

## Preschool Expansion in SFY 08 Scenarios for Expansion in SFY 09

### School Readiness Program: Priority School Districts & Competitive Municipalities<sup>1 2</sup>

January 9, 2008

The Preschool Expansion report was prepared in response to a request by the leadership of the state Appropriations Committee that the Early Childhood Education Cabinet offer recommendations to maximize School Readiness program slots, and thereby serve more of Connecticut's neediest children.

Expansion of Connecticut's School Readiness Program is the goal of both the executive and legislative branches of government, based on the Cabinet's *Ready by Five, Fine by Nine Framework* (July 2006) and the Early Childhood Research and Policy Council's *Investment Plan* (November 2006). The *Early Childhood Investment Plan (Part I)* recommended a five-year period of expansion – beginning in SFY 08 – designed to serve an additional 13,000 low-income preschooler-aged children across the State of Connecticut. Over SFY 08 and SFY 09, the *Plan* envisioned an expansion of 2,045 slots in each year, along with a 3% cost of living rate adjustment in each year. The balance of slots needed (~8900) would be added over the three-year period SFY 10, SFY 11 and SFY 12.

The Connecticut School Readiness Program (SRP) currently serves about 9,700 low-income preschoolers in 63 of the state's 169 communities through two categories of funding: Priority School District funding and funding in Competitive Municipalities.<sup>3</sup>

School Readiness Program Priority School Districts N = 19 Towns			School Readiness Program Competitive Municipalities N = 44 Towns		
Ansonia, Bloomfield Bridgeport Bristol Danbury East Hartford	Hartford Meriden Middletown New Britain New London New Haven	Norwalk Norwich Putnam Stamford Waterbury West Haven Windham	Andover Ashford Branford Brooklyn Canterbury Chaplin Colchester Coventry Derby East Haven Eastford Enfield Greenwich Griswold Groton	Hamden Hampton Killingly Ledyard Lisbon Manchester Mansfield Milford Naugatuck North Canaan Plainfield Plymouth Preston Shelton Sprague	Stafford Stratford Scotland Seymour Thomaston Thompson Torrington Vernon Voluntown West Hartford Winchester/ Winsted Windsor Wolcott Woodstock

<sup>1</sup> This is the fourth in a series of reports that have been developed for the Connecticut Early Childhood Education Cabinet over the period October 2007 through January 2008. All of the reports are posted online at – [www.ecpolicycouncil.org](http://www.ecpolicycouncil.org).

<sup>2</sup> Prepared by the Office of the Early Childhood Education Cabinet & the Bureau of Early Childhood Education, State Department of Education

<sup>3</sup> At present, there will be about 8,933 slots in Priority Districts and 836 in Competitive Municipalities.

**Priority District Program.** The 19 towns that comprise Connecticut's Priority School Districts are home to about two-thirds of all low-income students in the state. The School Readiness Program in Priority Districts is open to *all* children in each of these districts to achieve the benefits of cross-income enrollment and universal access. Parents make a fiscal contribution according to their income.

Program costs for low-income children are subsidized at a rate set each year by the CT General Assembly<sup>4</sup>. For SFY 07 and 08, the rate for full-day, full-year slots was \$8025. Reimbursement for less than full-day, full-year slots is pro-rated. State slot reimbursement does not cover the full cost of providing a high quality School Readiness Program service. It is anticipated that parental payments and the use of other funding sources must cover the balance.

In SFY 08, Connecticut School Readiness Program funding for these districts totals just over \$61 million. These early education funds are included in the Priority School line item of the State Department of Education. They are not subject to the state's constitutional cap.

**Competitive Municipalities Program.** The 44 towns that comprise Connecticut's Competitive Municipalities are home to about one quarter of the state's low-income youngsters. The School Readiness Program in Competitive towns is based on a single grant award to each town of \$107,000. Parents make a fiscal contribution according to their income. It is anticipated that parental payments and the use of other funding sources must cover the balance. There is no common cost or allocation model across the Priority School Districts and Competitive Municipalities.

In SFY 08, state School Readiness Program funding for these districts/towns is just under \$5 million. These funds are provided in a separate line item within the State Department of Education's budget, and they *are* subject to the state's constitutional spending cap.

