


AGENDA ITEM #8
October 30, 2018
Discussion

MEMORANDUM

October 26, 2018

TO: County Council

FROM: Vivian Yao, Legislative Analyst 

SUBJECT: Early Child Care and Education

PURPOSE: Receive an update on Early Care and Education programs and issues

Expected Participants:

- Uma Ahluwalia, Director, Department of Health and Human Services (DHHS)
- JoAnn Barnes, Chief, Children, Youth, and Families, DHHS
- Maria Navarro, Chief Academic Officer, Montgomery County Public Schools (MCPS)
- Deann Collins, Director, Division of Title I and Early Childhood Programs and Services, MCPS

HHS and MCPS representatives will update the Council on the following early care and education topics:

- Status of publicly-funded Pre-K Programming currently being implemented in the County, including new programming and services in FY19.
- Kirwan Commission work on Pre-K
- Changes to the State Child Care Subsidy and County Working Parents Assistance Programs
- Cost of Quality Child Care Report Findings

After the presentations, the Council will have the opportunity discuss opportunities for expanding care and educational services to young children.

I. PRE-K UPDATE

The Council has expressed interest expanding quality early childhood education and care services including prekindergarten (Pre-K) opportunities and ensuring that the County's children enter kindergarten ready to learn. According to the 2016 *Comprehensive Analysis of Prekindergarten in Maryland* Report by APA Consulting (APA Report), there are approximately

13,010 four-year olds residing in Montgomery County, and 4,996 of the 4-year olds live in households below 300% of FPL (below \$75,000).¹ The latest kindergarten readiness data show that 47% of kindergarteners demonstrate readiness (©52). The County's rate is higher than the State average; however, 11 Maryland counties have higher readiness rates than the County. In Montgomery County, young children from low-income households (25% ready for school), children who are English language learners (21% ready for school), and children with an identified disability (14% ready for school) are significantly less likely to start school ready to learn.

The following table summarizes the various publicly-funded Pre-K and Head Start options in the County in FY19.

Enrollment in Publicly Funded Pre-K Classes in Montgomery County

	Day Length	Eligibility	Implementing Org	Funding Sources	FY17	FY18	FY19
Head Start Full Day	Full	100% FPL Title I Schools & expansion sites	MCPS	Fed. Head Start, Title I and local	340	540	540
Head Start Part Day	Part	100% FPL	MCPS	Fed. Head Start & local	308	108	108
Pre-K Plus	Full	186-300% FPL	MCPS	MSDE	100	120	160
Pre-K	Part	<185% FPL	MCPS	MSDE & local	2185	2209	1896
Pre-K	Full	<185% FPL	MCPS	MSDE & local			320 4s
Community-Based Pre-K	Full	<185%	Centro Nia	County DHHS	70: 50 4s and 20 3s	110: 65 4s/5s and 45 3s	100 20 4s and 80 3s
Pre-K Expansion Grant	Full	200-300% FPL	9 Comm.-Based Providers	MSDE	163+Lourie Center	198	198

MCPS and community-based providers currently enroll approximately 3,200 four-year-olds in publicly funded Pre-K services. Approximately 1,300 four-year-olds attend full-day (6+ hours) programs and 1,900 children attend half day programs. Council staff notes that the **number of four-year old children in high quality, publicly funded full-day programs has more than doubled since the APA Report going from the estimate of 585 high quality slots**

¹ Council staff notes that the estimate of four-year olds in Montgomery County varies based on source. Other estimates based on recent Maryland Vital Statistics Birth rates put the total around 12,600 or MCPS Kindergarten enrollment around 11,400.

to the currently funded total of 1283. Council staff estimates the cost of providing full-day Pre-K to all remaining four-year-olds under 300% of the FPL to be approximately \$32-38 million.²

Senior Co-location model update

Council staff requested an update from DHHS on efforts to develop a pilot program colocating Pre-K services with senior assisted living facilities, following research completed by 2018 Council Fellow Anita Joshi.³ Ms. Joshi reported “that children in intergenerational Pre-K experience numerous additional benefits as compared to children in conventional high-quality Pre-K . . . [and that] extra attention within an intergenerational model is especially beneficial to disadvantaged children, including English Language Learners (ELL) and children who lag in academic readiness.” She noted that colocation “could prove to be one potential avenue to address space constraints” in expanding Pre-K in the County. Ms. Joshi began conversations with the DHHS Early Care and Education Policy Officer, representatives from DHHS Aging and Disability Services and facility licensing, and MSDE’s Division of Early Childhood about the possibility of a Montgomery County pilot.

DHHS has provided the following update on its efforts to explore a potential Senior facility/Pre-K pilot:

There are no licensing or regulatory barriers preventing providers from offering this integrated service model for child care or specifically collocated Prekindergarten in Maryland. However, to engage community partners, the County would need to explore the benefits of these services for program participants; and identify incentives, such as tuition reimbursement, for the preschool participants; identify tax incentives for for-profit provider or leasing discounts like those provided through our CUPF [Community Use of Public Facilities] and CCIP [Child Care in Public Space] models.

A brief survey of senior facilities raised more questions than interest. There is much more work to be done in this area before HHS can pursue a pilot. Models range from basic space sharing of Senior Day programs with Child Care, Pre-K colocated with Day Programs and Residential Senior programs with Seniors serving in staff and volunteer roles in a collocated Early Childhood program. More study is needed in this area to identify the roles and partnerships in the senior care, early childhood, and public-school communities.

II. KIRWAN COMMISSION UPDATE ON PRE-K EXPANSION IN MD

The Commission on Innovation and Excellence in Education (“Kirwan Commission”) was created by legislation in 2016 to make recommendations for improving education in Maryland. The Commission split into working groups to develop recommendations in five

² These estimates were derived assuming a cost of \$6,000 to \$7,000 to bring part day programs to full day and \$12,000 to \$14,000 for a full day program. The calculation is based on a total of 4,996 four-year-olds at or below 300% FPL.

³ Ms. Joshi’s report can be accessed at https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/Summer_Fellows/2018/FinalReport-Joshi.pdf

major policy areas, including Working Group One, moderated by Councilmember Rice, on Early Childhood Education and Care. The most recent iteration of recommendations of Working Group One as reviewed by the full Commission is attached at ©8-20.

Some key highlights of the recommendations include the following:

Expand Full-Day Pre-K

- Expand voluntary full-day Pre-K at no cost for four-year-olds and three-year-olds from families with incomes up to 300% of the federal poverty level (FPL) and for four-year-olds from families with incomes between 300% and 600% FPL using a sliding scale. Families with incomes above 600% FPL will pay the full cost.
- Services will be phased-in on a ten-year timeline.
- Provision of publicly funded Pre-K will include public school-based and participating community-based programs. A minimum percentage of full-day Pre-K slots in each LEA (Local Educational Agency) must be provided in participating community-based settings. The minimum requirement will be phased in of the 10-year period with 10% per year increments through year four, and remaining constant at 50% thereafter.
- Participating programs must follow State Pre-K standards: teachers must have a BA with ECE certification; assistant teachers or aides must have a Child Development Associate (CDA) certification or an associate's degree; staff to student ratios must be at a minimum 1 to 10 with a maximum of 20 students per classroom.
- Community-based providers must publish at least at EXCELS level 3 and have an MSDE-approved plan to move to level 5 within five years. Public school-based Pre-K programs must publish at EXCELS level 4 with a plan to achieve level 5 within five years.
- Priority in expansion of high quality Pre-K will be given to students from families with the lowest incomes, special needs students, and English language learners.

Capacity Building

- The State will provide/expand supports (tuition assistance, exam fees, coaching, training vouchers, credentialing bonuses, professional development) to help ECE staff to attain appropriate credentials and degrees to deliver quality Pre-K services.
- The State will offer increased coaching and technical assistance to support efforts of community providers in improving the quality of their programs, with priority to providers in high-need communities in meeting EXCELS level 5.
- Public Pre-K teachers will be part of the Maryland K-12 Teacher career ladder, and a LEA and provider may enter into an MOU to enable Pre-K teachers in community-based settings to participate in the Public Pre-K teacher career ladder as employees of the LEA.

- The State will implement initiatives under the MCDE Master Plan on Professional Development for Teachers and Providers of Early Childhood Education such as aligning high school early Childhood CTE program standards with CDA credential requirements and community college ECE programs; expanding online professional development courses with job-embedded coaching; requiring course and clinical work in ECE programs to include training in diverse child care environments and working with children with special needs; creating pathways that accepts prior learning experience, etc.
- The State will increase MSDE's capacity to provide technical assistance to publicly funded Pre-K programs through EXCELS quality assurance specialists, regional offices, and onsite monitoring and licensing staff.
- Priority in expansion of high-quality Pre-K programs through technical assistance, coaching and workforce capacity building efforts will be given to areas and regions where there are fewer providers and programs available to serve the four-year-old and three-year-old populations in the area or region.

School Readiness Assessment

- A school readiness assessment -- Kindergarten Readiness Assessment (KRA) or successor assessment -- will be given to all kindergarteners as a census, not a random sample, by school year 2020-2021.
- The assessment will serve as the sole diagnostic assessment for kindergarten readiness and provide information to teachers for lesson planning and identifying students who need additional assistance.
- LEAs will have flexibility to administer a portion of the assessment before students enter kindergarten and during the first two months of the school year.
- The State will administer a survey of teachers who administered Version 2.0 of the KRA to assess usefulness and usability of the assessment and make recommendation for changes, if needed.

Expand Other Supports for At-Risk Children Ages 0-5

- The State will expand the number of Judy Centers over a ten-year phase-in period, with a priority of opening new centers in the neediest communities. MSDE will be required to consider geographic diversity when selecting a Title I school to house the new center and will coordinate placement of new centers to serve multiple, closely located Title I schools in high needs areas or regions.
- The State will expand Family Support Centers over a ten-year phase-in period, with priority in opening new centers in the neediest communities. MSDE will be required to consider geographic diversity when selecting regions to locate new centers and coordinate placement to serve multiple, closely located counties or areas in need.

- The State will increase funding for the Maryland Infants and Toddlers Program to support the increase in the number of children eligible for services.

III. COST OF QUALITY CHILD CARE REPORT

DHHS commissioned Foundations for Families (FFF) to implement a child care cost modeling study and identify the cost of delivering services at each level of Maryland EXCELS.⁴ The resulting Montgomery County Child Care Center Cost Model Report⁵ (Executive summary attached at ©21-28) was completed this summer. FFF used the Provider Cost of Quality Calculator (PCQC) developed by the Federal Office of Child Care to develop cost scenarios and created a customized tool specific to Montgomery County called the Cost Estimate Model for Montgomery County. The report includes 16 quality cost scenarios that include cost factors such as child/adult ratios for Maryland, the local minimum wage, and other licensing regulations specific to Maryland.

The goal of the tool is to assist providers in developing business cost models, identify areas where there are revenue gaps, and allocate resources to appropriate areas within their businesses. In addition, the report will inform other early childhood stakeholders and policy makers seeking to better understand the cost drivers in this industry to learn more about the costs to families as consumers and what is required for sustainable economic model of the child care industry.

Some key finding in report include:

- EXCELS standards are financially unfeasible and unsustainable for participating providers who serve low to high numbers of subsidy receiving children.
- The strict and high licensing standards for ratios/group sizes for infants and toddlers creates a disincentive to provide that care. The 1:3 teacher to infant/toddler ratio results in an annual cost per child between \$28,300 and \$35,700, depending on the center's quality level.
- Strong fiscal management is the key to child care program sustainability.
- Program size matters. Smaller centers serving less than 82 children could only earn a profit if they eliminated services to infants and toddlers and remained fully enrolled all year long. FFF could not create a single scenario where a center 30 or fewer children could break even, regardless of ages served.

Recommendations from the report included:

- Significantly boosting WPA reimbursement rates for infants and toddlers.

⁴ EXCELS is a 5-tiered Quality Rating Improvement System (QRIS) that serves as a mechanism for recognizing and improving the quality of child care services.

⁵ The full report can be accessed at:

<https://www.montgomerycountymd.gov/HHSProgram/Resources/Files/Cost%20of%20Quality%20Child%20Care%20Report%202018.pdf>

- Consider higher reimbursement rates in all age groups for centers that serve children of all ages (infants, toddlers, and preschoolers).
- Consider contracts for infant/toddler slots with small, high quality centers.
- Explore alternative service delivery models for infant/toddler care (such as networked family child care homes or micro centers.)
- Encourage automation by awarding grants to purchase hardware and software and provide technical assistance to implement new systems that improve efficiencies in enrollment, tuition collection, business practices, and classroom staffing and exploring strategies for pulling state-required payment and reporting data from child management systems.
- Encourage provider networks that share administrative or business leadership and service strategies.
- Review models of family co-payments and consider revision based on whether families can afford to pay these amounts and whether centers can collect amounts at these levels.
- Require that centers track bad debt and include policies and procedures to collect fees in full and on-time.
- Create a wage subsidy program for early childhood teachers, designed to help augment wages without raising center costs or market prices.
- Ensure that increases in minimum wages are equally addressed in subsidy reimbursements.
- Publish a recommended salary scale for the children care sector, aligned with EXCELS levels of quality to provide guidance on how to structure and plan for competitive salaries that are anchored in the lowest skilled staff paid at minimum wage.
- Create model staffing plans and personnel metrics to help center leadership think strategically about how shift resources from administration into classrooms, potentially leveraging funding for increased teacher compensation.

