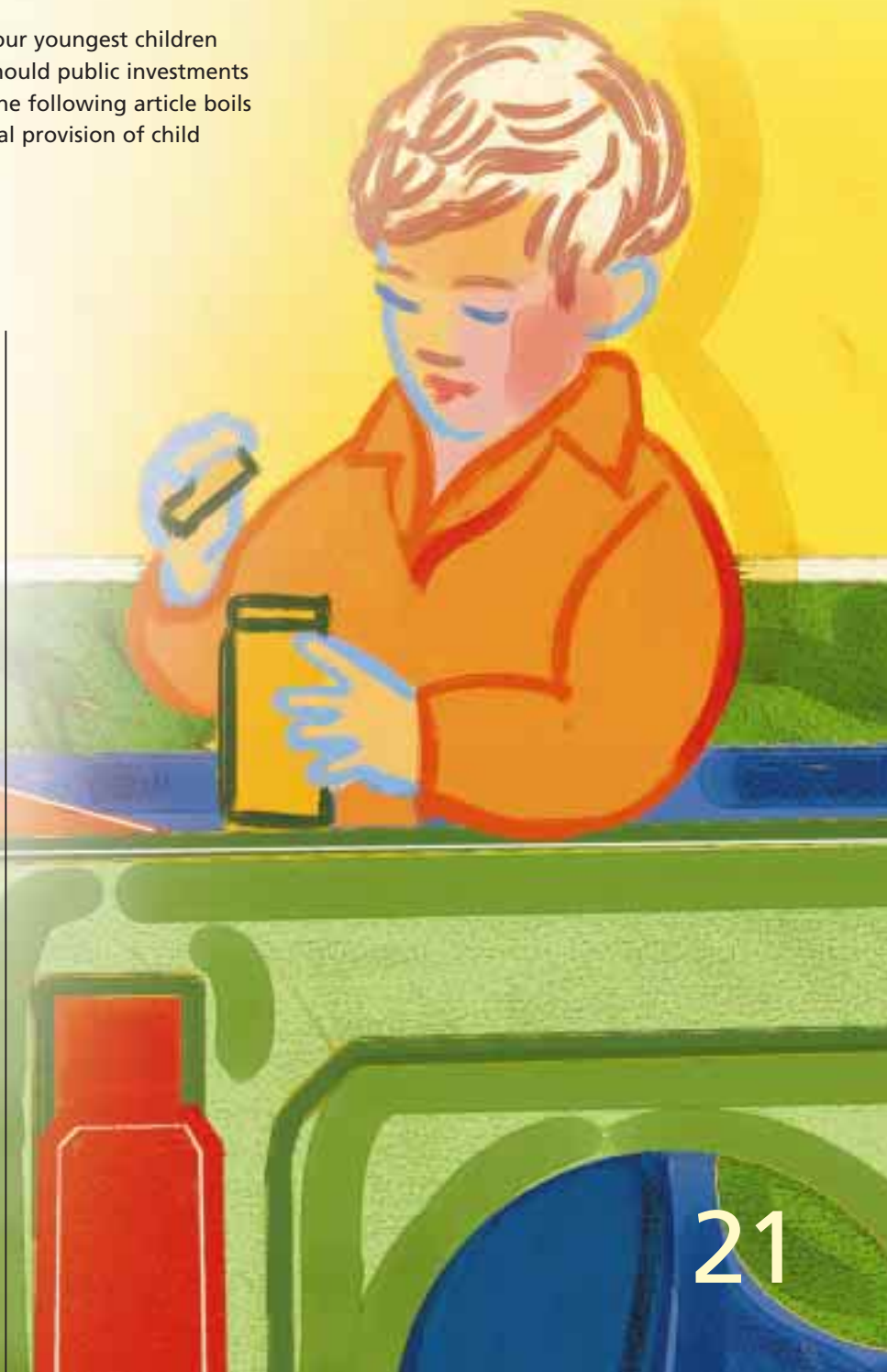
Should the United States Have Preschool for All?