## SFY 08 School Readiness Program

Priority School Districts	Competitive Municipalities
<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ Total Funds Available: \$61,388,972</li> <li>○ Estimated funds remaining after SFY 08 slot expansion: \$10,351</li> <li>○ This represents the first year ever that SRP funds have been fully expended.</li> </ul>	<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ Total Funds Available: \$4,892,247</li> <li>○ Estimated Funds remaining at the end of SFY 08: \$0</li> </ul>
<u>SFY 08 Rate</u> <ul style="list-style-type: none"> <li>○ \$8,025 per full-day, full-year slot (no increase from SFY 07)</li> <li>○ Cost per slot for later start-up, and for other program configurations (i.e., school day; part-day; extended day) will be less</li> </ul>	<u>SFY 08 Rate</u> <ul style="list-style-type: none"> <li>○ This is not a rate-based funding model. Each community receives a single grant award of \$107,000 and is expected to serve at least 15 preschool children</li> </ul>
<u>Slots</u> <ul style="list-style-type: none"> <li>○ New slots expected to be created: 1,008</li> <li>○ Total SRP slots by June 2008: 8,933 (preliminary projection; subject to change)</li> </ul>	<u>Slots</u> <ul style="list-style-type: none"> <li>○ No new slots were created in SFY 08 due to lack of new funding</li> <li>○ Total SRP slots by June 2008: 836</li> <li>○ Municipalities report that they currently have <i>existing</i> space and programs to serve an additional 357 preschool children now, if</li> </ul>

<sup>4</sup> The School Readiness program uses the State Median Income (SMI) as criteria for enrollment. At least 60 percent of families enrolled in each community must be below 75 percent of the SMI; the other 40 percent can be above 75 percent of the SMI. The Federal Poverty Level rate of 185 percent is approximately 50 percent of CT's SMI.

	adequate funding were available
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## SFY 09 School Readiness Program

Priority School Districts	Competitive Municipalities
<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ \$76,134,888 (an increase of just under \$15M from SFY 08)</li> </ul>	<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ \$ 4,897,884 (an increase of ~\$5K from SFY 08)</li> </ul>
<u>Slots</u> <ul style="list-style-type: none"> <li>○ With most of the Priority School Districts reporting back to SDE, it appears very likely that about 1,066 new preschool slots could be opened over SFY 09, if there is a substantial reimbursement increase and additional start-up and administration support.</li> </ul>	<u>Slots</u> <ul style="list-style-type: none"> <li>○ Although there is no additional funding and not all Competitive Municipalities responded to the survey, it appears very likely that – were funds available and parity with PSD reimbursement rates – a minimum of 950 additional preschool slots could be opened over SFY 09</li> </ul>

As seen above, Priority and Competitive communities indicate having the capacity to expand preschool enrollment for eligible low-income children by another 2,000 new slots in SFY 09. They also note a series of challenges that must be addressed in order for SFY 09 expansion and quality early care and education to take place – including a substantive increase in the reimbursement rate and legislative/budgetary changes to adequately fund Competitive communities.

### Operational Challenges at the Community Level

In order to assess the capacity of local communities to continue to expand their provision of School Readiness Program slots, the State Department of Education engaged intensively with them over the fall, 2007. Two types of knowledge have resulted from this period of joint planning: (a) a good estimate of slot expansion capacity for SFY 09, and (b) the identification of local and statewide barriers to that expansion<sup>5</sup>.

- Operational costs for such items as heat, electricity, rent, food, insurance had to be absorbed as the proposed 3% rate increase was not awarded. These costs will continue to increase in SFY 09. Most early care and education centers have little or no cash reserves to meet these needs without reducing staffing costs.
- Increasing difficulty in recruiting and retaining qualified employees, due to current compensation levels, and especially given the pressure to hire AA and BA level personnel. The average salary for a BA teacher in the preschool system is \$23,000. The average entering salary for kindergarten teachers with a BA is \$35,000 to \$40,000.
- Increasing difficulty in finding adequate space to enroll additional children without facility remodeling or expansion.
- As costs increase for low-income families as well, they are unable to increase their level of payment to the centers. In addition, Priority and Competitive communities reported that families lacked transportation.
- Many Priority School Districts reported that start-up restrictions, the lack of provider interest to expand at existing reimbursement rates, and the concern that there is not a guarantee of funds for slot expansion – all presented major barriers.
- In addition to the barriers noted above, the Competitive Municipalities also noted the lack of funds for administrative support, professional development and funds to address accreditation issues as major barriers.

