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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 –

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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 and to address questions raised by the analyst.

Maryland EXCELS and Credentialing

DECD should comment on why participation in Maryland EXCELS and the State credentialing program has declined and what it is doing to market these programs to providers.

Maryland EXCELS

MSDE Response: Maryland EXCELS is a quality rating and improvement system for child care and early education programs. Five progressive quality ratings (1 through 5, with 5 as the highest rating) based on nationally accepted standards of quality create a pathway for program improvement. Currently, there are 3,870 programs with published ratings. 49% of all licensed child care programs participate in Maryland EXCELS.

In fiscal 2015 Maryland EXCELS began enforcing the Child Care Subsidy regulation requiring programs to participate in Maryland EXCELS to receive Child Care Subsidy reimbursement. Participating programs have twelve months to meet the requirement to achieve and publish (make public) a quality rating of any level. Approximately 70% of licensed child care centers and approximately 39% of family child care providers continue to participate in Maryland EXCELS, either working toward publishing a rating or improving the quality and increasing the rating. The majority of programs that are no longer participating did not publish a quality rating within the twelve-month timeframe, but may resume participating at any time by publishing a quality rating and beginning a new twelve month cycle.

Marketing efforts to increase participation include recruitment of new programs into Maryland EXCELS and focused outreach to the participating programs so they have the support and resources to meet the requirements and move to higher quality levels. MSDE Quality Assurance Specialists are active in every licensing region and community to reach providers and programs about the benefits of participating. When a new license to operate is issued, information is provided on how to register to participate in Maryland EXCELS, and the benefits for serving children and families eligible for Child Care Subsidy. Newly registered programs are invited to participate in work groups and trainings that are held throughout the state. These sessions offer individual assistance on meeting the requirements of Maryland EXCELS and include workshops for those who want to learn what the program is, and how to apply.

Other marketing efforts have included two major public awareness campaigns with the Maryland Transit Administration and the Baltimore Orioles baseball team. This year, eight minor league baseball teams will sponsor game events where Maryland EXCELS will be publicized to families and child care providers. A radio campaign this year will include public service

announcements about the importance of choosing quality child care. Social media outreach to families and providers was added this fiscal year, with the goal of creating awareness of choosing quality child care, which in turn will encourage more providers to participate.

An awareness campaign launches this spring with the goal of informing providers of the importance of serving children whose families are eligible for Child Care Subsidy. As part of the campaign, providers will learn the benefits of moving to higher quality levels in Maryland EXCELS and how the quality differential payment (tiered reimbursement) they receive (10%-44% above the reimbursement rate) will benefit the children and families they serve.

Families looking for child care can use the [Find A Program](#) feature of the [Maryland EXCELS website](#) and mobile app to search by quality rating, type of program, and location.

The Maryland Child Care Credential

The Maryland Child Care Credential is a voluntary professional development system for those working directly with children in licensed child care settings and one of the components of Maryland EXCELS. To increase participation and raise the awareness of the program, staff have had a heightened presence at Local and State conferences, provider association meetings, licensing roundtables, and at community colleges.

The application process has also been streamlined. Providers can now submit their application and documentation through a variety of means – mail, e-mail, or fax. All applications and documentation are stored in an electronic filing system that is searchable and easily retrieved by state staff, customer service representatives and credentialing specialists. This process allows for applications to be reviewed and approved much more quickly than in the past.

An interactive voice response system is available 24/7 for providers to access information about their record. In addition, a toll-free number is available during business hours to address questions about their credentialing application and status. The credentialing booklets, pamphlets and resource materials for the program have all been updated to provide user friendly documents for child care providers in a variety of formats. Maryland EXCELS Quality Assurance Specialists and resource and referral personnel assist in providing outreach to providers with whom they already work.

Prekindergarten Expansion

DECD should comment on the impact for the State budget if federal grant funding for prekindergarten expansion is not received beyond 2019. DECD should also update the committees on how it will consolidate funding streams for prekindergarten expansion, given its various general and federal fund sources and their associated eligibility requirements.

