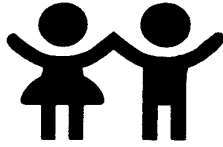


A Wise Investment: Spending for Young Children

HAWAII KIDS WATCH & The GOOD BEGINNINGS ALLIANCE



GBA Logo goes here!

What's Inside?

- This brief is intended to inform people concerned about resource allocation.
- It provides the rationale for investing in children.
- It will build understanding of the particular needs of young children, what will happen if we don't invest now, and the current status of Hawaii's efforts.

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Why Hawaii Must Invest in Young Children

In thinking about resource allocation, conventional wisdom dictates investing in existing resources. Hawaii's children are the most important resource for our future.

Because the early years have a critical impact on children, their families and the communities where they live, investments need to start as soon as children are born.

Evidence for this claim is mounting throughout the United States. We now know that what happens during the first few years will shape each child's potential in all aspects of life.

Investing in programs for "little kids" contributes to a variety of

positive results:

School readiness - high quality preschools build a strong foundation for later school success by improving language, motivation and social competence, particularly for children with low family income.

Care while parents work - two-thirds of parents work while their children are young; quality out-of-home care is essential to support children's development when parents are not around.

Safety and health - help for families and children with problems, preventive medical care, good nutrition help all reach their potential.

Neighborhood and

community life - activities for young families with children help to build a responsive, involved, and safe community.

Reduced costs of social programs - spending in the early years can decrease costs of disabling health problems, crime, poor education, welfare and poverty.

This brief presents basic facts about Hawaii's young children and families, programs and spending trends, as a tool to assist those who wish to plan a future in which all of Hawaii's young children are safe, healthy and ready for success.

What Science Says About Early Childhood Development

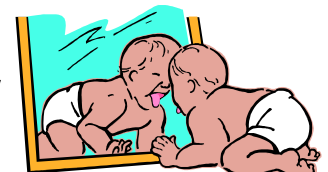
A recent report by the National Research Council conveys four main messages about early development:

- Experiences affect the development of the brain and lay the foundation for intelligence, emotional health and moral development - throughout early childhood years.
- Healthy early development depends on nurturing and dependable relationships.
- How young children feel is as important as

how they think, particularly with regard to school readiness.

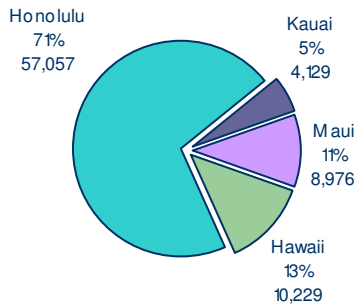
- Although society is changing, the needs of young children are not being met in the process.

From Neurons to Neighborhoods: The Science of Early Childhood Development. National Research Council and Institute of Medicine of the National Academies of Science, October 2000.



Facts and Figures About Hawaii's Young Children

CHILDREN UNDER 5 BY COUNTY OF RESIDENCE



- 1 out of 2 children under 5 lives in a low-income family.
 - For about 2 of every 3 young children, all parents work outside the home.
 - Less than 1 in 4 children of preschool-age is in a subsidized education program. Some states have preschools

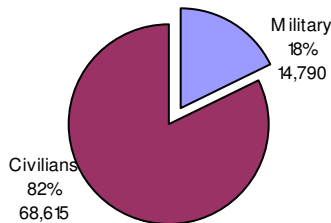
available to all.

- More than 1 of 3 children born in Hawaii are of Native Hawaiian ancestry.
- Almost 1 child in 5 is a military dependent.
- Only 1 child of 10 gets help with child care payments. low-income families need this help.

- Only 3 of 100 children under 5 get services for special needs – in contrast with 1 of 10 during school years.
- About 1 of every 20 families with a child under 3 has a home visitor.
- The number of children under 5 in Hawaii decreased 14% from 1995 to 1999. There are fewer births; many

Are Hawaii's Children Ready for School?

CIVILIANS AND MILITARY DEPENDENTS UNDER 5 IN HAWAII



The first years of life set the pace. Children with strong early experiences are already ahead when they start school. Many who start behind can never catch up.

Good preschool programs can create enthusiasm for school and help kids get comfortable with classrooms. Children having problems are more likely to be discovered and given help.