<sup>5</sup> The attached charts summarize the expansion barriers reported by Priority and Competitive communities.

## Management Challenges at the Local and State Levels

- **Administration by Communities.** Current state funding authorization does not adequately support the necessary funds needed by communities to administer and manage the various School Readiness program requirements.<sup>6</sup> The result is the uneven utilization of (inadequate) administrative funds at the local level, across towns, in both the Priority<sup>7</sup> and Competitive Municipalities.<sup>8</sup>
- **State Administration.** No funds are taken from the Priority School District line item for *statewide* administration of the \$61 million School Readiness Program. However, \$200,000 is taken from the Competitive Municipalities line item for statewide administration of the \$4.9 million program. An infrastructure analysis conducted by the Early Childhood Education Cabinet and the Early Childhood Research and Policy Council may offer the Bureau of Early Childhood (BEC) a cost model – to help the Bureau determine necessary costs to meet the Bureau’s growing operational, management, data and technical support to Priority and Competitive communities.
- **Start-Up Funds.** A policy review and revision of the “start-up” cost model for the preschool program in the Priority School Districts is needed, as current funds are inadequate to meet the actual start up costs of classrooms and/or facility expansion. No funds are budgeted for “start-up” costs in the Competitive Municipalities (CM) School Readiness Program line item.
- **Quality Improvement in PSDs.** Resources to support quality improvement in the Priority School Districts have not met the needs of program staff and administration. All 19 PSDs share in a total of approximately \$1.2 million in Department of Social Services quality enhancement funds.
- **Quality Improvement in Competitive Municipalities.** Competitive communities do not receive *any* quality improvement funds. A separate line item for Early Childhood Education professional development is recommended for PSDs and CMs<sup>9</sup>.

On their own, these challenges would require attention, simply to ensure that local programs are developed and operated at the quality level required to achieve strong student learning among vulnerable young children. However, given that the State of Connecticut has launched a five-year period in which the School Readiness Program will nearly triple – from about than 8,800 slots to nearly 22,000 slots – attention to management, quality and accountability challenges is imperative.

### Analyses of the Impact of Rate Increases on Slot Expansion in the Priority and Competitive Communities

As identified in the Cabinet’s October *Preschool Expansion Progress Report*,<sup>10</sup> there was considerable confusion about whether the approved School Readiness Program budget for the Priority School Districts included a rate increase for SFY 08 and SFY 09. Clarification provided by the Office of Policy and Management (OPM) indicates that the SFY 08 rate was set at \$8,025 for a full-day, full-year slot. This is the same rate as was provided in SFY 07.

<sup>6</sup> CT General Statutes, Section 10-16q.

<sup>7</sup> Across the 19 Priority Districts, a total of about \$1.1 million is used by School Readiness Councils for administrative purposes. This is equal to slightly less than 1.5% of the total School Readiness preschool funding.

<sup>8</sup> There are no budgeted School Readiness funds for administration in the Competitive Municipalities.

<sup>9</sup> This was remedied, in part, in SFY 08 with a new allocation of \$1.3 million in quality improvement funds for the Cabinet to allocate as follows: \$400,000 to support program improvements tied to Early Childhood Environmental Rating Scale (ECERS) results in some programs; \$500,000 for quality improvements to programs; and \$400,000 for improvements to communities. The development of the first-ever Connecticut Quality Rating and Improvement Systems Plan, due to the Cabinet in the fall of 2008 and to the CT General Assembly by December of 2008, will address quality improvement needs in the next biennium.

<sup>10</sup> Online at -- [www.ecpolicycouncil.org/docs/ExpansionReport101507.pdf](http://www.ecpolicycouncil.org/docs/ExpansionReport101507.pdf).

