MINNESOTA EARLY LEARNING FOUNDATION

Annual Report
Fiscal Year 2008

Best research = best practices = best results = best investments.

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Photos and quotes included in this Annual Report are courtesy of: *500 Under 5*, the *Wilder Child Development Center*, the *Minnesota Department of Human Services,* the *Caring for Kids Initiative* and the *Minnesota Child Care Resource & Referral Network.*

Leadership Letter

April 2009

During these tremendously challenging economic times, essential services are dwindling in response to extreme budget cuts. Elected officials must allocate scarce resources to meet critical needs, including education and public safety. Private and nonprofit leaders are making tough decisions in response to difficult financial circumstances.

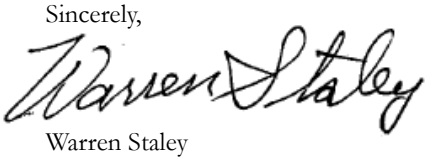
The work that MELF is accomplishing, and hopes to accomplish, is more important now than ever before. Our mission, to recommend cost-effective strategies to prepare children for success in kindergarten, is a long-term investment in our young people, our communities, and our economy. This organization is built on the concept of a limited lifespan: we began by researching the existing knowledge and theories in the early learning community; identified promising programs and developed evaluation strategies in order to fill the gaps in this knowledge; implemented a variety of initiatives and programming to test existing theories and explore new theories; and at the conclusion of 2011, as scheduled, we will conclude our efforts after delivering recommendations, as promised, to policy makers in Minnesota and beyond.

Our mission, to recommend cost-effective strategies to prepare children for success in kindergarten, is a long-term investment in our young people, our communities, and our economy.

This annual report contains an overview of the work MELF completed in 2008. It describes the stories, achievements, challenges, and discoveries of our researchers, partners, providers, and the families that they serve. And, unfortunately, as with so many other reports that are currently in production, it explains the challenging financial decisions that MELF faced at the conclusion of 2008, and the path forward to conclude our mission within the set timeline. We have many accomplishments to be proud of and much to look forward to, as we work steadily to make the best of a difficult situation and deliver on our promises to investors, policy makers, and community members.

Thank you for your support as MELF continues to work towards the goal of recommending cost-effective strategies to prepare children for success in kindergarten. We feel confident that the importance of our mission will prevail, providing guidance to nurture and support our community's most important asset, our youngest children.

Sincerely,



Warren Staley
Retired Chairman, Cargill, Inc.
Board Chair, MELF

Duane Benson
Executive Director, MELF

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Purpose of MELF

The Minnesota Early Learning Foundation's mission is to recommend cost-effective strategies for preparing children to succeed in school.

Created through a partnership of foundation, corporate and civic leaders, the Minnesota Early Learning Foundation (MELF) was established in 2005 to address growing concerns about the lack of school readiness among many children entering kindergarten.

In 2008, $399 million of public funds were spent on early care and education: only 3% of that went towards improving quality.
Wilder Research

Compared to other economic sectors, expenditures on early care and education have higher output multipliers and circulate longer in the state economy.
Cornell University

In 2007, only about half of all children in Minnesota were prepared for kindergarten when they entered school.
Minnesota Department of Education's School Readiness Study Data

MELF Initiatives: 2008

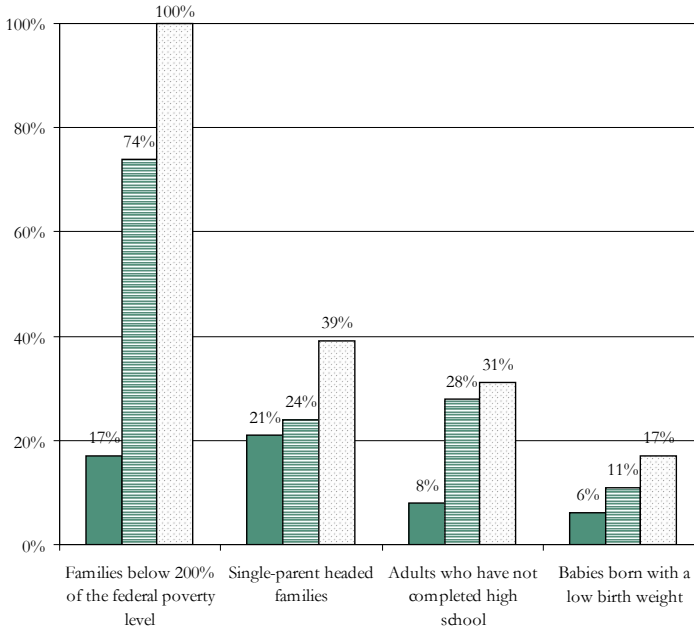
The initiatives highlighted on these pages are funded by MELF and evaluated by the MELF Research Consortium to compile a body of knowledge about what works best and most cost-effectively in promoting learning readiness among children from low-income families and families facing other challenges.

