

# The Early Learning Challenge Fund

Southern Early Childhood Association



**SECA Policy Brief**

**July 2009**

## Background

**On July 15, 2009, Representative George Miller (CA), Chairman of the House Education and Labor Committee, introduced a bill that would restructure the federal student aid program and, with the savings from that restructuring, create the Early Learning Challenge Fund.** The new fund is included in *The Student Aid and Fiscal Responsibility Act of 2009*.

The original funding in the bill was **\$1 billion per year for ten years, 2010-2019**. In passing the bill out of Committee on Tuesday, July 21, 2009, the members “did chop funding for the Early Learning Challenge Grants in the last years of the reconciliation bill's 10-year time frame. Instead of a program that sends \$1 billion to states each year until 2019, the program is now described as ending in 2017. **In other words, the new bill sets the funding at \$8 billion over 8 years instead of \$10 billion over 10.** The trim may be a result of an analysis from the Congressional Budget Office, obtained by New America's Education Policy program. The CBO's projections, drawn up after the bill was introduced last week, showed that the overall student-aid bill would start costing \$1 billion by 2019, instead of saving money each year. Because the bill is moving through Congress as a reconciliation bill, instead of an annual appropriations bill, it must adhere to certain rules that apply to the reconciliation process, one of which is that it **must show cost savings in later years**. In addition, a change made to the legislation during the mark-up process yesterday led to a \$2.7 billion reduction in the amount of money being saved by student-loan reforms. That change, which was the elimination of a controversial provision related to financial aid, may have required legislators to look toward the early learning grants to fill the gap.” Source: [www.newamerica.net/blog/early-edwatch/2009/early-learning-challenge-fund-trim...](http://www.newamerica.net/blog/early-edwatch/2009/early-learning-challenge-fund-trim...) July 23, 2009

It is anticipated that the bill will be considered by the House prior to the August recess. The Senate Education Committee will probably consider the bill in September, after the August recess is concluded.

***This bill is of interest to SECA members on three fronts: 1) the modifications to the student loan program, 2) support for community colleges and 3) the creation of the Early Learning Challenge Fund.***

## What's in the Original Bill?

- **Additional investments** in programs including:
  - \$40 billion to increase the maximum annual **Pell Grant** Scholarship to \$5,500 in 2010 and \$6,900 by 2019.
  - \$3 billion to the **College Access Challenges Grant Program**.
  - \$1.2 billion in **Historically Black Colleges and Universities and Minority-Serving Institutions**.

Southern Early Childhood Association



- **Modifications to the current student loan program**, including:
  - New forms of credit from the federal government for the **Perkins Loan Program**.
  - Simplification of the **FAFSA form**.
  - Adoption of a **variable interest rate** in 2012 on need-based loans.
  - Converting all student lending to the federal **Direct Loan Program** and eliminating subsidies for student loans through the private market.
  - Establishing a **competitive bidding process** that allows the U.S. Department of Education to select private lenders based on how well they serve borrowers, educate them financially, and prevent loan defaults. This includes a role for non-profits to continue servicing student loans.
- **Initiatives to promote workforce readiness**, including:
  - Encouraging **historic partnerships** between community college, states, businesses, job training and adult education programs. This includes a “new competitive grant program for community colleges to improve instruction, work with local employers, improve their student support services, and implement other innovative reforms that will lead to a college degree, certificate or industry recognized credential to help fulfill local workforce needs. “
  - Making available competitive grant funds to colleges, workforce programs or other entities to develop and provide “**free, high-quality, online training**, and high school and college courses.”
  - Renovating **community college campuses** in need of repair.
- **Strategies to promote kindergarten readiness**, including:
  - Creating the **Early Learning Challenge Fund**.
  - Providing school districts with funds for “**school modernization, renovation and repair projects**.”

Source: House Education and Labor Committee, July 2009, <http://edlabor.house.gov/>

## The Early Learning Challenge Fund

The Fund is designed to “incentivize states to establish systems for improving the quality of early learning settings for children ages birth to five and increase disadvantaged children’s access to high-quality early learning programs.” The original bill includes an allocation of \$1 billion per year for the period 2010 to 2019 and the funding for the Challenge Fund is to come from savings generated by the changes in the student loan programs. The Fund will be jointly administered by the U.S. Department of Education and the U.S. Department of Health and Human Services. **Two (2) percent** of the Fund is reserved for these agencies to administer the Fund.

Southern Early Childhood Association



The **Early Learning Fund** is designed to:

- “**Drive result-oriented, standards reform across programs**, setting a high standard of quality for programs to strive toward, in order to better promote early learning, child development, and school readiness.”
- “**Fund and implement pathways** to improve existing early learning programs, with the goal of increasing the number of low-income young children who participate in higher quality settings.”
- “**Ensure that more children enter kindergarten ready**, with the healthy cognitive, social, emotional, and physical skills and ability necessary for success.”

“The Early Learning Challenge Fund would promote the following components of a model early learning system:

- **Aligned early learning and development standards** that lead to school readiness and are integrated with program quality to guide curriculum and program development.
- An **evidence-based quality rating system** structured with progressive levels of quality- which may be used across early learning settings and programs.
- An **effective system of program review, monitoring and improvement** applied across all programs and settings.
- An **evidence-based system of professional development** to prepare an effective and well-qualified workforce of early educators, including appropriate levels of training, education and credentials
- **Strategies for families and parents** to better assess quality in their child’s early learning program and better support their child’s learning.
- **Systems to facilitate screening and referrals** for health, mental health, disability and family support.
- A coordinated **zero to five data infrastructure** to collect essential information on where young children spend their time and the effectiveness of programs that serve them.
- An **age and developmentally appropriate curriculum and assessment system** that is used to guide practice, improve programs and inform kindergarten readiness. “

Source: *Early Learning Challenge Fund Fact Sheet, July 21, 2009, [www.ed.gov](http://www.ed.gov).*

Designed as a **grant funding mechanism**, the Fund would provide two types of competitive grants:

1. **Quality Pathways Grants** would be available to “states that have already made significant progress toward establishing systems for improving the quality of early learning settings. “ The grant period would be for 5 years. Verification of a state’s

Southern Early Childhood Association



progress in increasing the number of disadvantaged children who participate in programs would be required for renewal after that period.

