



Memorandum: Early Learning Challenge Fund – As Approved by the House of Representatives

The following memo explains how the *Early Learning Challenge Fund (ELCF)* is structured to provide competitive grants to states and what the states must do to apply for this funding. The ELCF is contained in Title IV of H.R. 3221, the Student Aid and Fiscal Responsibility Act of 2009 introduced July 15, 2009.

The legislation was approved by the House Committee on Education and Labor on July 21, 2009 with a 30-17 vote. The full House of Representatives approved a number of amendments and passed the bill on September 17, 2009 with a 253-171 vote. This memo reflects the text of the Title IV of H.R. 3221 as approved by the House.

Purpose of the Title

To establish a high standard of quality across early learning settings in the states, and to fund and implement quality initiatives in order to increase the number of disadvantaged children who participate in comprehensive and high-quality early learning programs and enter kindergarten with skills and abilities needed to be successful in school.

Proposed Funding Structure

The Department of Education will administer two programs with the appropriated funds – Quality Pathways Grants and Development Grants. Two percent of funds will be reserved for joint administration of the grants by the Departments of Education (ED) and Health and Human Services (HHS), subject to an interagency agreement between the Secretaries. Three percent will be reserved to establish a national commission on early learning quality and to carry out research and evaluation activities. Of the remaining amount, 0.25 percent will be reserved for a school readiness planning demonstration program for Indian tribes.

Quality Pathways Grants shall receive no more than 65 percent of the total funding in FY10-12 and no more than 85 percent in FY13 and after. In determining the amount to reserve, the Secretary shall consider the number of states with an approved application for a Quality Pathways Grant and the number of low-income children under age 5 in each such state. The remainder of the funds will be allocated to the Development Grants.

Maintenance of Effort

Aggregate state and political subdivision expenditures on early learning programs and services shall not be less than such expenditures for fiscal year 2006. Eligible state expenditures include matching and maintenance of effort funds required for CCDBG, matching funds for the State Advisory

Council, expenditures on public pre-kindergarten, Head Start and Early Head Start, state expenditures under IDEA part C (infants and families) and other state early learning programs and services dedicated to children.

Quality Pathways Grants

Grants may be awarded for a period not longer than five years and renewed by the Secretary based on the state's progress toward:

- Increasing the percentage of disadvantaged children in each age group (infants, toddlers, preschoolers) participating in high-quality early learning programs;
- Increasing the number of high-quality early learning programs in low-income communities;
- Implementing an early learning system as described in this title;
- Incorporating program quality findings and recommendations reported by the national research commission established under this title.

Award Criteria

To determine the grant award amount, the Secretary shall consider the application completed by the state, evidence of progress in establishing a system of early learning for children as described in application requirements, and the state's plan and capacity to fully complete implementation of such a system. The Secretary shall also take into account priority factors and the proportion of low-income children under age 5 in the state, relative to such proportion in other states.

Secretary shall give priority in awarding grants to states that:

- Demonstrate efforts to build public-private partnerships; and
- Include in their application the commitment to use CCDBG quality funds (Section 658G) for quality improvement activities described in this bill.

This version of the bill does not give priority to states that commit to significantly increasing their own expenditures on early learning programs.

Matching Requirements

- First and second fiscal years – amount equal to at least 10 percent of the federal grant amount;
- Third fiscal year – 15 percent;
- Fourth and subsequent fiscal years – 20 percent;
- Non-federal funds that satisfy the state match requirement include:
 - Cash
 - In-kind contributions for acquiring, constructing or improving facilities
 - Technical assistance related to acquisition, construction or improvement of facilities.
- Private contributions in a public-private partnership also count as part of the state match;

- The Secretary may waive or reduce the state share requirement if the Secretary determines that the state is experiencing “extreme financial hardship.”

