



Financial Planning for Early Childhood Development

MEETING REPORT

- Notes and action items from meeting
- April 29, 2015
- Albuquerque, New Mexico

CONVENERS

- New Mexico Early Childhood Development Partnership
- New Mexico Association for Commerce and Industry

FACILITATOR

New Mexico First



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FOREWORD

Purpose of the Event

In April 2015, the New Mexico Early Childhood Development Partnership and the New Mexico Association for Commerce and Industry jointly convened a session on financial planning for early childhood development for the New Mexico business community. The session, the second such meeting of the state's business leaders, was designed with two main goals in mind: to engage the business community in an effort to strengthen the state's early childhood services, and to facilitate the business community's identification and advancement of financing options. This report summarizes the meeting.

Conveners

The **New Mexico Early Childhood Development Partnership (NMECDP)**, a public-private partnership, recognizes that when our young children are deprived of quality early life experiences, the result is a lack of readiness for school and life, depriving our state of its most precious "potential" resource. The mission of the NMECDP is to create statewide awareness, support and understanding of the overwhelming benefits of early childhood programs and their positive impact on future generations of New Mexicans. The NMECDP advocates for the creation, adoption and implementation of robust, effective and proven early childhood programs, available to all children, five and under, in New Mexico.

The **New Mexico Association of Commerce and Industry (ACI)** exists to make New Mexico a better place to do business. As the statewide chamber of commerce and business advocate, ACI gives its members an opportunity to access and engage the state government in the decisions that affect them. It also provides an array of workshops, events, and resources to help members learn and network.

Facilitator

New Mexico First engages people in important issues facing their state or community. Established in 1986, the public policy organization offers unique town halls and forums that bring together people to develop their best ideas for policymakers, community leaders, and the public. New Mexico First also produces nonpartisan policy reports on critical issues facing the state. These reports – on topics like water, education, healthcare, the economy, and energy – are available at nmfirst.org. The state's two U.S. Senators – Tom Udall and Martin Heinrich – serve as New Mexico First's honorary co-chairs. The organization was co-founded in 1986 by retired U.S. Senators Jeff Bingaman and Pete Domenici.

Policy Brief

The meeting was informed by a policy brief prepared by New Mexico First and distributed to attendees prior to the meeting. The brief can be downloaded from the online library at www.nmfirst.org.

Process Overview

The event was attended by 22 people, and it took place in Albuquerque, New Mexico at Hotel Albuquerque. Participant expertise included banking, education, micro-and small business-lending, financial planning, consulting, economics, public utilities, general contracting, construction, public policy, marketing, small business, architecture and design, home visiting, child care, chambers of commerce, state government, tax research, advertising, mergers and acquisitions, and health care, among others. See appendix for a list of the participants and meeting agenda.

The event began with welcomes from Katherine Freeman of NMECDP and Beverlee McClure of ACI, and an overview of the agenda by Heather Balas of New Mexico First. Additional speakers included Richard Perez of the San Antonio Chamber of Commerce (see appendix for his presentation slides), Claire Dudley of NMECDP and independent economic researcher Kelly O'Donnell. The entire group took part in discussions about each presentation.

DISCUSSIONS

Discussion A: Compare and Contrast

The group learned that San Antonio voters approved utilizing a 1/8 cent sales tax to fund *Pre-K 4 SA*, its new early childhood program. (See policy brief for description of sin, or excise taxes.) Attendees began by comparing San Antonio and New Mexico. Participants noted some strong similarities including: comparable demographics between both states; a similar political and citizen mood, in that people want services but not higher taxes; and similar needs to broaden understanding of early childhood development.

One noteworthy difference in the two situations is that San Antonio's project targeted a specific municipality, while any New Mexico project would have a statewide focus. Also, the population of San Antonio is less than that of New Mexico, so funding amounts would differ. However, New Mexico may have some advantages over the Texas municipality: a) proven models exist in New Mexico, sparing us the need to create new programs; and b) New Mexico efforts would include the entire state. The group discussed whether legislation would be required if New Mexico were to pursue a social impact bond to fund early childhood programs. Legislation is not necessary to develop and implement a social impact bond financing mechanisms in New Mexico.

Discussion B: Program Options

When asked which program (or combination of programs) to prioritize, participants discussed the value of each of the three options presented in the background brief: home visiting, New Mexico PreK, and workforce. Participants emphasized that all programs needed sustainable funding, solid outcomes/evaluation data, and a measurable return on investment (ROI).