Hawaii children who do not speak English at home, or who enter school with little exposure to books, start school at a disadvantage. Those in low income areas are much more likely to have poor reading skills.

We know that children who read well by third grade have better success in school. But Hawaii school-entry assessments have found that a large percentage of

children do poorly on language tasks.

A recent survey found that over 70% of kindergartners in schools in higher income areas had gone to preschool. In contrast, only 30% of the children in impoverished areas had preschool experiences.

Here are some ways that experiences prior to school entry help children get ready:

Using language. Young children learn language at a rapid pace. They converse, describe, ask and answer real questions. Talking builds thinking.

Reading. Children need to be familiar with books, stories, sounds and meanings of words before they can learn to read.

Exploring. Curiosity and desire to learn are natural for

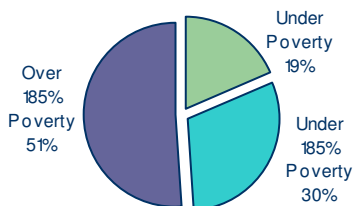
young children. They need interesting places where they can safely investigate things on their own.

Active play. Little kids are still learning how to use their bodies, eyes and hands. They really do need to run around, touch, play with things.

Social skills. Children can learn to share, take turns, get along with other children and non-family adults before they start school. Relationships take time; avoid too many changes.

Self control and self concept. Kids gain confidence when in new situations that support their independence, self-reliance and success. Adults who care about children and know how they learn must be around to provide support.

FAMILY INCOME OF CHILDREN UNDER 5 IN HAWAII



Family incomes are shown as percentages of the federal poverty guideline for Hawaii.

Recommendations on School Readiness

The National Research Council found that quality preschool experiences are important to prevent reading difficulties (*Preventing Reading Difficulties in Young Children*, 1998).

The Children's Defense Fund (CDF) urges states to provide sufficient funds for two years

of high quality, comprehensive pre-kindergarten for every preschool child who needs it (*Seeds of Success: State Pre-K Initiatives 1998-1999*, Children's Defense Fund, www.cdf.org).

Federal agencies encourage Head Start grantees to partner with state and community preschools for full-day, full-year pro-

grams. (www.quilt.org)

CDF recommends that funds be directed to communities and that states allow a range of providers to participate and provide an adequate supply of safe facilities.

What Kinds of Programs Help Young Children?

Our analysis looks at key areas where resources are distributed. It is important to consider all types of spending for young children to know the full range of resources that exist.

- Payments and tax credits that help working families with costs of child care.
- Preschool programs, such as

Head Start.

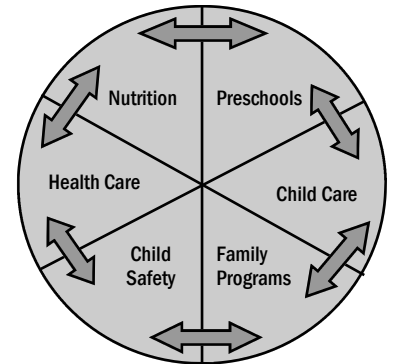
- Community programs that help parents and connect young families; play groups are one example.
- Safety programs to prevent child abuse, help families under stress, and provide help in caring for children.
- Health programs for low-income children, prenatal

care, and children with special needs.

- Nutrition programs.

In the community, program areas often overlap. There is currently no "system" for services and programs for children, and each family has to find its own way.

The following articles give more details about these programs.



Spending for Young Children by Program Type

The public and private dollars spent for programs that benefit young children during 1999 are shown at right. Examples of how programs are classified follow.

Child Care

Publicly funded child care payments used for care by licensed providers, informal caregivers, relatives and "sitters".

Preschools

Head Start, DOE Special Education preschools, Even Start, Teen Parent Child Care, UH Child Care Centers, Kamehameha and Punana Leo preschools; child care payments used for preschools; grants by private foundations.

Programs for Families

Pulama I Na Keiki, Families for REAL, Start

ing Points, Keiki Contacts, HIPPY, family literacy, Keiki Play Morning, high school teen parent programs, respite care.

Nutrition

Women, Infant and Children (WIC) and Child Care Foods Programs.