2. **Development Grants** would be available to states that are just beginning the planning process and would be for a period of 3 years. These would not be renewable but states could apply for *Quality Pathway Grants* upon the expiration of the *Development Grant*.

These grants would require that all activities funded by the grant be coordinated with the **State Advisory Council on Early Childhood Education and Care**. (For more information on the Councils, go to the public policy page at [www.SouthernEarlyChildhood.org](http://www.SouthernEarlyChildhood.org) and download the July 2009 Policy Brief, *State Early Childhood Advisory Councils*.)

**Priority for grant funding** would be given to states that:

- Provide assurances that the state will use, in part, funds reserved for quality activities from the **Child Care and Development Block Grant**.
- Demonstrate a **significant increase in state expenditures** on early learning programs in comparison with previous fiscal years.
- Develop **public/private partnerships**.

Source: *Summary of Early Learning Challenge Fund (H.R. 3221)*, [www.nwlc.org](http://www.nwlc.org)

## Match Differentials

The **Quality Pathways Grants** will require a **10% match** in the first two years of the grant, **15%** in the third year, and **20%** in the fourth and subsequent years. **Eligible match** includes the use of “public/private partnerships to increase the number of low-income children in high-quality early learning programs. “

Source: *The Student Aid and Fiscal Responsibility Act of 2009, Section 403(B) 2*  
<http://edlabor.house.gov/documents/111/pdf/legislation/StudentAidandFiscalResponsibilityAct.pdf>

The **Development Grants** will require a **20% match** in the first year, a **25% match** in the second year and a **30% match** in the third year.

Source: *The Student Aid and Fiscal Responsibility Act of 2009, Section 404(C) 2*  
<http://edlabor.house.gov/documents/111/pdf/legislation/StudentAidandFiscalResponsibilityAct.pdf>

Southern Early Childhood Association



## Use of Funds

Grant funds may only be used to **supplement, not supplant** federal, state and local funds that are being spent to support existing early childhood programs.

Not less than **65% of the grant funds** must be used for **two or more** of the following activities:

1. Improving the **credentials and compensation** of early learning professionals.
2. Supporting programs to reach and maintain **higher program quality standards**.
3. Creating **classroom observation assessment systems** and data-driven instructional decisions.
4. Offering **financial incentives** to programs that implement or maintain quality improvements.
5. **Integrating early learning standards** into instructional practices in programs.
6. Providing **high-quality professional development** to staff.
7. Promoting **parental involvement and understanding** of the state's early learning system.
8. Creating **effective screening, referral and provision of services** to children.
9. **Other innovative activities** proposed by the state and approved by the U.S. Department of Education.

The remaining **35% of the grant** may be used for **one** of the following:

1. Implementation or enhancement of the **state's data system**.
2. Enhancement of the **state's oversight system** for early learning programs.
3. Development and implementation of **measures of school readiness**.

Source: *Summary of Early Learning Challenge Fund (H.R. 3221)*, [www.nwlc.org](http://www.nwlc.org)

## Research and Evaluation

In addition to the Early Learning Challenge Fund, the bill will create a **national commission** whose responsibility will be:

- “To **review the status** of state and federal early learning program quality standards and early learning and development standards.
- To **recommend benchmarks** for program quality standards and early learning and development standards.



- “To **report** to the Secretaries of Education and Health and Human Services not later than 3 years after the date of the enactment of the Act on the commission’s findings and recommendations. “

The Institute of Education Science, in conjunction with the Department of Health and Human Services, will conduct a **national evaluation** of grants made under this Act. A **research collaborative** will be established among the Institute of Education Sciences, the National Institute of Child Health and Human Development, the Office of Planning, Research and Evaluation within the Administration for Children and Families and other appropriate Federal entities to support research on early learning and to disseminate on a biennial basis their research plan. **Three (3) percent** of the Fund is set-aside to support these activities.

Source: *The Student Aid and Fiscal Responsibility Act of 2009, Section 405*

<http://edlabor.house.gov/documents/111/pdf/legislation/StudentAidandFiscalResponsibilityAct.pdf>

### Some Questions to Consider

1. **How will the activities funded by the Challenge Fund and the State Early Childhood Advisory Councils mesh together?**
2. The national commission will be a new body. There is no specified appointee list in the Act. **What input should the early childhood field and our state associations have into the make-up of that body?**
3. In creating the two different grant programs under the Fund, a difference in match requirements has been included. The match requirements for those states that are just beginning to implement quality improvements (*Development Grants*) is much higher than for those states that already on their way (*Quality Pathway Grants*). **Would this higher match requirement dissuade states from applying for the grants? Does this accomplish the goal of improving the quality of programs for children?**
4. **How will the focus on data-driven systems and accountability affect the policies, standards and procedures that are currently in place in your state?** Has your state begun to discuss or develop these systems?
5. **Where will your state fall in the eligibility category?** Would you consider your state as eligible for the *Quality Pathways Grant* or the *Development Grant*? What voice will you have in your state in determining how to move forward with the grant application if the Act is passed?

Southern Early Childhood Association