IV. CHILD CARE SUBSIDY UPDATE

DHHS will present to the Council on significant changes to the State's Child Care Subsidy Program (SCCSP). Of particular note are the following:

- New income eligibility guidelines raised eligibility to 65 percent of the state median income. The new guidelines double the maximum household income for a family of four to participate in the program from the previous limit of \$35,702 to \$71,525. Because of the changes to income eligibility, **most families currently receiving WPA will be eligible for the State program.**
- Legislation was enacted this year that requires that the Governor to appropriate funding for the State Child Care Subsidy Program to allow increased reimbursement to participants up to 60% of the most recent market rate survey (or the cost charged by 60% of the providers in each region) by FY2022.

- For FY19, the Governor increased the reimbursement to participants by 8% of the 2018 Market Rate Survey. Previously, State reimbursement rates covered only about 9-10% of the cost charged by providers in each region.

DHHS reports that the State is sending letters to potential clients this fall and asking them to apply. It hopes to have all clients transitioned to the State program by December 31, 2018.

The Department is currently analyzing the impacts on local funding as clients transition to the State program. It states that the “[f]inal impact depends on the number of families remaining on WPA, the amount of supplements that would continue for families on the state childcare subsidy program (up to the WPA tables), and final changes to income guidelines for the county program. The analysis has not yet been completed. FY19 funding spend down is largely dependent on the State’s structure of its own subsidy.”

Over time, the Department notes that “[a]s the WPA program transitions clients to the State program, it will gradually become a supplemental only program, including covering costs for extended child care for Head Start and other part day Pre-K programs, while affording other opportunities to address the Early Childhood Strategic Plan.”

In addition to changes to the State program, the County WPA reimbursement rate was increased for FY19 by 10% of the current cost of care.

The Council may want to understand when the Department will better know the impact of State program changes on the use of local subsidy funding (which totals \$5,876,588 in FY19). With the shifting burden of funding local subsidy recipients to the State, the potential exists to repurpose unused subsidy funding to further additional early care and education priorities, assuming that unused amounts are not reallocated to other County priorities in future fiscal years.

These amounts could be used to increase access to child care or early education programs by targeting increased reimbursement rates to specific at-risk populations, by increasing eligibility for subsidy to more families, by increasing access to infant and toddlers slots as referenced in the Cost of Quality Child Care report, or other options to improve the quality of services.

V. OPTIONS FOR EXPANDING EARLY CARE AND EDUCATION

The Council President has expressed interest in hearing options for expanding early care and education services. The following options were some of those presented in the April 2018 Final Recommendations and Options for Pre-K Expansion Report (excerpts attached at ©29-44) transmitted to the Council by the DHHS Early Care and Education Policy Officer, the recent Cost of Quality Child Care Report, and HHS Strategic Plan for Early Care and Education. Options marked with an asterisk (*) indicate when local funding would fall within the school system’s MOE calculation.

- **Expand Pre-K in elementary school communities with the highest FARMS rates, areas where there are lower levels of child care availability, and/or schools with low kindergarten readiness rates.**
- **Expand MCPS Half-day Pre-K or Head Start classes to full day in classrooms with the capacity extend hours.*** Council staff notes that the Council has approved funding to expand full-day slots in this manner for the last two fiscal years. It is unclear whether existing MCPS facilities have much more capacity to expand half-day classes to full day.
- **Expand Pre-K in additional MCPS classrooms with capacity to support full day services.*** It is not known at this time what schools have additional capacity to add full day services and whether they would be located in areas with the greatest demand or priority for services. Council staff requested information about additional school capacity, but the information was not available at the time of packet publication.
- **Contract for additional classrooms with center-based providers.** Additional resources would be needed to support administrative and managerial functions.
- **Contract for slots with private Family Child Care providers in home care settings using a hub model.** Additional resources would be needed to support administrative and managerial functions and provide professional development and coaching to providers.
- **Lease commercial real estate and contract with private child care providers for additional slots.** Additional resources would be needed to support administrative and managerial functions and provide professional development and coaching to providers. There could be significant costs related to leasing and build-out of space to meet child care licensing requirements.
- **Invest in growing a qualified workforce by increasing educational supports and professional development** including tuition assistance, coaching, training opportunities, etc.
- **Increase supports to improve program quality and sustainability of child care programs** including technical assistance and coaching and administrative supports.
- **Increase funding to expand the availability of infant and toddlers slots.**

Council staff recommends scheduling a discussion in early 2019 about options for expanding child care and education services. At this time, more may be known about the fiscal impact of the State Child Care Subsidy Program changes, the status of Kirwan Committee recommendations, and the policy direction of the new Executive. **This discussion could inform the development of the FY20 operating budget.**

In considering options for expanding or improving early care and education services, Councilmembers may want to weigh the following considerations:

- **The relative priority for targeting resources to young children by age group, need, geographic location, and model.** Should immediate expansion of services be targeted at specific age groups, e.g., Pre-K for 4s (and 3s) or 0-2 infant and toddler care, or distributed across the age groups? Should it focus on children in the lowest income categories, e.g., FPL, 185% FPL, 300% FPL? Should it focus on neighborhoods with higher concentration of low-income children? Should it take place in mixed income areas to promote socio-economic integration? Are policy makers interested in pursuing a senior facility colocation model?
- **The ability of existing infrastructure and administrative capacity to implement expanded services or supports effectively and efficiently.** How quickly could an RFP or open solicitation for services by community-based providers be administered? Is there an organization that currently has the staffing and administrative capacity to monitor and support a mixed delivery system, or if not, how quickly could these functions be put in place? What organization is in the best position manage this system? In highly impacted communities with fewer options for care exist and limited available public space, what is the best way to build infrastructure and services?
- **The relative priority of funding services to individuals or in systemic improvements.** Increasing a Pre-K classroom would benefit the individual students who would access the services provided, but would not have significant impact on the delivery of Pre-K to students system-wide. Developing a system of quality early care requires investment in growing a qualified workforce through training, coaching, educational opportunities and increasing provider capacity through technical assistance and monitoring.
- **The barriers to accessing and delivering services to hard to reach children.** In some highly impacted communities, there are fewer options for quality licensed child care, and care is given by family, friends and neighbors (unlicensed). Moreover, there may be obstacles in bringing informal providers into licensure because of regulatory requirements. Should the County target resources help support the quality of care in informal settings?

The packet contains the following attachments:

	<u>Circle #</u>
DHHS and MCPS responses to Council staff's Questions	1-7
Kirwan Commission Working Group 1 Early Childhood Education Preliminary Recommendations revised 9/25/18	8-20
Executive Summary of 2018 Montgomery County Child Care Center Cost Model	21-28
Excerpts from the Final Recommendations and Options for Pre-K Expansion	29-44

**Montgomery County Public Schools Early Childhood Update
October 30, 2018**

What is the current enrollment data by Head Start and Pre-K classrooms?

**MCPS Early Childhood (Pre-K/Head Start) Program Information
2018–2019**

	Number of Children (full day/half day)	Number of Schools (full day/half day/both)
Head Start	648 (540/108)	30 (23/5/2)
Pre-K	2216 (320/1896)	60 (13/47/0)
Prekindergarten Expansion State/Federal Grant	160 (160/0)	7 (7/0/0)
Total	3024 (1020/2004)	64

Head Start Program

- **Full-day Head Start Programs: 27 classes (540 children)—See Attachment**
- **3-year-old programs: Total 4 classes (60 children)**
Dr. Sally K. Ride, Beall, Maryvale, and New Hampshire Estates: Each class size is 15.
- **3 and 4 mixed programs: Total 2 classes (34 children)**
College Gardens and East Silver Spring: Each class size is 17.
- **4-hour program: 1 class (14 children)**
Strawberry Knoll

Pre-K Program

- **Full-day Pre-K Programs: 16 classes (320 children)**
 - Arcola
 - Brooke Grove
 - Cashell
 - Fields Road
 - Forest Knolls
 - Glen Haven
 - Kemp Mill
 - MacDonald Knolls Early Childhood Center
 - Ronald McNair
 - Oakland Terrace
 - Rock Creek Forest
 - Flora M. Singer
 - Watkins Mill

Prekindergarten Expansion State/Federal Grant

- **Full-day Pre-K Expansion Classes: 8 (160 children)**
 - Bel Pre
 - Clopper Mill
 - JoAnn Leleck at Broad Acres
 - Rolling Terrace
 - Washington Grove
 - Weller Road (2)
 - Summit Hall

Montgomery County Public Schools Early Childhood Update
October 30, 2018

Which classrooms are part-day or full-day programs and break out service by age group (3s and 4s)?

Montgomery County Public Schools
Full-day Prekindergarten and Head Start Programs 2018–2019

Part-day to Full-day—4-Year-Olds	Sessions
Brooke Grove	1
Cashell	1
Fields Road	1
Forest Knolls	1
Glen Haven	1
Kemp Mill	1
Oakland Terrace	1
Ronald McNair	1
Rock Creek Forest	1
Flora Singer	1
Watkins Mill	1
Total	11

Schools with Full-day Head Start—4-Year-Olds	Sessions
Bells Mill	1
Brown Station	1
Clearspring	1
Clopper Mill	1
Dr. Charles R. Drew	1
Fairland	1
Georgian Forest	1
Glenallan	1
Harmony Hills	1
Highland	1
JoAnn Leleck ES at Broad Acres	1
Kemp Mill	1
Maryvale	1
S. Christa McAuliffe	1
Montgomery Knolls	1
New Hampshire Estates	4
South Lake	1
Summit Hall	1
Twinbrook	1
Viers Mill	1
Washington Grove	1
Watkins Mill	1
Weller Road	1
Wheaton Woods	1
Total	27

**Montgomery County Public Schools Early Childhood Update
October 30, 2018**

Part-day Prekindergarten— 4-Year-Olds	Sessions
Beall	1
Bel Pre	4
Brown Station	2
Burnt Mills	2
Rachel Carson	2
Clearspring	1
Clopper Mill	2
Capt. James E. Daly	2
Dr. Charles R. Drew	2
East Silver Spring	1
Flower Hill	2
Fox Chapel	2
Gaithersburg	2
Galway	2
Georgian Forest	2
Greencastle	1
Harmony Hills	2
Highland	2
Jackson Road	1
JoAnn Leleck ES at Broad Acres	4
Maryvale	2
Mill Creek Towne	1
Montgomery Knolls	3
New Hampshire Estates	2
Roscoe Nix	2
William Tyler Page	2
Judith Resnik	2
Dr. Sally K. Ride	2
Rock View	2
Rolling Terrace	2
Rosemary Hills	2
Rosemont	2
Sargent Shriver	2
South Lake	2
Stedwick	2
Summit Hall	2
Twinbook	2
Washington Grove	2
Weller Road	2
Wheaton Woods	2
Total	79

**Montgomery County Public Schools Early Childhood Update
October 30, 2018**

Part-day Head Start—3-Year-Olds	Sessions
Beall	1
Maryvale	1
New Hampshire Estates	1
Dr. Sally K. Ride	1
College Gardens (3- and 4-year-olds)	1
East Silver Spring (3- and 4-year-olds)	1
Total	6

An update on the summer Pre-K program:

**Montgomery County Public Schools Summer Programs for Prekindergarten and Head Start
Summer 2018**

School	Full-Day Summer Program	Sessions	Dates	Capacity
Jackson Road	Head Start	1	7/9/18– 8/10/18	20
Rolling Terrace	Head Start	1	7/9/18– 8/10/18	20
Washington Grove	Head Start	2	7/9/18– 8/10/18	40
	Prekindergarten	1	7/9/18– 8/10/18	20
Weller Road	Head Start	2	7/9/18– 8/10/18	40
	Prekindergarten	1	7/9/18– 8/10/18	20
Watkins Mill	Prekindergarten	1	7/9/18– 8/10/18	20
			Total	180

**Update on Early Care and Education Programs in Montgomery County
Tuesday, October 30**

1. **Current enrollment data by Head Start and Pre-K classroom. Please indicate which classrooms are part day or full day programs and break out service by age group (3s and 4s).**
MCPS
2. **An update on the summer Pre-K program**
MCPS
3. **An updated list of schools with potential capacity to accommodate full-day Pre-K and early care and education programming.**
MCPS
4. **An update on efforts to develop a co-located Pre-K pilot in senior assisted living facilities.**
Anita Joshi, a 2018 summer Council Fellow, presented information to the County Council on collocation of early childhood programs with senior care programs to expand Prekindergarten in August. Providers from Jenks, Oklahoma, Easter Seals- Silver Spring, and Johns Hopkins- Baltimore, provided details on options for differing levels of services and interactions between the senior clients and young children, as well as differing funding models, and establishment of lead agencies.