In a fall conversation that included OPM, SDE, DSS, the Cabinet co-chairs and Appropriations Committee leadership, it was agreed that the Office of the Cabinet would, with SDE, calculate and submit back to Appropriations and OPM a series of SFY 09 allocation analyses based on maximizing preschool slot expansion at three rate levels:

- The SFY 08 level of \$8,025;
- A rate of \$8,266 based on a 3% increase (cost-of-living increase not awarded in SFY 08); and
- A rate of \$8,514 based on a second 3% increase (cost-of-living).

These analyses have now been completed and are summarized below. Projections are preliminary and subject to change. Communities will submit their School Readiness grant applications in May 2008. As of December 2007, preliminary PSD SFY 09 new slot projections will total about 1,066, only if a significant rate increase is enacted to address operational/management expansion barriers identified by communities.

<b>SFY 09 Priority School District School Readiness Program Rate Analyses</b>			
Total Appropriation: \$76,134,888			
Rate for Full-Day, Full-Year SRP	Estimated Total Slot Costs	Local Admin & Start-Up Costs	Estimated Remaining Funds for SDE Commissioner to Reallocate
\$8,025	\$69.1 million	\$3 million	\$ 4.05 million
\$8,266	\$70.7 million	\$3 million	\$2.4 million
\$8,514	\$72.4 million	\$3 million	\$0.7 million <sup>11</sup>

### Guiding Principles for School Readiness Program Expansion

Four guiding principles were developed to *readily* expand access to the School Readiness Program by children in Priority School Districts and Competitive Municipalities. All four principles are inextricably tied and must be considered collectively to realize the SFY 09 slot projections submitted by communities:

- **Maximize enrollment of children in the School Readiness Program by addressing the primary operational and management challenges** in Priority and Competitive Communities;
- **Calculate a common slot reimbursement rate** across PSDs and CMs to ensure quality programs statewide and fiscal parity;
- **Increase the slot reimbursement rate** for PSDs and CMs in SFY 09, within available appropriations, to ensure additional slots and early childhood enrollment to meet state goals for young children; and
- **Authorize the transfer of remaining Priority School District SRP funds to Competitive Municipalities** to address expansion barriers, increase slots, offer fiscal parity and increase the slot reimbursement rate, as noted in the points above.

<sup>11</sup> Please note that if May/June 2008 new slot projections from PSDs for SFY 09 show totals less than 1,066, then slot costs will decrease and the estimated remaining funds (\$0.7 million) will increase.

## A Scenario for Slot Maximization in Priority Districts and Fiscal Parity with Competitive Municipalities

As a result of careful examination of the Guiding Principles for SRP Expansion, SFY 08 and SFY 09 SRP funds to communities, and SFY 09 slot projections/barriers, the preferred scenario is to ensure the \$8,514 full-day rate in Priority and Competitive communities in order to maximize PSD slot expansion.

The scenario in the chart below describes a rate increase to \$8,514, in an effort to realize the proposed 1,066 slots in PSDs in SFY 09. These slots cannot be fully attained without a clear commitment to address expansion barriers and program quality issues. In addition, communities have reported that they will not be able to appropriately handle the coordination of substantially more slots without an increase in both administration funds and reimbursement rates (to hire qualified staff members).

Fiscal parity with Competitive communities (i.e., a common slot reimbursement rate in Priority and Competitive communities instead of \$107,000 per CM) is necessary to ensure high quality early childhood programs and to dramatically expand preschool education for poor children throughout Connecticut.

### Scenario for Slot Maximization and Fiscal Parity

Priority School Districts SFY 09	Competitive Municipalities SFY 09
<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ \$76,134,888 (an increase of ~ \$15M from SFY 08)</li> </ul>	<u>Funding Status</u> <ul style="list-style-type: none"> <li>○ \$ 4,897,884 (an increase of ~\$5K from SFY 08)</li> </ul>
<u>Slots</u> <ul style="list-style-type: none"> <li>○ SFY 08 Total Slots: 8,933</li> <li>○ New Slots: 1,066 (preliminary projection)</li> <li>○ Total Slots: 9,999</li> </ul>	<u>Slots</u> <ul style="list-style-type: none"> <li>○ SFY 08 Total Slots: 836</li> </ul>
<u>Funds Needed at \$8,514 (see above)</u> <ul style="list-style-type: none"> <li>○ Admin/Start Up: \$ 3.0M</li> <li>○ Total Slot Costs: \$72.4M</li> <li>○ Total SRP Costs: \$75.4M</li> <li>○ Unallocated: ~ \$ 0.7M (estimated as of 12/07)</li> </ul>	<u>Total Funds Needed at \$8,514</u> <ul style="list-style-type: none"> <li>○ Parity Slot Costs (n=836): ~ \$5.4 million<sup>12</sup></li> <li>○ Balance: \$0.5M. With legislative authorization to transfer PSD funds, the balance of \$0.5M would be met through the unallocated \$0.7M in PSD funds.</li> </ul>