State Application

States must designate a state-level entity for administration of the grant, coordinate with the State Advisory Council, and submit the application to the Secretary of Education as required. A state application shall include:

- “Description of how the state will use the grant to **implement quality initiatives to improve early learning programs serving disadvantaged children from birth to age five** and how the state efforts will lead to a greater percentage of disadvantaged children participating in higher quality early learning programs;”
- “Description of **goals and benchmarks that the state will establish** to lead to a greater number and percentage of disadvantaged children participating in higher quality early learning programs to improve school readiness outcomes, including an established baseline of the number of disadvantaged children in high-quality early learning programs;”
- Description of how the state will implement a governance structure and **a system of early learning programs** (Early Learning System) that includes:
 - “Not later than 12 months after receiving award notice – complete state **early learning and development standards** that include social and emotional, cognitive and physical development domains and approaches to learning that are developmentally, culturally and linguistically appropriate for all children;
 - “A **process to ensure that State early learning and development standards are integrated** into the instructional and programmatic practices of early learning programs and services, including services provided to children with disabilities;”
 - “A **program rating system** that builds on licensing requirements and other State regulatory standards and that:
 - “Is designed to improve quality and effectiveness across different early learning settings;
 - “Integrates evidence-based program quality standards that reflect standard and progressively higher levels of quality;
 - “Integrates the state’s early learning and development standards for the purpose of improving instructional and programmatic practices;
 - “Addresses quality and effective inclusion of children with disabilities or developmental delays across different types of early learning settings;
 - “Addresses staff qualifications and professional development;
 - “Provides financial incentives and other supports to help programs meet and sustain higher levels of quality;
 - “Includes mechanisms for evaluating how programs are meeting those standards and progressively higher levels of quality;
 - “Includes a mechanism for public awareness of program levels.”

- “A system of **program review and monitoring** that is designed to rate providers using the system [described above] and to assess and improve programmatic practices, instructional practices, and classroom environment;”
- “A process to support early learning programs **integrating instructional and programmatic practices** that:
 - “include developmentally appropriate, ongoing, classroom-based instructional assessments for each domain of child development and learning to guide and improve instructional practice, professional development of staff, and services; and
 - “are aligned with the curricula used in the early learning program and with the state early learning and development standards or the Head Start Child Outcomes Framework [...] as applicable.”
- “**Minimum** preservice early childhood development and education **training requirements** for providers in early learning programs;”
- “A comprehensive plan for supporting the professional preparation and the **ongoing professional development of an effective, well-compensated early learning workforce**, which plan includes training and education that is sustained, intensive, and classroom-focused and leads toward a credential or degree and is tied to improved compensation;”
- An **outreach strategy** to promote understanding by parents and families of their child’s early development and learning, the state’s program rating system and the rating of the program in which their child is enrolled;
- A **coordinated system of screening, referral and provision** of additional health and social services for the children and families participating in the early learning programs;
- A **process for evaluating school readiness** in children, reflecting all of the major developmental domains, that is used to guide practice and improve programs;
- A **coordinated data infrastructure** that facilitates uniform data collection on program quality, provider qualifications and children’s characteristics, as well as alignment and interoperability with elementary and secondary education data systems.
- “A description of **how the funds provided under the grant will be targeted** to prioritize increasing the number and percentage of low-income children in high-quality early learning programs, including children –
 - “in each age group (infants, toddlers, and preschoolers);
 - “with developmental delays and disabilities;
 - “with limited English proficiency; and
 - “living in rural areas.”
- “An assurance that the grant will be used to **improve the quality** of early learning programs **across a range of types of settings** and providers of such programs;”
- A description of the steps the state will take to encourage programs across the range of types of settings to **participate in the state program rating system** described above;