National Institute for Early Education and Research

Most people agree that caring for and educating our youngest children are important societal goals. But to what extent should public investments be made in early childhood care and education? The following article boils two sides of the debate — targeted versus universal provision of child care — down to the basics.

Few Americans would quarrel with the notion that no children should be left behind. Wide agreement on these broad goals reflects public awareness of research showing that learning is truly lifelong, beginning in the early years, and that early experiences build a foundation for learning.

But how can these goals best be reached? And what is the role of government in pursuing them? On these questions there is far less agreement. One key debate pits the notion of voluntary universal early learning programs, available to all preschoolers, against targeted services, reserved for those at greatest risk of poor achievement, based on economic disadvantage, disabilities or other special needs. Most public support for preschool programs today is for targeted programs, but calls for universal programs have increased and several states seek to provide preschool for all 4-year-olds.



	The Case for Targeting	The Case for Universal Preschool
Efficiency and Low Cost	Targeted programs are said to have larger benefits and lower costs to the public. While high-quality early learning programs can benefit virtually all children, more substantial effects have been shown for those preschoolers most at risk of poor outcomes. Given this finding, why not invest resources where they are likely to do the most good? Moreover, targeted programs do not spend public dollars on children whose parents can afford such programs.	Many children who are not in targeted groups can benefit from a high-quality preschool education. The problems of low school readiness, low achievement, and dropout are not limited to the poor. And, targeted programs fail to reach many of the children they seek to serve. The costs of failing to serve children who could benefit are far higher than the costs saved by targeting.
Quality	Because they serve a relatively small number of children with the greatest needs, targeted programs can focus on quality. They do not dilute quality by spreading resources too thin. These resources include not only money, but also facilities and qualified staff. Thus, targeted preschool programs are more likely to provide the intensity and duration of service required by children with the greatest needs.	Programs for the poor tend to be poor programs. Our cultural attitude toward charity programs is reflected in the proverb "Beggars can't be choosers." Most targeted programs have not delivered the intensity or quality of educational services shown to be highly effective for children in poverty. Universal programs will tend to be of higher quality because they are not perceived as charity programs. In addition, universal programs may be more effective because they can serve disadvantaged children in more heterogeneous classes and all children benefit later when all of their schoolmates are better prepared for school.
Public Support	The smaller total budget required by a targeted program makes it more affordable and, therefore, more likely to be fully funded by the public. In addition, the public is more willing to pay for services when families cannot afford to purchase these on their own. Targeting is consistent with Americans' historic preference for keeping most children in their mothers' care, while providing out-of-home care for those whose home settings were considered inadequate. Our nation's first public preschools, the infant schools established in Massachusetts in the 1830's, functioned on this principle, serving young children of the indigent and exposing them to mainstream values and habits. Public opinion continues to favor maternal care in an era when the great majority of mothers with young children are in the workforce for part or all of the day.	Although preschool for all will require a larger budget than targeted programs, it will nevertheless receive greater public support because of the larger, more influential population benefiting from the program. In addition, a universal program will be perceived as more fair and more in keeping with American's views that government has a responsibility to support education for all children.

This table is drawn from the "The Universal vs. Targeted Debate: Should the United States Have Preschool for All?" by W. Steven Barnett, Kirsty Brown and Rima Shore of the National Institute for Early Education Research, in their publication *Preschool Matters* (Issue 6, April 2004).

For the full report, visit: nieer.org.

Universal vs. Targeted: Where does Pennsylvania stand?

Full-day Kindergarten

Full-day kindergarten is available at the local option of school districts in communities throughout the state, and as of Fall 2004, state funding for full-day kindergarten is available to all school districts. The state's guidance suggests that if a district lacks resources to offer full-day kindergarten to all, that it may target the program to those who are most at-risk of school failure; however, the general half-day kindergarten program is to serve all children and be universally available to residents of the local community.

