

## **Working Group 1: Early Childhood Education Preliminary Cost Estimates**

**Element 1a:** Expand full-day prekindergarten (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.

**Baseline:** Local education agencies must provide all four-year-olds who seek to enroll in a public pre-K program and who are eligible for free or reduced priced meals (185% FPL) with access to a half-day pre-K program.

Based on a survey of local education agencies, reported pre-K spending in fiscal 2018 totaled to \$143,643,388.

### **Assumptions:**

#### **Four-year-olds:**

- The cost of quality figures developed by APA include: staff qualifications, salaries, and benefits; 1 to 10 student teacher ratios with staffing levels of one pre-K teacher and one aide or assistant teacher per pre-K classroom; and time for staff meetings, planning time, child assessment, parent engagement, transition activities. *See APA Report, pg. 99.*
- **Capacity:** As of 9/30/2017, there are 14,899 four-year-olds enrolled in public school half-day slots and 11,633 four-year-olds enrolled in public school full-day slots. It is assumed that all of the half-day slots will be converted into full-day slots by year 4, when the full-day pre-K requirement takes effect.

There are 11,722 slots available in community-based settings for four-year-olds. For the purposes of costing out, it is assumed that all of these slots will be available for the publicly funded pre-K program. However, it is likely that not all community-based providers will participate in the new publicly funded full-day pre-K program, and therefore only a portion of the community-based slots will be available for the public program.

It is assumed that beginning in year 4, there will be 5% growth per year in the number of slots available in community-based settings. The growth assumption accounts for community-based providers that are currently licensed but not participating in EXCELS that choose to enter EXCELS and publish at a level 3 quality rating. The growth assumption also accounts for new providers that will enter the early childhood education market and begin offering pre-K programs to four-year-olds and three-year-olds.

- **Participation for Four-Year-Olds:** The starting target for the voluntary enrollment of four-year-olds at or below 300% FPL in publicly funded full-day pre-K is 70%. However, staff assumed that the participation rate would be lower during the four-year conversion period of existing half day to full day slots. The target participation rate increases to 75% in years 6 and 7, and 80% in years 8 and beyond.
- **EXCELS:** Community providers must publish at least at a level 3 ranking on EXCELS with a plan approved by MSDE to achieve level 5 within five years. Public school 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. Beginning in year 5, all programs must publish at level 5 to participate in the publicly funded full-day pre-K program.

It is assumed that one quarter of the EXCELS levels 1 and 2 slots move to level 5 per year beginning in year 7 so that by year 10, all level 1 and 2 slots will be at a level 5. It is assumed that all slots in year 1 that are accredited but not participating in EXCELS enter EXCELS and progress to level 5 by year 10.

- **Half-day to Full-day Conversion:** It is assumed that local education agencies will convert one quarter of the public school half-day slots per year to full-day slots served in either public school-based or community-based settings, so that in year 4, all slots will be full-day.
- **Funding Level:** It is assumed that if four-year-olds are included in an enrollment-based formula, the per pupil funding level would start at a level 3 cost of quality amount (\$8,343) and phase-up to the level 5 cost of quality amount (\$12,222) by year 5. Therefore, the cost of quality amounts are \$8,343 in year 1, \$9,312 in year 2, \$10,282 in year 3, \$11,252 in year 4, and \$12,222 in year 5 and beyond.
- **Minimum Percent in Community-based Settings:** Beginning in year 1, there will be a requirement that a minimum percentage of pre-K slots (for four-year-olds or three-year-olds) be provided in community-based settings. This requirement will be phased-in over the 10 year period, starting at 30% to reflect the current balance between public school-based and community-based providers. The minimum percentage will increase in 5% per year increments in years 1 through 4, and remain constant at 50% beginning in year 5.
- **Sliding Scale:** Beginning in year 5, 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, 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). There will be 15 steps, with a 6-7% percentage point different 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. These slots will be funded at a level 5 cost of quality amount beginning in year 5. Staff assumed that the participation rate begins at 70% in years 5 and 6, increases to 75% in years 7 and 8, and increases to 80% in years 9 and beyond.

Sample Sliding Scale		
FPL	Family Pays	State/Local Pays
301-320%	\$ 764	\$ 11,458
321-340%	1,528	10,694
341-360%	2,292	9,930
361-380%	3,056	9,167
381-400%	3,819	8,403
401-420%	4,583	7,639
421-440%	5,347	6,875
441-460%	6,111	6,111
461-480%	6,875	5,347
481-500%	7,639	4,583
501-520%	8,403	3,819
521-540%	9,167	3,056
541-560%	9,930	2,292
561-580%	10,694	1,528
581-599%	11,458	764

**Three-year-olds:**

- **Capacity:** As of 9/30/17, there are currently 3,574 three-year-olds participating in public school-based pre-K. It is assumed that a slot for a four-year-old can also serve a three-year-old.

In certain years, there will not be enough slots to serve three-year-olds from low-income families, mainly when the sliding scale takes effect.

- **Participation rate:** It is assumed that the participation rate for the voluntary enrollment of three-year-olds in publicly funded full-day pre-K will be 80% throughout years 1 through 10.
- **Phase-in:** Publicly funded full-day pre-K for three-year-olds from low-income families (up to 300% FPL/\$75,000 for a family of four) 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 (and 80% will choose to participate).

- **Funding level:** It is assumed that the cost of quality for a four-year-old is the same as the cost of quality for a three-year-old. It is assumed that if three-year-olds are included in an enrollment-based formula, the per pupil funding level would start at a level 3 cost of quality amount and reach the level 5 cost of quality amount by year 5. Therefore, the cost of quality amounts are \$8,343 in year 1, \$9,312 in year 2, \$10,282 in year 3, \$11,252 in year 4, and \$12,222 in year 5 and beyond.

**Cost: See separate exhibits**

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

**Baseline:** In the 2017-2018 school year, 12 of the 24 jurisdictions administered the Kindergarten Readiness Assessment (KRA) as a census. For the 2018-2019 school year, 14 of the 24 jurisdictions indicated that the jurisdiction would administer the KRA as a census.

**Assumptions:** The KRA or any successor assessment will be given to all kindergarteners as a census, beginning in the 2020-2021 school year. Since there is an observational component of the assessment that prevents the full assessment from being administered before the student enters kindergarten, local education agencies 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 extend the administration window from October 10 to October 30 to reduce the operational impact of conducting the assessment as a census.

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.

**Cost:** It is assumed that MSDE can conduct the survey using existing resources. MSDE one-time and ongoing administrative costs increase (TBD).

Local costs may increase for jurisdictions that decide to administer all of the KRA (except for the observational component) during the summer months before students enter kindergarten. The 2017–2018 KRA took an average of 40 minutes per student to administer. It is assumed the observational component takes 10 minutes per student. Therefore, it is assumed that it would take 30 minutes per student to administer the remaining portion of the KRA during the summer.

Assuming an incoming kindergarten class size of 21 students (based on 2016–2017 statewide elementary class averages), it would take 630 minutes to administer the KRA (10.5 hours). Staff assumes it would require two working days per class at the local per diem rate to compensate the teacher during the summer months.

On one end of the spectrum, one jurisdiction has approximately 11 kindergarten classrooms. On the other, one jurisdiction has 536 kindergarten classrooms. The average number of kindergarten classrooms per local education agency is 128. Therefore, it would take 1,344 hours for an average local education agency to administer the majority of the KRA before students enter kindergarten.