MSDE Response: In December 2014, the State of Maryland was awarded a \$15 million federal Preschool Development Grant, renewable for up to four years, pending annual appropriations, for a total of \$60 million. These competitive grants allow states to create or expand high-quality preschool programs that serve four-year-olds from low- and moderate-income families. The grants support states seeking to: (1) build or expand high-quality preschool systems, including investments in workforce development and quality infrastructure components such as program standards, monitoring, and evaluation; and (2) scale up high-quality programs in targeted high-need communities. Without continued federal preschool funding, Maryland's funding will reduce from \$15 million to \$4.3 million for school year 2019-2020. This will mean a reduction from 3,530 preschool slots to 687 slots for Maryland's four year olds. The children that benefit from these slots live below the 200% poverty line in Maryland.

The State's Prekindergarten Expansion Act of 2014 expanded access to high-quality prekindergarten in the 2014-15 school year for four-year-olds who previously did not meet the income eligibility requirements for enrollment. The federal Preschool Development Grant built on the State's efforts and in the 2015-16 school year expanded access to nearly 2,700 additional students from low and moderate income families. An additional 3,530 students had access to high quality prekindergarten programs in school year 2016-2017.

Maryland has used State, local and federal funds to build an expanded, comprehensive prekindergarten program. Most school systems used the additional grant funds to expand locally-funded half-day prekindergarten slots to full-day slots, while some local school systems have used the grant funds to add additional slots. The income eligibility guidelines for the various funding sources are different. An internal review of program enrollment data determined that community based programs were better served through State funds as they typically attract families of slightly higher incomes. Local school system prekindergarten programs were better served by federal funds. This funding structure has helped to expand prekindergarten in Maryland, surpassing the federal grant goal by 719 students. In addition, State and federal grant criteria been aligned so that all subgrantees have the same high quality expectation including achievement of level 5 quality rating in Maryland EXCELS.

Child Care Subsidy Costs

DECD should update the committees on how surplus federal funds could be used in fiscal 2017 and beyond to serve more families on the waitlist, if the income scale for waitlisted eligibility levels would need to be adjusted, and how these surplus federal funds could be used to provide larger subsidies for families currently served by CCS.

MSDE Response: Based on the most current projections for the Child Care Subsidy program, there are no surplus funds that can be used to serve families currently on the waitlist. As the analysis points out, the Child Care Development Block Grant was recently reauthorized and the required changes in the reauthorization have the potential to significantly impact program costs. The full impact has not been realized due to the phase-in of 12-month vouchers and the phase-

out for families receiving subsidies. MSDE plans to use federal carryover funds from prior fiscal years to cover these projected increased program costs.

MSDE continues to closely monitor Child Care Subsidy program expenditures and will keep the Administration, 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.

DECD should comment on progress made toward predicting the cost of the 12-month eligibility in Maryland and whether funding in the fiscal 2017 and 2018 budget is sufficient to cover such costs. MSDE should also comment on the cost to increase rates in the State to the seventy-fifth percentile of market rate.

MSDE Response: The latest forecast for the cost of 12-month vouchers is less than earlier estimates, but still projects the cost at \$20.7 million in FY 2018, and \$19.8 million in FY 2019. Twelve-month vouchers have been required since October 2016. The additional costs for this policy are seen during the second half of the voucher period; therefore, the impact of the policy has yet to be seen. MSDE expects the total program cost to increase, and anticipates increases in expenditures over the next several months.

At current cost per child rates, with the 53.1% increase necessary to raise rates to the 75th percentile of the January 2017 market rate survey, it would cost an additional \$35.6 million.

Recommended Actions

The Department of Legislative Services recommends reducing funding for CCS so that providers receive only a 1% reimbursement rate increase.

MSDE Response: MSDE respectfully disagrees with the recommendation. The rate increase was negotiated with the Service Employees International Union representing family child care providers to address Maryland's low reimbursement rates. The agreement specifies that rate increases shall take effect on July 1, 2017. As noted in the DLS analysis, Maryland's provider rates are at the ninth percentile of market share, well below the federally recommended seventy-fifth percentile of market share, placing Maryland 41st in the nation.