Quality Prekindergarten

Quality prekindergarten in Pennsylvania is provided through the state's investment in schools under the new Education Accountability Block Grant and through the state's investment in Head Start. Schools are permitted to target if they lack resources to serve all children. Head Start, pursuant to federal law, must serve at least 90 percent very low-income children.

Quality Early Care and Education

Pennsylvania, in accordance with the federal law that supplies a portion of the program costs, targets its resources to low-income working families who have children in need of early care and education. Families are provided with tuition assistance (child care subsidy) on the basis of their income and hours of work. Under the state's quality improvement effort, Keystone STARS, all programs in the state may receive recognition if they meet the STARS standards. Programs that have very small subsidized child care enrollment (about 5 percent) may also draw down the STARS support grants, Education and Retention Awards and Merit Awards, and are given preference for having their staff participate in the T.E.A.C.H. program.

Source: Commonwealth of Pennsylvania



Early to Learn:

PARTNERS FOR SCHOOL READINESS

United Way of Southeastern Pennsylvania

The United Way of Southeastern Pennsylvania has taken the lead in boosting quality early childhood education in the Philadelphia region by pursuing the goal of school readiness. This article describes their research-based approach to strengthening existing services and engaging the child care community in early childhood education, as well as the impact to date of their comprehensive Early to Learn initiative.



United Way of Southeastern Pennsylvania has a long history of supporting quality early childhood education. United Way has assisted and supported the region in acquiring public and private support for early childhood education to reach our goal of improving educational outcomes for our most at-risk population, the very young. We know from our research and the research of national organizations, that America is in an educational crisis. Among industrialized nations, the United States ranks 16th in science scores, and 17th in eighth grade math scores. The high school dropout rate among 16 to 24 year olds is 11.2 percent. Pennsylvania ranks 27th in the nation in its high school graduation rate (84.1 percent) and only 61.2 percent of Philadelphia high school students who enter ninth grade graduate after six years. Over half of Philadelphia public school students score in the bottom quarter in standardized math and reading tests.

The role of education in a child's ability to create a healthy, fulfilling life has been well documented. Children who are ready for school do better on a number of key measures, such as school attendance and achievement, social and emotional health, high school graduation and continued participation in higher education. Optimal development during this period provides the best possibility for lifelong success in school and beyond.

What is school readiness?

Across the country, scientists, educators, academicians, political leaders, business leaders and parents agree that the ability of children to succeed in school requires greater action to support families with young children from birth to the beginning of kindergarten. United Way has adopted the Goals 2000: Educate America Act's definition of school readiness in order to support early childhood programs in our region. The goals of school readiness are:

- **Readiness in children**, including physical well-being and motor development, social and emotional development, language development, cognition and general knowledge, and approaches to learning;
- **Readiness of schools**, including smooth transition between home and school, continuity between early care programs and elementary school; and
- **Family and community support**, including access to high quality preschool programs for parents to help devote time each day to helping their children learn, and receive the support and training they need to do this.

What is happening in our region?

Troubled by the prospect of our children failing, and encouraged by the emerging science, United Way of Southeastern Pennsylvania, in cooperation with the City of Philadelphia and School District of Philadelphia, took action and commissioned: **The Philadelphia 1000 Family Survey**, a random sample of 1000 families with children under 5; **The Philadelphia Child Care Quality Study**, a study of quality at over 200 centers, Head Starts, and all types of home-based early care and education; and **The Parenting Education and Support Review**, a study of the impact of parenting programs across the nation.

Parents Say Quality Early Care and Education Are Rare

Sixty-five percent of Philadelphia parents report that affordable high quality child care is difficult to find: Latino, African-American and low-income parents are disproportionately affected. Seventy-five percent of Philadelphia's young children have participated in an early care and education program before entering kindergarten. Thirty-seven percent of children 0-5 attend a center, 35 percent have parental care, 21 percent use relative care and 7 percent use non-relative care. While the individuals who work with young children are sensitive to them, the overall quality needed to support child health and safety as well as school readiness is minimal. Eighteen percent of center-based programs are good, 75 percent are minimally adequate, and 6 percent are inadequate. For family child care, our study found that 4 percent were good, 42 percent were minimally adequate, and 54 percent were inadequate. No program was excellent.

