

Dear Governors:

As you work to reopen your economies, child care continues to be a critical component necessary to help small businesses and families thrive. Yet, struggling child care programs lack the predictable and increased revenue they need to survive, reopen, and better serve children and families as they return to work. On behalf of the National Association for the Education of Young Children (NAEYC) and the National Head Start Association (NHSA), we encourage your Administrations to direct increased CCDBG (Child Care and Development Block Grant) funds, future child care stabilization funds, and state funds for child care through contracts and grants that support a stable group, rather than subsidies that support a single child.

**We know that children thrive with high-quality early learning experiences, but the Covid-19 pandemic has interrupted these relationships and opportunities.** Children, especially children living in communities ravaged by the pandemic and generations of inequality, are suffering. It will take a concerted public policy and community effort to repair the damage of the past and the future, in which high rates of poverty, unemployment and trauma are expected to persist for several years to come.

**A thriving child care and early learning sector is critical to repair the damage of COVID-19. But, we cannot just go back to the way things were.** First and foremost, the pandemic has exposed the precarious financial situation facing child care providers and staff. Most programs struggled to cover rent and payroll in pre-pandemic times. In these challenging times, they are struggling to survive--and, in fact, many haven't, and many more won't. Within the early childhood education sector, which supports the employment of hundreds of thousands of women, providers have long struggled to earn fair compensation for their skilled and valuable work. They, too, have been hit hard by this pandemic.

**A shift toward a contract funding model for child care will help rebuild the sector to be stronger than ever.** In a contract funding model, which is allowable under current law, but used sporadically, providers are guaranteed a certain number of spaces (and associated reimbursement) to serve children. This model provides predictability for providers, and reliable, stable, quality options for families that set their children on a path to be lifelong learners.

**Head Start is a prime example of how contracts are working in local communities in all 50 states.** Head Start programs serve more than one million children and families across 1,800 programs. Head Start and Early Head Start grantees receive five-year contracts that allow them to predict how many children they will serve and design a quality program. Stable funding allows program leaders to factor in the right level of staffing, budget for increases in teacher and staff compensation and make quality investments that enrich a child's experience, from mental health consultation to family support programs. This process has helped to build Head Start into a world-renowned early childhood system with high teacher qualifications, better accountability and staying power in local communities.

**There is ample evidence to show that the use of contracts also improves the strength and quality of the child care sector, supports child development, and puts programs on a path towards increased stability and compensation for the workforce:**

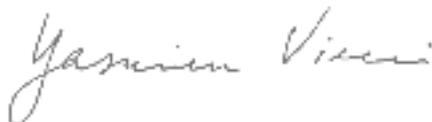
- The hundreds of [Early Head Start-Child Care Partnerships nationwide and in all 50 states have yielded significant improvements](#) in higher program quality and innovation in service delivery in child care programs for infants and toddlers--many rely on contract slots.
- An evaluation of a [state-based pilot of contract slots showed that resulting care and education for low-income children and families was more stable](#) and resulted in more continuous teacher-child relationships that promote growth and development.
- A [recent Urban Institute study found](#) that the “use of contracts is ... associated with a 14 percent increase in the likelihood of centers using a specific curriculum.”

Contract-based child care slots can be used to meet other state priorities and goals, whether [increasing the supply of high-quality infant and toddler care](#) or [targeting for service children with additional needs](#) (e.g. foster care children) or those living in high poverty or rural areas.

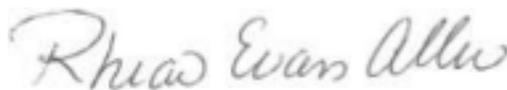
**These are challenging times for young children, families, businesses, and the child care sector, but we know what works.** We have enough experience and data to show that contract slots offer numerous benefits, especially to children who thrive on consistent, predictable, and reliable relationships with the adults who love, care for, and educate them. As Governors, you already have the authority to direct more funds in this way, and to make the case that substantially more funds are needed as the existing dollars are used to their maximum benefit. We urge you to immediately work to increase and shift more resources to contracts, through recent relief funding, regular CCDBG funding and eligible state appropriations.

We would be happy to discuss the benefits of contract slots for child care at your convenience.

Sincerely,



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