

LEGISLATIVE REPORT

SUBJECT: Beginning the 2013-2014 school year, a child who will be at least five years of age on the first day of instruction may attend a public school kindergarten.

REFERENCE: Act 183 (SB2068, SD2, HD1, CD1)

ACTION REQUESTED: The Department of Education (DOE) and the Early Learning Council (ELC) will develop a plan to: 1) assess public junior kindergarten programs; 2) provide for early childhood educational opportunities for the children who would have otherwise been eligible for junior kindergarten or kindergarten; 3) recommend a funding plan that supports the education of four-year olds that is tiered and based on family income, and incorporates public and private funding sources; and 4) propose legislation.

DOE/ELC REPORT: See attachment

EXECUTIVE SUMMARY

Act 183 (SB2068, SD2, HD1, CD1), Relating to Education amends the age requirement for entrance into public school kindergarten and requires the Department of Education (DOE) and the Early Learning Council (ELC) to develop a plan to assess public junior kindergarten programs. Kindergarten in the School Year (SY) 2013-2014 will be comprised of students with five-year old birthdates by the first day of instruction. Since the first day of instruction has been August 1 in past years, students with five-year old birth dates from January 1 to August 1 may attend public school kindergarten. This decrease of about 40% of the usual kindergarten enrollment will create a “student cohort” with five-year old birth dates from August 2 to December 31.

Act 219, Session Laws of Hawaii 2004, established an unfunded, two-tiered junior kindergarten and kindergarten program “to support the range of developmental abilities of children”. The DOE’s junior kindergarten program was designed to address the specific needs of a targeted population, those who would turn five-years old from August 2 to December 31 of the school year based on the understanding that children in this age group would be less ready to meet the demands of a traditional kindergarten program. It was not envisioned as a pre-school program for four-year olds, one that meets the criteria of quality early learning programs as defined by such organizations as the National Association for the Education of Young Children (NAEYC). Its implementation, according to anecdotal information and the Hawaii Educational Policy Center (HEPC) study, was varied across the state as to the number of children enrolled, the qualifications of teachers, classroom configurations, professional development opportunities for teachers, principal and teacher agreement about “best practices,” and promotion/retention practices of individual schools.

Every child in Hawaii must have access to quality early learning experiences. Children who receive developmentally appropriate care and education in their early years are most likely to have greater success when in kindergarten. Standards established for early learning programs and services are based on current knowledge of child development and reflect ‘best practices’ in early childhood pedagogy (curriculum, environment, and instructional strategies) and professional development.

Community stakeholders have raised questions and issues about Act 183. They include whether this bill is the most feasible and effective to promote school readiness, the rationale for targeting children already in the education system, the impact on availability of services for children birth to five-year olds, and the needed balance for a private and public delivery system.

This report includes four sections. Section I addresses a proposed plan to assess the “success” of the public junior kindergarten program. Retention and promotion data since the DOE’s junior kindergarten pilot program started in the SY 2004-2005 suggests a yearly increase in the number of students, especially male junior kindergarten students, who were given another learning year in kindergarten.

The DOE and the ELC continue to work on defining the “high quality” components of an effective junior kindergarten program. Collecting data on student attendance rates and student promotion and retention rates are some measurements that indicate a kindergarten student’s successful transition to Grade 1.

In Section II, the DOE and the ELC propose five options to provide for early childhood educational opportunities for the student cohort in the SY 2013-2014 and beyond who would have otherwise been eligible for junior kindergarten or kindergarten. The five options include 1) maintaining the current two-tiered kindergarten programs; 2) developing public Pre-K programs; 3) increasing the private providers’ capacity for Pre-K programs; 4) managing public Pre-K programs by private providers; and 5) creating a hybrid Pre-K system coordinating private and public partnerships. The options proposed provide the student cohort access to developmentally appropriate care in high quality settings in their early years that will lead to greater success when in kindergarten.

Challenges to the proposed options include the limited capacity of early learning licensed facility space and the limited number of qualified and licensed early childhood teachers and support staff. Additionally, there is agreement that professional development for classroom staff and administrators are priority items and necessary to advance early learning opportunities for all four-year olds whether enrolled in public or private settings and that all programs and child care settings meet a national standard of quality.