There are no licensing or regulatory barriers preventing providers from offering this integrated service model for child care or specifically collocated Prekindergarten in Maryland. However, to engage community partners, the County would need to explore the benefits of these services for program participants; and identify incentives, such as tuition reimbursement, for the preschool participants; identify tax incentives for for-profit provider or leasing discounts like those provided through our CUPF and CCIPS models.

A brief survey of senior facilities raised more questions than interest. There is much more work to be done in this area before HHS can pursue a pilot. Models range from basic space sharing of Senior Day programs with Child Care, Pre-K colocated with Day Programs and Residential Senior programs with Seniors serving in staff and volunteer roles in a collocated Early Childhood program. More study is needed in this area to identify the roles and partnerships in the senior care, early childhood, and public school communities.

5. **The Cost of Quality Child Care report commissioned by DHHS.**
The Montgomery County Department of Health and Human Services (DHHS) Early Care and Education Policy Office has released the report on the Quality of Care Cost Modeling Study that was conducted in the spring of 2018. The report used the current Maryland EXCELS as a measure of quality for this study. EXCELS is a 5-tiered Quality Rating Improvement System (QRIS) that serves as a mechanism for recognizing and improving the quality of child care services. In Maryland, providers who are part of the QRIS may also receive reimbursements through the state Child Care Subsidy program.

The study on costs to providers to deliver quality child care services and the subsequent report were developed for DHHS by Foundations for Families (FFF), an early care and education

consulting firm. FFF used the federal Provider Cost of Quality Calculator (PCQC) to develop cost scenarios and created a customized tool specific to Montgomery County called the Cost Estimate Model for Montgomery County (CEM-MC). As a result, the report includes 16 quality cost scenarios that include cost factors such as child/adult ratios for Maryland, the local minimum wage, and other licensing regulations specific to Maryland. However, it does not include the State's subsidy level change that were released for FY19.

The goal of the tool is to assist providers in developing business cost models, identify areas where there are revenue gaps, and allocate resources to appropriate areas within their businesses. In addition, the report will inform other early childhood stakeholders and policy makers seeking to better understand the cost drivers in this industry to learn more about the costs to families as consumers and, to see recommendations to ensure a sustainable economic model of the child care industry.

The DHHS Early Care and Education Policy Office launched the report to interested center-based and family child care providers on Tuesday, September 25, 2018. Highlights from the report are presented in the October 30, 2018 slide presentation at full Council session; view the full report at

<https://www.montgomerycountymd.gov/HHSPProgram/Resources/Files/Cost%20of%20Quality%20Child%20Care%20Report%202018.pdf>

6. **A summary of the changes to the State Child Care Subsidy Program including eligibility and subsidy level changes and the potential impact of these changes on WPA use.**
MSDE increased their reimbursement rates by 8% based on the 2018 Average Cost of Care. The income eligibility scale was raised to 65% of median income. The State reimbursement rates will continue to increase over the next 3 years. Most families currently receiving WPA will be eligible for the State program. The State is sending letters to potential clients and asking them to apply this fall. The hope is that all clients are transitioned to the State program by December 31, 2018. HHS is currently analyzing the impacts as client's transition to the State program.

Final impact depends on the number of families remaining on WPA, the amount of supplements that would continue for families on the state childcare subsidy program (up to the WPA tables), and final changes to income guidelines for the county program. The analysis has not yet been completed. FY19 funding spend down is largely dependent on the State's structure of its own subsidy.

7. **Please include monthly data on WPA use to date (# of children served (paid), # of children enrolled, average monthly subsidy, and total expenditures for WPA).**
Children with payments in July and August 2018: 695 July and 580 in August; September and October are currently being calculated
Children approved for payment YTD: July 737, August 773, September 766, and October 734
Average monthly Subsidy: \$547.52
Expenditures: \$526,146.71 YTD
8. **What are the Department's plans to update WPA subsidy and/or eligibility tables and spend out FY19 WPA funding?**
The WPA reimbursement rate was increased for FY19 to address the current cost of care and the reimbursement rates were increased by 10%. As the WPA program transitions clients to the

state program, it will gradually become a supplemental only program, including covering costs for extended child care for Head Start and other part day Pre-K programs, while affording other opportunities to address the Early Childhood Strategic Plan.

9. **Recommendations or options for next steps in expanding Pre-K services and/or other early care and education services in FY20, including additional steps to implement the Department's Early Care and Education Strategic Plan.**

Options on expanding Prekindergarten in Montgomery County were provided to Council in a report from the research group in April 2018. Please see the April 2018 report:

<https://cmsinternet.mcgov.org/HHS/Resources/Files/Reports/PreK%20Expansion%20Final%20RECS%20and%20Options.pdf>

As the department implements the plan, updates are posted on the department's website and shared quarterly Boards and Commissions.

<https://www.montgomerycountymd.gov/HHSProgram/Resources/Files/CYF%20Docs/ECE%20Strategic%20Plan%20July%202018%20Update.pdf>

10. **The individuals who will be representing DHHS and MCPS at the Council discussion.**

DHHS: Uma Ahiuwalia, Angela Cabellon, JoAnn Barnes

Working Group 1

Early Childhood Education

Elements of the Preliminary Recommendations with a Fiscal Impact

Craig Rice (Moderator)

David Brinkley

Adrienne Jones

Nancy King

Leslie Pellegrino

Margaret Williams

Policy Area:

Early Childhood Education: Expands high-quality pre-K to four-year-olds based on a sliding scale and three-year-olds from low-income families; assesses all children to identify those who need supports to be ready to succeed in school; and expands Judy Centers, Family Support Centers, and the Maryland Infants and Toddlers Program for children ages 0-5 and their families

Element 1a: Expand full-day Pre-K at no cost for four-year-olds and three-year-olds from families with incomes up to 300% of the federal poverty level (FPL) (approximately \$75,000 for a family of four), and for four-year-olds from families with incomes between 300% and 600% FPL (approximately \$75,000 to \$150,000 for a family of four) using a sliding scale.

Design Assumptions:

1. Research shows that investing in the early childhood learning and development of disadvantaged children yields a high return to society, offsetting taxpayer costs for poor health, dropout rates, poverty, and crime. Other benefits include reductions in special education costs, grade retention rates, teacher turnover and absenteeism costs, and costs for tutoring and other supports.
2. Expansion efforts must be accomplished in partnership with, and with significant investment from, the local jurisdictions and community-based providers.
3. The State, local jurisdictions, and local education agencies will expand access to publicly funded full-day pre-K for four-year-olds so that there will be no charge for low-income families (a family with an income up to 300% FPL/\$75,000 based on a family of four). Full funding will be made available no later than the year in which the full-day pre-K requirement takes effect (e.g. year 4 for four-year-olds). Public funding will be provided to assist with the cost of pre-K for families with incomes between 300–600% FPL/\$75,000–\$150,000 based on a family of four, however, these families will still be expected to pay a portion of the cost using a sliding scale. Families with incomes above \$150,000 will pay the full cost to attend a four-year-old pre-K program. This will be phased-in on a 10 year timeline.
4. The State, local jurisdictions, and local education agencies will expand access to publicly funded full-day pre-K for all three-year-olds from low-income families (a family with an income up to 300% FPL/\$75,000 based on a family of four). This will be phased-in on a 10 year timeline with full funding made available no later than the year in which the requirement takes effect (e.g. year 10 for three-year-olds from low-income families).
5. Family enrollment in pre-K will be voluntary.
6. All publicly funded full-day pre-K programs will be a minimum of 6.5 hours and at least 180 school days.
7. Provision of publicly funded pre-K will include both public school-based pre-K programs and participating community-based pre-K programs. In order to participate in publicly funded pre-K, a provider may not charge more tuition for any student who receives public funding for the 6.5 hour school day than the total amount of public funding provided for the school year for a student from a low-income family (i.e. “cost of quality” amount).
8. A participating provider may not engage in explicitly religious activities during the portion of the day supported by publicly funded pre-K (6.5 hours), consistent with federal regulations governing use of funds. Any such activities must be offered separately in time or location, and participation must be voluntary.

9. A participating provider will not be required to adopt any rule, regulation or policy that conflicts with its religious or moral teachings. However, participating providers accepting public funds must agree not to discriminate, and may not discriminate, in either student admissions *or retention* on the basis of race, color, disability, national origin, or sexual orientation of the student or the student's parent or guardian. Any provider found to be in violation of this requirement will be required to return any public funds and may not participate in the program. The placement of a student with a disability will be made based on an individualized assessment about where the student may be best served in accordance with federal and State laws and whether the provider can meet the particular needs of the student with reasonable accommodations without fundamentally altering its program or posing an undue burden.
10. In order to receive public funding, all participating programs, whether based at public schools or in community settings, will be immediately required to follow State pre-K standards, which will require some changes to the Code of Maryland Regulations (COMAR). These will include requiring publicly funded pre-K teachers (for three-year-olds and four-year-olds) to have a BA with ECE certification. Pre-K classrooms must have an average staff to student ratio of 1 to 10 with a *maximum* of 20 students per classroom, including one pre-K teacher and one assistant teacher or aide per classroom. Assistant teachers/aides must have at least a Child Development Associate (CDA) certificate or an associate's degree. In addition, community providers must publish at least at a level 3 ranking on the EXCELS quality scale with a plan approved by MSDE to achieve level 5 within five years. Public school-based pre-K programs must publish in EXCELS at least at a level 4 with a plan approved by MSDE to achieve level 5 within five years.
11. Although the time it will take for a provider to move up the EXCELS levels depends on individual circumstances, on average, it currently takes a provider one year to move from EXCELS level 1 to 2, up to two years to move from EXCELS level 2 to 3, two to three years to move from EXCELS level 3 to 4, and two to three years to move from EXCELS level 4 to 5.
12. The costing out process should reflect the "cost of quality" funding levels recommended by APA in its Pre-K Report that incorporate the requirements detailed above in Item #10.
13. Income-eligible families will have access to extended day (before and after care) services through the State's child care subsidy program. Chapters 563 and 564 of 2018 require the State to increase the program's provider reimbursement rates for each region to the 60th percentile of child care provider rates by fiscal year 2022. Recently promulgated regulations expand the number of families who will be eligible for child care subsidies by updating eligibility for the program to reflect 65% of the State median income.

Implementation Decisions:

1. Expansion of pre-K will be focused on making pre-K available for all four-year-olds from low-income families in half-day slots, while half-day slots are being converted into full-day slots. By year four, all four-year-olds from low-income families will be offered high-quality, full-day pre-K. This will occur at the same time as full-day pre-K is expanded gradually for three-year-olds from low-income families.
2. Full-day pre-K for three-year-olds from low-income families will be phased-in over the 10 year period by a minimum of 10% per year. Therefore, by year 10, all three-year-olds from low-income families will be offered full-day pre-K.
3. The State will require that a minimum percentage of full-day pre-K slots in each local education agency be provided in participating community-based settings. This minimum requirement will be phased-in over the 10 year period in 10% per year increments in years one through four, and remain constant at 50% beginning in year five. It may be met by serving three-year-olds from low-income families and/or four-year-olds. Local education agencies will be given flexibility through waiver provisions if the local education agency annually demonstrates to the State: (i) that the agency already provides full-day pre-K to all four-year olds who enroll in public pre-K or (ii) that not enough community-based providers exist in the jurisdiction to meet the minimum percentage, even after reasonable cross-jurisdiction or regional efforts. A local education agency may receive an annual waiver until the applicable requirement takes effect (e.g. year 4 for full-day pre-K for four-year-olds, year 10 for full-day pre-K for three-year-olds from low-income families).
4. Priority in expansion of high quality pre-K for four-year-olds and three-year-olds will be given to: (a) students from families with the lowest incomes; (b) students with special education needs, regardless of income; and (c) students who are English Learners, regardless of income. Public funding to support special education students and English Learners will follow the student and go to the provider that is serving the student.
5. Local education agencies will enter into agreements with community-based providers to provide publicly-funded pre-K programs to four-year-olds and three-year-olds, including the provision of services for students with special needs, in accordance with federal education laws. The agreements may also include a process for parents to register four-year-olds and three-year-olds for pre-K and to indicate a preference for the program setting, if any (e.g. Denver allows a parent to rank his or her top 3 program choices).
6. Priority in expansion of high-quality pre-K programs through technical assistance, coaching, and workforce capacity building efforts (Element 1b) will be given to areas and regions where there are fewer providers and programs available to serve the four-year-old and three-year-old populations in the area or region. The State and local education agencies must prioritize these areas as part of accountability requirements. The State and local education agencies will be encouraged to collaborate to explore and possibly replicate innovative ways that

- may currently exist to address child care deserts, including regional cross-jurisdiction programming and reciprocity with border states.
7. Year one of the implementation schedule will use 70% of families as a starting target for the voluntary enrollment of four-year-olds in publicly funded pre-K, as some families will make other child care arrangements or keep children at home until kindergarten. The target participation rate will increase to 80% in year five and continue at 80% through year 10 as more families take advantage of available publicly funded pre-K programs.
 8. The implementation schedule will use 80% of families as the target for the voluntary enrollment of three-year-olds from low-income families in publicly funded pre-K, as some families will make other child care arrangements or keep children at home.
 9. Publicly funded pre-K for four-year-olds will be available at no charge for families with incomes up to 300% FPL/\$75,000 based on a family of four. Beginning in year five, public funding will be provided to assist with the costs of pre-K for families with incomes between 300–600% FPL/\$75,000–\$150,000 based on a family of four. Even with this public support, these families will still be expected to pay a portion of the cost to attend a pre-K program so that as a family's income increases, the amount of public support decreases (sliding scale). Families with incomes above 600% FPL/\$150,000 based on a family of four will pay the full cost. Income levels will be adjusted for family size. There will be administrative costs associated with implementing the sliding scale.
 10. The State will prioritize public school construction funding requests for high-quality pre-K classrooms.
 11. Local jurisdictions will be encouraged to partner with the State to develop innovative ways to meet physical space constraints during the phase-in period, such as utilizing available space at senior or community centers for early education programs, while meeting the standards of a high-quality pre-K program.
 12. For K–12 students, all school systems are currently required to provide transportation to and from school for all public school students, including disabled students. State aid for K–12 students is currently distributed according to a formula that is adjusted for enrollment. It is assumed that pre-K students will be included in a transportation formula. The State, local education agencies, and community-based providers will partner to address transportation needs for pre-K students. As the State transitions to full-day pre-K that better aligns with parents' working schedules, there may be a reduced need for transportation. In addition, child care subsidy funds will be available for eligible families to use for before and after care, which may include transportation services to and from a pre-K program.

