Four decades of research by brain scientists, educators, and economists have created a new understanding of the importance of children’s earliest years. Up to 90 percent of the brain’s architecture is formed by age five, so these years deeply affect a child’s ability to learn and regulate emotions. And while some children have the experiences and interactions that enable them to enter school ready to learn, large disparities in school readiness persist.

Policymakers and business leaders increasingly understand the implications of early learning in a competitive global economy. The quality of our children’s early care and education has lasting impact not only on their own lives, but on their schools and communities. And although the U.S. comes in last among The Organization for Economic Co-Operation and Development (OECD) countries for government spending on early childhood education,1 public investment in preschool has growing support among policymakers at all levels of government.2 In the Pennsylvania General Assembly, the bipartisan and bicameral Early Childhood Education Caucus has more than 100 members, and since its launch in 2014, the Pre-K for PA campaign has reported on connections between state early childhood policies and the criminal justice system, K-12 education, and workforce quality. The campaign has worked to increase public funding to serve more children and focus on strengthening the early childhood education system. The campaign developed this report to describe the effective, but sometimes opaque system Pennsylvania has created to provide high-quality public pre-k.

“Decades of research clearly show that high-quality programs for young children are highly effective interventions with lasting benefits. The positive effects of pre-k include a significant reduction of the learning deficit that many children face when entering kindergarten, with results that are sustained throughout their educational experience.”3

Pennsylvania’s mixed delivery preschool system evolved from a deepening understanding of the need for better quality early education, beginning with a seminal 2002 report issued by then-Governor Schweiker that called for action by legislators and the business community. The report noted that the quality of child care in the state had declined. At the time, Head Start slots (contracted directly through the federal government) served only a small portion of eligible children. The federal child care subsidy program (with a state match) helped thousands more low-income working parents afford private child care, but the vast majority of children were being served in homes and child care centers of unknown, and often low-quality.

In 2002 the state launched Keystone STARS, a child care quality rating and improvement system, and approved new funding for pre-k including Head Start Supplemental Assistance (HSSAP) to create additional seats for Head Start providers.

In 2007 the state launched PA Pre-K Counts (PKC) for 3-to-5-year olds, a program that quickly became a nationwide model. Its framework addressed all the factors shown to improve outcomes for children: qualified and appropriately compensated personnel; small class sizes; a language-rich environment; developmentally appropriate curriculum; a safe physical setting; and warm adult–child interactions.4 From the outset, PKC called for partnerships between school districts and child care providers to determine how their local needs would shape the program.

While most states administer child care and early education funds separately, Pennsylvania’s Office of Child Development and Early Learning (OCDEL) has developed a well-integrated system as a “joint deputate” of both the Departments of Education and Human Services. Pennsylvania was rated sixth best in the nation in the Bipartisan Policy Center’s 2018 report on states’ early care and education systems.5 Despite this early lead in building a strong, high-quality public pre-k system, Pennsylvania has fallen behind as other states expand their programs to reach more children. According to the most recent Yearbook issued by the National Institute of Early Education Resources (NIEER), Pennsylvania ranks 18th out of 30 in per capita spending among states with high-quality, publicly funded pre-k.6

After a Decade of Stalled Growth, New Momentum

By 2014, PKC and HSSAP preschool programs had only enough slots to serve about 8 percent of eligible children. Currently, 60 percent of the state’s children are considered at-risk, with family incomes that are inadequate to cover tuition at a quality child care center. Thanks to strong support from the legislature and Republican and Democratic administrations, state budget funding has increased over the last five years. Nearly 4 in 10 low-income preschoolers with a state subsidy now attend a high-quality child care program. When we include children enrolled in federal and state-funded Head Start, 75,870 preschoolers are enrolled in quality early learning programs that help close the kindergarten readiness gap. Even so, more than 97,700 eligible children across the state still lack access to publicly funded pre-k.7

Our Mixed Service Delivery System Meets Diverse Community & Family Needs

Urban, rural, and suburban communities across the state have different needs depending on local resources, transportation needs, and workforce patterns. In addition, families require different arrangements based on
the ages of their children, work schedules, and other factors. This is why Pennsylvania’s system was designed to serve children in a variety of settings—school districts, child care centers, Head Start centers, licensed private academic nursery schools, and home-based care.