Child Safety

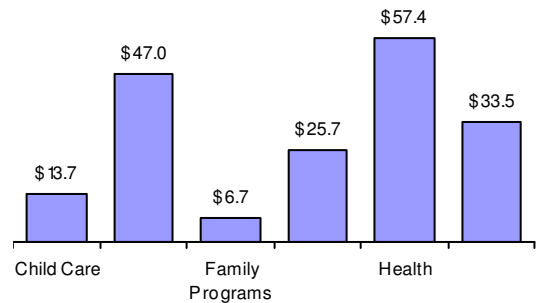
Healthy Start, children's protective services and foster care.

Health Care

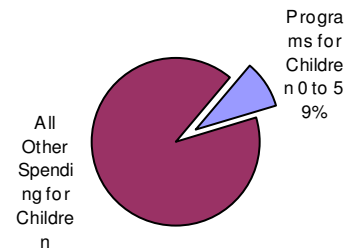
Medicaid payments, prenatal services, Baby Safe, substance abuse treatment for moms, Zero to 3 Early Intervention for special needs, speech therapy, mental health, preventive health programs.

Not included: military programs, church contributions, private spending by families, tax credits, food stamps, welfare payments.

SPENDING FOR CHILDREN AGES 0 TO 4 - FY 1999
(IN MILLION DOLLARS)



PERCENTAGE OF FUNDS FOR 0 TO 5
(FY 1999)



Is Hawaii Investing Early Enough?

Historically, Hawaii has underinvested in children of all ages, particularly in education and mental health.

One strong hypothesis is that if we invest more in children during their early years we could eventually prevent high remedial expenditures later.

Funds for young children represent only about 9% of the total spending on children in Hawaii in 1999. Almost three times as much is spent for each school age child as for each child under 5 (see charts).

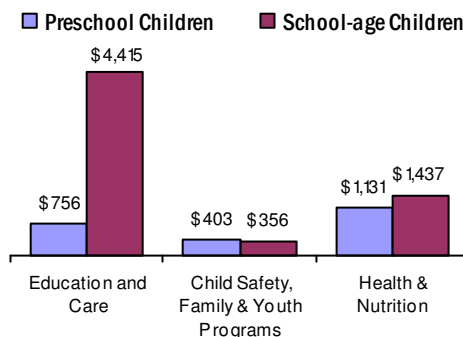
Most of the difference shows up in education programs – where spending for children from kindergarten through high school is \$20 to every \$1 spent for preschool years.

Spending to protect children and provide safe homes may not be adequate to prevent problems.

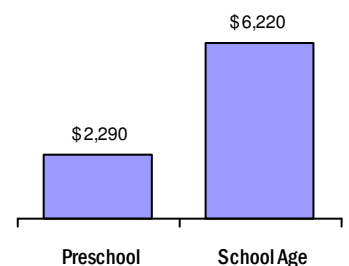
Only a few dollars per child are spent

on programs aimed at helping families do a good job as parents in the early years.

SPENDING PER CHILD IN 1999
HOW FUNDS ARE ALLOCATED AMONG PROGRAMS



AVERAGE DOLLARS SPENT PER CHILD
(FY 1999)



...preschools without direct subsidies find it difficult to pay wages that attract and retain qualified staff while keeping prices affordable for families.

What Do We Know About Preschool Spending?

A 1990 study found that over 60% of support for child care and preschool in Hawaii came from the families of children.

In 1999, about \$47 million in public and private charitable funds helped almost 7,500 children attend preschool in Hawaii.

Federal government grants support Head Start, Even Start, and the Hawaiian language Punana Leo preschools.

Kamehameha is a major source of private charitable funds for preschool. Many local foundations also give grants to pre-

schools or provide tuition aid.

State funds support University of Hawaii child care centers and contribute to full day, full year Head Start. Maui County gives grants and tuition aid for Head Start and preschools.

Some states use federal Title I education and Social Services Block Grant funds for preschool or child care; Hawaii does not.

Government payments for child care can also go to preschools. The Department of Human Services is expanding Open Doors and Child Care payment

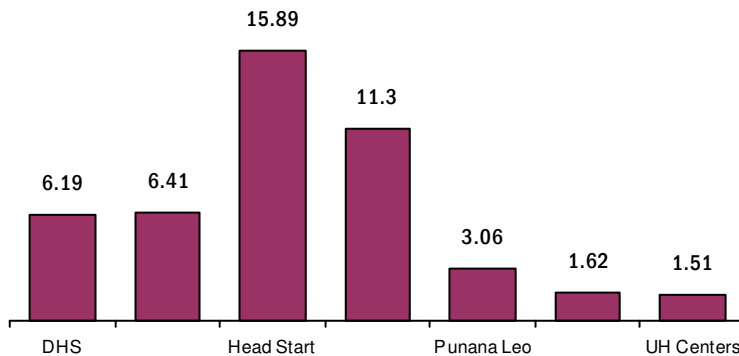
programs (story on next page).