Phase-in Timeline Decisions

1. EXCELS: To receive public funding, all participating programs will be immediately required to follow State pre-K standards. In addition, a community

- provider must achieve at least a level 3 with a plan approved by MSDE to achieve level 5 within five years. Public school-based pre-K programs must achieve at least a level 4 with a plan approved by MSDE to achieve level 5 within five years.
2. Minimum Percentage of Pre-K Slots in Community-based Settings: Starting in year 1, there will a requirement that a percentage of pre-K slots (for four-year olds and/or three-year-olds) are provided in community-based settings. This minimum requirement will be phased-in over the 10 year period in 10% per year increments in years one through four, and remain constant at 50% beginning in year five. A local education agency may be able to receive an annual waiver from this minimum requirement in specified circumstances.
 3. Expansion of slots for four-year-olds and three-year-olds from low-income families (Family income below 300% FPL/\$75,000 for a family of four) will be phased-in over a 10-year period. One potential phase-in schedule is shown in the exhibit below. Pre-K will be available at no charge for four-year-olds and three-year-olds from low-income families. The following will be required in the year it takes effect:
 - In year four, all four-year-olds from low-income families will have access to full-day pre-K.
 - In year 10, all four-year-olds from low-income families will continue to have access to full-day pre-K. 100% of three-year-olds from low-income families will have access to full-day pre-K.
 4. Sliding Scale for Four-Year-Olds (Family income between 300–600% FPL/\$75,000–\$150,000 for a family of four): Beginning in year five, public funding will be provided to assist with the cost of pre-K for families with incomes between 300–600% FPL/\$75,000 and \$150,000 for a family of four. Even with this public support, these families will still be expected to pay a portion of the cost to attend a pre-K program so that as a family's income increases, the amount of public support decreases (sliding scale). To avoid a cliff effect whereby a small increase in income results in a significant loss of public support, there will be approximately 15 steps, with a 6–7 percentage point difference between each step. Families with incomes above 600% FPL/\$150,000 for a family of four will pay the full cost for four-year-old pre-K.
 5. Workforce building for ECE: As the number of slots and students increase, additional capacity building of the early childhood workforce system, including credentialing, recruitment, and retention of educators and staff, will be needed to meet increased workforce demand (Element 1b).

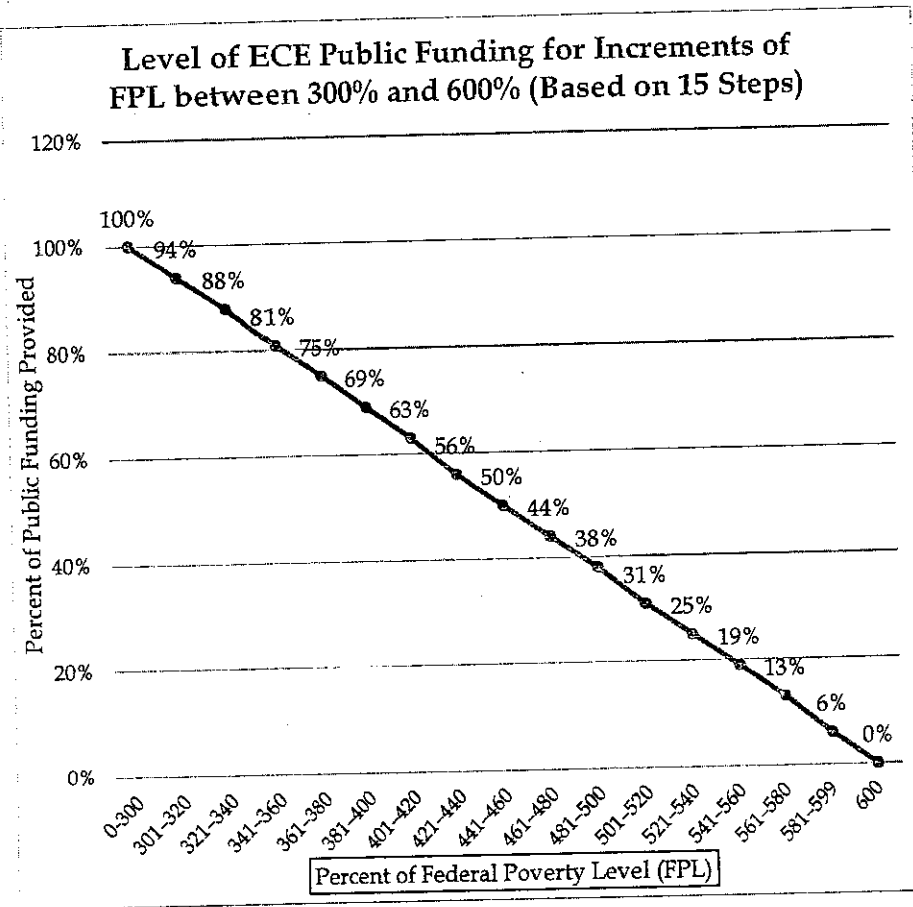
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		1	2	3	4	5	6	7	8	9	10
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
4 year olds	All below 185% FPL offered ½ day	All below 300% FPL offered ½ day	All below 300% FPL offered ½ day	All below 300% FPL offered ½ day	All below 300% FPL offered full day	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.	All below 300% FPL offered full day. Sliding scale for families between 300% and 600% FPL.
3 year olds	None required	10% below 300% FPL offered full day	20% below 300% FPL offered full day	30% below 300% FPL offered full day	40% below 300% FPL offered full day	50% below 300% FPL offered full day	60% below 300% FPL offered full day	70% below 300% FPL offered full day	80% below 300% FPL offered full day	90% below 300% FPL offered full day	All below 300% FPL offered full day
Community-based (3 or 4 year olds)	None required	Min 10% in Community-based settings	Min 20% in Community-based settings	Min 30% in Community-based settings	Min 40% in Community-based settings	Min 50% in Community-based settings	Min 50% in Community-based settings	Min 50% in Community-based settings	Min 50% in Community-based settings	Min 50% in Community-based settings	Min 50% in Community-based settings

Footnote: This exhibit represents a potential phase-in for costing out purposes. The items in RED are the only requirements that will be recommended to be codified in law. A local education agency could choose to phase-in these requirements on a more aggressive timeframe.

Percent of Federal Poverty Level	Approximate Income Level for Family of Four	Number of Four-year-olds (Year 5)
0 - 200%	\$0 - \$49,999	24,531
201% - 300%	\$50,000 - \$74,999	12,653
301% - 400%	\$75,000 - \$99,999	9,923
401% - 500%	\$100,000 - \$124,999	7,785
501% - 599%	\$125,000 - \$149,999	5,430
600% and above	\$150,000 and above	13,402

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Percent of Federal Poverty Level	Percent of Public Funding Provided
0-300	100%
301-320	94%
321-340	88%
341-360	81%
361-380	75%
381-400	69%
401-420	63%
421-440	56%
441-460	50%
461-480	44%
481-500	38%
501-520	31%
521-540	25%
541-560	19%
561-580	13%
581-599	6%
600 and above	0%

Element 1b: Capacity building for new and current programs (tuition assistance for prospective staff; training; support of peer networks; integration with career ladder)

Design Assumptions:

1. The State will encourage pre-K programs to invest in helping teachers to become certified in early childhood education.
2. The State will offer increased coaching and technical assistance through EXCELS and Child Care Resource Centers to support the efforts of community providers in improving the quality of their programs. The State will prioritize supporting providers in high-need communities in meeting EXCELS level 5.
3. The State will support ECE staff in attaining CDA credentials and associate's degrees to serve as aides and assistant teachers in publicly funded pre-K programs. This support will include financial support to help cover course and exam fees and coaching by mentor teachers.
4. Additional credentialing and professional development of ECE staff will be needed to match the pace of the expansion of pre-K slots. The current MSDE Credentialing Program (6 staff levels and 4 administrator levels) serves as a career ladder for community provider staff. The levels are based on the education and experience of the individual, and the State awards monetary bonuses at each level to incentivize professional development.
5. Public pre-K teachers will be part of the Maryland K-12 teacher career ladder. Master public pre-K teachers will be a level on the career ladder. In order to become a master teacher on the career ladder, the teacher must earn National Board Certification.
6. A local education agency and a provider may both choose to enter into a Memorandum of Understanding to enable pre-K teachers in community-based settings to participate in the public pre-K teacher career ladder as employees of the local education agency. Such agreements currently exist under the State Pre-K Expansion Grant Program.
7. As part of its effort to increase the pool of qualified teachers and assistants, the State will significantly expand tuition assistance and financial support for individuals to earn CDA credentials, associate's degrees, and bachelor's degrees with specialized training in ECE.

Implementation Decisions:

1. The State will implement initiatives developed under MSDE's Master Plan on Professional Development for Teachers and Providers of Early Childhood Education, such as aligning high school early childhood CTE program standards with CDA credential requirements and community college ECE programs; expanding online professional development courses with job-embedded coaching; requiring coursework and clinical work in ECE programs to include training in diverse child care environments and working with children with

- special needs; creating pathways that accept prior learning experience; creating an ECE bachelor's degree program and dual certification programs; and creating a public awareness campaign for recruiting ECE teaching staff and promoting quality child care.
2. The State will set targets so that the percentage of teachers certified in ECE and staff with CDA credentials increases and keeps pace with the 10 year implementation period. At full implementation of pre-K for three-year-olds from low-income families and four-year-olds, the State will need 8,800 pre-K teachers and assistants (4,400 each).
 3. The State will expand and increase the amount of training vouchers and credentialing bonuses to encourage providers to continue professional development. The amounts of the vouchers and bonuses will be tiered with the credentialing levels to incentivize movement towards higher quality.
 4. The State will provide financial assistance for students who complete the high school early childhood CTE program to take the CDA assessment so the student can work as an aide or assistant teacher. To promote a more diverse workforce, the State will also expand access to ECE CTE programs, focusing on jurisdictions where the greatest disparities exist between student demographics and ECE staff.
 5. The State will increase MSDE's capacity to provide technical assistance to publicly funded pre-K programs through EXCELS quality assurance specialists, regional offices, and onsite monitoring and licensing staff to keep pace with the increase in participating providers. It is assumed that this additional support will expedite the abilities of providers to move from level 3 to level 5 in EXCELS.
 6. The State also will expand the coaching infrastructure/model developed by the Child Care Resource Center Network to provide training and mentoring for community providers to meet EXCELS requirements.
 7. The State will identify ECE teachers as a workforce shortage area to enable tuition assistance through the Workforce Shortage Student Assistance Grant Program.
 8. The State will create a full tuition scholarship program for students who become lead pre-K teachers and commit to work in high-needs schools for a certain number of years.
 9. The State will significantly increase funding for the Child Care Center and Professional Development Fund to support ECE staff who are already working in child care programs in obtaining associate's degrees, bachelor's degrees, and CDA credentials.
 10. The State will focus outreach and recruitment efforts so that the ECE teachers and staff mirror the diversity of the community.
 11. The State will require that all pre-K teachers have training on cultural competency and restorative practices through teacher preparation programs or professional development programs.

Element 1c: Implementation of a school readiness assessment for all students entering kindergarten

Design Assumptions:

1. This assessment or any successor assessment will be given to all kindergarteners as a census.
2. To minimize the amount of duplicative testing for our youngest learners, the State's goal should be for the Kindergarten Readiness Assessment (KRA) or any successor assessment to serve as the sole diagnostic assessment for kindergarten readiness.
3. The State will continue to provide every kindergarten teacher with training or a refresher course on administering the KRA or its successor assessment each year.
4. The State will continue to provide professional development funds for jurisdictions that administer the KRA or its successor assessment as a census assessment.
5. The assessment tool will provide information for kindergarten teachers to use for lesson planning and identifying students who may need additional assistance.
6. The assessment tool will not be cumbersome for teachers to administer and teachers will be given time to administer the assessment within the school day.
7. A protocol will be put in place to enable teachers to use and act on the information produced by the assessment tool, such as referring students for case management or in-class or out-of-class supports.