- An assurance that no later than 18 months after award notice, the state will conduct an **analysis of the alignment** of the state's early learning and development standards with
 - Appropriate academic content standards for K-3
 - Elements of program quality standards for early learning programs.
- An assurance that the grant will **supplement, not supplant** federal, state and local funds otherwise available for early learning programs and services;
- “A description of **any disparity** by age group (infants, toddlers and preschoolers) **of available high-quality early learning programs in low-income communities** and the steps the state will take to decrease such disparity, if applicable;”
- “A description of how the state early learning and development standards will be **appropriate for children who are limited English proficient**, including by incorporating benchmarks related to English language development;”
- A description of how the state's professional development plan will prepare the early learning workforce to support needs of children with limited English proficiency;
- A description of **how the state will improve inter-agency collaboration and coordinate** the purposes of this title with the activities funded under:
 - Section 658G of CCDBG;
 - Sections 619 and Part C of IDEA;
 - Title I of ESEA;
 - State-funded pre-kindergarten programs (where applicable);
 - Head Start programs; and
 - Other early childhood programs and services.
- A description of how the state's early learning policies, including child care policies, facilitate access to high-quality early learning programs for children from low-income families;
- A description of how the state will implement a process (including professional development, programmatic practices, etc) for improving the quality of early learning services to meet the needs of children who have experienced abuse, neglect, violence, toxic stress, parental substance abuse, mental illness, homelessness or early behavioral and peer relationship problems.
- A description of any disparity by geographic area (urban and rural) of available high-quality early learning programs for low-income children and steps for decreasing such disparities.
- An assurance that the state will continue to participate in part C of IDEA (infants and families).

State Uses of Funds

A state shall use the grant as follows:

- Priority shall be given to improving quality of early learning programs serving low-income children.
- Not less than **65 percent of the amount shall be used to implement two or more of the following activities to improve the quality of** early learning programs serving disadvantaged children:

- “Initiatives that **improve the credentials** of early learning providers and are tied to compensation;”
- “Initiatives that help early learning programs meet and sustain higher **program quality standards** such as:
 - “Improving ratio of early learning provider to children in early learning settings;
 - “Improving group size;
 - “Improving the qualifications of early learning providers; and
 - “Supporting effective education and training for early learning providers (which may include establishing or supporting partnerships with institutions of higher education...)”
- “Implementing **classroom observation assessments and data-driven decisions** - which may include implementation of a research-based prevention and intervention framework designed to build social competence and prevent challenging behaviors - tied to activities that improve instructional practices, programmatic practices, or classroom environment and promote school readiness;”
- Providing **financial incentives** to programs undertaking and maintaining quality improvements that promote healthy development and school readiness;
- **Integrating state early learning and development standards** into instructional and programmatic practices;
- Providing high-quality, sustained, intensive, and classroom-focused **professional development** for providers, including on meeting needs of diverse populations;
- Building the capacity of early learning programs and communities to promote understanding of the state’s early learning system, promote **family engagement** and understanding among parents of the quality rating of the program in which their child is enrolled;
- Building the capacity of early learning programs and communities to facilitate **screening, referral, and provision** of additional health and social services;
- Other **innovative activities** proposed by the state and preapproved by the Secretary that are based on successful practices and designed to improve the quality of early learning programs and to advance the early learning system.
- The **remainder of the grant amount** may be used for one or more of the following:
 - Implementation or enhancement of the state’s **data** system;
 - Enhancement of the state’s **oversight** system for early learning programs, including the implementation of a program rating system;
 - The development and implementation of **measures of school readiness** of children that reflect all of the major domains of child development and that inform the quality improvement process.

Beginning with the second fiscal year of the grant, a state that is certified by the Secretary to have made sufficient progress in fulfilling grant requirements, may apply to the Secretary to reserve up to 25 percent of its grant amount to expand access for low-income children to the highest quality early learning programs that offer full-day services.

Or, if the state can demonstrate that it is already meeting the needs of low-income children in high-quality settings, the state may apply to expand access to high-quality settings for disadvantaged children, defined as those whose family's income is at or below 85 percent of the state median income. The state's application may not be adversely treated due to such request. The definition of "low-income" is not provided in this bill and would depend on the regulations issued by the Secretary.

