
R00A99

MSDE Early Childhood Education

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

House Education & Economic Development Subcommittee –

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Senate Education, Business & 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.

Performance Analysis: Managing for Results

MSDE should explain how the redesigned KRA addresses and mitigates the implicit bias previously identified for students from various racial, ethnic, and linguistic backgrounds, including any changes to assessment design, validation methods, or administration procedures.

MSDE response:

In July 2024, following an expedited procurement process, MSDE executed a contract with Renaissance Learning to implement a redesigned KRA beginning in the 2025–2026 school year. The redesigned KRA was necessary given the scope of the 2024 findings, the time required to remediate the prior instrument, and the statutory requirement under the Blueprint for Maryland’s Future and Education Article § 7-210 that the assessment be racially and culturally unbiased.

The redesigned KRA mitigates previously identified concerns through the following actions:

- **Assessment Design and Bias Controls**
The assessment incorporates structured editorial and psychometric review processes that include formal bias and fairness screening prior to operational use. Items undergo multi-stage development, content review, and statistical calibration. Reviews examine content, language, and item structure to eliminate stereotypes, culturally specific references, or linguistic features that could advantage or disadvantage particular student groups.
- **Validation and Psychometric Review**
Items are field tested and analyzed prior to inclusion in the operational item bank. Statistical analyses are conducted to evaluate performance patterns across student groups, and items that do not meet fairness criteria are removed or revised.
- **Universal Design and Accessibility**
The redesigned KRA incorporates Universal Design for Learning principles to reduce construct-irrelevant barriers. Item presentation, language level, and accessibility supports are intentionally designed to support multilingual learners, students with disabilities, and students from diverse backgrounds.
- **Bilingual Availability**
Consistent with RFP requirements, the assessment is available in both English and Spanish. The Spanish version is built on a distinct blueprint aligned to Spanish literacy development rather than a direct translation of the English assessment. Development involves bilingual content specialists and external partners to ensure linguistic and cultural authenticity.
- **Improved Administration and Reporting**
Administration procedures were streamlined to increase consistency statewide and to reduce subjectivity. The redesigned system provides clearer, more actionable data to support early instructional planning.

MSDE will continue to monitor technical documentation and subgroup performance patterns to ensure the assessment remains fair, valid, and aligned with statutory equity requirements.

Issues

1. Ongoing CCS Program Enrollment Freeze

MSDE should discuss the estimated timeframe for CCS enrollment to reach 40,000 children and the prioritization method that it will use for taking children off the wait list to replace disenrollments.

MSDE response:

Our upcoming CCS monthly report (March 1, 2026) includes January 2026 enrollment data. This data shows a monthly enrollment of 40,842 children and a total wait list of 5,113 children. CCS attrition has slowed in recent months, which is offset by new scholarships for children who are exempt from the waitlist, which makes it difficult to estimate precisely when enrollment will reach 40,000 children. MSDE estimates meeting this enrollment target in spring 2026. The Department is working closely with DBM and the Governor's Office to finalize an approach for prioritizing children on the waitlist for new scholarships. Per COMAR 13A.14.06.08, the Department will prioritize children experiencing homelessness for scholarships first, as well as children from families transitioning from the Temporary Cash Assistance (TCA) Program.

Considering the State's fiscal outlook and recent shortfalls within the CCS program that led to the implementation of an enrollment freeze, MSDE should comment on the reason that these known costs were excluded from the budget and how it will work with the Department of Budget and Management (DBM) to address the potential shortfall of \$33 million. Lastly, the Department of Legislative Services (DLS) recommends adopting committee narrative requesting quarterly reports on CCS program expenditures, enrollment, and the status of the waiting list.

MSDE response:

MSDE's fiscal 2027 estimates include the cost for the provider market rate increase, estimated at \$33 million. However, MSDE does estimate a small deficiency in the program in fiscal 2027. MSDE continues to work with DBM on the appropriate funding level for this program.

MSDE concurs with the recommendation to continue providing regular reports on the CCS program, however, MSDE respectfully requests a modification to the Department's reporting requirements for this program. Currently, the Department provides monthly reports as required in §9.5-112 of the Education Article. The Department also provides quarterly reports as defined in the DLS analysis, JCR reports. MSDE proposes eliminating the monthly report in the month the quarterly reports are submitted, the 15th of September, December, March and June.

2. Early Childhood Programs under the Blueprint Program

MSDE should comment on how the absence of funding will affect implementation of the Maryland

Child Care Credential Program, including whether new credential applications will be processed and whether existing participants will continue to receive credential payments.

MSDE response:

The uncertainty of funding for this program makes implementation of the requirements difficult. If there is no funding in fiscal 2027 to operate the Maryland Child Care Credential Program, no additional child care employees will be able to apply for the program, and existing participants will not be paid the funds due to them. Based on the current funding structure, MSDE will have to restart the program in fiscal 2028. Restarting the program is not immediate, the program utilizes a partner support and contracting for this support can take several months. As noted earlier, consistent funding for this program is critical to its success.

MSDE should comment on how it will work with DBM to fully fund the mandated appropriation for the Maryland EXCELS Quality Improvement Bonus Program.