"Since Quincey began attending this program he has just become such a social butterfly! He has learned so much since he started - he has become so independent, he asks so many questions, and he is always wanting me to read books to him."

"It is so important for all children to have an opportunity to enroll in an early childhood program that meets the high quality standards required to reach a high star rating in Parent Aware. It prepares the children with skills for kindergarten and so much more, to start off their future right."

Quitina Cook, whose son Quincey attends a 4-star Parent Aware program

Based on the existing early care and education research, the MELF Research Consortium identified a number of key demographic risk factors known to affect children's school readiness: poverty, family composition, maternal education, birth weight, race, and immigration status. In the fall of 2008, the evaluation teams conducted a telephone interview of parents participating in the MELF initiatives:



81% of participants in Innovation Grants & Community Initiatives and 93% of participants in the Scholarship Program are children of color.

30% of families in Innovation Grants & Community Initiatives and 24% of families in the Scholarship Program reported being from an immigrant or refugee group.

MELF is developing tools and resources that allow parents, as consumers, to make informed choices when determining how best to prepare their children for kindergarten and future success. MELF's work is already demonstrating a significant impact on the early childhood field in Minnesota.

Parent Aware Ratings

Parent Aware is a pilot quality rating system that uses standardized, evidence-based measures to rate the quality of early learning programs. It also provides support for providers to improve quality and thus increase their ratings. Parent Aware is unique among quality rating systems with its clear focus on parents and a strong evaluation exploring the relationship between ratings and child outcomes.

Parent Aware was developed by MELF and is delivered in partnership with the Minnesota Child Care Resource and Referral Network, Minnesota Departments of Human Services and Education, University of Minnesota Center for Early Education and Development (CEED) and local child care resource and referral agencies in the pilot areas.

2008 Highlights:

- Parent Aware ratings are displayed for more than 230 providers, and the ratings have been viewed on the website more than 6,000 times since they became available in July 2008. The full rating process was completed by 55 programs in 2008, while other programs received ratings through "automatic" rating pathways available to accredited programs and Head Start programs in compliance with national performance standards.
- Philanthropic and public funding now supports efforts of early childhood providers seeking to improve their quality in preparation for rating.
- The Minnesota Legislative Early Childhood Caucus released a vision for an early learning system that calls for a quality rating system as its foundation. Bills authored by members of the Caucus propose linking all future state early childhood funding to the quality rating framework.
- The Minnesota Department of Human Services and the Minnesota Department of Education developed a common timeline and set of strategies for joint planning around a quality rating system.

"When we were searching for child care it was important to find a diverse group of children being cared for by teachers who cared. We have found that. Natalie made strong emotional connections with her first teachers and that's shaped her trust of this place and also of the world in general.

"She is 2½ now. She comes home singing new songs and dancing. She likes to sit on the coffee table and 'read' to us. She would much rather tell stories than watch TV and I think that says a lot about her caregivers."

Christina Moore, whose daughter Natalie attends a 4-star Parent Aware program

"Our 4-star Parent Aware rating has allowed us to get the word out on how hard we work and just how important this work is. We've seen a huge jump in enrollment. Our staff members hold their heads a little higher and parents are relieved to understand their choices!"

Cisa Keller, Director, New Horizon Academy Child Care Center in downtown Saint Paul

Community Initiatives

One of MELF's five key research questions is whether or not a combination of local initiatives can improve a community's ability to develop and sustain quality early learning programs. In 2008, MELF explored that question in four communities. A 2007 baseline study, conducted by Wilder Research, looked at family demographics, family engagement in early learning, use of early care and education programs, and quality indicators of child programs in each community. MELF implemented Parent Aware in all four communities, each of which has some form of scholarship or Pre-Kindergarten allowance funds to help families access quality early learning programs, and a variety of early childhood initiatives under development or already in place, some funded through MELF and others through other public and private sources. MELF hopes to repeat the Wilder study in 2011 to learn more about how families and early childhood programs changed over four years.