The preferred scenario of the \$8,514 full-day rate in Priority and Competitive communities will help to ensure about 1,066 new PSD slots in SFY 09 and bring to fiscal parity the SFY 08 Competitive slots.

In SFY 09, in Competitive communities, current funding projections will only support the existing 836 slots at the new rate of \$8,514. To fund any additional CM slot projections for SFY 09 (approximately 954 slots), legislative authorization will be required to increase the Competitive SRP allocation.

Competitive communities have also requested local administration/start-up funds. Legislative authorization and budget expansion will also be needed to add \$1.1 million in new funding (\$25,000/town x 44 towns). The range of expansion barriers in Competitive towns and the possible substantial increase in School Readiness slots from these communities, if these barriers are addressed, should continue to encourage policymakers to promote full fiscal parity with PSDs in future legislative sessions.

<sup>12</sup> Parity Slot Costs in Competitive Communities are approximately \$5.4 million and assume 50 percent of slots at a full-day rate of \$8,514 and 50 percent of slots at a part-day rate of \$4,500 (\$8,514 x 418 and \$4,500 x 418). A survey is being administered in January 2008 to determine the actual range in SFY 09 slot types in Competitive Municipalities.

## **Suggested School Readiness Legislative Revisions**

*Several revisions to the School Readiness legislation will be needed in the current 2008 legislative session, in order to implement this plan and to ensure that Connecticut's children in poverty in Priority and Competitive communities have greater access to high-quality early care and education.*

Suggested legislative revisions include changes in the following areas:

1. **School Readiness Formula** [CGS, Sec. 10-16p(e)(1)];
2. **Competitive School Readiness Grant** [CGS, Sec. 10-16p(d)(1)];
3. **Legislative References to Rates** [CGS, Sec. 10-16p(b)(1); CGS, Sec. 10-16p(2)]; and
4. **Administration of School Readiness Programs** [CGS, Sec. 10-16p(g)].

Specific language will need to be prepared in the coming weeks to address the plan outlined in this report.

Note: Cabinet members and community members, who attended the January 2008 Cabinet meeting, had the opportunity to discuss the Preschool Expansion report and raise questions, prior to considering the Cabinet motion to accept the report.

Cabinet members (who represent the state legislature and state agencies) unanimously approved this Preschool Expansion Report, with the understanding that an addendum include the recommendations below made by Cabinet members. Members requested that an addendum be prepared for the February 2008 Cabinet meeting, in order to continue to refine policy direction and expand early care and education service delivery to Connecticut's children through the School Readiness Program.

### *The recommendations for the Addendum included:*

- adding a DSS Preschool Slot analysis by town;
- conducting an analysis that examines a reallocation of existing funds for PSDs and CMs according to the ratio of poor students in each of CT's municipalities;
- framing a "public policy solution" based on this ratio analysis and an analysis of PSD funds for the last 10 years and slot utilization;
- determining the cost to appropriately fund all children in poverty in SR programs in PSDs and CMs and all other towns (using the poverty ratio noted above); and
- determining the cost to fund the proposed new SFY 09 slots in Competitive municipalities on a slot basis of \$8,514 full-day (also add analysis of rates for other slot types as determined by January 2008 CM survey).

