

**THE CAPITOL FORUM  
EARLY CHILDHOOD EDUCATION AND  
DEVELOPMENT:  
ROLE IN ECONOMIC DEVELOPMENT**

**Presentation by**

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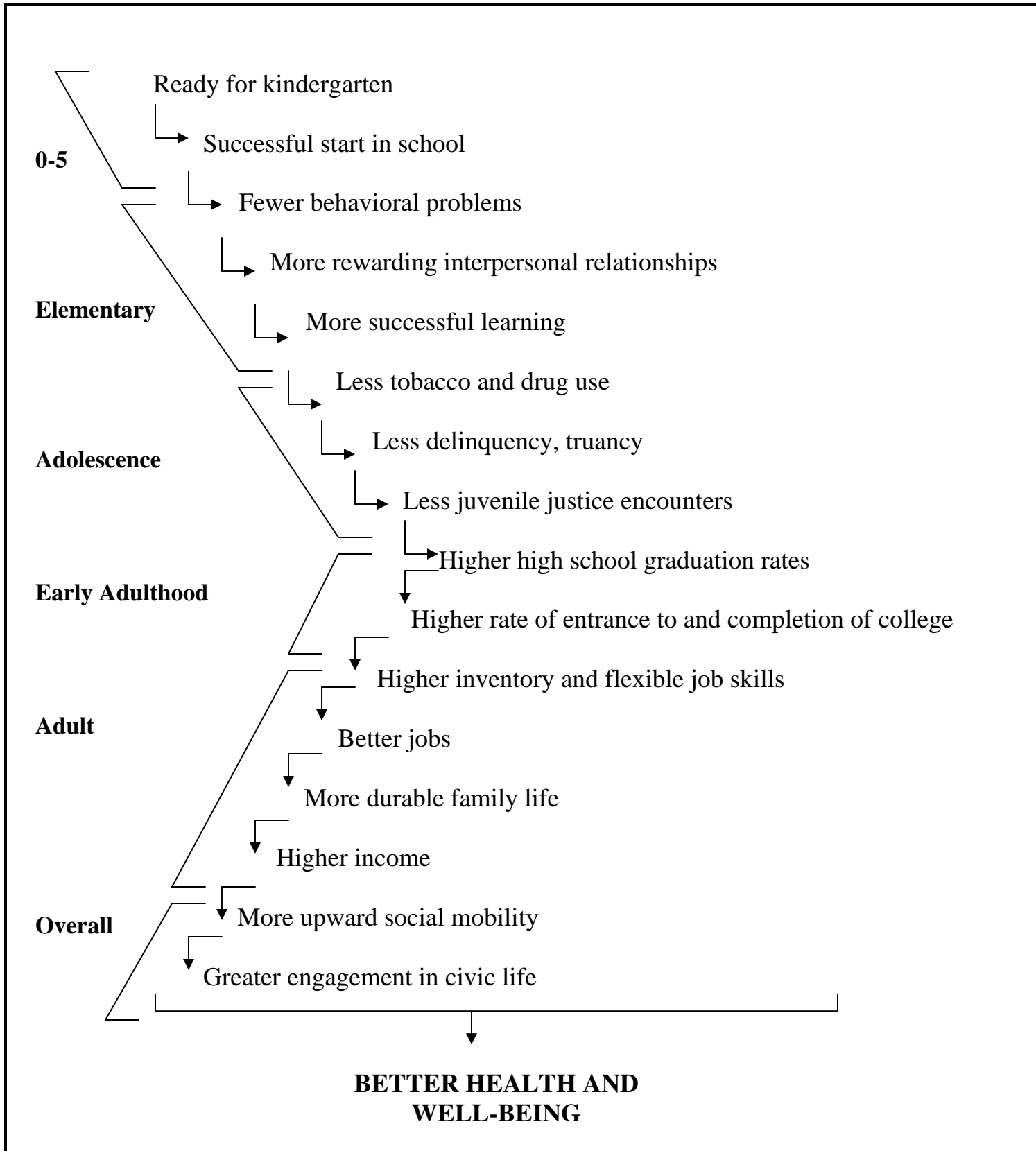
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**Senator Zaffirini, United Ways of Texas President Karen Johnson, and United Ways Vice President for Public Policy Jason Sabo:**

## **I. The Cascade**

**I have spent my professional lifetime as a practicing and teaching physician and researcher in pursuit of clarity regarding the production of health. It turns out that the factors that influence health are the same factors that influence human development, both child and adult. The process can be called the production of health and development. What has been revealed as a complexity of interacting health determinants has been rendered by research startlingly beautiful by its simplicity. This is illustrated in the Cascade diagram that you have in front of you. Think of a running river, flowing from top to bottom. The headwater at the top begins with the newborn when most of us are remarkably similar. The downstream flow traverses successive phases**

**CASCADING EFFECTS OF ENHANCED EARLY CHILDHOOD EDUCATION AND DEVELOPMENT: A LIFE-COURSE PERSPECTIVE**



**of child and adult development when wide variations of each individual's life experience produce the almost infinite diversity of human beings that is the truth of our species. As diversity defines greater and greater individual characteristics, the Cascade widens until it becomes the open archipelago of adulthood with the Cascade's widest variations in human health and development. Success at each level in this flow depends on each individual's prior experiences and successes in life. A disturbance in one part of the flow can limit an individual's downstream potential in another part. For example, take two individuals who as adults have lost their jobs in an economic downturn. An opportunity is presented to both to acquire a new set of job skills. Person A entered kindergarten years ago with a foundation of past experiences that helped her become a successful and confident learner. Subsequently, A progresses through all of the**