High Cost to Parents, and Funding Is Inadequate

Programs receive too little money to recruit, pay, and retain qualified professionals and to assure stimulating, caring, learning environments for our youngest children. The average amount that a center receives per preschooler is \$2.35 per hour. The under-funded Philadelphia schools operate with per pupil reimbursements of \$6.27 per hour.

A Philadelphia parent of a preschooler pays an average annual fee of \$5,512 per child, which is 19 percent of median family income. Early education programs seek other sources of funding besides fees, but few are successful. Only 7 percent of early care and education programs raise more than 10 percent of their income from sources other than fees.

Basic Health Resources Are Sufficient, but Health Status of Philadelphia Children Is Far from Ideal

Lead poisoning and asthma are critical problems. Eleven percent of Philadelphia parents report that their young children have asthma. Sixteen percent of children screened have lead poisoning, which can impair thinking and learning. Experts report an inadequate supply of dentists to serve low-income children. One-third of 3- and 4-year-old Philadelphia children have never seen a dentist.

Limited Effects of Parenting Programs Demand Creative Approaches

The Parenting Education and Support Review found that parenting programs have a limited effect on parent knowledge about child development; family functioning; children's social, emotional, and cognitive development; school performance; or child safety. The Review found more positive outcomes with the use of professional staff, opportunities for parents to meet in support groups, and targeting of parents who have identified special needs in their children. Use of high-trust, low-stigma settings for parenting support is highly recommended.

What is United Way doing to meet the school readiness needs of the region?

United Way of Southeastern Pennsylvania has created an innovative program called **Early to Learn: Partners for School Readiness** in order to address the findings from our research. Early to Learn focuses on quality education, healthy development of children and parental support to address the crisis of achieving school readiness for young children. This is being accomplished through strengthening the delivery of early childhood services and working with the community to engage parents and professionals.

Strengthening the Delivery of Services to Children:

Through the *Preschool Plus* program, Early to Learn works with more than 30 preschools serving low-income, multi-ethnic children in the region to raise the quality of the early education experience. Each school receives technical assistance, with a focus on curriculum, child development, literacy, parental support and business operations

Three *Playschools* were created to offer caregivers and young children who do not attend a formal preschool program an enriching educational experience, two

... 75 percent
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minimally
adequate and
6 percent are
inadequate.

. . . 65 percent of Philadelphia parents report that affordable high quality child care is difficult to find.

mornings a week. Teachers model activities using math, science, art, music and early literacy concepts to show caregivers how they can work on school readiness with their children at home.

At Children's Hospital of Philadelphia (CHOP)'s *Primary Care Centers*, School Readiness Specialists engage parents on ways to improve their knowledge, skills and confidence in meeting the school readiness needs of their young children.

A comprehensive *Kindergarten-Transition* program is being implemented in collaboration with the School District of Philadelphia to prepare children and families for the child's new school experience.

Engaging the Community in School Readiness:

Parents as Leaders is an advocacy and leadership training program provided by three community-based organizations in the region. The program encourages parents to become change agents and community leaders in key areas of school readiness such as health, early childhood education, and community involvement.

The *Go2Guide for School Readiness: Resources for Families with Babies, Toddlers and Preschoolers* and the *Social Marketing Campaign* reach out to parents with the message that they are their child's first and most important teacher. The Guide provides parents and professionals with valuable resources that include health care services, early education resources and parenting tips and is accessible in hard copy and online at www.beehive.org. The Social Marketing campaign incorporates media and grass-roots outreach to encourage families of young children to "Show. Tell. Read. Sing. Play. Do a little. Every day." with their children. Transit posters and radio spots have been used to spread the message, with a free Fun Activity Book available as a follow-up.

What are the results of United Way's work?

As the program begins its third year, Early to Learn has some preliminary results that show great progress to meeting the goal of successful school readiness.

