
R00A99

MSDE Early Childhood Development

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

House Education & Economic Development Subcommittee –
February 18, 2021
Senate Education, Business & Administration Subcommittee –
February 18, 2021



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State Superintendent of Schools

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.

Performance Analysis: Managing for Results

1. Statewide, 13% of Child Care Providers Have Not Reopened Following COVID-19 Pandemic Closures

The department should provide the most recent data available for the current number and percent of providers not operating by jurisdiction. MSDE should also discuss the reasons for licensed child care providers not operating and the strategies it is using to assist providers to reopen.

MSDE Response:

County	Total Licensed Providers	Open Licensed Providers	Licensed Providers Not Yet Reopened	Percent Operating	Percent Not Operating
Allegany	63	61	2	97%	2%
Anne Arundel	625	530	95	85%	16%
Baltimore County	1,004	833	171	83%	17%
Calvert	130	130	0	100%	0%
Caroline	68	62	6	91%	9%
Carroll	187	181	6	97%	3%
Cecil	103	97	6	94%	6%
Charles	245	231	14	94%	5%
Dorchester	53	51	2	96%	4%
Frederick	397	376	21	95%	5%
Garrett	25	24	1	96%	4%
Harford	327	299	28	91%	9%
Howard	455	413	42	91%	9%
Kent	24	22	2	92%	8%
Montgomery	1,285	1,123	162	87%	3%
Prince George's	1,033	871	162	84%	16%
Queen Anne's	83	78	5	94%	6%
St. Mary's	185	166	19	90%	10%
Somerset	23	23	0	100%	0%
Talbot	58	53	5	91%	9%
Washington	200	192	8	96%	3%
Wicomico	127	117	10	92%	8%
Worcester	36	36	0	100%	0%
Baltimore City	720	599	121	83%	3%
TOTAL	7,456	6,568	888	88%	12%

Licensing specialists have contacted the closed programs. Provider's reasons for remaining closed include:

- Enrollment numbers are too low to justify opening;
- Following school's reopening plans;
- Located in a public school building for afterschool care and schools are not serving students on-site;
- Plan to reopen in September, 2021;
- Waiting for safer circumstances with the pandemic (vaccine, less people getting sick, etc.);
- Caring for a family member with underlying health condition and does not want to put them at risk;
- Due to age, doesn't want to risk exposure;
- Have not decided how they want to proceed due to COVID;
- A number of programs were closed prior to the pandemic, but maintain a license.

Some of the strategies MSDE has used to support child care providers in reopening include:

- Distributing over \$14 million in grants for reopening, PPE, and cleaning;
- Continually updating health and safety guidance;
- Providing technical assistance on health and safety guidance;
- Holding weekly and monthly listening sessions;
- Launching the on-line Child Care & COVID-19 Training module; and,
- Launching Maryland's Child Care COVID-19 Build-A-Plan Tool to demonstrate promising practices for opening and staying open safely and assisting programs in developing a plan to share with staff and families.

Early Childhood Programs Supported under Blueprint for Maryland's Future Grant Program

Early Childhood Expansion

MSDE should provide more information on how the \$6.1 million grant to Johns Hopkins University for technical assistance and outreach will be used and how this aligns with the statutory uses of the Blueprint for Maryland's Future Fund. The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that MSDE submit a report regarding year-to-date spending and outcomes related to the \$55.7 million in special fund appropriation for early childhood expansion in fiscal 2022.

MSDE Response:

The additional funds will be used for maintenance and improvements to the online systems, including technical development cycles, bug fixes, and enhancements as directed by MSD, to provide support to providers, and to increase awareness of the system and its benefits to the public. Specifically, the activities include:

- supporting the Maryland EXCELS operations management, technical development, technology updates, and maintenance;
- providing Maryland EXCELS support and technical assistance for child care and public prekindergarten staff by Program Coordinators who review and rate evidence and provide resources as needed;
- increasing awareness of Maryland EXCELS and the value for families and early learning programs through a variety of outreach and marketing campaigns;

- researching and evaluating the effectiveness of the Maryland EXCELS system and providing recommendations for improvements and system enhancements; and
- creating and revising resources to support key stakeholders' understanding, progress, and achievement in the Maryland EXCELS system.