A recommended funding plan is addressed in Section III. The ELC continues to develop strategies to build public awareness and advocacy around the importance of early learning. There is agreement that a combination of private, corporate, and individual efforts, as well as existing and new public, federal, and private funds, need to be considered when planning to expand current and future early learning opportunities. Increased use of federal funds for educational programs such as Title I and IDEA are examples of new possibilities for funding early learning programs. Other recommendations include a graduated sliding fee scale, similar to the one the Department of Human Services (DHS) currently has in place and an innovative refundable tax credit package, similar to the State of Louisiana’s tax credit model for funding quality early learning programs. Both recommendations support families with tuition subsidies or tax credits to offer access to early learning opportunities for children.

In Section IV, options for retaining the two-tiered kindergarten programs, funding early learning programs, or adjusting the date for kindergarten eligibility are possible legislative actions the DOE and the ELC will consider proposing to further the early learning system.

The DOE and ELC are challenged with limited funding dedicated to early learning and by the various state agency budget reductions as it deliberates recommendations to the State Legislature. Moving ahead to develop and oversee a quality early learning system is a firm assurance that both the state government and private sector understanding the value of early education leading to school success. Early childhood has become a national agenda and Hawaii must be a part of that agenda.

PREFACE

The Department of Education (DOE) and the Early Learning Council (ELC) value early learning opportunities for all children to enable them to meet the DOE's vision of public school graduate as being college and career ready. They recognize that high quality early childhood programs must promote the physical, social, emotional, and cognitive development of children and adults through their participation in high quality programs.

Act 219, Session Laws of Hawaii 2004, established a two-tiered junior kindergarten and kindergarten program "to support the range of developmental abilities of children". This was based upon studies that indicated substantial differences between "older" students and "younger students" within a grade, particularly boys born between July and December, who were at greatest risk for retention and school adjustment problems. Believing that children born in the latter half of the calendar year would benefit from a more targeted developmentally appropriate curriculum, legislation was passed charging the DOE to establish and maintain junior kindergartens and kindergartens as a program of instruction as part of the public school system beginning School Year (SY) 2006-2007. At that time, a child who would be at least five years of age on or before August 1 of the school year could attend a public school kindergarten. A child who would be five years of age after August 1 and before January 1 of the school year could attend a public school junior kindergarten. While the two-tiered program was implemented by the DOE, the Legislature in 2010 concluded that only about "one third of the schools in the state have adopted some variation of the junior kindergarten program."

In 2008, Act 14 established the State's early learning system known as Keiki First Steps. The Legislature's intent for Keiki First Steps was to integrate the cohort of children who would otherwise attend junior kindergarten into the system over time as research indicated that a preschool setting might be a more appropriate placement. This desire along with the need to find cost-effective methods of providing early education opportunities led to the passage in 2010 of Act 183 which amends the age of public kindergarten entrance, beginning in the SY 2013-2014, to being at least five years of age on the first day of instruction. It also requires the DOE and the ELC to work together on a plan to assess the success of public junior kindergarten programs at individual schools, to provide alternatives for early learning opportunities to those who would have otherwise been eligible for junior kindergarten or kindergarten and to recommend a funding plan for this alternative. The funding plan should support the education of four-year olds, including children who would have been eligible to attend public school before the age requirement change, be tiered and based upon family income and incorporate public and private funding sources.

The DOE's junior kindergarten program was designed to address the specific needs of a targeted population, those who would turn five-years old between August 1 and January 1 of the school year based on the understanding that children in this age group would be less ready to meet the demands of a traditional kindergarten program. It was not envisioned as a pre-school program for four-year olds, one that meets the criteria of quality early learning programs as defined by such organizations as the National Association for the Education of Young Children (NAEYC). Its implementation,

according to anecdotal information and the Hawaii Educational Policy Center (HEPC) study, was varied across the state as to the numbers of children enrolled, the qualifications of teachers, classroom configurations, professional development opportunities for teachers, principal and teacher agreement about “best practices,” and promotion/retention practices of individual schools. Because this is an unfunded mandate, junior kindergarten programs compete with already dwindling school resource allocations. Given the characteristics of quality early learning programs as described by accreditation groups and the recommendations of the Early Learning Task Force in 2008, developmentally appropriate four-year old programs may be best-suited to preschool settings where teachers are trained early childhood specialists and the curriculum and program are designed to meet the readiness needs of most four-year olds and the specific characteristic of each child.