Preschool Plus

- The preschool centers participating in Preschool Plus are showing progress in improving their quality, as measured by the Environmental Ratings Scale, a nationally-validated measurement system. Twenty-four of the twenty-six centers with one-year comparisons available are making great strides towards our goal of providing the 2,914 young children attending these programs with high quality school readiness services.
- The customized School Readiness Improvement Plan (SRIP) is the mechanism through which each preschool center's needs are analyzed and goals are

defined. Ninety-two percent of the identified goals have been met.

- Accreditation is another measure of progress for about half of the participating preschool centers. Four centers are now accredited, including one center that became accredited in this time period. Two centers submitted their paperwork and are awaiting validation.
- A supplemental literacy enrichment program has been implemented in 16 centers to create literacy rich environments. Preschool teaching staff has the opportunity to take college courses to strengthen their teaching skills. Parents are receiving literacy materials to support family reading practices at home.
- Seven Early to Learn sites received technical assistance to allow them to establish relationships with the School District's Pre-K – Head Start project. These centers will receive funding for classroom start-up and they will have the opportunity to offer comprehensive services to 140 unserved Head Start-eligible children.
- Fifty percent of the Early to Learn sites are currently enrolled in the Keystone STARS Initiative. This state-wide program provides funding to centers that demonstrate program quality enhancements or increased professional development opportunities for center staff.

Playschools

The children participating in Playschools are making progress on key aspects of school readiness, as demonstrated by the children's:

- awareness that the written letter of the same name also represents the spoken letter of the alphabet.
- ability to name printed letters of the alphabet.
- improvement in oral communication skills, e.g., using words to express their ideas and needs, using complete sentences.
- ability to assemble developmentally appropriate puzzles.
- mastery of patterning, counting and sorting.
- exposure to measurement and classification.

Playschool teachers report that caregivers have a keen interest in the activities that the teachers are providing and ask for additional assistance in equipping their homes for school readiness activities.

Primary Care Centers

- The work of the School Readiness Specialists spans the Preschool Plus and Playschool programs, as well as the four primary health care centers at CHOP. At each of these centers, CHOP has successfully upgraded its electronic medical system (EPIC) in order to record a child's developmental milestones; doctors and nurses are partnering with School Readiness Specialists to stimulate parental understanding of

child development and encourage school readiness activities based on the EPIC milestones.

- School Readiness Specialists offer strategies for parents, particularly in improving language and numeracy, as well as qualities that enhance learning, such as curiosity and eagerness.

Parents as Leaders

- The graduation of the 9th cohort of Parents as Leaders brings the number of parents trained in advocacy and leadership skills to 84 during the seventeen-month training period.
- Parents are now implementing their leadership projects, ranging from installing stop signs at school crossings to offering parenting courses for incarcerated fathers.

Kindergarten Transition

- A Transition Manual was created for teachers and administrators.
- Grassroots events introduce community preschool teachers and kindergarten teachers to each other; an annual Kindergarten Mixer is held at the Please Touch Museum to bring children, parents and kindergarten teachers together.
- Parents are receiving more information about kindergarten enrollment.
- “Buddy” programs have been established between elementary schools and preschools in their neighborhoods — preschool classes are encouraged to visit the local kindergarten classes.
- One-third of the Early to Learn program directors participated in professional development training with the School District of Philadelphia.

Public Relations and Social Marketing Campaign

- The Public Relations and Marketing campaign was launched to provide wide exposure to the Early to Learn project.
- The *Go2Guide: Resources for Families with Babies, Toddlers and Preschooler* was designed to address the community’s desire for a one-stop resource tool that provides information on a variety of school readiness topics. Fifteen thousand copies of the guide were made available to families with young children and community service providers. The *Go2Guide* was incorporated into the Beehive www.beehive.org and averages 70,000 hits a month.
- Three posters and car cards for transit were designed to reach out to low-income parents in the African-American and Latino communities and three radio spots were developed.
- More than 7,000 Fun Activity books have been distributed.