Home Visiting

In general, participants were reluctant to leave out any of the programs, but some felt if they had to choose a specific project for the private sector to advance, they would focus on home visiting. Home visiting starts at birth, and a good program teaches parents to be informed consumers of childcare and PreK, thus enabling them to make sound choices. Another strength of home visiting is a quantifiable ROI. However, participants pointed out home visiting presents the greatest challenge in terms of public understanding and acceptance.

New Mexico PreK

Participants knew about New Mexico PreK, and they liked the results it produces. They thought PreK would be the easiest program for which to generate private sector support, since it is already well known. They voiced questions and concerns about the connections between Head Start, private pre-school, and New Mexico PreK. Some participants pointed to the Community Schools model, urging integration with that effort as well.

Workforce

Participants understood that any advancements in PreK or home visiting would require expansions in workforce. Without trained professionals to deliver the services, the programs will fail. Some participants noted that CYFD has realigned standards to increase emphasis on workforce. At least one person suggested that the “academy” model, featuring people who know their communities, could be an effective approach in New Mexico.

Discussion C: Financing Options

Next, the group discussed which financing strategy, or combination of strategies, would offer the best potential for funding the early childhood programs discussed that day.

Taxation. Most participants agreed that taxation would not be a popular option among business leaders. Other concerns included the near-certainty that: a) the Governor would veto legislation taxing junk food or soda; and b) sin taxes create inequity, making the poorest of the poor pay. There was some discussion that there may be an opportunity to revisit taxing options in the future.¹

Social Impact Bonds. Although this form of investment is not easy, participants noted that this strategy might be the most appealing to the business community. Other possible advantages included: a) incorporating a mechanism to ensure ROI; 2) identifying potential investors in and outside the state; and 3) exploring the concept of “risk-shifting” (via potential public-private partnerships). Participants noted, however, that it would be important to clarify that this strategy would not be a corporate grab to take control of public services or tap the public treasury.

General Fund: The group saw potential in “staying the course” by encouraging lawmakers to continue to steadily increase early childhood investments via New Mexico’s general fund. They were intrigued by data illustrating the last several years of state appropriations. (See background brief.)

Land Grant Permanent Fund. Members of the group had differing opinions about proposals to tap the Land Grant Permanent Fund for early childhood services. They chose to focus this group’s efforts on other strategies.

Participants strongly emphasized the need to communicate to business leaders and the public—both to explain the programs, especially home visiting, and also to convey urgency rather than encourage complacency. Also, in order to attract investors, data needs to be of high quality and preferably peer-reviewed.

¹ There was discussion about the possibility of New Mexico eventually legalizing marijuana (like Colorado) and creating a large amount of new tax revenue that could be tapped for social programs. However, people voiced concern that such an option would prove a distraction to early childhood policymaking.

Discussion D: Next Steps

The group agreed on the following major items:

- 1) Advance all three programs (home visiting, PreK, and workforce), because they are interlocking, and essential to New Mexico.
- 2) Ensure that all future program expansions address funding sustainability, excellent data collection, and a clear return on investment.
- 3) The group recommended *not* pursuing any new taxes – including sin taxes – at this time.
- 4) Of the financing options presented, the group was most interested in general fund expansion and social impact bonds.
- 5) Since social impact bonds would require major leadership by the private sector, participants were unsure whether to tie this strategy to home visiting or PreK. On one hand, home visiting is a smaller financial investment and shows the highest ROI; on the other, PreK is better understood by the private sector.
- 6) The group understood the interlocking importance of workforce investments, but did not address corresponding financing strategies.

The following interrelated steps will allow the above goals to be reached:

- Pull together evidence and assemble facts including projected quantifiable results and send to this group (NMECDP will assemble).
- Pursue creation of a powerful coalition of New Mexicans whose members would be key influencers around the state. The coalition would carry the vision, set the standard, be part of the state budget process, and ensure investments are spent wisely.
 - Approach business leaders and interested funders such as the Pew Foundation and the Thornburg Foundation.
 - Craft a message the business community can understand and carry, and work with the media to promote the family story.
 - Develop strategies for serving children currently in the greatest need.
 - Assure that the business community and policymakers work across party lines to support and champion early childhood development in New Mexico.

CONCLUSION

There is interest, commitment and great potential for collaboration with New Mexico business leaders to improve early childhood development. After reflection and discussion, participants at the April 29, 2015 meeting agreed the best and strongest initiative for business sector leadership is one that would simultaneously support three early childhood development needs: home visiting, New Mexico PreK and workforce. Strategic communication, collaboration and planning will be needed to create strong and sustainable support for New Mexico's children. Progress and success will be defined according to research-based data demonstrating measurable results. Assembling a coalition of powerful New Mexicans who have a bold mission will be key.