Preschools that rely on parent fees and child care subsidy payments can't always provide the best quality.

Even if families pay all they can, it is unlikely to be enough. Quality programs have higher costs that range from \$6,000 to \$12,000 per child.

Most preschools without direct subsidies face a balancing act between paying for qualified staff and other quality services and keeping prices affordable for families.

SPENDING FOR PRESCHOOL PROGRAMS IN 1999
(IN MILLION DOLLARS)



Note: Dept. of Human Services (DHS) Open Doors and payments for 3 & 4 year-olds; Dept. of Education (DOE) Special Ed not included; Kamehameha (KS) 1999 estimated; Head Start includes Early Head Start for 0, 1 & 2 year-olds. Not included: military programs and payments by families.

What Helps Preschools To Produce Positive Results?

Qualified teachers/caregivers with specialized training in early childhood development.

Warm and caring relationships between adults and children.

Low ratios of adults to children.

Children in small-sized groups.

Better wages; staff that stay over time.

What Research Says About Program Effectiveness

Research is an important tool for understanding results. Looking at the most significant research findings about the impact of programs on the development of young children, the National Association of Child Advocates reports:

- *Quality care and education programs have proven their effectiveness in improving the developmental outcomes of low-income and disadvantaged children.*

Children participating in model early childhood programs were

more successful in school and continued to succeed as young adults. Head Start and other similar programs do make a difference, and the benefits do not fade out.

- *Quality matters.*
Higher quality programs benefit children; poor quality care can be harmful. Benefits persist into elementary school years.
- *Quality is particularly important for children from low-income families.*
- *While parent-focused home*

visiting/parent education programs have provided some benefits for parents, these have not translated into significantly improved outcomes for children.

A Packard Foundation review suggests links with other programs with proven results to increase benefits for children.

Making Investments in Young Children: What the Research On Early Care and Education Tells Us. National Association of Child Advocates, December 2000. www.childadvocacy.org

Recent Evaluation of Home Visiting Programs, Packard Foundation, 1999

Help me learn!



Child Care Costs and Choices

About 7,500 children under age 5 and 4,450 children ages 5 and older received payments from the Hawaii State Department of Human Services (DHS) to purchase child care in 2000. Spending totaled \$26.4 million, averaging \$2,211 per child.

Funds for DHS child care payments are increasing as a part of federal and state efforts to help families go to work. Current payment rates are

A family's net monthly income must be under \$ _____ to qualify for these funds.

Federal rules require that _____% of child care funds be set aside for working families who receive welfare benefits or are leaving welfare for work. Other working families can get help if there is enough money in the program budget.

In contrast to many Hawaii programs and services for children (education, child welfare, health care are examples), the state does not have contracts with community providers for child care services.

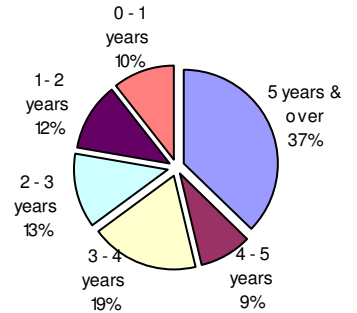
Instead, child care is part of the market economy, supported by prices that families can afford.

Although families who receive child care subsidies have the choice of all available programs, the tuition may be higher than the amount of the child care payment. This is a hardship or an impossibility for many parents.

Low-income families are likely to choose less expensive types of care. This has a negative impact on the quality of our state's child care resources.

Plans are in progress to increase child care payments to \$425/month for accredited preschools to help families pay for quality care.

CHILDREN RECEIVING DHS CHILD CARE PAYMENTS IN FY 2000



A large number of infants and toddlers receive care outside of their homes. About 1 of 5 children use child care funds to attend preschools. Most children are cared for by relatives and informal care providers.

Who Can Afford to Pay For Preschool?