North Minneapolis: The *500 under 5* project seeks to serve 500 children under age five in two Minneapolis neighborhoods that are among the most economically and socially disadvantaged areas in the state. They seek to establish relationships with families, learn about their lives and connect them with needed resources so that their children arrive at kindergarten ready to succeed.

Saint Paul: Mayor Chris Coleman's *Ready for School, Ready for Life* initiative seeks to improve kindergarten readiness, support increased parent involvement, increase access to high quality early learning programs, and increase the supply of quality programs. It explores the impact of focusing multiple resources across an urban area to support is youngest children.

Blue Earth and Nicollet Counties: With support from MELF Board of Directors member Jean Taylor and other community leaders, partners across this two-county area are working hard to focus community attention on the importance of early learning. Blue Earth and Nicollet Counties include the cities of Mankato, St. Peter, and surrounding small towns and rural areas.

Wayzata: The *Caring for Kids Initiative* raises funds to provide families with early childhood scholarships to attend high quality Parent Aware-rated programs. It provides parenting support in child care programs and affordable housing neighborhoods, and explores strategies for serving low-income families living in a suburban area viewed as affluent and well-resourced.

"The scholarships have helped us tremendously. It makes quality child care affordable for us so we can still pay for the basic necessities. I thought the transition would be hard for Benjamin, who had never been in child care. The first day, I was worried and ready to cry, but he ran off and started to play. I guess he was ready. The [teachers are] friendly, and if we have any concerns about the boys, the staff is very helpful."

Jataun Austin, whose sons receive early childhood scholarships through the Caring for Kids Initiative

MELF Innovation Grantees
Anoka Healthy Start • Autism Society of Minnesota • Bloomington Public Schools • First Steps • Joyce Preschool • Minnesota Head Start Association • Parents as Teachers • Project Early Kindergarten • Suburban Ramsey Family Collaborative • Wilder Foundation

Innovation Grants

In 2008, MELF supported 10 diverse projects across Minnesota designed to build better knowledge about what works best, and most cost-effectively, in program operations and in the larger early childhood infrastructure. Though budget constraints conclude MELF's funding to all Innovation Grants in 2009, the evaluation data collected on these projects by the MELF Research Consortium will still contribute to MELF's mission.

Saint Paul Early Childhood Scholarship Program

This program is the pilot of the market-driven approach developed by economists Art Rolnick and Rob Grunewald from the Minneapolis Federal Reserve Bank. Their analysis indicates that investments providing challenged families with information and resources necessary to access high quality early learning programs yield a public return of up to $16 for every dollar invested.

The pilot, launched on January 1, 2008, serves children from low-income families in the Frogtown and North End neighborhoods of Saint Paul and includes both a parent mentoring and a scholarship component. Mentoring begins as early as pre-natal and continues into the child's fourth year. Parent mentors make home visits to encourage family health, give information about child development, help families access community resources and choose the best early childhood education program for their child. At age 3, children receive a 2-year scholarship to pay for high quality early education services, the cost of which can be more than $13,000 annually.

2008 Highlights:

- Families were recruited through intensive outreach accomplished in partnership with WIC, clinics, faith-based groups, early childhood education programs, culturally-based agencies, and other local organizations. More than 500 children have enrolled in the pilot, which operates through partnership between MELF, the Saint Paul Mayor's Office, Saint Paul - Ramsey County Public Health, Resources for Child Caring, community based home visiting programs, and a range of quality early learning programs in the metro area.

- The majority of families use their scholarship to enroll their child in center-based programs (19% in for-profit centers, 32% in non-profit centers). Another 47% of families selected Head Start programs, and the remaining 2% selected preschool programs operated by Saint Paul Public Schools.

- Early implementation of the scholarship program held challenges in connecting scholarship families with eligible programs. Recruitment began in January 2008, and original projections assumed 100 children would be using scholarships in eligible high quality programs by September 2008. However, by October 2008, just 53% of children were using scholarships. By December 2008, that number had increased to 74% of children. Challenges arose in getting families to apply for the scholarship, and once awarded, in selecting an eligible program for their child. When asked why they had not yet found a program, parents reported they could not find a program that met their needs or they had decided not to enroll their child at this time.