APPENDIX A: PARTICIPANT LIST

The following people took part in the session on Financial Planning for Early Childhood Development on April 29, 2015:

Participant	Professional Association
Barbara Luna Tedrow	Gold Star Academy
Beverlee McClure	Association of Commerce & Industry
Claire Dudley Chavez	United Way of Santa Fe County / New Mexico Early Childhood Development Partnership
Craig Strong	United Way of Santa Fe County
Dale Dekker	Dekker/Perich/Sabatini, Ltd.
Doug Clark	Jaynes Corporation
Duane Trythall	Trythall Advisory Group
Heather Balas	New Mexico First
Jack Jekowski	Innovative Technology Partnerships, LLC.
Julie Walleisa	Dekker/Perich/Sabatini, Ltd.
Katherine Freeman	United Way of Santa Fe County / New Mexico Early Childhood Development Partnership
Kelly O'Donnell	O'Donnell Economics and Strategy
Lillian Montoya	CHRISTUS St. Vincent Regional Medical Center
Marisa Barrera	Accion New Mexico
Peter Winograd	University of New Mexico Center for Education Policy Research
Richard Anklam	New Mexico Tax Research Institute
Richard Perez	San Antonio Chamber of Commerce
Selestte Sanchez	CYFD Home Visiting
Sharon Berman	New Mexico First
Sherrick Roanhorse	PNM
Steve Wedeen	Vaughn Wedeen
Ty Trujillo	New Mexico Association of Community Colleges

APPENDIX B: MEETING AGENDA

Meeting Agenda

April 29, 2015

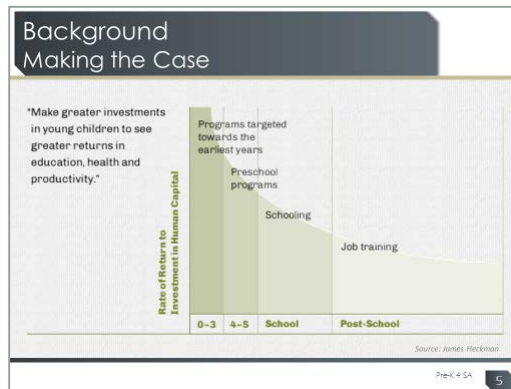
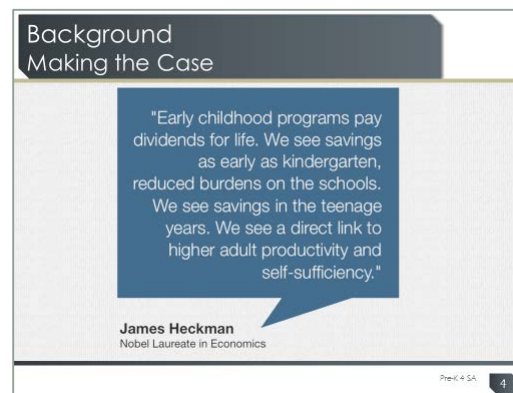
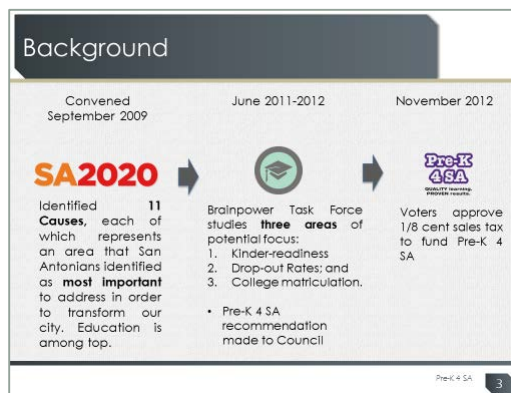
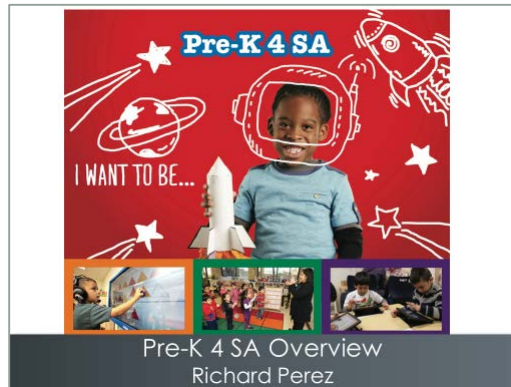
8:30 am – 2:30 pm

Hotel Albuquerque at Old Town, 800 Rio Grande Blvd. NW , Albuquerque, New Mexico 87104