## **Appendices**

School Readiness in Priority School Districts – Expansion Barriers, Nov. 2007

School Readiness in Competitive Municipalities – Expansion Barriers, Nov. 2007

School Readiness in Priority School Districts - Expansion Barriers  
November 2007

TOWNS	Lack of Qualified Staff	Lack of Available Space	Lack of Licensable Space	Start up Restrictions	No Guarantee of Funds	Lack of Provider Interest	Program Quality Issues	Transportation for Families	Maintaining 60/40 Full-Day	Slot types do not fit Family Needs	Support for Children with Behavioral Issues	Other
Ansonia		X							X			
Bloomfield	X		X			X	X	X				
Bridgeport	X	X	X	X	X		X	X	X		X	
Bristol	X		X	X	X	X	X	X		X	X	
Danbury	X			X	X	X	X	X		X		Admin support
E. Hartford	X	X										Admin support
Hartford	X	X	X	X	X							
Meriden	X	X		X	X	X		X				
Middletown	X							X				
New Britain	X	X	X	X		X		X	X	X		School Day
New Haven	X			X			X		X		X	Admin support
New London	X		X		X	X		X	X			
Norwalk	X	X	X	X	X	X	X					X
Norwich	X	X	X	X	X	X		X				
Putnam	X	X		X	X			X	X	X		
Stamford	X	X	X			X						
Waterbury	X	X	X	X	X		X	X				
West Haven		X				X			X			Accreditation
Windham		X						X	X			
	16	13	10	11	10	10	7	12	8	4	3	

NOTE: Data represent the results of an informal email survey to school readiness liaisons. All districts identified several barriers. More than half of the 19 districts identified barriers due to the lack of qualified staff, lack of available/licensable space, the transportation need of families, start-up restrictions, no guarantee of continuing funds, and a lack of provider interest.  
CT State Department of Education and CT Early Childhood Education Cabinet  
January 3, 2008

School Readiness in Competitive Municipalities - Expansion Barriers  
November 2007

TOWNS	Lack of Qualified Staff	Lack of Available Space	Lack of Licensable Space	Start up Restrictions	No Guarantee of Funds	Lack of Provider Interest	Program Quality Issues	Transportation for Families	Maintaining 60/40 Full-Day	Slot types do not fit Family Needs	Support for Children with Behavioral Issues	Admin Support	Accreditation Issues	Other
Andover														
Ashford		X											X	X- lack of services in town
Branford													X	
Brooklyn														
Canterbury														
Chaplin		X												
Colchester	X											X	X	
Coventry														
Derby			X											
East Haven		X					X							X- lack of funds
Eastford														
Enfield									X	X			X	
Greenwich														
Griswold		X											X	
Groton	X	X											X	
Hamden						X	X			X		X		X- difficulty monitoring slots in varied programs
Hampton		X						X						
Killingly				X			X			X				X- lack of funds
Ledyard												X		X- funds for grant coordination, professional development
Lisbon		X						X						
Manchester		X											X	X- recruitment of children, available programs are not 5 day
Mansfield				X	X									X- recruitment of children
Milford														
Naugatuck		X												
North Canaan	X						X						X	X- professional development
Plainfield														

School Readiness in Competitive Municipalities - Expansion Barriers  
November 2007

TOWNS	Lack of Qualified Staff	Lack of Available Space	Lack of Licensable Space	Start up Restrictions	No Guarantee of Funds	Lack of Provider Interest	Program Quality Issues	Transportation for Families	Maintaining 60/40 Full-Day	Slot types do not fit Family Needs	Support for Children with Behavioral Issues	Admin Support	Accreditation Issues	Other
Plymouth			X	X										
Preston		X												
Scotland		X						X						
Seymour			X											
Shelton			X											
Sprague												X		X- lack of funds
Stafford												X	X	
Stratford		X												
Thomaston						X			X				X	
Thompson														
Torrington	X			X			X			X			X	X- funding for professional development, translation services, Parent educator/parent education, marketing/communication issues
Vernon	X											X		X- professional development
Voluntown														
West Hartford													X	X- lack of funds
Winchester (Winsted)	X	X		X										X- handicap accessibility
Windsor	X					X							X	X- lack of funds
Wolcott														
Woodstock								X		X				X- recruitment of children
	7	13	4	5	1	3	5	4	2	5	0	6	13	

NOTE: Data represent the results of an informal email survey to school readiness liaisons to gauge expansion barriers. Competitive municipalities reported several barriers to expansion and these were then associated with the Expansion Categories above. Ten or more communities reported lack of available space and accreditation issues.

CT State Department of Education and CT Early Childhood Education Cabinet  
January 7, 2008