Implementation Decisions:

1. Since a portion of the KRA requires the teacher to observe how the student interacts with other students in a classroom, the full KRA cannot be administered before students enter kindergarten. Therefore, local education agencies will have flexibility to administer a portion of the KRA or its successor assessment before students enter kindergarten and during the first two months of the school year.
2. The State will require the KRA or its successor assessment to be administered to every kindergarten student as a census and not as a random sample to ensure equity and accountability.
3. The State will extend the administration window from October 10 to October 30 to reduce the operational impact of conducting the KRA or its successor assessment as a census assessment.
4. A survey of kindergarten teachers who administered Version 2.0 of the KRA will be conducted after it is fully implemented in fall 2018 to get feedback on the usefulness and usability of the new version of the KRA.
5. The survey will include questions such as: (i) the usefulness of the KRA data to inform kindergarten instruction; (ii) whether the KRA data enhances a teacher's ability to identify challenges that a student may be experiencing, especially those indicating that a child may need special education services; and (iii) whether the

- teacher administers a separate, locally mandated kindergarten diagnostic assessment and if so, whether the KRA is duplicative of that assessment.
6. The State (entity to be determined) will review the results of the survey and review Version 2.0 for usefulness and usability and, in consultation with MSDE, make any recommendations for changes, if needed.
 7. The data collection system of the KRA or its successor assessment will include a standardized process for reporting a kindergartener's prior care setting.
 8. The KRA or its successor assessment will be implemented as a census statewide by school year 2020-2021.

Element 1d: Expand Judy Centers, Family Support Centers, and the Maryland Infants and Toddlers Program to provide and coordinate access to education and support services for at-risk children ages 0-5 and their families

Design Assumptions:

1. The State will expand the number of Judy Centers over time to match the number of Title I elementary schools.
2. The State will expand the number of Family Support Centers over time, with the goal of ensuring that every underserved neighborhood has a Family Support Center or similar set of programs and services.
3. The State will increase funding for the Maryland Infant and Toddlers Program that provides support to families with special needs children.

Implementation Decisions:

1.
 - a. The expansion of Judy Centers will be phased-in over 10 years, with a priority in opening new Judy Centers in the neediest communities. MSDE will be required to consider geographic diversity when selecting a Title I school within which to locate a new Judy Center. MSDE will be required to coordinate placement of new Judy Centers in order to serve multiple, closely located Title I schools in a high needs area or region.
 - b. There are currently 54 centers, with one or more located in each jurisdiction, and more than 300 Title I elementary schools. The State will significantly reduce this gap and increase the number of centers over time so that 42 new Judy Centers open in the first 5 years and 80 open in the next 5 years. By year 10, there will be 122 new Judy Centers.
2.
 - a. The expansion of Family Support Centers will be phased-in over 10 years, with a priority in opening new Family Support Centers in the neediest communities. MSDE will be required to consider geographic diversity when selecting regions to locate a new Family Support Center. MSDE will be required to coordinate placement of new Family Support Centers in order to serve multiple, closely located counties or areas in need of a Family Support Center. There are currently 9 counties (Calvert, Charles, Garrett, Harford, Howard, St. Mary's, Somerset, Wicomico, and Worcester) where there are no Family Support Centers.

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- b. There are currently 25 Family Support Centers. The State's goal should be to open 3 new centers each year so that by year 10, there will be 30 new Family Support Centers.
- 3. The State will increase funding for the Maryland Infants and Toddlers Program to support the increase in the number of children eligible for these services.

EXECUTIVE SUMMARY

Montgomery County's Informal Solicitation #1084006 contained two key objectives: 1) to implement a child care cost modeling study and 2) to identify the cost of delivering services at each level of Maryland EXCELS. Within the agreed upon scope of this Solicitation, Foundations for Families (FFF) used *The Provider Cost of Quality Calculator* (PCQC) developed by the Federal Office of Child Care to inform these key objectives, focusing exclusively on center-based providers.¹ To both enhance the potential of the PCQC and address some inherent limitations of the PCQC, FFF added to the scope of deliverable items 1-3. These enhanced product deliverables, delivered at no additional cost to Montgomery County, provide EXCELS cost modeling worksheets derived, in part, from the PCQC.

Overview of Deliverables:

Items 1 and 2: Using the PCQC, FFF identified baseline scenarios of 7 center-based child care providers' profiles using operating budgets, fiscal data points, and standardized characteristics aligned with EXCEL levels as defined by the PCQC tool methodology. While the Scope of Services requested 2-3 scenarios, FFF created additional scenarios to provide a wider range for comparison.

Item 3: The PCQC model methodology identifies funding gaps in programs receiving state Child Care Subsidy (CCS) and local Working Parents Assistance (WPA) child care subsidies. Due to limitations of the PCQC that does not allow FFF to vet the final numbers, FFF cannot discuss the final Net/Profit/Loss from the PCQC scenarios in this report. Instead, FFF has provided the customized *FFF Cost Estimation Model* tool to Montgomery County to demonstrate transparency on how the numbers are calculated. These scenarios show the impact of the increased levels of quality on provider financial health.

Item 4: FFF provided a limited literature review of international options to reduce the cost of child care to low income families.

Items 5 and 6: FFF provided a limited number of options for evidence-based practices, trends, and options the improvements to and enhancement of child care quality outcomes in early care and education for diverse and low-income populations and for diverse populations.

Item 7: Based upon the data analysis, FFF made initial recommendations for elevating the compensation of directors and teachers through increases to child care subsidies, or other methods.

Item 8, 9, and 10: As proposed in the Solicitation, Items 8, 9 and 10 were only addressed to a limited degree. The findings and recommendations in Items 3 and 7 can be considered relevant to the topics of 8, 9, and 10: determining options for blending and layering funding streams to coordinate a system of affordable child care options for all families with children ages 0-5; planning for budget changes to the

¹ *The Provider Cost of Quality Calculator* tool was developed by Andrew Brodsky and Simon Workman at Augenblick, Palaich and Associates (APA) and Anne Mitchell at the Alliance for Early Childhood Finance through a contract with the OCC's National Center on Child Care Quality Improvement. Methodology backed up by industry literature and research with documented reference sources. There is no relation between Amy Augenblick and the study's author, Augenblick at APA.

Montgomery County Working Parents Assistance child care subsidy program; and, developing models for public-private partnerships to expand affordable child care in public and private spaces.

Summary and Recommendations for Items 1 and 2:

Using the PCQC, FFF identified baseline scenarios of 7 child care center providers profiles (4 more than Solicitation specified). The profiles use operating budgets, fiscal data points, and standardized characteristics aligned with EXCELS levels, as defined by the PCQC tool methodology and its own default data points derived from child care industry, national, and state sources. The profiles also use data points derived by FFF for salary scales, subsidy and tuition revenue, licensing and EXCELS standards, and rent.

All the scenarios under this scope of work range from "Average" (labeled Small²) centers of (82 children) to medium size centers (140-152 children), with a range of ages served. In addition to size of center and mix of ages, FFF customized the PCQC and the FFF Montgomery County Cost Estimation tool scenarios using industry standard cost driver variables at varying levels of EXCELS level quality. FFF customized the PCQC and the FFF Montgomery County Cost Estimation tool by running the scenarios with the following principal and industry standard cost driver variables at varying levels of EXCELS level quality:

- #'s of children in age categories and group sizes aligned by Code of Maryland Regulations (COMAR) standards
- % of families on Maryland Child Care Subsidy (CCS)
- Compensation scale for all positions likely in a center, with differentials for qualifications by EXCELS levels and anchored in Montgomery County minimum wage for 2019
- % of mandatory and non-mandatory employee benefits by EXCELS levels
- % of time staff for delivering higher quality levels (for daily coverage, breaks, opening/closing and planning time, and professional development for family engagement and/or child assessments by EXCELS levels.)
- Non-personnel cost drivers by classroom, child and agency
- % of bad debt and enrollment efficiency

The PCQC 7 scenarios and FFF Cost Estimation 16 Scenario models all identified significant funding gaps in programs receiving state and local child care subsidies at varying levels of EXCELS and configurations of programming. The scenarios (each depicted in their own separate Excel spreadsheet) show the impact of the increased levels of quality on provider financial health. These 16 scenarios will help Montgomery County and child care providers understand the size of the revenue-cost gap associated

² Note that the term "Small" in this report should be interpreted more as "Average" size. A review of a recent unpublished list of Montgomery licensed child care centers by capacity suggest about 68% of the providers (313) have licensed capacity of less than 82 children; 40% (182) have less than 50 children; and, almost 25% of them have 30 children or less.

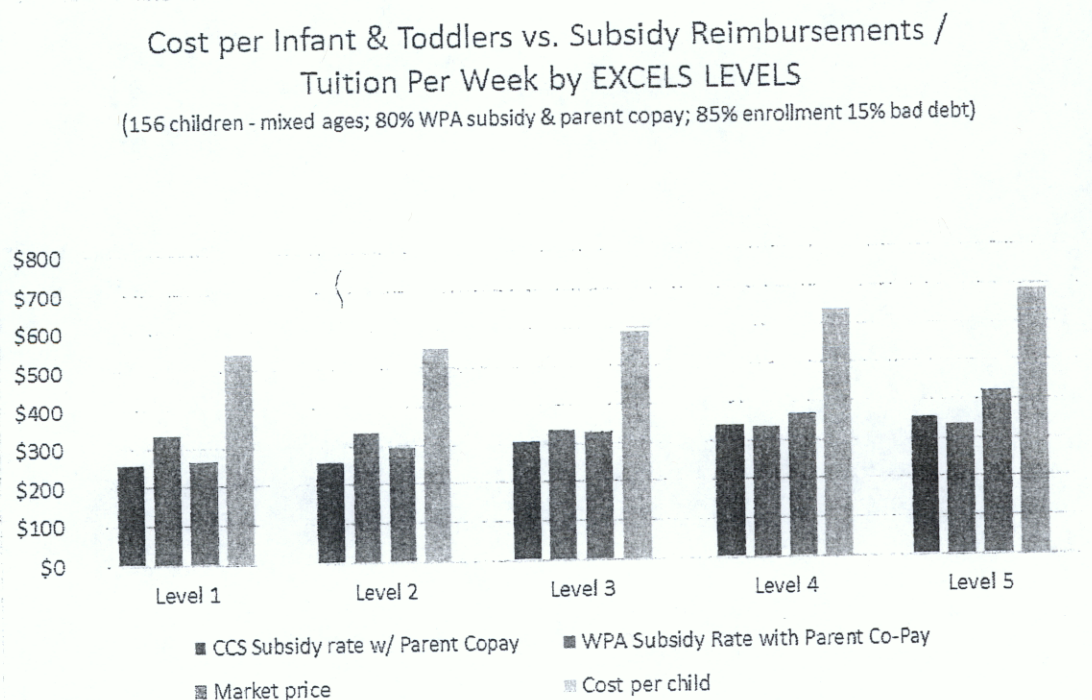
with different quality levels and specific cost drivers to provider types. This, in turn, can inform the design of financial incentive packages to help cover the cost of maintaining quality (Item 10).

The PCQC/FFF *Cost Estimation Model* analysis shows several important findings. One overarching finding is that EXCELS standards are financially unfeasible and unsustainable for participating providers who serve low to high numbers of subsidy receiving children (whether CCS or WPA). The 16 scenarios show that it is even challenging for non-subsidy receiving programs. Mainly, the strict and high licensing standards for ratios/group sizes for infants and toddlers appears to be the greatest unfunded financial factor for the EXCELS standards. This creates a serious disincentive to provide infant/toddler care, given the limitations of parent's capacity to pay for these ratios/group sizes in addition to quality.

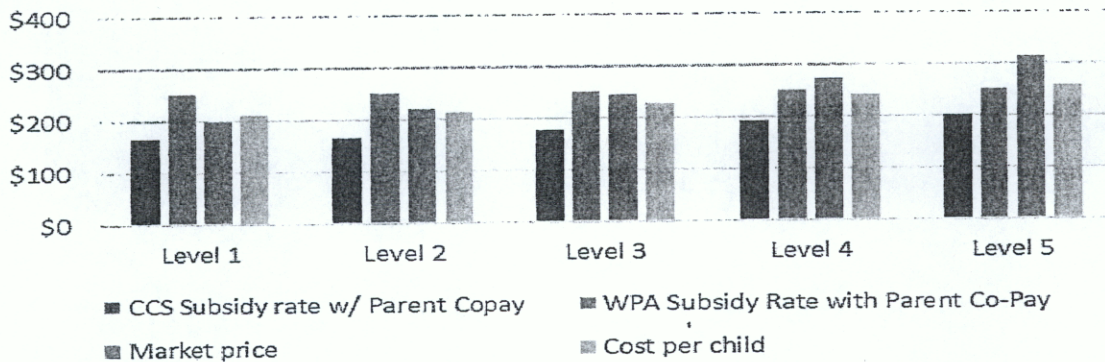
Here are the key findings and recommendations:

Finding #1: The state requirement for 1 teacher to every 3 infants or toddlers results in an annual cost per child between \$28,300 and \$35,700 (depending on the center's quality level).