It is clear from the research available that brains are “built from the bottom up” and that a strong and stable foundation is critical for continued, successful development. Early experiences impact the brain and it is well documented that the relationships and interactions between children and their parents, caregivers and early teachers are critical in establishing stable brain architecture. The more quality early learning experiences a child has the more complex his/her “brain web” will be, with the promise of stronger and more solid learning. Some argue that by age five, personality and social skills, along with the foundation for learning, are already in place and that 85% of who a child is, and will be, is already established.

Every child in Hawaii must have access to quality early learning experiences. Children who receive developmentally appropriate care and education in their early years are most likely to have greater success when in kindergarten. Standards established for early learning programs and services are based on current knowledge of child development and reflect ‘best practices’ in early childhood pedagogy (curriculum, environment, and instructional strategies) and professional development. Quality early learning highlights the critical importance of providing the conditions that will promise the development of capable children. Without capable children, we shall not be able to create the foundation critical to a prosperous and sustainable community. “Child development,” as stated by Dr. Jack Shonkoff of the Center on the Developing Child at Harvard University, “is a foundation for community development and economic development.” Investment in high-quality early learning programs is not only a wise one but also the promise of a better future. As Dr. Clive Belfield demonstrated in his study of the “Economic Benefits of Investments in Early Education for Hawai`i”, for every \$1 invested in Hawai`i’s keiki, there is a future return of more than \$4 in state, federal and social benefits. Studies show “that early childhood interventions are much more effective and less costly than remedies that attempt to compensate for early neglect later in life.” (James Heckman, Nobel Laureate Economist, University of Chicago).

Children who receive developmentally appropriate care in high quality settings in their early years are most likely to have greater success when in kindergarten. Quality exists when teachers are knowledgeable about child growth and development, able to take advantage of readiness and teachable moments and sensitive to the impact of cultural

elements upon a child and her learning. Teachers also know how to plan and implement experiences that promote children learning and building upon what they know. Close relationships between the school and home must be established and the education of parents as a child's first teacher is critical. Facilities need to be suited to a developmental approach that recognizes the need for modular spaces, child-size furnishings and materials that support a curriculum through which children construct knowledge and understanding. A quality program further must capitalize upon the value of play as a vehicle for learning about the world and relationships as it emphasizes the total development of the child: physical, cognitive and social and psychological. This combination of elements contributes significantly to the quality of learning required for children to be ready for kindergarten.

Given these descriptors of quality for early learning, issues for the two-tiered kindergarten plan is the determination of quality achieved or approximated and the design of the plan to achieve quality and ensure success. Another issue revolves around the availability of early learning models for all schools to replicate and, if none are identified, the alternatives available to ensure the student cohort who will not be allowed to enter Kindergarten beginning the SY 2013-2014 can have their educational needs met to promote successful school transition and achievement.

The recently awarded Race to the Top funds will be supporting families and young children with early learning subsidies to help them enter kindergarten ready to succeed. Few students in predominately low socio-economic areas enter public school kindergarten with any early educational experiences, and this greatly impacts their readiness to learn. The primary mechanism for engaging families of very young children in early learning awareness is a partnership with community organizations and community-based early education programs. To support this effort, the DOE will administer a subsidy program funded initially with Race to the Top funds to offset the cost of quality universal early childhood education programs for preschool children who live within the geographic boundaries of the Race to the Top priority-selected schools.

REQUESTED INFORMATION

The purpose of this report is to respond to Act 183, Relating to Education which proposes to advance the cut off age for kindergarten children who are five-years old by the first day of instruction (usually August 1) beginning the SY 2013-2014 and requires the DOE and the ELC to offer a plan for appropriate educational services for the "student cohort" with five-year old birth dates from August 2 to December 31.

This report includes four sections and provides information as requested in the bill. Section I: proposes a plan to assess the success of public junior kindergarten programs at individual schools; Section II: proposes a plan to provide for early childhood educational opportunities for the children who would have otherwise been eligible for junior kindergarten or kindergarten; Section III: recommends a funding plan that supports the education of four-year olds, including those eligible for junior kindergarten, that is tiered

and based on family income, and incorporates public and private funding sources; and Section IV: proposes potential legislation options.