CONCLUSION:

Early to Learn is making great strides in improving the services available to young children and their families. This United Way initiative will continue to build support and help the community define school readiness to prepare children for success in school and in life.

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PNC Dedicates Funds, Volunteer Hours

TO IMPROVE SCHOOL READINESS



James E. Rohr, The PNC Financial Services Group, Inc.

PNC leads the corporate world in tackling the issue of early childhood education and care, not just as a major employer but also a corporate citizen. Learn how PNC Grow Up Great, a multi-year, multi-million dollar initiative, takes a comprehensive approach to school readiness.

Within The PNC Financial Services Group, we are dedicating our financial and human resources in a new and more powerful way to achieve greater results in an area of critical importance to our society — school readiness.

Specifically, I'd like to share our company's experience in launching PNC Grow Up Great, a 10-year, \$100 million program to improve early education for America's youngest children: the impetus behind it; the approach we've taken; the challenges we've faced; and, most importantly, the results we're working to achieve.

Let me begin by giving you some context. PNC is a \$74 billion asset financial services company with more than 23,000 employees. Most are located within our six-state retail banking region, although we do have some national — and even global — businesses.

The PNC Culture and Values

I could tell early on in my career that PNC had a deeply held set of values and a very special culture. There was a strong emphasis on creating value for all constituencies: customers and shareholders, of course, but employees and communities were equally important. In fact, one of the first forms I filled out after accepting my job offer more than 30 years ago was a United Way contribution card.

Over the years, through our Foundation, corporate sponsorships, and employee volunteerism, we've given tens of millions of dollars to hundreds of organizations that support culture and the arts, health and welfare, education, and community development. At the same time, we have always recognized that employees are the backbone — as well as the heart and soul — of our company. We have strived to provide them with a highly competitive benefits program, and we've worked to create an environment that enables employees to perform at their highest level.

I'm pleased to say that our efforts have been acknowledged. *Money* magazine has ranked our benefits program as one of the best in our industry, and PNC has earned a place among America's "100 Best Companies for Working Mothers" three times. Even more important than the accolades, though, at PNC our widely used work-life, elder care and childcare programs have helped us improve retention, employee satisfaction and productivity in many areas.

I have to give much of the credit for our success to our employees. For example, they identified childcare as an issue several years ago. They didn't ask us to provide full-time service. They said: "We need a place to take our children when our regular day care isn't available — like when school is canceled, or our babysitter is sick." Since then, we've opened two back-up childcare facilities, in Philadelphia and Pittsburgh, which are used by hundreds of employees each month.



The Origins of PNC Grow Up Great

At the entrance to one of those facilities — The O'Brien Family Center in Pittsburgh — hangs a plaque that reads: "One of the greatest dignities of humankind is that each successive generation is invested in the welfare of each new generation." That quote comes from Fred Rogers, whose stories, songs and kindheartedness helped teach, comfort and entertain millions of children around the world. Mr. Rogers was a great friend of PNC, and I can tell you that our employees — and our company — take those words to heart.

Competing Demands: What takes employees away from the job?

Routine illnesses: 29%
Problems with child care: 22%
Transportation for family members: 10%
Elder care: 5%
Children's school needs: 3%
Death in the family: 3%
Divorce: 1%

Source: Heymann, Jody, et al. *Work-Family Issues and Low-Income Families: Making Work Pay in the Low-Income Labor Market*, Ford Foundation, Summer 2002.

... the California penal system uses 3rd grade reading statistics as a leading indicator of how many prison cells they will need in coming years.

When we determined that we wanted to focus more of our philanthropic energy, efforts and resources on one cause, we asked employees which areas we should target. The response was loud and clear: children and education. Of course, in a number of ways we had supported these issues all along, but we began to take an even closer look at early childhood education and we recognized a strong need for more corporate involvement.