As background, the \$6.1 million in funds from the Early Childhood Expansion Grant will be used to award a grant to Johns Hopkins University (JHU) IDEALS Institute for the Maryland EXCELS early childhood quality and improvement rating system. The Maryland EXCELS system is based on national standards and designed to assist child care and early education providers in Maryland to provide high quality early childhood experiences. Maryland EXCELS is an integral component of Maryland's early childhood delivery system in that registered programs receive technical assistance and professional development to improve the program's quality rating, thereby improving opportunities for young children. Additionally, providers must be registered with EXCELS to participate in the childcare subsidy program. Maryland EXCELS is also a tool for parents to use in selecting childcare and early education for their children. High quality early learning experiences help children gain the necessary skills to enter kindergarten ready to learn. High quality early learning is one of the tenets of the Blueprint for Maryland's Future.

Issues

CCS Program Receives Grants Related to the Pandemic as Ongoing Program Changes Cause Substantial Growth in Spending

MSDE should discuss any other program or regulatory changes that were made while licensed child care providers experienced decreased attendance and/or limited capacity. The department should also describe their preliminary budget plan for how they will spend the remaining \$70 million in supplemental CCDF funding.

MSDE paid child care providers participating in the child care scholarship program based on enrollment rather than attendance from March 29, 2021 to July 20, 2021. Recertification requirements in the child care credentialing program and the Maryland EXCELS program were suspended for FY2021. Judy Center Early Learning Hubs were permitted flexibility in their budgets to provide technical assistance and resources to child care programs in response to the pandemic. Community-based programs participating in the Prekindergarten Expansion Grants were given flexibility in enrollment requirements and permitted to extend their grants into the summer for in-person instruction. In consultation with the Maryland Department of Health, and local COVID-19-related health metrics, child care programs were permitted to return to licensed capacity and ratios.

Fifty million of additional funds from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), 2021, will be used to restore the Childcare Development Block Grant funds that were used to fund the Emergency Essential Personnel Childcare Program in the early days of the Pandemic. The Department will hold the remaining \$20 million for future support to childcare providers.

Advanced Research and Data Analysis Contract Update

MSDE should explain why it was unable to successfully procure a competitive bid contract for the research and data analysis services and why it entered into a new interagency agreement with RESI. The department should also describe any changes between the MOU that expired at the close of fiscal 2018 and the new MOU that will ensure RESI provides improved participation and cost estimates. Finally, the department should discuss what measures it would take if CCS program costs rise substantially above its appropriation. DLS recommends adopting two pieces of committee narrative requesting that MSDE provide a report with CCS projections for costs and participation developed by RESI and quarterly reports on CCS expenditures.

MSDE Response:

After the denial of the bid on June 19, 2019 by the Board of Public Works, MSDE issued a Request for Proposals (RFP) entitled Advanced Data Research and Technical Services in October 2019 in order to procure a contractor to provide data research and technical services for the Maryland Child Care Subsidy program. Towson University Regional Economic Studies Institute (RESI) submitted a proposal in response to that RFP. After a review of proposals, MSDE determined that Towson's proposal was most advantageous to the State. Because MSDE and Towson are governmental agencies, they entered into an MOU in order to set forth the agreement resulting from the RFP.

The major differences between the current Towson University RESI MOU and the previous Towson University RESI are as follows:

- Regularly scheduled meetings between RESI and Maryland State Department of Education, Division of Early Childhood staff that can provide RESI team members with guidance on:
 - Child Care Scholarship policy and procedures;
 - How the Forecast aligns with expenditures; and
 - Modifications needed with analysis to more closely align the Forecast, if needed.