About two-thirds of the jobs in Hawaii do not pay enough to meet the minimum level of income needed to support a family. People with preschool age children are hit hardest, with high child care expenses.

In "Barely Making It On Your Own In Hawaii", the American Friends Service Committee looked at the cost of basic needs - rental housing, child care, food, transportation, medical care, taxes and other expenses - for families of

different sizes living in different communities (see box).

Costs for licensed preschools and child care homes average \$385 per month per child, or \$4,620/year (based on market rates collected by the Hawaii Dept. of Human Services).

At this rate most families with income at 185% of the Hawaii poverty guidelines (\$30,100 for a family of 3, \$36,600 for a family of 4) can't afford both child care and other living costs.

It is not surprising that many families spend their limited funds for other necessities and find alternatives to costly preschool programs. Do families have a real choice?

Many families simply can't afford to send their child to preschool without help from Head Start, Open Doors, Kamehameha Schools, DHS child care payments, preschool financial aid, or other subsidies.

How much does it really cost to live in Hawaii?

Family Type	Income Needed per Year
Adult with an infant	\$33,350
Adult, infant & preschool child	\$43,300
Two adults, 2 children (infant & preschool)	\$47,800
Two adults, 2 children (preschool, school age)	\$44,000

Source: *Barely Making It On Your Own in Hawaii*, American Friends Service Committee - Hawaii Area Program, July 2000.

Hawaii Preschool Capacity and Needs

Less than half of Hawaii's low-income three and four year-olds currently receive help to attend preschool.

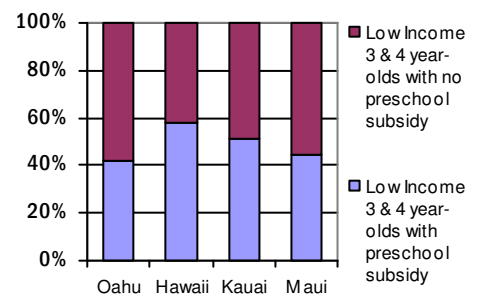
Most of these children attend Head Start and Kamehameha Schools preschools. Others use child care and Open Doors payments to attend community preschools selected by their families.

Percentages of low-income children with subsidies varies by county, ranging from 58% on the Big Island to 42% on Oahu (chart).

If all 3 and 4 year-olds in Hawaii had sufficient funds and chose to attend preschool programs, existing spaces would not be adequate. But many preschools now have vacancies because costs are too high for family budgets.

The Good Beginnings Alliance is working with many partners to plan for Hawaii's future preschool needs. Planning requires careful review of the resources and needs in each community. Use of existing resources will conserve costs and permit choices for families.

PERCENTAGE OF LOW INCOME 3 AND 4 YEAR OLDS WITH PRESCHOOL SUBSIDY - BY COUNTY



Early Attention to Children’s Social and Emotional Health

“Social and emotional school readiness is critical to a successful kindergarten transition, early school success and even later accomplishments in the work place. “

National Institute of Mental Health report, 2000. (get name)

Almost half of all children now enter kindergarten with limited social and emotional abilities, says a new national report on children’s mental health.

When young children have strong bonds with parents and with other children, teachers or caregivers, they gain security and social skills. Many children lack these ideal circumstances.

Quality preschool programs with home visits can make a difference for children having stress or living in troubled homes.

It makes sense to try to reach children during the early years when problems often begin. Failure to invest in support for early

development is risky fiscal policy.

Spending for children with behavior and mental health problems is increasing under the Felix Consent Decree — Hawaii’s agreement to bring the state into compliance with federal law regarding education of children with behavior and mental health problems. Most of the spending is for school age children.

Hawaii now invests in Healthy Start, Zero to Three, and Special Education preschools in the Department of Education (DOE) for young children with special needs.

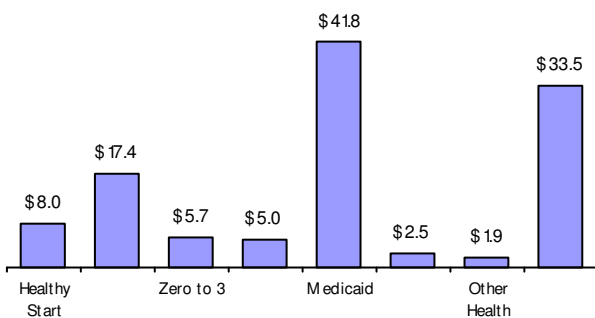
In 1999, spending averaged about \$285 dollars for each child under 5, compared to \$1,311 dollars for each school age child in Hawaii.