Some of the research is mind-numbing: an underserved child begins school 18 months behind a school-ready child in terms of vocabulary — a difference that's tough to make up. Think about it, if you begin school and the child to the left of you and the child to the right of you comprehend words that you don't, soon enough you'll recognize that you can't compete, and you'll go onto other things, many of which aren't healthy for you or society. That's why the California penal system uses 3rd grade reading statistics as a leading indicator of how many prison cells they will need in coming years. So the issue of early childhood education became even more compelling for PNC.

Long-Term Commitment, Comprehensive Approach

We decided that to make a meaningful, long-term difference, we had to make a meaningful, long-term commitment that involved the whole company. In other words, we wanted to do something more than simply write a check. We set out to develop a program that would create value for all the constituencies I mentioned earlier. That led to PNC Grow Up Great. It's a 10-year, \$100 million program to help children from birth to age five prepare for school and life. We believe this is the most comprehensive corporate-based school readiness program in the country. We are leveraging our resources to make an impact in several areas: advocacy, grants, volun-

teerism, content, and communications. Let me walk you through how we're addressing each of the areas I mentioned. This will help you to understand better how they work together. Also, like any new venture, we've learned some lessons, which, hopefully, you'll find useful when addressing similar issues at your company or organization.

Advocacy

We're using key resources to encourage elected officials, policy makers and community leaders to: first, learn more about the issue, and, secondly, accelerate the implementation of solutions. We are not experts on the issue of school readiness, but we can lend a strong voice to the need for change. We have taken the position that if this issue truly does matter; we need to lobby public policy makers to enact supportive legislation just as we lobby policy makers on issues that impact our customers or our bottom line.

To help us with our advocacy and other efforts, we have developed an advisory board made up of experts from across the field of early childhood education, including: Dr. Steve Barnett, who heads the National Institute for Early Education Research; Ellen Galinsky, the co-founder of the Families and Work Institute; and Gary Knell, the CEO of Sesame Workshop. This team provides us with guidance on a variety of issues and also gives us a stronger voice at the table.

Grants

Clearly, we also realized funding and grants would have to be a critical element of PNC Grow Up Great. Most of the programs that provide quality early childhood environments are funded privately or through the government, so monetary support is crucial. We developed a grant evaluation process that leverages our existing PNC Foundation infrastructure but also relies heavily on teams we set up in each of our nine geographic markets. The top executive in the market — the Regional President — leads each local team. They get involved in site visits and evaluate requests by focusing on three primary criteria: (1) identify child care "centers of excellence"; (2) provide children with a unique educational experience; and (3) have the ability to measure the impact being made by our investment.

We announced the first wave of grant recipients in March. Twelve centers representing five states received a total of more than \$500,000. What's more, our funding outreach goes beyond these centers. We have committed a portion of our PNC Foundation funding — which totaled more than \$11 million last year — to support preschool-related activities offered through a number of partners. We have extraordinary resources — like the Whitaker Center for the Performing Arts in

Harrisburg and the zoo in Pittsburgh — that can serve as fun and interesting environments for a child to learn. Through PNC Grow Up Great, we're helping to expand those capabilities.

Volunteerism

Aside from grants, our volunteer efforts probably serve as the largest aspect of PNC Grow Up Great. We knew our employees would want to play an important role — it's in their blood. They have provided more than one million hours of volunteer service over the past few years even before PNC Grow Up Great came to be. And they have also contributed nearly \$5 million to United Way alone over that period.

With PNC Grow Up Great, they have set another lofty goal — 100,000 volunteer hours per year specifically in support of school readiness issues. To make it easy for employees, we designed a Web site that lists the wide range of opportunities available. For example, those who want to help, but would rather not work directly with children, can provide computer or strategic planning support. We're also providing up to 40 hours of paid time off annually for each employee to volunteer for this cause.

Although it is potentially the most exciting and rewarding element, the volunteer effort has also been the most challenging, causing us to create an entirely new infrastructure around the clearance process. Each state has certain prerequisites that must be met before you can work with preschool age children. It runs the gamut from doctors' waivers, to TB tests, to fingerprinting, to child abuse clearance. And that's very appropriate. But we didn't want these requirements to dissuade employees from participating, so we went about a detailed process. We learned the specific needs for the states and, when possible, we enabled employees to fulfill these requirements on-site. We also partnered with our employee assistance program provider to serve as a single point of contact for all employee questions. The result: after six weeks from our initial request for volunteers this Spring, more than 4,000 employees expressed interest in volunteering or were already in some stage of the clearance process.