If approved for expansion, the state must provide a 20 percent match for this purpose, of which one-half may be provided by a private entity. The Secretary may waive or reduce the state match in case of extreme financial hardship.

Improvement Plan

If the Secretary determines that a state is encountering barriers to reaching the goals and establishing benchmarks to lead to a greater number of disadvantaged children participating in higher quality early learning programs, the state shall develop a plan for improvement and submit to the Secretary for approval.

Development Grants

Grants may be awarded for no longer than three years to states that do not qualify for the Quality Pathway grants or apply and are not selected. Development Grants may not be renewed.

Matching Requirements

- First fiscal year – amount equal to at least 20 percent of the federal grant amount;
- Second fiscal year – 25 percent;
- Third fiscal year – 30 percent;
- Private contributions in a public-private partnership count as part of the state match;
- The Secretary may waive or reduce the state share requirement if the Secretary determines that the state is experiencing "extreme financial hardship."

State Uses of Funds

- Undertake activities to develop the components of an early learning system;
- Undertake such activities that will improve the state's competitiveness for a Quality Pathways Grant;
- Prioritize the activities that improve the quality of early learning programs serving low-income children.

Prohibitions on Uses of Funds

Funds may **not** be used for assessments that reward or sanction individual teachers or students, or for a single assessment used as the primary method for addressing program effectiveness. Funds may not be used to evaluate children, except for the purposes of improving instruction and classroom environments, targeting professional development and informing parents; informing the quality improvement process at the state level or as part of the national evaluation; or determining the child's needs for additional social and health services.

Research and Evaluation

The secretaries of Education and HHS shall jointly carry out the following activities:

Establish a national commission to review the status of state and federal early learning program quality standards, recommend benchmarks for program quality and early learning and development standards. The commission shall report findings and recommendations to the Secretaries in no more than two years.

Conduct a national evaluation of the grants made under this title (through the Institute of Education Science and the research division within HHS).

Support a research collaborative among appropriate federal entities that will conduct and disseminate research on early learning aimed at informing improved state standards and licensing requirements, examining the effects of program qualities and standards on child outcomes, and developing valid and reliable assessments. Research activities would include special populations such as children with special needs, limited English proficiency, or homeless children. Activities aimed at developing valid and reliable assessments of young children were added to the list of supported research activities in this version of the bill.

Not later than 18 months after the bill is enacted, conduct a review of the statewide strategic reports developed by the State Advisory Councils on Early Care and Education and other relevant reports, to evaluate barriers to increasing access to high-quality early learning programs for low-income children, reporting findings of such review to Congress, and disseminating relevant findings and best practices. (Note: this activity reflects a recommendation in "State Advisory Councils: Creating Systems of Early Education and Care" – a report released by Pre-K Now in June 2008)

Reporting

Each state that has received a grant must report annually on its activities and progress toward integrating various early learning programs into a system and increasing the number of disadvantaged children participating in high-quality early learning programs. The state must report on the number and percentage of disadvantaged children participating in programs at each level of quality, disaggregated by age and socioeconomic characteristics. The state must also report on professional development and training expenditures, numbers of providers with appropriate credentials and those participating in the state quality rating system, with a focus on availability of

high-quality providers in low-income communities. Finally, the state must report on “barriers to expanding access to high-quality early learning programs for disadvantaged children.”

The Secretary shall report to the House Committee on Education and Labor and the Senate Health, education and Labor Committee annually on state activities and progress, including changes in number of children attending high-quality early learning programs. The Secretary shall also provide a summary of research activities funded under this title and their findings.

Authorization and Appropriation Level

“There are authorized to be appropriated, **and there are appropriated**” \$1 billion annually for each fiscal year 2010 through 2017 (Note: the total amount is \$8 billion over 8 years). The bill also includes a sunset provision, stipulating that the authority to award grants under this title shall expire at the end of fiscal year 2017.