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## MSDE Early Childhood Development

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Maryland State Department of Education

### Response to the Analyst's Review and Recommendations

House Education & Economic Development Subcommittee –  
February 12, 2018

Senate Education, Business & Administration Subcommittee –  
February 8, 2018



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**The Maryland State Department of Education (MSDE) welcomes this opportunity to share with the Committee some of its success stories and to address questions raised by the analyst.**

**Maryland Excels and Credentialing**

**MSDE should comment on possible reasons for the diverging trends in EXCELS program participation and published ratings.**

The total number of licensed and regulated childcare programs has declined from 9,449 in 2015 to 8,636 in 2017. This decline is the basis for the trends in EXCELS Program participation. There are other contributing factors. One, MSDE has been more diligent in ensuring all programs meet the minimum standards to maintain participation in the program. Two, through the Race to the Top Early Learning Challenge Grant, MSDE was able to offer financial incentives to participate in Maryland EXCELS. Funding is no longer available for those incentives. Three, to remain in Maryland EXCELS, programs have one year to publish a quality rating. Many of the programs that are no longer participating never published a quality rating.

More than 90 percent of child care programs currently participating in Maryland EXCELS have achieved and published a quality rating, up from 76 percent two years ago. A provider has 12 months to achieve and publish a quality rating in order to maintain that eligibility. Once a program publishes a quality rating, the program is much more likely to continue participating in EXCELS by publishing a rating in future years. Therefore, MSDE would not expect to see a decrease in the number of published programs.

**Child Care Subsidy Funding**

**MSDE should provide updated cost estimates for CCS in fiscal 2018 and explain what level of federal CCDF support is expected to be available in fiscal 2018 and beyond.**

Current cost estimates indicate MSDE will spend approximately \$78 million for Child Care Subsidies in FY 2018. However, it is important to note that it is very difficult to estimate costs for this program. Program participation and expenditures can fluctuate considerably with changes in the State's economy. In addition, MSDE has not yet seen the full impact of the required federal changes to this program. Finally, it is difficult to predict how quickly families will enroll in the subsidy program now that the freeze in the two highest income tiers has been lifted. All these factors will influence total program expenditures in fiscal year 2018 and beyond.

MSDE expects to receive approximately \$71.5 million through the federal Child Care Development Block Grant in FY 2018 and beyond.

**MSDE should comment on when it is planning to open up the CCS eligibility levels that remain frozen and raise subsidy rates to providers and whether Maryland's annual CCDF grant and current level of State support will allow this level of support for CCS beyond fiscal 2019.**

MSDE opened the remaining two income levels on February 1, 2018. MSDE immediately began notifying families on the waitlist that the program freeze had been lifted. MSDE shared the

information with the 24 Local Departments of Social Services (LDSS). MSDE will work with the LDSS and the child care community to communicate this information to families and providers.

Provider rates will be raised 8% on July 1, 2018.

As for funding beyond fiscal year 2019, MSDE continues to closely monitor Child Care Subsidy program expenditures and will keep the Administration, the General Assembly, and the Department of Budget and Management apprised of expenditure trends throughout the fiscal year via the submission of the required monthly expenditure reports.

**MSDE should also explain if funding reserved in fiscal 2016 and 2017 in preparation for new federal CCS requirements could have also been used to draw down the CCS waitlist and increase subsidy rates for providers in those years.**

As the analysis points out, the Child Care Development Block Grant was reauthorized in 2014 and required a number of significant changes. Based on analysis, MSDE expected the changes to be very costly. As such, MSDE felt that it was fiscally prudent to first implement the required federal changes in order to have a better sense of the cost implications before moving forward with opening the wait list or increasing provider rates.

**MSDE should comment on what percentile of market rate its CCS program would be after implementing the Governor's proposal.**

Increasing provider rates by 8 percent will bring Maryland's rates to the 20<sup>th</sup> percentile of market rates.

### **Expanding and Improving Prekindergarten**

**MSDE should comment on its capacity to implement the preliminary recommendations of the commission as they pertain to early childhood development should they be approved by the General Assembly next year.**

Expanding prekindergarten will obviously require a significant investment from the State, albeit one that will pay for itself in the long run. MSDE is well situated to address several of the preliminary recommendations from the Kirwan Commission such as, strengthening professional development for early childhood teachers, expanding State standards to include three and four-year-old programs, improving the quality in our existing prekindergarten programs, and assessing kindergarten readiness.

However, MSDE's capacity to implement the Commission's recommendations will depend largely on the details in the recommendations and legislation adopted by the General Assembly.

**MSDE should comment on how much of the gap in prekindergarten services prekindergarten expansion grants will be able to address in fiscal 2018 and 2019. MDSE should also comment on its plans for prekindergarten expansion after the federal grant expires.**

Through the Prekindergarten Expansion Grant, MSDE expects to serve a total of 1,750 additional children and improve the prekindergarten services to 3,100 children. The quality of prekindergarten programs has been improved through expanding half day programs to full day programs, decreasing class size, and providing professional development to early childhood teachers.

Fiscal Year 2019 is the last year for State and federal funding for the Prekindergarten Expansion Grant program. MSDE is hopeful that recommendations from the Kirwan Commission will address universal access to pre-kindergarten. However, this recommendation could result in a funding gap in fiscal year 2020 that will need to be addressed.

**Recommended Actions**

*Concur with Governor's allowance.*

MSDE concurs.