Providers may use one funding source or program or combine multiple sources to serve children. Parents with subsidy can match their needs with almost any licensed provider for full- or half-day care. Children with developmental delays or disabilities may have special needs, and the mixed delivery system allows parents to select a setting best suited for them.

A high-quality classroom setting in a child care center funded by Head Start is likely indistinguishable from one funded by Pre-K Counts or private tuition. These classrooms have a teacher to child ratio of 1:10 and most have a lead teacher with a B.A. or higher and assistant teachers with a CDA (Child Development Associate, a nationally certified credential). They follow and adapt a research-based curriculum in an environment that provides rich stimulation, fostering creativity and curiosity while developing social–emotional and cognitive skills.

While most public preschool programs are now “full-day” (5 or 6 hours), some slots remain “half day” (2.5 hours). Where parents work full time, most need care beyond the school day. These parents will seek preschool in a child care setting (typically open 7 AM to 6 PM) and will pay for before- and after-care, or “wraparound care” in the same space.

Family composition also influences parents’ choices. For example, a family with an infant and a preschooler may prefer a child care center that serves all ages, whereas a family with a preschooler and first-grader may prefer a school setting.

Where children attend preschool in a school building, transportation to after-school care is a challenge. Some child care centers may provide transportation to and from the school and serve older siblings in after-school care. In some cases, school districts are involved in after-school arrangements and in others they have a hands-off approach.  

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**WHY DOESN'T THE STATE RESTRICT FUNDING TO HIGH-QUALITY PROGRAMS?**

The short answer is that we can’t, at present. Federal funds through the Child Care and Development Block Grant (CCDBG) must be used to promote access and family choice. Historically, child care was seen as a work support for low-income parents. In 1997, welfare reform made child care an entitlement as mothers were required to work outside the home. The bulk of funds paid for care in settings of low or unknown quality. Despite increases in high-quality slots, most communities currently have too few high-quality providers to serve all children. This means most children are not getting the full benefits of early education, and families, communities and the state are not getting the “bang for their buck” that high-quality care provides. As of 2014, CCDBG requires states to invest in quality and make the program more child- and family-friendly. Pennsylvania is also steadily increasing these investments.

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**Pennsylvania’s Publicly Funded Preschool Programs: Who They Serve and How They Are Funded**

<table>
<thead>
<tr>
<th>Program</th>
<th>Child Eligibility</th>
<th>State &amp; Federal Allocations, FY 18–19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Start</td>
<td>Family income under federal poverty level (FPL), equal to $20,780 for family of 3, exceptions for children with special needs</td>
<td>Federal $218,967,510 Direct to grantees</td>
</tr>
<tr>
<td>Head Start Supplemental Assistance Program (HSSAP)</td>
<td>Same as Federal Head Start</td>
<td>PA $59,178,000</td>
</tr>
<tr>
<td>Pre-K Counts (PKC)</td>
<td>Family income under 300% FPL, targeted to children at risk (special needs, English learners, lower income)</td>
<td>PA $192,284,000</td>
</tr>
<tr>
<td>Child Care Works</td>
<td>All adults in family must work &gt;20 hours/week and earn income under 200% of FPL</td>
<td>Federal $607,212,000</td>
</tr>
<tr>
<td>PA Ready to Learn Block Grant</td>
<td>Determined by local school district</td>
<td>PA $302,367,000</td>
</tr>
<tr>
<td>PHLpreK</td>
<td>Philadelphia residents</td>
<td>Local funding only</td>
</tr>
</tbody>
</table>

Additional funding streams contribute to the state system’s programs for Pennsylvania’s quality rating and improvement system (Keystone STARS). Tuition subsidies for workforce improvement and teacher coaching are not included here because they do not directly create seats for children.