- The actual cost of serving infants and toddlers is almost double the current WPA reimbursement rate (with parent copay) which ranges from \$17,520 (\$337/week) to \$30,698 (\$590/week) for this age group at Level 3.
- This cost of serving infants and toddlers is higher than the market price a center could reasonably charge. Very few families in Montgomery County can afford to pay this much for only one child in care.

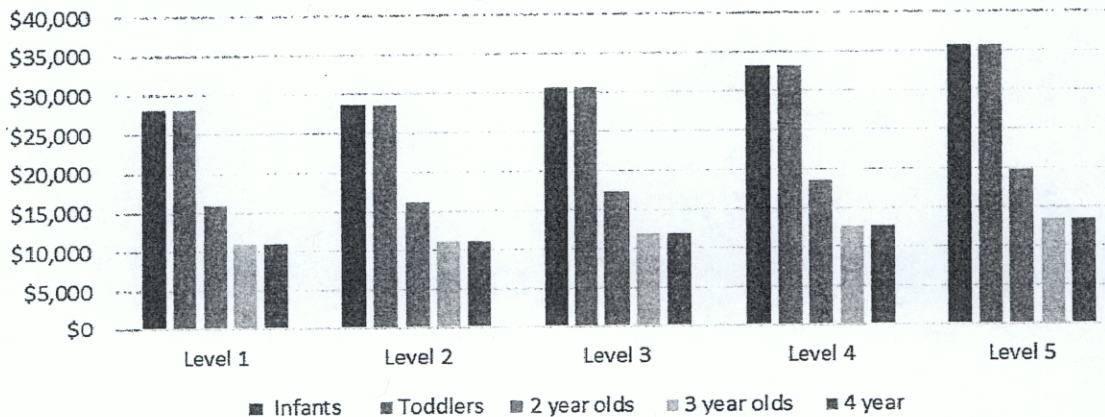


**Cost per 3 Year Olds (36-48 mths) vs. Subsidy
Reimbursements / Tuition per Week by EXCELS LEVELS**
(156 children - mixed ages; 80% WPA subsidy & parent copay; 85% enrollment 15% bad debt)



COST BY AGE GROUP PER EXCELS LEVELS

(156 children - mixed ages; 80% WPA subsidy & parent copay; 85% enrollment 15% bad debt)



Unintended consequence: The best way for a program to balance its budget is to close infant rooms. It is just too expensive to serve these children, even as "loss leaders" to help open an enrollment pipeline and maintain full enrollment for classrooms of older children.

Recommendations:

1. Significantly boost WPA reimbursement rates for infants and toddlers.
2. Consider higher reimbursement rates across the board (in all age groups) for centers that serve children of all ages (infants, toddlers and preschoolers) but not for centers that exclusively serve children three years of age and older. This would help address the finding that centers who only serve preschool or school-age children can potentially earn a profit, but not those that served children of all ages, including those under the age of three.
3. Consider contracts for infant/toddler slots, to promote stability and prevent further losses due to absences, because this age group is frequently sick.
4. Explore alternative service delivery models for infant/toddler care (such as networked family child care homes or micro centers.)

Finding #2: Strong fiscal management is key to child care program sustainability.

- Financial losses due to bad debt, enrollment gaps, or unpaid absences are significant.
- Monitoring these losses carefully, and making a plan to address them quickly, is essential. Few programs can do so, largely because they are not using state-of-the-art automated child management systems, nor do they have skilled business management staff.
- Some of these losses (such as unpaid absence days) are beyond center control, even with skilled management, and require policy intervention.

Unintended consequence: Few programs collect the full market price or WPA rate for each child. It is common for money to be left on the table.

Recommendations:

1. Encourage automation
 - a. Award grants to purchase hardware and software and accompanying technical assistance to launch and implement new systems that improve efficiencies in enrollment, tuition collection, business practices, and staffing classrooms. (Vermont invested in providing software systems for their providers as a tactic for advancing affording quality.)
 - b. Explore strategies for pulling state-required payment and reporting data directly from child management systems.
2. Encourage provider networks that share administrative or business leadership. While a small, independent program cannot afford a skilled fiscal manager on its own, a network of centers could share the cost.
3. Parent co-pay rates are a major factor for revenue generation in the FFF cost modeling, and FFF found no data to determine the rate of WPA co-payments for families in Montgomery County. Look closely at models of family co-payments and consider revisions. Can families at these income levels afford to pay these amounts for child care? Is it possible for centers to collect co-payments at this level?

4. Require that centers track bad debt and include policies and procedures to collect fees in full and on-time.

Finding #3: Size matters. The cost models for this report were based on an “average” center that enrolls at least 82 children. However, 68% of the providers included in our sample reported licensed enrollment of 81 children or less; 40% reported licensed enrollment of less than 50 children; and 25% of the sample enrolled 30 or fewer children. These smaller centers are very likely to struggle financially.

- The only scenario where a small center could earn a profit was if they eliminated service to infants and toddlers and they remained fully enrolled all year long.
- FFF could not create a single scenario where a center with 30 or fewer children could break even – regardless of what ages they served. In fact, the projected losses were substantial.

Unintended consequence: It is not possible to run a profitable small child care business unless services are limited to 3 and 4-year-old children, and they are enrolled year-round. This sends a troubling message to many small entrepreneurs and fails to address one of our most high-need populations, infants and toddlers.

Recommendations:

1. Help Montgomery County child care providers learn more about shared service strategies, which enable them to share staff among a network of small centers, thereby reducing costs.
2. Review Maryland child care licensing and QRIS rules to identify policies that prohibit or discourage shared staffing among a network of small centers (e.g. a shared director over several small sites.)
3. Consider contracting with small, high-quality centers for child care slots. Helping these small centers secure a ‘block’ of funded children could help provide some measure of financial stability.
4. Explore new regulatory strategies for centers as small as 12 children. Perhaps these “micro centers” could use an alternative business strategy, like that of a family child care home.

Key Finding #4: The proposed higher minimum wage (set for 2020) was not included in these cost models, because to do so would result in even higher losses and budget gaps.

Unintended consequence: The mis-match between minimum wage requirements and State child care licensing requirements for ratios and staff qualifications fuels high turnover.

Recommendations:

1. Create a wage subsidy program for early childhood teachers, designed to help augment wages without raising center costs or market prices.
2. Ensure that increases in minimum wages are equally addressed in subsidy reimbursements.

3. Publish a recommended salary scale for the child care sector, aligned with EXCELS levels of quality (and other QRIS recognized programs) to provide guidance on how to structure and plan for competitive salaries that are anchored in the lowest skilled staff paid at minimum wage.
4. Create model staffing plans and personnel metrics to help center leadership think strategically about how to shift resources from administration into classrooms, potentially leveraging funding for increased teacher compensation.

Additional Next Steps and Considerations:

1. The FFF cost modeling is conducive for individual center's use to determine/compare their own budgeting models. FFF recommends supporting training for providers who are interested in using the tool themselves. Additionally, FFF could inform the next stage project, reviewing 20-25 centers of various characteristics, creating additional scenarios and modeling a range of policy options aimed at changing levels of WPA payments or other financial incentives; adjusting salary levels upward; and, playing with different mixes of ages. These additional models could provide useful insights to inform both policy and practice.
2. Any recommendations on cost modeling would be remiss not to point out the compelling arguments to encourage consolidation and shared service modalities within the child care sector. Economies of scale are viable strategies for cost containment and enhancing quality mechanisms and levers. It is no secret that the larger, multi-site centers are generally more profitable. How can consolidation/shared service approaches be fostered, including shared back office, shared education specialists, shared directors, bookkeeper, budgeting, health plans, recruitment of children and teachers?
3. Consider administrative burdens for multi-site child care centers that are subject to single center licensing, quality assurance applications, and the like. These create disincentives to pursue quality ratings. Could there be one overarching option for an entire multi-site agency to receive an EXCELS rating rather than rating each site independently?
4. Consider expanding the cost modeling to family homes to explore their financial viability and strategies for serving infants and toddlers under specified quality terms.
5. Based upon the data analysis, FFF makes the initial recommendation (Item 7) to help elevate the compensation of directors and teachers through increased child care subsidies, or other methods to align with the FFF compensation scale projected for 2019 through 2021. (See Salary Scales for 2019 and 2021 earlier in report). The best way to increase wages is via a targeted initiative, such as NC WAGES or the Louisiana School Readiness Tax Credits. Alternatively, subsidy payments could be increased and coupled with model wage scales. Consider escalating increased amounts in the subsidy payments and Pre-K funding to account for these mandated

escalations in wages that cascade upward through the compensation scales. Mechanisms to ensure funding goes directly to wages would be an avenue to explore.

In summary, these findings and recommendations are common for any child care community seeking to close cost-quality gaps in the pursuit of higher quality child care. There are multiple and serious financial stressors among providers attempting to serve low-income families and infant/toddlers. These stressors will likely increase if public Pre-kindergarten expansion reimbursements are too low to incentivize private child care providers to partner in a mixed delivery system.³ The aim should be to balance a provider's fiscal viability with access to quality care for all age groups of young children. The *16 FFF Cost Estimation Model* scenarios are the hypothetical building blocks to continue refined modeling aligned with strategic community objectives (e.g. more infant/toddler slots for lower income families), that will then support fiscal and policy decisions at the county and state level.

³ 4-year olds in FFF Scenario at EXCELS Level 3-5 cost \$11,000-\$13,500 without adjusting to bachelor's Level Teacher Pay.

The Cost for Prekindergarten Services in Different Settings

The estimated birthrate in the County is 13,000 children per year, which remains consistent through the elementary grades with an even mix of in-county and out-county migration. Of the approximately 13,000 4-year-olds in the County, approximately 11,500 are enrolled in MCPS kindergarten and an estimated 40%, or 4,600, qualify for the federal Free and Reduced Meals program (FARMS) which means their families income is up to 185% of the Federal Poverty Line (FPL). An initial expansion of the Montgomery County PreK program is recommended for families at 185% FPL in order to simplify eligibility determinations and tracking of outcomes for Return on Investment (ROI), the state Kindergarten Readiness Assessment (KRA), and other commonly used benchmarks of student reporting. Expansion of services for children from families with higher income levels could come at a later date (*see Attachment A*).

Information from other major cities providing universal PreK indicates an 80% participation rate by families can be expected, on average, at full program implementation, regardless of family income. Information from MSDE enrollment data provided for the APA report shows that over 74% of 4-year-olds at all income levels in Montgomery County are enrolled in public PreK or child care with a private provider, and that slots for low-income children are at 100% capacity throughout the year. Therefore, it is assumed that at least 80% of children in the eligible income range will enroll when expanded PreK becomes available in the County.

Over 3,200 4-year-olds are currently served through MCPS Head Start and PreK programs, PreK classrooms in community-based provider settings funded by the state Prekindergarten Expansion Grant, and classrooms in community-based provider settings funded by the federal Preschool Development Grant. Due to the funding requirements of these programs, eligible children could be from families at 100% FPL through 300% FPL. It is not yet known which income ranges the state PreK expansion will seek to enroll first, or if enrollment will begin in FY2019, which will affect the number of families seeking to apply to a local PreK option.

The estimated figure of 3,000 will be used for purposes of this report to calculate the number of participants in this local expansion program. The estimate is based on the number of 4-year-olds currently enrolled in publicly funded PreK options in the county, minus the capped Head Start enrollment, minus an estimate of children above the 185% FPL eligible for other PreK programs, plus an estimated number of previously unserved participants who would now seek enrollment because of the affordability and full-day schedule of this program.

After having evaluated the per child costs in other jurisdictions offering PreK in mixed delivery settings, reviewing the analysis completed by APA, and comparing the average market rate cost of child care for a preschool-aged child in the County, \$14,500 a year was determined to be a competitive rate for tuition for center-based care if there were no additional requirement for teacher certification beyond the current qualifications. If credentialing requirements are increased there would need to be an increased per child annual tuition amount.

The per child costs for a child placed in a FCC setting could be the same at \$14,500, but there will be additional program costs related to oversight and training to ensure high-quality services are delivered in a comparable way across multiple FCC settings.

As noted in the OLO report, MCPS currently blends Head Start and Title I funds to provide \$12,900 per pupil for full-day classes for 4-year-olds at designated elementary schools. The proposed rate for PreK expansion is closer to the MCPS per pupil costs of over \$15,000 for kindergarten and elementary-aged students, but could be adjusted for economies of scale when incorporating these classrooms into an elementary school sized setting.

Description	Prekindergarten in center-based settings
Annual tuition cost per child	\$14,500
Monthly tuition cost per child	\$1,450
Estimated number of annual participants	3,000
Current Annual PreK Expenditure	\$23,000,000*
Additional Expansion Allocation	\$20,500,000
Annual cost per classroom of 20	\$290,000

*OLO Report 2017-7

Some providers will have start-up costs because they will convert classrooms previously used for other ages or add new classrooms for the PreK program. For any of the implementation options outlined in the Options section starting on page 5, additional funds should be made available for the costs related to purchasing curriculum materials and staff training, as well as refurbishing and equipping new classrooms.