Content and Communications

Besides the personal satisfaction our employees gain from volunteer efforts, they — along with our customers and community partners — will also benefit from the materials we've developed. We call it 'help and be helped.' We have partnered with some of the finest experts in the field, including Sesame Workshop, Family Communications — home of Mister Rogers' Neighborhood — and PBS member stations in all of our primary markets.

[PNC Grow Up Great is] a 10-year, \$100 million program to help children from birth to age five prepare for school and life. We believe this is the most comprehensive corporate-based school readiness program in the country.



We feel this program can have a profound impact on school readiness — especially for the 2.8 million children in the regions we serve. We wouldn't have launched it otherwise.

Together, we are creating content and educational materials for employees and the community to use with their families. For example, Sesame Workshop developed the “Happy, Healthy, Ready for School” kit. It contains a DVD featuring everyone’s favorite — Elmo — attending his first day of school; a magazine with tips for parents and caregivers; and an activity book for kids. We shared the kit with every employee and have distributed tens of thousands, for free, to the community via our 750 bank branches and partnerships with non-profit, early education centers. We have also developed an awareness-building campaign. It includes public service announcements with parenting tips plus TV commercials and billboards that call attention to this important issue.

Investment in the Future

The overall feedback about PNC Grow Up Great has been extremely positive. And, of course, that makes us feel good about all the hard work that has gone into getting the program up and running. But 2004 is just the beginning.

As the program evolves, we believe — as I said earlier — that we will create value for all the people we serve. Customers will benefit from the resources and materials we provide, and we hope they take increased pride in doing business with a company that makes this type of commitment. Shareholders will benefit from a more focused use of our philanthropic assets. Employees will become more engaged and loyal to PNC, and take advantage of

the educational materials provided. And, perhaps, most importantly, our communities will benefit from a smarter and healthier generation of students.

To the extent possible, we will measure our progress on each front, and make adjustments to the program as necessary. PNC Grow Up Great is an investment in our future and, like any company, we want to know what type of return we’re receiving on that investment. We feel this program can have a profound impact on school readiness — especially for the 2.8 million children in the regions we serve. We wouldn’t have launched it otherwise.

But this issue is much larger than PNC and this is where I put on my advocacy hat. We need everyone across the country involved. There may be disagreements on the approach — and that’s fine — we’ll iron those out along the way. But, surely, there cannot be any disagreement on this point: Children are our most precious resource. They are the foundation for everything we want this country to become. We can’t afford to simply let them grow up; we want to help them grow up great.

This article is based on the presentation made by James E. Rohr, chairman and chief executive officer of The PNC Financial Services Group, Inc., to human resources executives from Fortune 100 firms at the annual Corporate Voices for Working Families conference in Washington, D.C., on June 3, 2004. For more information on PNC Grow Up Great, visit: www.pncgrowupgreat.com. For more information on Corporate Voices for Working Families, visit www.cvworkingfamilies.org.

Source: Families and Work Institute, 1997 National Study of the Changing Workforce, available at www.familiesandwork.org.

Unequal Access: Lower-wage workers consistently have less access to family benefits and flexibility on the job than their higher-wage counterparts.		
	Low-wage employees	Higher-wage employees
DEPENDENT-CARE BENEFITS		
% offered child-care resource and referral services	11%	24%
% offered elder-care resource and referral services	17%	27%
% whose employer sponsors a child-care center at or near workplace	10%	14%
% whose employer offers direct financial assistance for child care	8%	14%
% offered plan allowing pre-tax contributions to cover child-care costs	12%	53%
FLEXIBLE SCHEDULES		
% able to choose starting and quitting time	29%	51%

**GREATER PHILADELPHIA
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