*PA Ready to Learn Block Grants can be used by school districts to serve children pre-k through third grade. The exact amount used for pre-k is not available.
While a mixed delivery system does provide many options for families, there are limits to how well it responds to family and workforce needs. When parents work nonstandard hours, as workers in healthcare and retail often do, only a small number of centers accommodate their needs, especially if the shifts are unpredictable. These parents rely disproportionately on home-based providers who offer more flexibility.⁹

The state’s funding system can help child care programs attain and maintain high-quality standards. Studies of child care finances show that higher-quality centers often survive on the slimmest margins.¹⁰ Child care centers that “blend” or “braid” funding sources can increase revenues through collecting both preschool tuition (state reimbursement for full day Pre-K Counts is $8,500 per year) and a partial subsidy or private payments for additional after-school hours and during the summer. Aftercare and summer enrollment provide children with stability and help programs have predictable, year-round income and staff.

Regardless of the setting, mixing children who are served by different funding sources helps to break down de facto socioeconomic segregation that occurs when classrooms have only one source. Blending and braiding allow providers to serve children in inclusive classrooms with the full range of backgrounds and abilities. Research is showing this kind of diversity has better results for children, especially poor children, and makes faster progress to close the school readiness gap.

**Partnerships: Best Practices for School Readiness & Children’s Futures**

The partnership idea behind Pre-K Counts is more than a “feel good” idea about everyone getting along. In fact, competitiveness for state grants depends on the quality of partnerships among private programs and feeder schools or school districts, as well as other sorts of public/private arrangements. When they work well, partnerships foster communication, allow for comprehensive programming, advance professional development of birth through grade 4 teachers, and align goals and expectations among early learning providers and school systems.

A strong community infrastructure—faith-based institutions, nonprofits such as YMCAs and United Ways, as well as local colleges with early childhood education programs—can create a strong foundation for programs to improve pre-K quality and reach.

School districts and intermediate units (IUs) often act as important community hubs, especially in rural and suburban areas. Partnerships can provide a strong backbone that creates community buy-in and strengthens the quality of children’s early experiences and transition to kindergarten, especially when public schools are formal partners.

When a public school district anchors a partnership and subcontracts slots to child care or Head Start providers in addition to embedding classrooms in its own schools, the school district typically takes on centralized administration of the program. The district can provide teacher evaluation and coaching, as well as the cost of curriculum. This practice maximizes quality and family choice.

A larger grant holder such as a county or IU may be better able to target slots to geographic areas of greatest need. An IU may have available classrooms at its own buildings,¹¹ and additionally, it can provide seamless developmental screening and evaluations. Follow-up on referrals for early intervention are more organically tied to the child’s education setting, and families have had time to develop trust.

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**WHAT IS KEYSTONE STARS?**

Keystone STARS (Standards, Training/Professional Development, Assistance, Resources, and Supports) is a quality rating system that promotes improvement in early learning and development programs. Performance standards reflect research-based practices to improve outcomes for children, beginning at STAR 1 (licensing, basic health, and safety). At each level, programs must meet quality standards in four key areas: staff education, learning environment, leadership/management, and family/community partnerships. STARS 3 and 4 are considered high-quality.

“No single program can meet the diverse developmental needs of all children. A more promising approach targets a range of needs with a continuum of services that have documented effectiveness.”¹¹
Pennsylvania’s early learning system absorbs several state and federal funding streams and state budget line items and distributes them to private providers and school districts through competitive-bid grants. Grantees may use one or several sources, and may subcontract to direct service providers that may also receive funds from additional sources. Head Start classrooms are more likely to be independent from other programs, but this is changing. “Blended” funding typically results in single-program classrooms within a center, ie, a PKC class with optional after-school coverage, a HS class or a private-pay class. “Braided” funds may be the most diverse, mixing all children together in classrooms that meet the highest standards, regardless of how individual children are covered. All types of programs benefit from statewide quality improvement efforts.