Transportation for children assigned to community-based slots, either at child care centers or in family child care homes, will not be feasible due to the rotation schedule MCPS uses to assign buses to routes for high school, middle school, and the two elementary school daily schedules. Children assigned to slots at MCPS facilities will ride the buses on the current routes made available for each elementary school. Therefore, transportation costs for PreK expansion were not factored in to overall program costs.

While the PreK Research Group did not investigate local funds to reallocate for the expansion of PreK, or researched options for new or increased tax revenue, the group did review information from the OLO report on sliding scales for families of different income ranges to contribute to tuition payments. Few child care centers offer 6-hour a day, school-year program, so it would be difficult for them to offer such a program separately without additional funding or fees to cover the Before-and-After care or summer components.

- In the Denver, Colorado, system there are income-based sliding scale tuition credits for all families based both on income and preschool quality indicators. Average monthly credits are \$303 for a full-day program.
- In the San Antonio, Texas, program, higher income children are chosen by lottery for limited slots, and their families pay tuition based on a sliding scale while children in the eligible low-income range do not pay any tuition.
- The San Francisco, California, program provides free half-day PreK for all families, free full-day for low income families, and a sliding scale tuition option for higher income families.

- The Seattle, Washington, program requires a payment on a sliding scale for families over 300% FPL. The table of fees has been provided as an example in the attachments to this report.
- The Michigan state program requires a payment on a sliding scale for families over 250% FPL.

Maryland allows for sliding scale fees for public education programs which are not compulsory. This is an additional program element which could be considered if implementation of expanded PreK were pursued.

Options to Administer a Mixed Delivery System

The research group reviewed information on locally designed PreK programs outlined in the OLO report and which MSDE has been considering in its planning for expanded state-wide PreK in Maryland.

The key factors that the group used to determine the most actionable options for Montgomery County mixed delivery systems were 1) the availability of licensable facilities, 2) the availability of qualified staff in the current workforce, and 3) the impact of an expanded program on the local Maintenance of Effort (MOE) obligation for public education funding.

As indicated in the options below, any expansion of PreK would require necessary structural changes for each of the essential partners. There would be a need for significant investments to achieve program and policy goals.

A full range of options have been outlined and are offered to policymakers for consideration recognizing that a multi-sectoral cost share approach is likely to be most attractive. The following are suggested as short-term expansion options which could be undertaken in advance of state PreK expansion, and which could also be implemented incrementally as additional funding sources become available locally. In a mixed delivery system, the MOE obligation would only apply to services being provided in MCPS facilities with MCPS employees.

Family Child Care elements of mixed delivery

FCC partners would participate through a "hub" model where DHHS staff would coach providers and serve as Technical Assistance Coordinators for implementation of the curriculum and lesson planning. Incentives could be provided for new providers to set aside slots for 4-year-olds participating in the PreK program so that enrolled children are part of a cohort with each FCC provider and are not the sole child in their age range in that setting.

There would not be an MOE obligation for the portion of services provided in FCC settings.

Option A: Expansion of MCPS Half-day PreK classes to Full-day – Expand half-day sessions to full-day in thirteen existing MCPS PreK classes that have capacity to extend hours in the assigned classrooms.

- The staff would need to be hired by MCPS and with adequate resources would operate in alignment with the current MCPS PreK program.

Implementation challenges

- There would be MOE obligations on the full cost of this program option.
- Should funding become available, there would need to be significant investments and building of infrastructure to achieve program and policy goals. MCPS would need time to address issues around the hiring and training of additional staff, outreach and enrollment, and other adjustments to organizational infrastructure needed to implement expanded services.

Option B: A mixed delivery system in MCPS and community-based settings – 1) Expand half-day sessions to full-day in thirteen existing MCPS PreK classes that have capacity to extend hours in the assigned classrooms, 2) designate additional classrooms in any MCPS facilities with full-day capacity, and 3) contract for additional classrooms with center-based providers and for slots with private FCC providers.

- This option would facilitate the hiring of staff by allowing private providers to hire teachers directly.
- This option would reduce the impact on MOE obligations.
- For the component of this option delivered in MCPS facilities, staff would need to be hired by MCPS and with adequate resources would operate in alignment with the current MCPS PreK program.
- For the component of this option delivered by community partners, staff would be hired directly as employees of the provider.
- Providers who are not already community partners for other publicly funded early childhood services could be invited to apply to participate in PreK expansion in an effort to extend additional quality enhancement supports to providers which have not entered into EXCELS or become accredited.
- DHHS would be the authorizing agency for contracts with community providers. The program would be based on MSDE PreK Expansion grant requirements with some local modifications.

- For the component of this option overseen by DHHS, additional resources would be needed for full implementation such as contract monitoring, technical assistance, and invoicing.
- Families would provide transportation if their child is enrolled in a community-based slot.

Implementation challenges

- There would be MOE obligations for the component of this option delivered in MCPS facilities with MCPS employees.
- Should funding become available, there would need to be significant investments and building of infrastructure to achieve program and policy goals. MCPS would need time to address issues around the hiring and training of additional staff, outreach and enrollment, and other adjustments to organizational infrastructure needed to implement expanded services.
- PreK classes could be competing for space with other MCPS services.
- Should funding become available, DHHS would need time to address issues around the hiring of additional staff and other adjustments to organizational infrastructure needed to implement expanded services.

Option C: A mixed delivery system with MCPS facilities – 1) Expand half-day sessions to full-day in thirteen existing MCPS PreK classes that have capacity to extend hours in the assigned classrooms, 2) designate additional classrooms in any MCPS facilities with full-day capacity for contracted community providers to deliver PreK services, and 3) additional slots contracted with private FCC providers would remain in private home settings.

- This option would facilitate the hiring of staff by allowing private providers to hire teachers directly.
- This option would also reduce the impact on MOE obligations.
- For the component of this option delivered in MCPS facilities, staff would need to be hired by MCPS and with adequate resources would operate in alignment with the current MCPS PreK program.
- For the component of this option delivered by community partners, staff would be hired directly as employees of the provider.
- Providers who are not already community partners for other publicly funded early childhood services could be invited to apply to participate in PreK expansion in an effort to extend additional quality enhancement supports to providers which have not entered into EXCELS or become accredited.

- DHHS would be the authorizing agency for contracts with community providers. The program would be based on MSDE PreK Expansion grant requirements with some local modifications.
- For the component of this option overseen by DHHS, additional resources would be needed for full implementation such as contract monitoring, technical assistance, and invoicing.
- Families would provide transportation if their child is enrolled in a community-based slot.

Implementation challenges

- There would be MOE obligations for the component of this option delivered in MCPS facilities with MCPS employees.
- Should funding become available, there would need to be significant investments and building of infrastructure to achieve program and policy goals. MCPS would need time to address issues around the hiring and training of additional staff, outreach and enrollment, and other adjustments to organizational infrastructure needed to implement expanded services.
- PreK classes could be competing for space with other MCPS services for Kindergarten through grade 5.
- Should funding become available, DHHS would need time to address issues around the hiring of additional staff and other adjustments to organizational infrastructure needed to implement expanded services.
- Contracts with providers would need to include specifications of the components of occupancy for which MCPS and DHHS would each have separate oversight.

Option D: A mixed delivery system in MCPS, community-based settings, and leased commercial space – 1) Expand half-day sessions to full-day in thirteen existing MCPS PreK classes that have capacity to extend hours in the assigned classrooms, 2) designate additional classrooms in any MCPS facilities with full-day capacity, 3) contract for additional classrooms with center-based providers and for slots with private FCC providers, and 4) the County would lease storefronts, commercial real estate, etc., to contract for services with private center-based providers for additional slots.

- This option would facilitate the hiring of staff by allowing private providers to hire teachers directly.
- This option would reduce the impact on MOE obligations.

- For the component of this option delivered in MCPS facilities, staff would need to be hired by MCPS and with adequate resources would operate in alignment with the current MCPS PreK program.
- For the component of this option delivered by community partners, staff would be hired directly as employees of the provider.
- For the component of this option delivered by community partners in public space, the County would provide space licenses for classrooms in the leased commercial space.
- Providers who are not already community partners for other publicly funded early childhood services could be invited to apply to participate in PreK expansion in an effort to extend additional quality enhancement supports to providers which have not entered into EXCELS or become accredited.
- DHHS would be the authorizing agency for contracts with community providers. The program would be based on MSDE PreK Expansion grant requirements with some local modifications.
- For the component of this option overseen by DHHS, additional resources would be needed for full implementation such as contract monitoring, technical assistance, and invoicing.
- Standard build-out costs would be incurred by the County.
- Families would provide transportation if their child is enrolled in a community-based slot.

Implementation challenges

- There would be MOE obligations for the component of this option delivered in MCPS facilities with MCPS employees.
- Should funding become available, there would need to be significant investments and building of infrastructure to achieve program and policy goals. MCPS would need time to address issues around the hiring and training of additional staff, outreach and enrollment, and other adjustments to organizational infrastructure needed to implement expanded services.
- PreK classes could be competing for space with other MCPS services.
- Should funding become available, DHHS would need time to address issues around the hiring of additional staff and other adjustments to organizational infrastructure needed to implement expanded services.
- Contracts with providers would need to include specifications of the components of occupancy for which MCPS and DHHS would each have separate oversight.

- This option would need to be phased in in order to build out the facilities and arrange for the MSDE licensing reviews.
- There would be significant costs to the County for implementation of this option related to the leasing and build-out of space to meet Maryland Office of Child Care licensing requirements.

One of the greatest benefits of mixed delivery systems is that families with multiple children can select providers who have services for a variety of ages (often infants and toddlers, but occasionally Before-and-After Care for older siblings). Some providers may not want to reduce or limit services for other ages, and some parents may not be interested in a setting with services for just one child.

Having a centralized enrollment entity would facilitate managing the availability of slots in each setting and would provide transparency for families to get accurate program information. Should funding become available, MCPS would need to be provided with adequate resources to expand the current Head Start and Prekindergarten recruitment, eligibility, and assignment process to facilitate enrollment of eligible children.

Stakeholders provided feedback on the pros and cons of program oversight being assigned solely to MCPS, solely to DHHS, jointly to the two agencies, or options for a new entity to oversee mixed delivery PreK. One model for PreK expansion which has been considered at the state level is for funding from MSDE to local school systems (LSS) to establish contracts with private providers and is similar to the structure of PreK in other state and local jurisdictions across the country. The recommendation for initial expansion of services in Montgomery County is to mirror existing staff hiring and vendor contracting regulations in the County.

Standards for Staff and Program Quality

Staff Quality

There are efforts underway on the national and regional level to align early childhood educator credentials and professionalize the field. Two of the most significant initiatives are being led by the National Association for the Education of Young Children (NAEYC) and the Washington Region Early Care and Education Workforce Network (the Network).

One of the primary elements of child care which is used to indicate quality is the provider or teacher's professional training. There is significant discussion about what level of teacher qualifications and/or teacher preparation is truly best practice because of its correlation with high-quality in child care services. Evaluation and assessment regarding teacher qualifications has led to significant research on the national and regional level. In an effort to have a better understanding of indicators of best practice, representatives from Montgomery College and the Early Childhood Services division of DHHS participate in the Network. This group of educators from the Washington DC region formed a regional group representing the District of Columbia,

Northern Virginia (Alexandria, Falls Church, Arlington, Fairfax) and suburban Maryland (Prince Georges and Montgomery Counties). The Network was formed after the release of the Report of the National Academy of Medicine 2015 report, *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*. The Network developed the project *Mapping competency-based career pathways that are linked to quality and compensation and can be used across the region* to be delivered by January 1, 2019.

After considerable research the Network determined that while the Academy recommends a four-year degree for Early Childhood teachers there is not one approach to a qualified workforce in early childhood. The competency-based framework under development by the Network will provide for multiple avenues and options for demonstrating competency in critical areas of teacher education that support young child's development and learning. Discussions throughout the early childhood field recognize the reality of the current system would require considerable change to succeed in providing all ECE teachers with 4-year degrees. This includes access to 4-year programs and attainment of degrees that are tied to increased compensation for those already in the field. The Network is framing the project around those concerns and the needs of the early care and education field (*see Attachment B*).

DHHS, the Network, and national child care advocacy organizations share concerns about how quickly a degree requirement could be implemented for child care teachers. Research in the OLO report confirms that there is not conclusive evidence that a degree greatly differentiates the level of care young children receive. The current design of local college degree programs does not facilitate enrollment for child care providers currently in the workforce. While some institutions of higher education have begun to offer on-line courses, a majority of institutions still schedule classes during the day, when child care providers are at work. Additionally, because of the teaching practicum requirement for both on-line and classroom-based degrees, teachers would have to leave the workforce, forgo their income, and teach voluntarily for the length of time of that component of the degree requirement.