When	What
8:30	Check-in and Breakfast
8:45	Welcome & Introductions <ul style="list-style-type: none"> Katherine Freeman, President & CEO, New Mexico Early Childhood Development Partnership Dr. Beverlee McClure, Chair, New Mexico Early Childhood Development Partnership, Advisory Council
9:00	Overview of Agenda Heather Balas, President, New Mexico First
9:10	Case Study: Business Sector Leadership in Early Childhood Financing Richard Perez, President and CEO, San Antonio Chamber of Commerce
9:35	Discussion A: Compare and contrast What can New Mexico learn from the San Antonio experience? <ul style="list-style-type: none"> Discussion leader: Heather Balas Synthesizer/recorder: Sharon Berman
9:55	Information on Early Childhood Programming Options Claire Dudley Chavez, Executive Vice President for Policy and Stakeholder Engagement, United Way of Santa Fe County <ul style="list-style-type: none"> Home visiting expansion PreK expansion Workforce expansion
10:15	Discussion B: Program Options Which program (or combination of programs) might the business community prioritize?
10:30	Information on Financing Options Kelly O'Donnell, Ph.D., O'Donnell Economics and Strategy
10:50	Break
11:10	Discussion C: Financing Options Which financing strategy (or combination of strategies) should we pursue?
Noon	Working Lunch and Discussion D – Next Steps What actions will advance the goals we've set today?
2 pm	Conclusion and Thank you <ul style="list-style-type: none"> Katherine Freeman

APPENDIX C: CASE STUDY

The following slide presentation was delivered by Richard Perez, President of the San Antonio Chamber of Commerce.



Pre-K 4 SA Overview Vision

The Pre-K 4 SA initiative establishes a positive trajectory for educational attainment by providing four-year-olds with a complete experience that ensures academic excellence in school inspiring students to develop *ganas* for learning and to become contributing members of society.

Pre-K 4 SA 7

Pre-K 4 SA Overview Invest for Success

The Heckman Equation

Invest

in educational and developmental resources for disadvantaged families to provide equal access to successful early human development.

+Develop

cognitive skills and social skills in children — from birth to age five when it matters most.

+Sustain

early development with effective education through adulthood.

=Gain

more capable, productive and valuable citizens that pay dividends to America for generations to come.

Pre-K 4 SA 8

Pre-K 4 SA Overview Goals



Pre-K 4 SA 9

Pre-K 4 SA Overview

- **Purpose**
 - Improve quality and quantity of Pre-K education for four-year-olds Citywide and provide professional development for Pre-K through Grade 3 educators
- **Eight-year program**
 - Educate 22,400 children
 - Partnership with ISDs and other education providers
 - Accountable to Pre-K 4 SA Board of Directors



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Pre-K 4 SA Overview Service Model

Services	Year 1 FY 2014	Year 2 FY 2015	Year 3 FY 2016	Year 4 FY 2017	Year 5 FY 2018	Year 6 FY 2019	Year 7 FY 2020	Year 8 FY 2021
Initial Two Education Centers	700	800	900	1,000	1,000	1,000	1,000	1,000
Additional Two Education Centers		700	800	1,000	1,000	1,000	1,000	1,000
Competitive Grants in ISDs & Partner Programs				1,700	1,700	1,700	1,700	1,700
Total Served	700 children	1,500 children	1,700 children	3,700 children	3,700 children	3,700 children	3,700 children	3,700 children
Number Served at Model Centers through Sliding Scale Tuition (10% of Education Centers)	70	150	170	200	200	200	200	200

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Pre-K 4 SA Overview Budget Requirements

- **State Statute Allowing Pre-K 4 SA**
 - Authorizes Corporation with 11 member Board and CEO
 - Requires City to collect sales tax and remit to Corporation
 - Pre-K 4 SA Board of Directors
 - Adopts rules to govern
 - Accepts grants or loans
 - Employs necessary personnel
 - San Antonio City Council
 - Appoints Board of Directors
 - Approves final budget submitted by Board
 - Can amend budget during fiscal year with two-thirds approval



Pre-K 4 SA 12

Pre-K 4 SA Overview Self-supporting

- **Fully self-supported by dedicated revenues**
 - Does not receive any General Fund dollars
 - Funded primarily by voter approved 1/8% sales tax
 - Additional funding = State match, tuition, USDA Grant
 - Fund is annually audited by third party
 - Fiscal year is July 1-June 30



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Pre-K 4 SA Overview Projected Collection Over 5 Years

Year	\$ in Millions
April 2013 to March 2014*	\$27.5
April 2014 to March 2015	\$28.4
April 2015 to March 2016	\$29.3
April 2016 to March 2017	\$30.2
April 2017 to March 2018	\$31.1
Total Revenues	\$146.5

*Per state law, collection would begin on April 1, 2013, which is one full quarter after November election.