Section I. A plan to assess the success of public junior kindergarten programs at individual schools.

Background information

It is critical to acknowledge that junior kindergarten in the public school system is a kindergarten program as it serves students during the year that they become five years old. In the independent school sector, junior kindergarten may be configured as a program for four-year olds, a preschool program.

The two-tiered kindergarten program in the public schools may include classrooms composed exclusively of either junior kindergarten or kindergarten students, the blending of junior kindergarten and kindergarten students in a single classroom, or coordination with public, private, or public-private entities to address the needs of junior kindergarten students within the school's community.

Most schools have opted for blended classrooms in order to provide a balanced, heterogeneous classroom setting which allows for students to learn in a developmentally appropriate setting. Additionally, most schools conduct assessments at the beginning of the school year to allow for the most appropriate configuration of classrooms within the provisions of a two-tiered kindergarten. In most cases, once students are placed in a class they are not moved, as this type of movement could be disruptive to the learning sequence of a young child.

The DOE contracted the HEPC in 2008 to conduct a five-year empirical study on the implementation of the DOE's two-tiered kindergarten program. The second year of the study reports the methodology for the study including data collection, a principal and teacher survey, a collection of documents, and teacher interviews. Approximately 400 teachers and 80 principals were surveyed and interviewed.

The overall findings of the second-year study encourage continued research into junior kindergarten and kindergarten practices, including how junior kindergarten students are defined (e.g., age, readiness, etc.). Teacher quality plays a big part in overall success of the programs. Whether or not it is important for teachers to have qualifications, credentials, and/or experience in early childhood continues to be a question. Out of over 400 teachers surveyed, 73.8% had no early childhood education qualifications. Principals cited the fact that junior kindergarten is an unfunded mandate that puts a strain on already depleted resources. Other major problems cited were the lack of standards for the junior kindergarten program and the lack of understanding parents had regarding the two-tiered kindergarten program.

In the area of professional development, study participants reported a need for continued awareness of the importance of the early years and factors contributing to school

readiness and that support smoother transitions for all children and their families from preschool to kindergarten (e.g., P-3 model focus areas).

Other issues affecting success included classroom configurations in each school, how students are placed or selected into the classroom configurations, agreements on best practices for junior kindergarten/kindergarten students between principals and teachers, and promotion and retention practices.

Data from the DOE student information system on retention and promotion rates for the past school years indicate as follows:

School Year	2nd yr JK/ Total JK	2nd yr K/ Total K	2nd yr Total/ Grand Total	Percentage
2004-2005	253/5000	123/7351	376/12351	3.04%
2005-2006	543/5573	229/7750	772/13323	5.79%
2006-2007	1021/5267	204/7187	1225/12454	9.84%
2007-2008	1311/5675	467/7928	1778/13603	13.07%
2008-2009	1127/5455	297/7615	1424/13070	10.89%
2009-2010	1256/5744	362/8082	1618/13826	11.70%

Note: 2004-2005 was the last year without a two-tiered kindergarten; 2005-2006 was the first year with a pilot of approximately 40 elementary schools; 2006-2007 was the first year of statewide implementation. For the purposes of this data summary, JK status is determined solely by birth date/age.

The data suggests:

- More young five-year old students (junior kindergarten) are retained than the five-year old (kindergarten) students.
- The percentage of students retained prior to the two-tiered kindergarten program and during the first year of the statewide implementation tripled.
- While there have been increases in 2nd year retentions since statewide implementation in 2006-2007, the 2008-2009 data suggest that levels are beginning to stabilize.
- Although not reflected on the data table, more males are retained than females.

The yearly increase in the percentages of total students retained for a 2nd year in kindergarten may be attributed to the increased professional development opportunities on developmentally appropriate and readiness practices for kindergarten teachers during the SY 2006-2007 and the first semester of the SY 2007-2008. Kindergarten teachers and elementary school administrators attended a series of statewide trainings on research-based best practices for a quality junior kindergarten/kindergarten program. Teachers engaged in implementing best practices became more aware of the social-emotional and academic developmental needs and the appropriate grade level placements of their students.