"The Saint Paul Early Childhood Scholarship has been of tremendous benefit to participating families. About one-third of our parents are on scholarship or allowance, and the programs have served exactly the purpose that they are intended to: they stabilize a child's early education, even when crises occur within the family. Regularly scheduled meals, education, naptimes and playtime all continue in a stable environment, even in the face of job loss or other major changes within a family circumstance."

Judy Ohm, Director, Wilder Child Development Center

Research and Evaluation

The MELF Research Consortium focuses on answering five key questions across all MELF projects, using a common set of measurement tools.

To what extent are children from low-income families served by MELF-funded projects ready for school or on a trajectory leading to school readiness?

To what extent do low-income families served by MELF-funded projects have access to and make use of resources available to them to help their children be ready for school, and information available to them about the quality of early learning programs?

To what extent do early learning programs served by MELF-funded projects meet criteria for innovative, effective, high-quality programs?

To what extent are strategies used by MELF-funded projects more cost-effective than others in achieving similar results?

How have MELF-funded projects improved their local community's ability to sustain quality early learning programs?

MELF Research Consortium

University of Minnesota Center for Early Education and Development (CEED)
www.cehd.umn.edu/CEED

Child Trends Inc.
www.childtrends.org

SRI International
www.sri.com

Wilder Research
www.wilder.org

A group of nationally respected early childhood research partners collaborates to evaluate the effectiveness of MELF's work. Together, the MELF Research Consortium members developed a set of measures to collect information in consistent ways across MELF projects. These tools include a parent interview, a survey for teachers and child care providers, a survey for child care directors, a survey for home visitors, and a partnership survey for collaborative initiatives.

Getting Ready for Kindergarten Study: Parent Aware-rated programs are invited to participate in an evaluation examining the implementation of Parent Aware, the integrity of the rating indicators and processes, and the experiences of families and children in Parent Aware-rated programs. School readiness of preschool-aged children enrolled in Parent Aware-rated programs will be examined and linked to program ratings. At the community level, the evaluation will provide information about participation in Parent Aware and changes in area early learning programs as a result of the Parent Aware pilot.

Measurement Model

The MELF Research Consortium identified a common set of measurement tools for tracking school readiness outcomes in children served by MELF projects. The model includes reliable, valid tools for measuring children's progress across various domains, including cognitive, language, literacy, social-emotional, approaches to learning, health, and gross and fine motor skills. The use of each tool varies by the child's age and the objectives of each individual MELF project. Additional measures are collected and tailored to meet the needs of specific project evaluations.

For further details and to view or download complete evaluation reports, please visit "Our Learnings" at www.melf.us.

2009 Goals

The programs in MELF's original portfolio set ambitious goals for 2009. While this work has not yet secured full funding, dedicated partners remain committed to achieving their goals - and MELF remains committed to raising funds to support these efforts whenever possible. MELF's portfolio for 2009 focuses on two major projects:

MELF is focused on maintaining integrity in the evaluation approach, raising funds necessary to maintain funding commitments, and recommending cost-effective strategies to prepare children to succeed in school.

Parent Aware

The Parent Aware pilot remains at the center of MELF's work, establishing a framework to measure program quality and provide parents with information for selecting quality early learning programs to meet their families' needs. In 2009, MELF will support the goal of working towards fully rating 200 early learning programs before the pilot ends on June 30, 2010. This goal does not include Head Start, school-based prekindergarten programs, or accredited early learning programs, all of which are included in the quality rating system, but will not go through the full Parent Aware rating process during the pilot. Thse programs receive automatic 4-star ratings based on their compliance with quality standards established by their national or state oversight agencies, and the alignment of those standards with Parent Aware.

Parent Aware was initially available to providers in Saint Paul, Blue Earth and Nicollet Counties, and specific areas in Minneapolis and Wayzata. The success of the pilot attracted funding from Allina Hospitals and Clinics and Greater Twin Cities United Way, allowing Parent Aware to expand to the entire city of Minneapolis in April 2009. In 2009, MELF will test the impact of stronger marketing of Parent Aware directly to parents, to see if outreach to consumers will increase the use of ratings and subsequently increase pressure on early learning programs to improve their quality.

