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Early Childhood Development

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

House Education and Economic Development Subcommittee –
February 6, 2014

Senate Education, Business, and Administration Subcommittee –
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The Maryland State Department of Education (MSDE) welcomes this opportunity to share with the Committee some of its success stories in early learning and to address the specific questions raised by the analyst.

Prekindergarten Expansion

MSDE has always viewed an expansion of high quality prekindergarten a strategic driver for improving the achievement gap among low income students, English language learners, and students with disabilities. High quality prekindergarten has long-term benefits for students and assists in narrowing the K-12 achievement gap. Maryland's prekindergarten students perform above grade as measured by the Maryland Model for School Readiness (MMSR) Kindergarten Assessment. MSDE, as the fiscal agent of the proposed Prekindergarten Expansion Fund, is prepared to issue a competitive Request for Proposal (RFP) in late spring 2014 to establish prekindergarten spaces for approximately 1,600 four-year olds in FY15.

Race to the Top Early Learning Challenge Grant

MSDE should comment on the RTTT-ELC grant's progress to date and on whether all projects are on track to be successfully completed by the end of the grant period.

All projects are on track to be successfully completed at the end of the grant period. Currently, all milestones for Year 2 have been met and implementation for Year 3 is progressing as scheduled.

As of February 3, 2013, Maryland EXCELS has 1,888 early learning and development programs participating. A total of 221 programs chose to have their ratings published, i.e., being online, while the remaining programs are being validated or are working toward moving up the quality tiers.

Other projects, such as Reach Out and Read, operated by the Maryland Chapter of the American Academy of Pediatrics, VIOLETS, an intensive early literacy program for children with English language needs, and the three new Judy Centers have surpassed their target numbers.

The Comprehensive Assessment System, including the new Kindergarten Assessment, is progressing well and MSDE expects statewide implementation of the Kindergarten Assessment in the fall of 2014. The other two components of the System – developmental screening and formative assessments – are moving toward implementation and should be completed by December 2015.

The Maryland State Board adopted Maryland's new Family Engagement Framework for families of young children, and the early childhood data system is on track to be completed in mid-2015. Given the current progress, it is expected that all projects will successfully be completed at the end of the grant period in December 2015.

Child Care Subsidy Program

MSDE should comment on whether a waitlist would be needed if income levels were reopened, how many more children would be served by the increase, and how it will ensure that the program stays viable into the future if federal funds fall below their significantly higher levels for the upcoming fiscal year.

The waitlist in the Child Care Subsidy Program is a result of the two remaining income brackets being closed (i.e., income levels I and J, up to \$29,990 for a family of three). The available FY 2015 funding is being used to serve the families/children who continue to return to the program when the initial eight lowest income levels were reopened.

MSDE works closely with DBM to monitor the participation of families in the programs that it's forecasting for future fiscal years. It also monitors Federal funding levels to determine if the two highest income brackets can be lifted without jeopardizing the sustainability of the program.

MSDE would not establish a waiting list if all income brackets were to be opened, since all eligible families would have access to receiving child care subsidy.

Kindergarten Readiness – Revising the MMSR to align to Maryland's College and Career Ready Standards

MSDE should discuss how this revision is expected to change the existing assessments and whether kindergarten readiness rates are expected to decrease under the revised assessments that are being developed this year.

The new assessment, currently in development by MSDE in collaboration with the Ohio Department of Education, will replace the MMSR Kindergarten Assessment in school year 2014-15. The change was precipitated by Maryland's adoption and implementation of the Maryland College and Career-Ready Standards which includes prekindergarten and kindergarten.

The new assessment is aligned with the new standards which are more rigorous than those previously measured by the MMSR Kindergarten Assessment.

MSDE anticipates fewer incoming kindergarteners being ready than the 82 percent of the 2013-14 results as well as different baselines on the school readiness gap for the three major subgroups – low income, English learners, and students with disabilities.

The State Superintendent should discuss the impact Maryland EXCELS has had on early care programs for the State since it was implemented last year.

As of February 3, 2014, a total of 1,888 early childhood education programs are participating in the State's quality rating and improvement system.

A total of 288 programs have published their check level ratings on the Maryland EXCELS website, i.e., have been validated and reached the expected quality level. There are 99 programs

published at the top tiers of the system – check levels 4 and 5. There are an additional 189 programs published at check levels 1, 2 and 3. The remaining programs are being validated or are still working toward quality improvement before they choose to be published.