Another explanation for the percentage increases may be due to the initial P-3 efforts in several statewide demonstration project sites. Beginning the SY 2007-2008, school or complex demonstration sites implemented P-3 activities that contributed to increasing

school staffs' awareness of the importance of grade-to-grade transitions. Implementing the best practice of using various assessment tools to measure student progress, teachers made informed decisions when placing students in appropriate grade levels based on student needs and were able to articulate and justify their decisions to the students' families and school administrators.

Recommended plan

The ELC and DOE propose a plan to assess the success of public junior kindergarten programs at individual schools to include collecting data from current DOE information systems. Assessment of the "success" of the public junior kindergarten program will include a variety of quantitative as well as qualitative measures. Identifying schools with successful two-tiered kindergarten models will support other schools in their journey to provide high quality, developmentally appropriate methods of learning.

Another way to measure students succeeding in reaching grade level benchmarks and outcomes is to analyze student attendance rates and student promotion and retention data. Collecting case studies on students, families, teachers, administrators, and school communities involved in the administering of the junior kindergarten program will contribute data for policy recommendations for future decisions.

To project future program needs, the DOE and the ELC will continue work on defining "high quality" components of early learning programs. Quantitative measures such as class size, adult-child ratios, staff qualifications, etc. will be considered as a coordinated early childhood program data collection, analysis, and reporting system is developed and established statewide. Quality programs include schools that are able to not only identify their student and family needs but to address those needs with successful interventions to support meaningful and successful learning opportunities.

Section II. A plan to provide for early childhood educational opportunities for the children who would have otherwise been eligible for junior kindergarten or kindergarten.

Act 259 in 2006 detailed costs and plans for an early learning system in Hawaii that included children from birth to age five. Act 259 used data for a cohort group of children who are or will be four-years old during a calendar year (a 12-month cohort - January 1 to December 31). For the purposes of this report, the proposed plan is specific to the cohort of children turning five-years old after the first day of instruction, usually with birth dates from August 2 through December 31. Some of the data reported in Act 259 may still be used for planning purposes.

Assumptions upon which recommendations are being made.

1) Current state funding levels are maintained for the student cohort

State funding levels currently supporting the education of identified junior kindergarten students within the DOE's budget will remain the same. No additional State resources will be used to enhance the program, nor will current funds used to service the currently identified junior kindergarten students revert to the State general fund. This will ensure

that approximately 5,500 of our youngest students and their families have educational services and support.

2) Funds can be redirected to service the student cohort

Early childhood education funding would essentially be competing against other school improvement programs. DOE leadership committed to early learning is needed to redirect existing resources toward early learning opportunities as a path toward improving student readiness and performance in the elementary and secondary system. Assuming there are no increases in DOE funds, current resources available within the DOE (e.g., Title I funds) could be redirected to offer early learning program component services that are more developmentally appropriate for young learners such as lower student-to-teacher ratios, developmentally appropriate classroom curriculum and assessments, (i.e., operate preschool programs), as well as specific early learning professional development for teachers and administrators.

3) Public school classrooms are available

Classroom facilities currently serving junior kindergarten students within the DOE would remain available to continue serving this population. Currently, private child care providers do not have the physical capacity to accept this large student population within the next two years. The current capacity to provide center-based early learning programs is estimated at about half of the spaces needed for the student cohort to attend these programs and available space varies greatly in different areas of the state. Smaller or rural area public schools that do not have a sufficient young five-year old student population to warrant a separate school level Pre-K classroom would plan to service these students at the complex or district level, similar to services offered to special education Pre-K students. Complexes or districts would have the flexibility to design or locate alternate early childhood education opportunities within their community.

4) Existing public elementary teacher workforce is available

Approximately 300 certified and licensed elementary teachers would become displaced if current junior kindergarten students were no longer served in the DOE. Private providers do not have the capacity to meet the instructional needs of junior kindergarten children or to build a qualified professional workforce before the SY 2013-2014. Data ending May, 2009 indicates a total of 107 early childhood degrees and 21 early childhood certificates were granted to students attending University of Hawaii-Manoa, University of Hawaii-Community College system, and Chaminade University. Students indicating their interest in various early childhood certificates and majors at the end of the 2009 academic year in the higher education institutions mentioned above totaled over 400. Students indicating their interest in various early childhood certificates and majors at the end of the 2009 academic year in the higher education institutions mentioned above totaled over 400. Any early childhood program alternative must rely upon the existing cadre of elementary qualified teachers to serve as instructors in a publically funded program to service the student cohort.