If Child Care Scholarship costs rise substantially above its appropriation, the Department will implement one or both of the following strategies:

- Implement Frozen Status by Income Levels - starting with freezing the acceptance of CCS applications at the highest income levels, moving toward the lowest income levels, as needed, and begin to generate a wait list; and
- Freeze Enter Program – freeze all levels, serving only currently enrolled families, and begin to generate a wait list.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Early Childhood Expansion Funding: The fiscal 2022 allowance allocates \$108.4 million in special funds from the Blueprint for Maryland’s Future Grant Program to expand early childhood services through prekindergarten supplemental grants, prekindergarten expansion grants, workforce development programs, the Maryland Infants and Toddlers program, and supportive services offered at Judy Centers and Family Support Centers. By December 1, 2021, the Maryland State Department of Education (MSDE) should submit a report to the budget committees that provides year-to-date spending of these special funds by purpose and the number of Judy Centers and Family Support Centers created in fiscal 2022. MSDE should provide information on how the \$6.1 million grant to Johns Hopkins University for technical assistance and outreach was used under the Maryland EXCELS program, including the grantee’s research, evaluation, and recommendations regarding the Maryland EXCELS program overall. The report should also provide the fiscal 2022 prekindergarten supplemental and expansion grant awards by jurisdiction and the number of slots created or improved with the additional funds.

Information Request	Author	Due Date
Report on early childhood expansion spending	MSDE	December 1, 2021

MSDE Response:
MSDE concurs.

2. Adopt the following narrative:

Child Care Scholarship Program Data Analysis: The Maryland State Department of Education (MSDE) had previously contracted with the Regional Economic Studies Initiative (RESI) at Towson University to conduct advanced research and data analysis to project Child Care Scholarship (CCS) program participation and costs. After more than two years without successfully procuring a competitive bid contract, MSDE has entered a new memorandum of understanding with RESI for the same services. By October 1, 2021, MSDE should submit a report with RESI’s program participation forecast by income bracket. The report should also provide an analysis of how increased income eligibility, increased provider reimbursement rates, and the COVID-19 pandemic (including child care and K-12 school closures) have impacted CCS program participation and expenditures. Finally, the report should discuss any changes to MSDE’s procurement process that would create efficiencies and expand the use of competitive bid procurements over interagency agreements in the future.

Information Request	Author	Due Date
Report on CCS program data analysis	MSDE	October 1, 2021

MSDE Response:
MSDE concurs.

Amount
Reduction
\$3,000,000 FF

Position
Reduction

3. Delete federal funds under the Prekindergarten Expansion Fund as a technical correction for a grant that expired in 2019.

Information Request	Author	Due Date
Report on CCS program data analysis	MSDE	October 1, 2021

MSDE Response:

MSDE concurs.

4. Adopt the following narrative:
Child Care Scholarship Program Quarterly Reports: Recent changes to the Child Care Scholarship (CCS) program, specifically expanding income eligibility and increasing provider reimbursement rates, have substantially increased program participation and expenditures. General fund support for the CCS program increased in the fiscal 2022 allowance for the first time since fiscal 2018. The rapid increase in program expenditures is especially concerning as the Maryland State Department of Education (MSDE) has implemented enrollment freezes in the past due to limited funding availability.

MSDE should report quarterly on CCS expenditures, including the amount of Child Care and Development Funds (CCDF) being spent that were carried over from prior fiscal years, the amount of newly authorized federal funds, the amount of CCDF awarded for COVID-19-related uses and the amount of general funds. These reports should disaggregate CCDF funding used directly for scholarships and funding used by MSDE Headquarters in support of the CCS program specified by purpose. MSDE should also report quarterly on the provider reimbursement rate as a percentile of the market rate, statewide by region. The reports should include the total number of children and families receiving CCS per month and the number of children and families receiving CCS who are newly eligible as a result of the emergency regulation effective August 1, 2018. Finally, MSDE should provide quarterly updates on whether it is maintaining a CCS waiting list and, if so, which income categories are impacted and how many children are on the waiting list.

In its August 1, 2021 report, MSDE should provide an update on how the CCDF supplemental award allocated through the Consolidated Appropriation Act of 2021 has been spent, how much funding remains, and how the remaining funds will be used. MSDE should provide information regarding the Child Care Pandemic Relief Grant program, including the number of child care providers receiving grants and grant allocations by jurisdiction and by child care provider type. This report should also include actual data as it relates to the CCS program in the final quarter of fiscal 2021 and fiscal 2022 overall.

Information Request	Author	Due Date
CCS quarterly expenditure reports	MSDE	August 1, 2021 November 1, 2021 February 1, 2022 May 1, 2022

MSDE Response:

MSDE concurs with providing requested reporting.