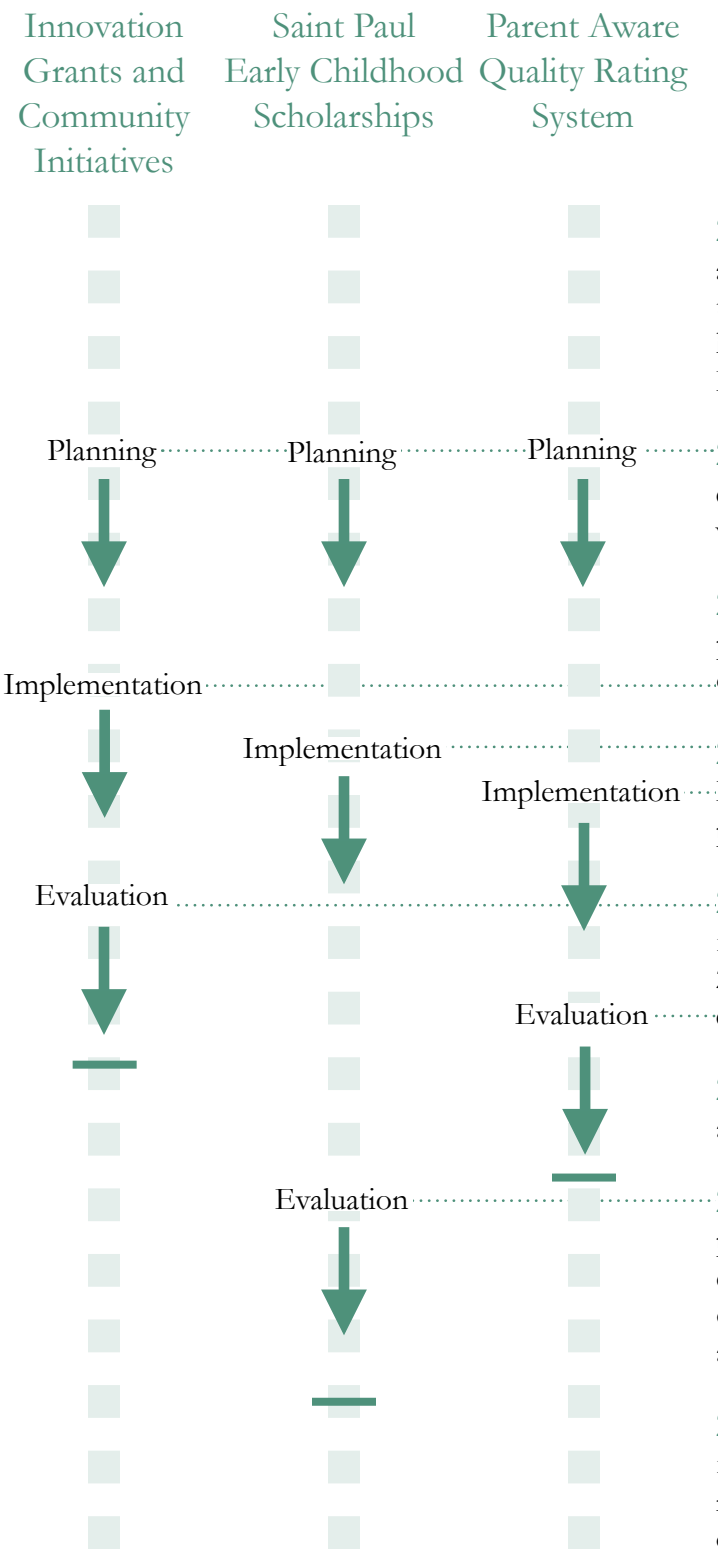
Quality rating systems across the country face the challenge of assessing the degree to which early learning programs are responsive to the cultural needs of families. While the Parent Aware pilot will not operate long enough to resolve some of the larger issues related to this concern, such as creating and validating assessment tools to measure cultural responsiveness, MELF hopes to contribute to this discussion. To this end, and consistent with Parent Aware's purpose as a tool for parents, MELF plans to conduct focus groups in 2009 with parents in culturally diverse communities.