Gaps in Hawaii’s services for young children with special needs are significant, says a Preschool Study prepared for the Felix Count Monitor.

We do not find children early enough, program choices are limited and do not always reflect best practices, and children in preschools outside the Department of Education (DOE) do not receive help. We need more emphasis on early childhood within the DOE.

Spending for Health and Safety

SPENDING FOR MAJOR SAFETY AND HEALTH PROGRAMS IN 1999 (IN MILLION DOLLARS)



Hawaii spent about \$8 million for Healthy Start home visiting to prevent child abuse in high risk families in 1999. At least \$17.4 million went for foster care, adoptions and other child protection for children ages 0 to 4.

Children under 5 comprised about 1 of 3 children with protective services, and 1 of 4 in foster care in 1999.

Medicaid payments (Quest and fee-for-service) are by far the largest health care expenditure for children under 4.

The Dept. of Health (DOH) Zero to 3 project provides child development

and early intervention services for children with special health needs.

Perinatal programs include DOH services, Baby Safe, Malama Na Wahine Hapai. DOH provides substance abuse treatment for mothers.

Nutrition funds include Women, Infant, Children (WIC) and Child Care Foods, both U.S. Dept of Agriculture programs.

DOH preventive programs include Newborn Metabolic Screening, Lead Surveillance, Child Health Screening, and Birth Defects Monitoring.

Quick Facts On Hawaii’s Children Under 5

Indicator	Number	Percent	Indicator	Number	Percent
Hawaii Population, July 1999	1,185,497		Receiving child care payments, age 0 to 5	6,956	8.7
Child Population, 0 - 17, % of total population	289,340	24.4	Living in a foster home, age 0 to 5	909	0.01
Children under 5, % of all children	80,387	27.8	Victim of child abuse or neglect (1998)	797	0.1
Preschoolers, age 3 and 4	32,237		In program for children with disabilities	2,477	3.1
Infants & toddlers, ages 0, 1 and 2	48,188		In home visiting program, under 3	2,755	5.7
Hawaii Resident Births (includes military)	17,003		In subsidized preschool program, age 3 & 4	7,500	23.3
Receiving welfare payments, age 0 to 5	14,904	18.5	Attending preschool, age 3 and 4	18,030*	56.0
Low family income (under 185% FPL), age 0 to 5	40,892	50.9			

* Estimated at 90% capacity.

Sources: U.S Census Bureau Population Estimates by Age Group, July 1999; Hawaii Department of Health Resident Births, 1995 to 1999. Program data analyzed by Children’s Budget Analysis based on statistics from Hawaii Department of Human Services, Health and Education and collected directly from private programs. Social indicators from UH Center on the Family, Hawaii Kids Count.

What are We Doing to Help Families?

Many Hawaii families can't afford preschool, want their little children to be with Tutu or Auntie, have work schedules that don't match program operating hours, or have children too young for centers. There aren't enough preschools anyway. What else can help?

- Home visiting - Pulama I Na Keiki, Home Reach, Early Head Start help with parenting skills and assist families to get community services. HIPPY and family literacy provide parent-child learning projects.
- Playgroups - traveling preschools, Keiki Play Morning, GBA Keiki Contacts are for

families and children together. Playgroups can reach all who care for young children. Children play and learn together; caregivers see examples of child guidance, get acquainted with other young families. Children learn to get along with others outside the immediate family.

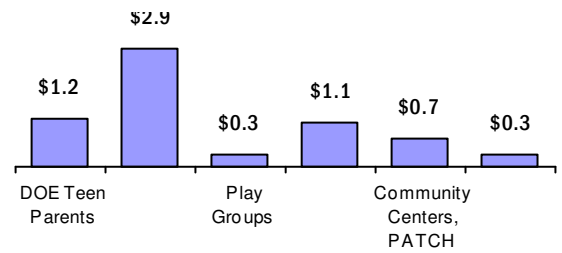
- Families for REAL offers parenting education at a few DOE schools. Minnesota provides this program in all public schools. The DOE also has programs for parenting teens.
- Family Centers provide a central location for all types of family services; PATCH helps with

referrals.