The following staffing qualifications are proposed for staff in private provider settings in an effort to ensure quality services for families while taking into account the current lack of degreed teachers in the early childhood field.

A Certified Teacher to coordinate a cohort of Teachers with qualifications from those listed below. The Certified Teacher could be part of a Technical Assistance structure within MCPS or DHHS and would parallel the educational supports provided to partners in the FCC hub model.

Teachers qualifications:

- A Bachelor degree in early childhood or approved related field, or
- An Associate degree in early childhood or approved related field and a specified number of years of classroom experience, or
- Be enrolled in an Associate degree program for early childhood or approved related field with two semesters or less of coursework remaining to complete and a specified number of years of classroom experience, or
- Reciprocity for other credentials such as Montessori certification, or

- Competency based requirements if they have received a CDA and are actively maintaining their credential

A competency-based system would allow for college credit equivalencies for the specific number of years of experience an individual has worked in a paid child care position. Staff could demonstrate their proficiency through the professional portfolio used for the nationally recognized Child Development Associate (CDA) credentialing process in addition to completing a college credit requirement. This credentialing option would make it possible to retain experienced, knowledgeable, providers unable to take the lengthy leave of absence required to attend college courses while also recognizing their years of experience in the field.

Program Quality

Determinations of program quality vary from jurisdiction to jurisdiction and even from accrediting body to accrediting body. Licensing is seen as a foundation for program regulation while quality ratings and accreditation can highlight a program's ability to meet additional standards. Factors such as the condition of the learning environment, use of an evidence-based curriculum, classroom materials, and staff credentials are often the defining criteria in quality ratings systems.

Although the state of Maryland has a Tiered Quality Rating Improvement System (TQRIS), named Excellence Counts in Early Learning and School Age Care (EXCELS), it is a voluntary program. There are minimal incentives for providers to participate in EXCELS, which has led to a low number of providers in most jurisdictions having been rated (*see Attachment C*).

Eligibility for a provider, center-based or FCC, to participate in the County PreK expansion program could be determined by a provider's level in the EXCELS rating system and/or having received accreditation from MSDE or a nationally recognized accrediting agency. Programs published at EXCELS Level 3 could be allowed to participate in the mixed delivery system if they have put in place a realistic timeline to achieve higher ratings levels. MSDE also has standards already in place for Non-Public Nursery School providers which could be considered as a program quality determination.

Accreditation is provided for center-based programs by NAEYC, MSDE, and the American Montessori Society (AMS). Recognition of a Montessori approach is provided by the Association Montessori Institute USA (AMI/USA).

Accreditation of family child care homes is provided by the National Association of Family Child Care (NAFCC).

Additional eligibility indicators would be the requirement for providers to demonstrate they have not had licensing violations for a determined number of previous years of operation, and that they have not had fiscal findings during an audit.

Curriculum

The National Center on Quality Teaching and Learning at the federal Office of Head Start has identified the necessary elements of an effective curriculum as: comprehensive domains of learning; specific learning goals; well-designed learning activities; responsive teaching; culturally and linguistically responsive teaching; individualized instruction; ongoing assessment; family involvement; and appropriateness for program staff, children, and families. Use of an effective curriculum helps provide structure to each day of learning as well as identify learning goals across the year.

In order to ensure instructional quality in contracted PreK classes, contracted providers would be required to select a curriculum approved by MSDE for preschool aged children. Technical assistance would be provided by the Montgomery County Child Care Resource and Referral Center (R&R) to align Kindergarten readiness elements with Curriculum 2.0 that is used by MCPS Kindergartens (*see Attachment D*).

MCPS uses the Houghton Mifflin *Big Day for PreK* for Head Start and PreK instruction. There is also a crosswalk to align Kindergarten readiness elements with Curriculum 2.0 that is used at the elementary school level.

MSDE currently has only approved one curriculum for use in FCC providers which was designed for FCC settings. The cost of the edition of this curriculum currently approved by MSDE is \$100 but the cost of the newest edition, which will replace it, is over \$2,000. Support for providers to purchase and receive training with the updated edition could be provided as part of the start-up costs for contracted providers. Technical assistance would be provided by the R&R to align with Curriculum 2.0 that is used by MCPS Kindergartens.

The Early Learning Assessment (ELA) is the formal standardized assessment used for the MCPS Head Start and Prekindergarten programs. Several FCC and center-based providers have also begun using this state-designed assessment, and technical assistance would be available through the R&R for programs participating in the mixed delivery PreK system.

Screening tools used by MCPS for preschool-aged children are the Ages and Stages Questionnaire (ASQ), the ESI-R and its Spanish companion; ABLE for behavioral assessments; and other speech and language assessments. Training on how to use these tools could also be provided to community partners for use in their programs through the technical assistance components of PreK expansion.

Options for Family Child Care Participation

While the staffing structure and daily activities are similar in public school and center-based child care classrooms, there are distinct operational differences of services in a Family Child Care setting.

A hub model is recommended for designing the FCC component of PreK services. DHHS would staff a team of Technical Assistance Coordinators who would provide coaching to FCC providers around lesson planning, conducting assessments, and meeting EXCELS standards.

Currently, MSDE has only approved one curriculum for use in FCC settings, The Creative Curriculum for Family Child Care from Teaching Strategies. This would be the curriculum participating FCC providers would be required to use with enrolled PreK expansion children as an element of program quality and so instruction would be consistent across all FCC slots in the PreK program.

Because of the low adult-to-child ratio in FCC setting, an additional team of staff would be needed to help conduct assessments and complete reporting requirements for program monitoring and ROI measures. This would be a component of the hub model outlined in the mixed delivery options section starting on page 5.

School Communities to Be Initially Targeted for Expansion

Expansion of PreK is recommended for elementary school communities with the highest rates of families at 185% FPL and/or those elementary schools with low kindergarten readiness as identified by the state Kindergarten Readiness Assessment process.

MCPS has already located Head Start and PreK at most of the schools matching these criteria, and they may not have space to provide additional full-day PreK classrooms. Qualified private child care providers in these communities would be invited to participate in the mixed delivery system in order to make additional options available to eligible families with 4-year-olds in those neighborhoods.

A third option for location of mixed delivery services would be MCPS or DHHS operated classrooms in privately leased commercial space. This model has been successful in New York City, in particular, to ensure services are accessible to families in areas where existing providers are at capacity or private child care does not exist.

Annual phases for program expansion would be defined based on the number of available classrooms in MCPS, the identification of qualified private provider slots, and build-out of leased space.

The thirteen elementary schools listed below have capacity to add an afternoon session of PreK in a total of thirteen classrooms:

- McNair Elementary School
- JoAnn Leleck Elementary School at Broad Acres
- Cashell Elementary School
- Brooke Grove Elementary School
- Washington Grove Elementary School

- Brown Station Elementary School
- Watkins Mill Elementary School
- Fields Road Elementary School
- Oakland Terrace Elementary School
- Singer Elementary School
- Rock Creek Forest Elementary School
- Montgomery Knolls Elementary School

Educational Opportunities for Child Care Providers to Grow a Qualified Workforce

MSDE has annual training requirements for early childhood educators to remain qualified to work in licensed programs. There are currently too few MSDE-approved trainers to meet the training needs of the existing number of childcare providers and PreK teachers across the state. Whether PreK expansion is implemented at just the local level or also at the state level, there will be an increased number of staff looking to maintain their credentials as well as those looking to advance their careers through professional development.

The Child Care Career and Professional Development Fund (CCCPDF) is a tuition assistance program offered through MSDE for child care providers to obtain a college education at participating colleges and universities in Maryland. Funding is available for a college degree in Early Childhood Education, Child Development, Elementary Education, or Special Education. The fund does not reimburse participants as the payments are made directly to the college or university. Only providers at the Maryland Child Care Credential program at Level Two or higher are eligible to apply. This scholarship requires that recipients commit to remain employed in the child care field at least 10 hours per week (child care center or family child care) upon completion of the college degree or withdrawal from the Fund for a period of, whichever is less, one month for each college credit, two years for a completed Associate degree, or four years for a completed Bachelor degree. There are a total of 38 students across the entire state participating in the CCCPDF scholarship.

Montgomery College has created Montgomery College (MC) Advancing Child Care Teachers Towards Completion (ACCTTC) which is an initiative to support child care providers with completion of Associate of Applied Science (AAS) or Associate of Arts in Teaching (AAT) degrees. Montgomery college has also recently developed a joint program with MCPS for para professionals in MCPS early childhood positions to complete college coursework and become Teachers.

DHHS will be working with MC to provide students currently enrolled in ECE degree programs with access to MC scholarships and grants, state scholarship information, and federal tuition assistance programs.

Measuring the Impact and Return on Investment

The Return on Investment (ROI) for early childhood programs is often measured longitudinally and is relevant to an individual's need to access or make use of other public services and programs at later stages in life.

The APA report includes a comprehensive assessment of ROI which extends past benefits solely for a child and their family, but also into areas such as teacher retention and satisfaction while working in early childhood programs.

Category	Estimated Per Child Benefit
K-12 System	
Reduced Special Education Costs	\$8,425
Reduced Grade Retention	\$2,018
Reduced Teacher Turnover Costs	\$78
Reduced Teacher Salary Costs	\$1,729
Reduced Teacher Absenteeism Costs	\$1,859
Reduced Teacher Support Costs	\$5,226
Higher Education and Career	
Increased Costs of College Participation	(\$970)
Increased Costs of High School Participation	(\$1441)
Increased Future Income	\$48,324
Criminal Justice	
Reduced Juvenile Crime Costs	\$7,257
Reduced Adult Crime Costs	\$4,530.00
Reduced Tangible Victim Costs	\$4,757.00
Child Welfare System	
Reduced Foster Care and Home Care Costs	\$327.00
Reduced Child Welfare Quality of Life Costs	\$2,016.00
Reduced Child Welfare Tangible Victim Costs	\$230.00
Total	\$84,365.00

The recommendations in the OLO report do include the observation that while the costs of expanding PreK to more children are significant, the benefits to participating children and their communities far exceed the annual program costs.

DHHS and MCPS are developing a joint "sandbox" for data sharing of students enrolled with both agencies. Should funding for PreK expansion become available, options to expand data collection and joint case management of children should be explored between the two agencies. This will aid in the tracking measuring, and reporting of outcomes for participants.

Need to Expand or Connect Other Programs and Services

There are multiple stakeholders and partners within those stakeholder groups in a mixed delivery system. Families, the public schools, Montgomery College and workforce development agencies, as well as community providers of early childhood services will all have a role to play in the expansion of PreK.

Family education on the importance of early childhood education and family engagement in early education services once a child is enrolled will be key components of a comprehensive PreK program.

Due to the nature of child care licensing regulations and educational standards and curriculum requirements applicable to this age group, coordination with MSDE and MCPS are essential to the success of this expansion effort.

MSDE oversees the Licensing division of the Office of Child Care and will need to increase personnel in order to facilitate the timely expansion of PreK classrooms across Montgomery County, as well as across the state.

MSDE also oversees the approved training process for early childhood educators, and will need to increase the number of trainings provided in languages other than English as well as increase the number of certified trainers approved to provide MSDE required trainings.

MCPS will have significant involvement in the design and implementation of the expanded PreK program because of their role in transitioning children to Kindergarten and collaborating with private providers on the elements of kindergarten readiness. MCPS currently extends invitations to early childhood trainings and professional development opportunities to Judy Center and partner child care provider staff, which could be expanded for providers participating in PreK expansion.

There are two local community providers of services specific to the needs of children with diagnosed disabilities. The ARC and Ivy Mount could be invited to participate in the mixed delivery system by providing a set number of slots annually for 4-year-olds. They could also be brought on as training partners to ensure early childhood educators in other settings are implementing best practices for children with special needs.

Conclusion

Providing 4-year-olds with comparable learning experiences before they enter Kindergarten will be a part of their foundation for school success. Implementing a program which helps to support low-income families in making quality early learning experiences available for their children will be a part of the foundation for equitable school success for all children in the County. Designing a program which takes into consideration the experiences and abilities of staff in public school,

center-based, and Family Child Care settings will make the program more comprehensive and more appealing to families of a variety of backgrounds.

As of July 2017, the population of Montgomery County is 1,058,810. As of 2016, 15.6% of households speak Spanish, 3.8% a form of Chinese, 2.4% French, 1.4% Korean, and 1.1% Vietnamese. While MCPS provides information and support resources in all of these languages for families, instruction for children is in English outside of the specialized immersion programs. Children will benefit from having an additional year of early learning experiences in English by attending PreK.

This report provides various options for modeling and phasing in PreK expansion in Montgomery County. It describes critical elements that must be taken into consideration, regardless of the option. Option D might be considered an ideal model for some stakeholders, but is extremely costly and requires lots of additional infrastructure and facility planning; Option A might be considered most feasible for the upcoming Fiscal Year, but can be tailored according to the number of classes expanded and/or added. Either way, planning for expansion needs to continue to include all stakeholders and will be impacted by the updated Cost of Quality Care Study that is currently beginning in the County. In addition, these options will likely be impacted by the final report from the Kirwan Commission. This work will be updated as part of the HHS Early Care and Education Strategic Plan