Recommendations

Option A: Maintain the two-tiered kindergarten programs

The existing two-tiered kindergarten program allows all children who turn five-years old by December 31 to be eligible to enter public school kindergarten. Schools opt for different classroom configurations to meet the needs of the school community and each school's personnel and resources budget constraints. Classroom configurations include classrooms composed exclusively of either junior kindergarten or kindergarten students or the blending of junior kindergarten and kindergarten students in a single classroom. The latter provides for a balanced, heterogeneous classroom to support the range of developmental abilities and needs of children. Programmatic improvements such as implementation of common early learning curriculum, common student outcomes assessments, and increased early learning professional development opportunities would be added to establish high quality early learning opportunities for young children.

Option B: Develop public Pre-K programs

Design a research-based, enhanced program for young five-year old children (born August 2 to December 31) whereby the 5,500 students currently served in approximately 300 DOE blended junior kindergarten/kindergarten classrooms, would be regrouped to be served in Pre-K only program settings. School complexes or districts would consolidate their young five-year old student enrollment and designate an appropriate number of classrooms to serve their combined student cohort population. Programmatic enhancements such as reduced student teacher ratios and developmentally appropriate curriculum and materials would be added to meet high quality early childhood education standards, following the recommendations of the Act 259 Early Learning Educational Task Force to the 2008 State Legislature. Children completing the public school's Pre-K program would transition into the Kindergarten program.

Option C: Increase private providers' capacity for Pre-K programs

Design an alternative to the current junior kindergarten/kindergarten program that would essentially regroup young five-year old children (born August 2 to December 31) into a student cohort served by the private providers' high quality Pre-K programs following the Act 259 Report recommendations. Act 259 reports additional classrooms needed to serve 80% of all four-year olds would cost \$72,527,500 for a 5-year increase up of 327 classrooms. To expand private child care providers' capacity to receive 40% of all four-year olds would cost approximately \$36,000,000 for a 5-year increase up to 300 classrooms.

To expand the number of qualified staff in the early learning system, current and future staff needs to meet child care licensing requirements that may require additional professional development opportunities. College tuition scholarships and funds for substitutes for staff members need to be available to support the staff's professional improvement efforts.

Option D: Manage public Pre-K programs by private providers

Design an alternative to the current junior kindergarten/kindergarten program that would essentially regroup young five-year old children (born August 2 to December 31) into a cohort served by existing DOE infrastructure of classrooms, certified teachers, other support personnel and resources such as counselors, administrators, clerical support,

custodial support, food services, transportation, etc. with contracted programmatic oversight of a high quality Pre-K private provider following the Act 259 Report recommendations.

The challenge of running multi-site programs for private child care providers who operate with a teacher/director staffing pattern is that no administrative staff is available to oversee other sites. Operating multiple sites would require the private provider to implement a new staffing infrastructure of a “regional manager” to oversee multiple classroom staff in a geographic area. Training and technical support staff would also need to be increased to meet the needs of the increased Pre-K teaching staff members.

The use of DOE classrooms and facilities presents many challenges for licensing in accordance with DHS requirements. Funding for assessment and removal of lead-based paint and asbestos would need to be allocated. Any renovations to transform the classroom areas to childcare requirements would need planning and funds. Typical elementary school operations, such as lunch service time, access to appropriate outdoor playgrounds, and health and safety concerns would also need to be adjusted to meet the young learner needs. If this option is used, DOE and DHS need to coordinate efforts to expedite the licensing processes statewide.

Option E: Create a hybrid system coordinating private and public partnerships

Develop an early learning system that partners both private child care providers and the public schools to offer quality programs to the student cohort with five-year old birthdates from August 2 to December 31. Each school community or complex area would have the opportunity to partner with community programs to provide early learning opportunities for the student cohort. The partnerships could include private preschools and public schools combining their effort to provide early learning programs to meet the community needs. All providers would follow standards for early learning programs and services as recommended in the Act 259 Report.