- Community level initiatives involve families in planning for needed programs. Examples include Starting Points, the Native Hawaiian Early Childhood Consortium.

Hawaii now spends comparatively little on these programs, about \$6.5 million in 1999. Programs are not available in all communities.

SPENDING FOR FAMILY AND COMMUNITY PROGRAMS IN 1999
(IN MILLION DOLLARS)



Only a few dollars per child are spent to help families do a good job as parents in the early years.

What Are the Results of Our Spending?

How effective is Hawaii's spending on the education, care, health and safety of young children?

We think it is useful for all citizens to know the facts about current programs, costs and results.

To see what is being spent, the Children's Budget Project

analyzes all federal, state, county and private charitable dollars for children in Hawaii. Information is organized by program type, age group and geographic location.

Information about the well-being of children around the state is available from the UH Center on the Family Data

Center (www.uhfamily.org).

The Good Beginnings Alliance facilitates community action on behalf of young children using spending and outcome data.

With data in hand, community groups can tackle tough questions about whether resources match local needs and are being used wisely.



Communities need to look at results.

Are Hawaii's Children Ready for Success?

The Good Beginnings Alliance is a partner in efforts to increase the school success of Hawaii's children. Indicators will be tracked to determine results. Baseline statistics are for FY 2000.

Children in accredited preschools	23%
Children with government paid care in regulated centers, 0 to 5	16%
High risk children in early intervention programs, ages 0 to 3	6.3%
Children entering kindergarten with preschool experience	45.4%
Families in parent/child education programs	3%
Children fully immunized at 24 months	
Confirmed child abuse/neglect, children under 5	
Children with health insurance, 0 to 5	
Mothers with prenatal care during first 3 months of pregnancy	

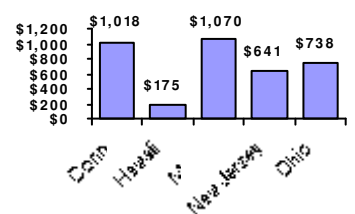
Sources: UH Center on the Family; Dept. of Health, Dept. of Education (survey), Good Beginnings Alliance, Hawaii Kids Watch.

How Hawaii Compares

Although 42 states invest state funds for pre-kindergarten and Head Start programs, the scale of state programs varies widely.

Leading states invest considerably more than Hawaii (chart). Most states do not provide sufficient amounts per child to support high quality programs.

STATE FUNDS FOR HEAD START AND PRE-K, 1999 (AVG PER CHILD)



Source: Children's Defense Fund, *State Developments in Child Care and Early Education, 1999*. Analysis by Children's Budget Project.

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**This space is for the Good Beginnings
slogan.**

Coming Together for Hawaii's Young Children

The Good Beginnings Alliance is pleased to join with Hawaii Kids Watch in presenting this Budget Analysis Issue Brief. The data provides an important factual base for future planning.

At present Hawaii faces numerous decision points in allocating resources for young children.

The Pre-Plus initiative would provide access to preschool for all low-income 3 and 4 year-olds. The Departments of Health and Education need additional funds for services to children who have special needs or are at risk. A Native Hawaiian Consortium is engaged in planning for young children. Several other communities have begun planning efforts.

We must make sure that our early childhood programs have

adequate resources to provide the kind of services that will produce positive results for children.

New investment is badly needed to improve the quality of our early childhood workforce. The TEACH Project will begin to upgrade qualifications and compensation of early childhood teachers and caregivers by providing scholarships for college credits. A new Career Registry will document staff training and experience.

At present, there is a constant balancing act between how much parents can afford to pay and how much schools must collect to provide a quality program. Even at the highest tuition rate, a class of 16 preschool children will only on the average pay a teacher a

\$15,000 yearly salary.

Accreditation of early childhood programs also supports quality. This year the Hawaii Association for the Education of Young Children (HAEYC) will focus on expansion of the Maui Accreditation mentoring project.

Through leadership, partnerships, resources and technical assistance, Good Beginning fosters planning for young children by Hawaii's agencies, counties and communities.

We urge all concerned about Hawaii's future to join planning efforts for our youngest keiki. We expect the information presented here to provide further impetus to act ion.

The National Research Council of the National Academies of Science recommends that the nation "examine policies that affect young children and bolster its investments in their well-being".



Children are Hawaii's greatest treasure.