### Preschoolers per Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Slots</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Head Start</td>
<td>25,936</td>
</tr>
<tr>
<td>Pennsylvania Head Start Supplemental Assistance Program (HSSAP)</td>
<td>6,039</td>
</tr>
<tr>
<td>Pre-K Counts (PKC)</td>
<td>22,973</td>
</tr>
<tr>
<td>Child Care Works Subsidy</td>
<td>11,000</td>
</tr>
<tr>
<td>Pennsylvania Ready to Learn Block Grant</td>
<td>2,052</td>
</tr>
<tr>
<td>PHLPREK</td>
<td>2,250</td>
</tr>
</tbody>
</table>

Numbers are from most recently available data.
Challenges in the Mixed Delivery System

A significant challenge for families and providers is the mismatch that can occur as families try to find seats aligned with their eligibility.

Navigating the different eligibility rules and policies of each public program on attendance, absenteeism, and vacation times can confuse parents and even service providers. Because the need for subsidy far exceeds the sum of available resources, timing the different enrollments is tricky at best: in recent years families have waited up to a year for subsidy as wait lists reached the hundreds or even thousands in more populous counties. A full time working parent might secure a PKC slot but have to turn it down if he or she is unable to afford aftercare without a subsidy. If a mother takes time off work for a new baby, she loses the subsidy that enables her 4-year old to attend preschool. And when a subsidized family’s earnings exceed 235 percent of the federal poverty level—by even $1—they experience the “cliff effect,” losing their subsidy but being unable to afford the private cost of care.

The state’s own budgeting process is also a challenge. Even though HSSAP and PKC contracts are meant to last five years, the unpredictable annual budget means slots aren’t guaranteed. The lack of year-to-year predictability can hurt even in expansion years: with a June 30 state budget deadline (that often goes late), providers don’t know how many new seats they will be awarded until at least August, when the timeline for expansion and filling seats may be too short.

**CASE STUDY: THE CARE CENTER FOUNDATION IN WEST CHESTER**

On a narrow street near the town center, West Chester’s Care Center Foundation (CCF) was born 36 years ago. It was a rough corner then, with drug sales in public view. Several churches joined together to open the center as a place for children to come after school, with activities to keep them off the streets. Later the center started providing child care for working parents. Most struggled with Chester County’s high cost of living—child care costs more in this county than anywhere else in the state—so they applied for a child care subsidy. A decade ago, Children’s Hospital of Philadelphia pediatrician Wendy Wallace joined the Care Center’s board as Chair and a hands-on volunteer, focused on immigrant parents and their young children. Together with the director, she wanted to expand the Center’s children’s services, but CCF lacked funding to invest in improvements and had a STAR 1 (entry level) quality rating.

In 2016, CCF and the Chester County Intermediate Unit (CCIU) partnered on a proposal to open a Pre-K Counts classroom. At the time the entire county had only enough Pre-K Counts seats to serve 1 in 20 eligible children. The CCIU now rents the center from CCF and manages both Pre-K Counts and Early Head Start–Child Care Partnership classrooms; all teachers are CCIU staff. Children can start at 6 weeks old and transition to two years of pre-k before entering kindergarten. The Center now has a STAR 4 rating (the highest). CCF offers complementary services to parents, from cooking and nutrition classes to holiday meals, kids’ books, and more.

A Pre-K Counts expansion in 2014 provided the opportunity for the Care Center Foundation to partner with the Chester County Intermediate Unit (CCIU) and bring PA Pre-K Counts to what had been a Star 1 child care center (entry level) in a poor neighborhood in West Chester. 17 children are now enrolled in full-day care at the CCIU-managed Star 4 center. The Care Center is proud of this mosaic/painting created by celebrated muralist Paul Santoleri. (paulsantoleri.com)

The IU’s resources allow for training, curricula, back-end supports and human resources, and staff benefits that surpass what most child care centers can offer. Without the IU, CCF could not support a Family Service worker. All funds are fully braided by the CCIU, which helps sustain quality and stability. In a budget crisis when one funding source is delayed, they can likely survive on the other. And because of the collaborative relationship, Early Intervention staff provide developmental screening for every child and follow-up where needed (currently about 30 percent of the children have a delay or disability).
“The challenge in creating these systems is ensuring consistency in program quality when each of these preschool providers has traditionally differed in terms of governance, funding, and program standards. Improving the qualifications and expertise of the teaching workforce is the most common strategy used by policy makers to ensure a robust return on their investment in preschool regardless of auspice.”