MSDE has contracted with Johns Hopkins University/Center for Technology in Education to conduct an evaluation to show to what extent children from Maryland EXCELS programs are prepared for kindergarten. The study is based on the assumption that, supported by a robust body of research, children, regardless of their familial background, are adequately prepared for school and the associated academic rigor in elementary and secondary grades. Initial results from the validation study will be available by early 2015.

Child Care Subsidy Improving

The department should brief the committees on how this privatization is expected to take place during fiscal 2014, how savings will be realized in MSDE’s budget (instead of DHR’s budget where the cost of eligibility determination is budgeted), and whether this action will affect the amount of funding available for Child Care Subsidy voucher payments.

MSDE worked with DHR on developing a Request for Proposal (RFP) which was issued in November 2013. Six applications were received and reviewed for technical and fiscal merit. The Department will begin transition meetings with both DHR and the vendor in March 2014 to ensure a smooth transition. All Child Care Subsidy case management functions, including eligibility determination, will be completed by MSDE’s vendor with a projected start date of July 1, 2014.

The savings will be realized by MSDE due to the lower annual costs of the vendor’s contract. The funding may be used to increase child care provider rates or to open the remaining 2 income levels on the eligibility schedule, thereby addressing the waiting list.

The State Superintendent should discuss how MSDE would leverage Child Care Subsidy funds and how the prekindergarten grants would be awarded around the State.

Assuming that SB332 and HB297 pass and are signed into law, MSDE intends to establish a competitive grant program that would include three options to apply for funding, thereby representing the intent of the legislation. The three options would be:

- Expand prekindergarten to high quality early childhood programs that are either nationally or state accredited or at Level 5 on Maryland EXCELS and have the capability to meet the current prekindergarten standards; In it, families with incomes at or below 300% of federal poverty guidelines are eligible to attend prekindergarten for free (300% equates to \$58,590 for a family of three);
- Extend half-day to full-day prekindergarten in targeted communities and operated by local boards of education;

- Establish additional Judy Center sites at Title I schools and operated by local boards of education.

By establishing more prekindergarten spaces, families who are income eligible for the Child Care Subsidy Program have access to half-day or full-day prekindergarten, thereby reducing the cost of child care subsidy as a result of fewer hours of care.

The Superintendent should discuss how an expansion of funding for prekindergarten programs would be expected to further improve kindergarten readiness.

MSDE anticipates continued improved kindergarten readiness as a result of expanded prekindergarten based on the following results:

- As measured by the current MMSR Kindergarten Assessment over the past years, prekindergarten students matriculating into kindergarten performed equal to or slightly better than the total population, although most of the prekindergarten students are from low income families;
- MMSR results of children coming from community-based prekindergarten programs (i.e., *Preschool for All* pilot sites) to kindergarten showed that nine out of ten are being assessed as ready for school.

MSDE should explain the reasons behind the significant increase in federal funds.

With the partial lifting of the freeze on income levels D-H, and the subsequent increase of families accessing the program, the outlays are forecasted to be at the requested amount in the Governor's budget.

The budget level for FY15 matches the forecasted participation of families and associated costs. The budget allowance assumes that the income levels I-J will remain closed.

Due to the prior year waitlist, there have been unexpended carry-over funds which are applied to FY15.

Recommendations

1. Add the following language to the general fund appropriation:

, provided that \$4.3 million of this appropriation made for the purpose of creating a competitive grant program to expand prekindergarten is contingent upon the enactment of SB 332 or HB 297 – Prekindergarten Expansion Act of 2014.

Explanation: Funding for the program is made contingent upon enactment of the legislation that creates the program, SB 332 or HB 297 – Prekindergarten Expansion Act of 2014.

MSDE concurs.

2. Reduce funding for the Child Care Subsidy Program by \$2,000,000. Given the \$10,000,000 increase in federal funds, the Child Care Subsidy Program will still grow by 14% even with the reduction. \$ 2,000,000 GF

Total General Fund Reductions \$ 2,000,000

MSDE disagrees.

Projected FY 2015 costs for the subsidy program range between \$82 and \$85 million. A \$2 million reduction leaves \$81 million, potentially jeopardizing access to more than 450 children from over 260 families.

The budgeted amount includes a negotiated 2.5% rate increase for all providers to be in effect by January 1, 2015.

In FY13, MSDE reopened eight income levels with the hope to sustain them for the upcoming fiscal year. A cut of \$2 million would jeopardize the sustainability and might force MSDE to close one or more income brackets.