Saint Paul Early Childhood Scholarship Program

By September 2009, MELF hopes to have 300 of the children participating in the Saint Paul Early Childhood Scholarship Program enrolled in a three- or four-star rated early learning program selected by their parents. Current funding does not support ongoing mentoring services for Scholarship participants, which will make it more challenging to provide participating parents with the information and support necessary to achieve this goal.

SRI International will continue the Scholarship evaluation by: (1) assessing participating children's school readiness; (2) surveying parents; (3) monitoring the ongoing successes and challenges faced in implementing the Scholarship pilot; (4) examining changes in supply of early learning opportunities in the pilot area; and (5) conducting a cost study.

MELF Timeline



2005 Business and community leaders, concerned about the importance of early learning and the number of young Minnesotans entering kindergarten unprepared, found the Minnesota Early Learning Foundation (MELF).

2006 MELF identifies a portfolio of initiatives designed to fill gaps in knowledge about what works to improve school readiness.

2007 Program and evaluation plans develop and programs begin implementation. A baseline study of the MELF pilot communities is conducted.

2008 Fundraising far exceeds expectations. All MELF-funded programs are in implementation phase, with evaluations up and running.

2009 The economic collapse challenges MELF fundraising resulting in a 36% reduction in the 2009 budget. MELF maintains a high level of dedication to completing the work and mission.

2010 The Parent Aware pilot ends and findings and recommendations are released by year's end.

2011 The Saint Paul Early Childhood Scholarship pilot ends. MELF compiles, analyzes, and disseminates results, creating a foundation for a cost-effective early childhood system in Minnesota and beyond.

2012 MELF's successful completion of mission-focused work results in cost-effective strategic recommendations living well beyond the existence of the foundation.

Funding Outlook

The economic downturn led to a drastic slowdown in MELF fundraising. As a result, MELF scaled back the budget by 36%. Urgent fundraising appeals are underway to ensure that the MELF mission can be fulfilled.

MELF was created in 2005 as a research and development engine to identify scalable, cost-effective strategies for preparing children to succeed in school. A feasibility study commissioned at MELF's inception predicted that MELF might raise $5 million to support its mission. However, by the close of 2008, $14 million in private grant funding had been secured. As planned, MELF is using these funds to implement pilot programs with rigorous evaluations.

Unfortunately, current economic challenges have directly affected MELF's fundraising ability, and the Board of Directors voted in February 2009 to reduce the overall 2009 MELF budget by 36 percent. In making difficult decisions to reduce or eliminate projects from the portfolio of work, MELF seeks to allocate remaining resources with the intention of keeping commitments made to families and maintaining evaluation integrity.

MELF is taking a number of serious cost cutting measures, including:

- Reducing administrative costs by shifting some functions in-house to reduce consultant costs, and planning to move into a shared office as of June 2009.
- Shortening innovation grant timelines to conclude MELF funding earlier than originally intended, and proportionally reducing evaluation costs.
- Suspending MELF support for the North Minneapolis *500 under 5* and Wayzata *Caring for Kids Initiative* until additional funding can be secured.
- Reducing the Saint Paul Early Childhood Scholarship Program funding by one-half through limiting enrollment, eliminating mentoring, and stopping scholarship payments to Head Start and school-based pre-kindergarten programs.

MELF is taking a variety of approaches in pursuit of additional funding streams, including:

- Asking all current funders with restricted giving to consider allowing MELF to direct funds where they are most needed within the budget.
- Meeting with elected officials to explore possibilities for a public investment in MELF, particularly in light of the ultimate goal of making recommendations to guide policy makers and funders in shaping a coherent, cost-effective early childhood system.
- Continuing fundraising efforts within the private sector, approaching individuals, corporations, and foundations.

Financial Statements

Statement of Financial Position as of December 31, 2008*

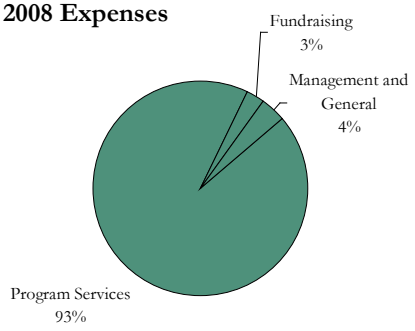
ASSETS	December 31, 2008*
Current Assets	
Checking/Savings	
Bremer - Operating	1,139,817
Home Federal	246,441
Total Checking/Savings	**1,386,258**
Accounts Receivable	
Pledges receivable	1,461,000
Total Accounts Receivable	**1,461,000**
Total Other Current Assets	**2,702,184**
Total Current Assets	**5,549,442**
Fixed Assets	
Furniture, fixtures, & equipment	7,868
Accumulated depreciation of furniture, fixtures & equipment	(2,952)
Total Fixed Assets	**4,916**
TOTAL ASSETS	5,554,357