**Attracting a Qualified Workforce May Be the Biggest Hurdle of All**

When PKC was created in 2007, it relied on a bold move to guarantee quality: a requirement that lead teachers have a B.A. and state certification in early childhood education. However, the funding provided by the state did not allow PKC teachers to be paid what they could earn in a public school. Teachers frequently move to school-based settings once they are certified, creating turnover that reduces the consistency that children need.

The flipside of this dilemma is that where superintendents have physical capacity and would like to sponsor preschool classrooms, they cannot afford to do so without supplementing their PKC or HSSAP contracts with local tax money or another funding stream. Given other factors squeezing public school budgets, this puts direct provision of preschool out of reach for many school districts.

These workforce issues may indeed set the ceiling for the speed of quality improvement possible in the next several years. And it’s not just the lead teachers: providers are having difficulty finding qualified assistant teachers as well. At an average rate of $9.80 per hour, the system consistently bleeds staff to other sectors where the work is easier. Salaries at all levels must be boosted to increase retention.
Scaling Up: Resources & Tools for Building on the Mixed Delivery System

Scaling up our pre-k programs will require efforts that enable providers to improve their quality to STAR 3 and 4 levels, but in some areas it may also require bricks and mortar, which poses other barriers. Child care centers often need capital not tied to child care slots. Across the state, even excellent programs find that accessing capital for building maintenance is difficult; expanding their facilities to meet community needs can be insurmountable. In Philadelphia, the Fund for Quality, a public/private partnership, helps high-quality providers with business planning and facilities-related funding. Investing in a statewide fund focusing on this gap would create infrastructure to fill the need in many areas, from urban to rural and in between.

For school districts, the missing resource is often space. The problem doesn’t just occur in urban areas where land is built out. It’s a problem for suburban and rural schools as well, depending on whether the district is shrinking or growing and whether it already provides full-day kindergarten or intends to expand this offering.

Another challenge providers face is the need for better system responses to behavioral health problems. While policymakers have strengthened guidelines to prevent discrimination and create a climate of inclusion, tangible supports for teachers in the classroom have lagged. A portion of the one-year, $10.5 million federal Preschool Development Grant announced in December 2018 has been earmarked for a pilot program to provide in-classroom coaching for behavior challenges. This is an evidence-based approach that holds promise, but may still be inadequate.

Doubling or tripling the number of publicly-funded preschool slots currently allocated in the state’s budget is a necessary but not sufficient goal if we are to support early learning for every at-risk child. In order to expand enough to fill the gap between the need for preschool education and the availability of accessible, affordable care, Pennsylvania’s system must remain flexible enough to allow expansion into high-quality settings that best serve each community. Communities with high levels of poverty and more single-parent families will benefit greatly from Head Start’s holistic, family-centered approach. But most working families with two wage-earners need the flexibility and higher income limit of Pre-K Counts. Expansion of all our preschool programs will be necessary if our goal is to enroll all children in need, at a cost their families can afford. The capacity for expansion will depend on the supports embedded in Keystone STARS and its related workforce education and credentialing programs, which are administered using child care funding. Ultimately, pre-k cannot be sustainable for service providers unless the state’s reimbursement rates catch up to the true cost of providing high-quality care.

The state can do more to incentivize partnerships between schools, intermediate units and community-based providers. Of the 500 school districts, there is often a gap between belief and practice. In a 2017 survey school principals were near unanimous about the importance of early care and education’s contribution to school readiness. Yet not every school district has been responsive to the need to develop working relationships with early learning providers.

Change can come when all the stakeholders in early childhood education—taxpayers, parents, teachers, child care operators, elected school boards, superintendents, and principals—work together. And it is up to elected representatives at every level to allocate funds needed to support the collective goal of giving every child an equal start in life.

If she could make one system change, Lifesteps’ Stacey Slater said she would like to see funding for children enrolled in early childhood programs reflect the real behavioral and developmental needs of each individual child.

For a full list of sources cited, please refer to economyleague.org/publicprek