Additionally, support for public and private higher education institutions and community-based training organizations are necessary to increase quality professional development opportunities for early learning staff members.

Section III. Recommend a funding plan that supports the education of four-year olds that is tiered and based on family income, and incorporates public and private funding sources.

Costs and Funding Models

The ELC and DOE continue to conduct additional research to design cost models for each option with funding plans that will identify existing and potential State and Federal funding sources. Potential federal funds within the DOE may include Race to the Top, ARRA, Title I (Even Start), and IDEA in addition to State funds for the K-12 operations. Included in this cost model should be an impact analysis on current programs if those federal and state funds were redirected to serve as early learning funding options. The

DHS has also offered to assist with addressing questions about “maximizing federal revenues”.

The Public Will/Finance Work Group of the ELC is seeking to secure funding for the Early Learning Trust Fund using multiple resources from a combination of private, corporate, and individual efforts, including existing and new public and private funds. A state wide public will campaign is being planned to build public awareness and advocacy to further opportunities for Hawaii’s young children.

Graduated Sliding Fee Scale

A graduated sliding fee scale, similar to the scale DHS uses, could be used to help families use private providers’ services for Pre-K students. If tuition is based primarily on parent fees, the recent reduction of Department of Human Services (DHS) subsidies requiring larger parent co-pay makes increasing capacity difficult. DHS is considering altering the payment schedule again, and may need to change tiered reimbursement rates, as well. The challenges are that many more families are applying for assistance and the subsidy budget gets depleted much faster than anticipated.

During this current school year, early learning programs have already been experiencing a reduction in enrollment, leading classroom closures, reduction in staff, and reduction in services. Families are receiving smaller amounts of subsidies that are not sufficient to keep their children in quality early learning settings. Families are choosing less expensive alternatives that may not be characterized as quality early learning settings or are quitting work or school in order to stay at home with their young children.

Tax Credit Model

Legislation could be introduced to develop an innovative tax credit package similar to the four refundable School Readiness Tax Credits created in Louisiana and available since 2008. The four refundable tax credits in Louisiana offer these following options:

- 1) Families who enroll a child under five-years old in a child care program that participates in an early care and education quality rating and improvement system (QRIS) are eligible for a refundable tax credit based on the rating of the program.
- 2) Childcare providers that participate in a QRIS program are eligible for a refundable tax credit based on the ratings the program earns and the number of targeted children served.
- 3) Childcare teachers and directors that participate in a QRIS program are eligible for a refundable tax credit based on the level of education the individual has attained.
- 4) Businesses are eligible for a credit based on the financial support to QRIS programs or donations to child care resource or referral agencies.

This tax credit model is one example to be explored and further research is needed on others before the ELC and DOE can propose as an effective funding source for early learning.

Section IV. Potential legislation.

The ELC is hoping to introduce one of the options listed below in the 2012 Legislative session. The ELC will continue to collaborate with the DOE to explore other possible legislative proposals to further the establishment of a statewide early learning system for the student cohort with five-year old birth dates from August 2 to December 31.

Retain the two-tiered kindergarten programs

Funding is currently in the DOE's budget to service all children who turn five-years old by December 31. Schools receiving funds from Race to the Top and P-3 efforts will be offered additional opportunities to develop and improve upon a quality early learning public school system that will help to reduce the achievement gap.

Fund early learning programs

A request for dedicated funds toward an early learning system will help with hiring personnel to accommodate lower student-to-teacher ratios in classrooms, facility renovations for health and safety requirements, professional development or training for teachers and support staff to meet early childhood education requirements, early childhood resources and materials for instruction, and additional personnel to offer technical assistance to administrators and early childhood staff. Investing in a system that provides quality early learning opportunities for all children is a foundation for a sustainable community in the future.

Date Adjustment for Kindergarten Eligibility

Rather than moving the eligibility for Kindergarten from December 31 to August 1 in SY 2013-2014, gradually move the cut off date over a longer period to allow for additional infrastructure and workforce development in the private sector. For example, the cut off date for children eligible for the SY 2013-2014 Kindergarten would move from December 31 to November 30, for the SY2014-2015 the cut off date would move from November 30 to October 31 and so forth.