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Pre-K 4 SA Overview Revenue (FY16)

Source of Revenue	Value in Millions	Percent of total
Sales Tax*	\$33.7	86%
State/Local Match	4.0	10%
USDA (Food)	1.3	3%
Sliding Scale Tuition & Other Revenue	0.4	1%
Total Revenues	\$39.3	100%

*FY 2016 Sales Tax assumes 3.5% growth rate from FY 2015 estimate

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Pre-K 4 SA Overview Proposed Budget by Program (FY16)

Source of Revenue	Value in Millions	Percent of total
Pre-K 4 SA Education Center Services	\$23.6	61%
Transportation Services	1.0	3%
Facilities, Leases, & Maintenance	8.9	21%
Professional Development	2.0	5%
Public Relations/Marketing	0.4	1%
Administration	1.8	5%
Other*	1.2	3%
Total Appropriations	\$38.9	100%

*Other includes Program Assessment, Sales Tax Collection Fees and Indirect costs.

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Education Centers

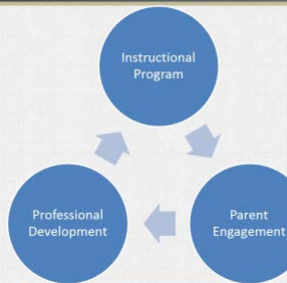


Pre-K 4 SA 17

Progress to Date



Progress to Date Three Components of Program



Pre-K 4 SA 19

Progress to Date Curriculum (Instructional Program)

Social-Emotional	<ul style="list-style-type: none"> Teaching how to self-regulate emotions Using conflict resolution strategy to solve problems
Physical	<ul style="list-style-type: none"> Learning fine and gross motor skills through use of manipulative materials, music, outdoor equipment
Language	<ul style="list-style-type: none"> Increasing receptive vocabulary Using longer and more complex words & sentences
Cognitive	<ul style="list-style-type: none"> Persists in solving problems Classifies and categorizes objects
Mathematics	<ul style="list-style-type: none"> Number sense and routines related to counting Exploration with measurements and weights
Literacy	<ul style="list-style-type: none"> Identifies some letters and sounds, begins writing Demonstrates listening comprehension

Pre-K 4 SA 20

Progress to Date Parent Engagement

Multi-pronged approach to target all family members

Events and Trainings	Family Specialists	Evaluations and Surveys	Online Resources
<ul style="list-style-type: none"> Formal Learning opportunities for families Community partnerships 	<ul style="list-style-type: none"> Individual support for families: referrals, crisis intervention Social Worker and Counselor 	<ul style="list-style-type: none"> Provide feedback on experience Suggestions to better serve families 	<ul style="list-style-type: none"> ReadyRosie Computers in Family Room for parent use Assist families with creating emails

Pre-K 4 SA 21

Progress to Date Professional Development

Internal	<ul style="list-style-type: none"> Pre-Service Training: program and licensing standards Ongoing individual development of Master Teachers Weekly professional learning community meetings
External	<ul style="list-style-type: none"> Saturday Academies Special events Campus-specific work Individualized coaching with teachers Early Childhood Training Resource Fairs for Child Care Center teachers

Pre-K 4 SA 22

Progress to Date Independent Program Evaluation

- Advance in partnership with the National Institute of Early Education Research at Rutgers University (NIEER)
 - Longitudinal study of Pre-K students' performance through Grade 3
 - Evaluate the alignment of participating districts' kindergarten-readiness assessments with Texas Prekindergarten Guidelines (completed in 2013)
 - Are providing independent semi-annual progress reports for the Pre-K 4 SA Board, City Council, and the public

Pre-K 4 SA 23

Lessons Learned



Moving Forward



Growth at Centers

- 2013-2014
North & South Centers: 700 students
- 2014-2015
North, South, East, West: 1,500 students
- 2015-2016 : 1,720 -1,800 students
- 2016-2022: 2,000 students at Centers + 1,700 students through grants

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Progress to Date Independent Program Evaluation

- In 2013-14:
First Year of independent evaluation showed **"promise in raising kindergarten readiness for children attending Pre-K 4 SA,"**
Compared to a nationally-normed sample:
 - Started significantly below on six outcomes
 - Surpassed the normative sample in cognitive, literacy, and math skills, and no statistical difference on oral language, physical and social-emotional skills.

Pre-K 4 SA 24

Lessons Learned

- Streamlined enrollment process
- Scholarship availability
- Extended Day Program eligibility & staff
- Professional Development
- Independent Evaluation – Comparison Group

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Four Pillars of the Program



Pre-K 4 SA 28