**challenges in the subsequent phases of life, is able to acquire new skills better suited to the new economy, is the first to be re-hired, income resumes, contributes to the economy, pays taxes, family stability is retained, she resumes active life as a community member, and enjoys good health and a positive sense of well-being.**

**Person B, however, begins school not ready for kindergarten, experiences lack of success as a learner, becomes disinclined to embrace the learning environment as a mechanism to avoid failure and humiliation, adopts behavioral problems, makes fewer friends, moves into delinquency and so forth down the Cascade. Job retraining doesn't "take" in Person B, family income and assets disappear, family breakup may follow, and Person B may be committed to a lifetime of minimum wages, or to dependence on public funds.**

**Another fact of the Cascade should be emphasized. Interventions to promote health and human development are more effective, and more cost effective, the earlier in the cascade they are applied. The most cost effective and successful interventions are in the 0-5 age group, the preschool phase of early childhood development that prepares children to be successful upon entry to kindergarten, producing a return of seven dollars for each one dollar invested. Investments later in childhood and adolescence still yield a positive return but at a reduced rate. Even job retraining yields a return, but at a still lower rate.**

**Having spent most of my years in this Cascade you can imagine the enormous satisfaction, indeed joy, that I experienced almost two years ago with passage of Senate Bill 76, to me the fulfillment of a dream of an enlightened initiative to recognize the needs of the state's**

**children. The progress that has been made following the blueprint set by SB-76, and implemented through the expertise, steadiness of purpose and leadership of Susan Landry and staff at The State Center has been exemplary and inspirational.**

**II. My fundamental interests**

**and my job at The Baker Institute are centered entirely on Early Childhood Education and Development. We have devised a comprehensive plan for early child education and development in the state that we call The Texas Plan. Our partner in The Texas Plan is the Texas Early Childhood Education Coalition and its 150 community organizations throughout the state. Our policy directions are oriented toward four key features that overlap with many of the components of the SB-76 initiatives.**

1. • all children will benefit substantively from high quality early childhood education and development programs. It's a useful beginning to start with the poorest children, because they are the neediest and they will benefit the most from the preschooling. Yet all children, regardless of the families' socio-economic status benefit from formalized preschool education.
2. all provider categories. Licensed Child Care, PreKindergarten, and Head Start, as well as Faith-Based, Corporate Sponsored, and Home-Based care should be incorporated into a unitary public-private enterprise that takes advantage of the diversity of providers already in the system and places them all on a level playing field where the principal competitive advantage becomes high quality. Diverse providers should all be responsive to the same high standards and expectations. The gold

**standard for assessing quality should be reliable measurements of the students' progress toward readiness for entry to kindergarten.**

**3. Parent Choice – all parents should have the choice of enrolling their child or not in preschool and choosing the specific preschool site they prefer.**

**4. Financing Arrangements**

**Revenues to support the system should be derived from the mixture of federal, state, and local funds just as at present, but a substantial infusion of funds from parent self-pay would be added. We envision a sliding scale of parent payment based on family income –**

- families having incomes less than 300% of the federally designated poverty level would be fully subsidized**
- families between 300% - 400% of the poverty level would be 50% subsidized**

- **families above this level would be 25% subsidized**

**On the cost side all providers should be reimbursed equally per child, conditional on the provider's progress toward attainment of high standards.**

**Naturally, after an initial period allowed for meeting standards, evaluations will return information showing that most providers are indeed making progress toward the standards. For those that demonstrate insufficient progress, despite ample opportunity for correction, the reimbursement rate should be adjusted downward. However, abrupt and substantial changes in the annual budgets of providers should be avoided. This can be done through "contractual" arrangements between the "system" and the providers in which reimbursement rate adjustments are made on a three-year rolling**

**average basis. For example, in the fourth year if the evaluations in each of the previous three years warranted 100%, 100%, and 80% reimbursement in the prior three years, the fourth year reimbursement rate would be 93.3%, the average of the past 3 years. If the fourth year's evaluation came through at 100%, the reimbursement rates of the 3 prior years would be 100%, 80%, 100% and the reimbursement rate for the fifth year would again be 93.3%. In other words, without any change in the net cost to the system, annual peaks and valleys would be smoothed allowing more stability in planning and for building a highly capable instructional staff. In this contractual mechanism the expected reimbursement total could still be based on Average Daily Attendance (ADA) but reimbursement would be tied to quality in meeting standards.**

### **III. Inclusive of All Providers**

**We are greatly fortunate that the creativity of the state legislature embodied in SB-76 has so many parts in which we share common perspectives. One of these commonalities is the inclusion of all 3 of the largest provider forms. This includes Head Start, Prekindergarten, and Licensed Child Care. This is extraordinarily important for some obvious reasons: taking advantage of the very substantial infrastructure already in operation including facilities, teachers, community acceptance, administrative staffs, operational savvy, state and national membership organizations, and standards, and of course the very important X factor, teaching experience. There is another reason that we believe inclusion of all providers is of prime importance. The ultimate formation of a system that is truly a public-private venture with an admixture of not-for-profit, for-profit,**

**public and private provider types provides the best organizational structure to assure long-term system resilience, adaptability, innovativeness, cultural sensitivity, high standards, and size fluidity to adapt to changing needs. Wholesome competition, high standards applied to all providers, equal reimbursement rates per child, and parent choice are ingredients that will serve Texas children well, and add strength to the state's economic future. The State has made an excellent start in those directions.**

**Thank you.**