LIABILITIES & EQUITY	December 31, 2008*
Current Liabilities	
Total Accounts Payable	**312,331**
Other Current Liabilities	
Accrued payroll	9,664
Accrued payroll taxes	1,864
Total Other Current Liabilities	**11,528**
Total Liabilities	323,859
Equity	
Unrestricted (retained earnings)	8,336,877
Change in unrestricted net assets	(3,106,379)
Total Equity	**5,230,498**
TOTAL LIABILITIES & EQUITY	5,554,357

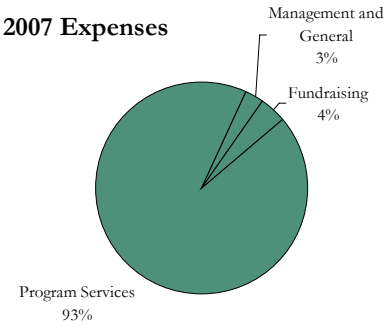
Statement of Support, Revenues and Expenses, Years Ended December 31, 2008 and 2007

	2008*	2007**
Supports and Revenue		
Contributed Support	1,704,518	9,165,203
Investment Income	50,014	107,952
Miscellaneous Income	413	115
	1,754,945	9,273,270
Expenses		
Program Services	4,538,844	2,634,452
Management and General	181,541	86,152
Fundraising	140,939	114,640
	4,861,324	2,835,244
Change in unrestricted net assets	(3,106,379)	6,438,026
Net Assets		
Beginning of Year	8,336,877	1,898,851
End of Year	5,230,498	8,336,877

2008 Expenses



2007 Expenses



**Unaudited 3/31/2009 - subject to review of year end accruals by auditor*

***From Audited Financial Statements December 31, 2007 and 2006*

Donors

The Minnesota Early Learning Foundation gratefully acknowledges the commitment of the following individuals, families, foundations, organizations and businesses that have supported MELF with financial contributions or donated goods and services.

Thanks to the generosity of the following donors, MELF has raised $14 million since 2006, $1.7 million of that in 2008.

Corporate and Foundation Donors since 2006

The Cargill Foundation
General Mills Foundation
The McKnight Foundation
UnitedHealth Group
Best Buy*
Ecolab Foundation*
Robins, Kaplan, Miller & Ciresi Foundation for Children (The Minneapolis Foundation)
Thrivent Financial for Lutherans Foundation
3M Foundation
Blue Cross Blue Shield Foundation of Minnesota*
Buuck Family Foundation*
Greater Twin Cities United Way*
Medtronic Foundation
Opus Foundation*
Supervalu Foundation
US Bank/US Bancorps
Jack and Bessie Fiterman Foundation on behalf of Liberty Diversified Industries*
Flint Hills Resources*
Graco Foundation*
HealthPartners
The Hubbard Broadcasting Foundation*
Krisbin Foundation*
Roseville Rotary*
Mulcahy Family Fund (Saint Paul Foundation)
Taylor Foundation

**Pledged new or renewed financial support in 2008*

Individual Donors, 2008

Art Rolnick
Rob Johnson
Dr. Mark W. Banks
Richard Todd and Patricia Haswell
Andrew McIntosh
Peg Birk
Ronda Tebbenkamp
David and Mary Jo Lenzen
Jess Benson

In Honor of and In Memory of Donations, 2008

Grant Thornton, LLP
in honor of the Michael Fiterman Scholarship Fund
Healthy Child Manitoba Office *in honor of Robbin Johnson*
Michael Fiterman (Jack and Bessie Fiterman Foundation)
in honor of Art Rolnick
Miller Container Corporation
in memory of Benjamin Fiterman
St. Cloud Area Chamber of Commerce
in honor of Duane Benson
Amos Rosenbloom and Marsha McDonald
in honor of Howard Weiner
American Institute of Certified Public Accountants
in honor of Warren Staley

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