MSDE response:

MSDE is aware of the issue with the funding level for Maryland Excels Quality Improvement Bonus Program in the Allowance. MSDE is currently working with DBM on the options for including the mandated funding in the fiscal 2027 budget.

MSDE should provide an explanation for revising the Tier II sliding scale and quantify the resulting change in total State and local costs compared to the prior structure.

MSDE response:

The sliding scale for prekindergarten is necessary when Tier II students are funded. Tier II includes families with annual incomes between 300% and 600% of the federal poverty level. The sliding scale increases the family share across five levels within Tier II. MSDE is evaluating the current sliding scale and will make recommendations for changes to the scale, if applicable.

While the original sliding scale did not adequately limit the family share to 7% of annual income as recommended by the federal Office of Child Care, the revised sliding scale (currently in use) does not properly account for the accelerated phase-in for the prekindergarten program.

The original sliding scale capped the family share at 85% of the annual per pupil amount for families at the highest eligibility level in Tier II. The revised sliding scale (currently in use) caps the family share at 65% of the annual per pupil amount for families at the highest eligibility level in Tier II. For fiscal 2027, using the current sliding scale increases costs for the program by approximately \$3 million. This is directly correlated with the number of Tier II students, who represent just 7% of the total Prek enrollment. As more Tier II families enroll in the program, the impact of the current sliding scale will be more evident.

To ensure a more sustainable implementation of full-day prekindergarten, DLS recommends

modifications to the statutory requirements (1) to maintain the current 360% FPG eligibility cap through fiscal 2027 instead of expanding to 600% FPG in fiscal 2027 and (2) to reduce the scheduled per pupil funding increase in fiscal 2027 by setting the amount at \$17,211 per student instead of \$19,950, before resuming the planned increases in subsequent years. The proposed \$17,211 amount would still represent an increase over the fiscal 2026 per pupil funding level but would moderate the growth relative to the amount currently scheduled in statute. The \$17,211 figure reflects a midpoint between the fiscal 2026 funding level and the planned fiscal 2027 amount before resuming the scheduled increases in subsequent years. DLS also recommends a reduction of \$52,574,885 that is contingent on the enactment of a provision limiting the expansion of Tier II full-day prekindergarten eligibility and adjusting per pupil funding growth to constrain costs.

MSDE response:

MSDE supports the Governor's Allowance.

3. Expansion of the Pre-K Mixed Delivery System and Continued Reliance on Public Prekindergarten slots

MSDE should discuss the efforts currently underway to expand eligible private-provider capacity and indicate whether it anticipates improved compliance among LEAs, as the required share of publicly funded prekindergarten slots in private programs increases in future school years.

MSDE response:

MSDE initiated a human-centered design review of the Prekindergarten Expansion grant process, including multiple sessions with advocates and interest holders, including the newly implemented Prekindergarten System Analysis Workgroup. MSDE revised its Push to PreK program, which provides specific technical assistance to private providers interested in participating in the PreK program. The Department held 11 separate sessions, focusing on different interest groups – family child care, child care centers, Head Start organizations – and held two sessions in Spanish. The content for each session included budget development, grant requirements, and license and compliance targeted for different types of providers.

As a result of this work with advocates, and to build capacity among private providers, the Department revised the PreK Expansion Grant application and process. Changes included earlier release of the application, simplified language, less complex questions, more single response items with checklists and prompts to guide the applicant. The process includes a revised scoring framework reflecting explicitly defined weights and expectations, tutorial for navigating the application system, and newly developed Lead Teacher salary scale. Program specific changes include increasing the advance payment amount from 15% to 20%,

4. CCATS Modernization Project – Project Pause and Funding Status

MSDE should clarify whether ongoing operational and maintenance funding for the existing CCATS system is included in the fiscal 2027 allowance and identify the amount and fund source

supporting continued system operations.

MSDE response:

The maintenance and operations costs for the CCATS system (\$6.9 million) are funded by federal funds in subprogram D4XX, object 08.

In 2018, MSDE embarked upon a comprehensive system upgrade to consolidate CCATS and other small systems in the division onto a single modern platform. Due to the pandemic and subsequent pre-bid protests, MSDE scaled down the scope of the upgrade to a limited upgrade of the CCATS system. The work began in October 2023 and was scheduled to be completed in January 2026. In November 2025, MSDE paused the project due to the discovery of system testing issues, to review the scope, structure and processes included in the system, incorporate the impact of the anticipated federal regulatory changes, and the long-term sustainability of the system. MSDE is expected to make the decisions on the future of the upgrade in the Spring of 2026.

Operating Budget Recommended Actions

1. Add the following language on the special fund appropriation:

, provided that this appropriation made for the purpose of the prekindergarten funding formula shall be reduced by \$52,574,885 contingent on the enactment of legislation to limit the expansion of Tier II full-day prekindergarten eligibility and adjust per pupil funding growth.

Explanation: The expansion of full-day prekindergarten is a key initiative aimed at increasing access to early childhood education. To ensure a more sustainable funding trajectory while maintaining the core objectives of the program, this recommended action modifies the rate of expansion by capping Tier II eligibility at 360% FPG rather than expanding to 600% of the federal poverty level starting in fiscal 2027 as required under current law and reduces the per pupil funding increase for fiscal 2027, setting it at \$17,211 instead of \$19,950, before aligning with inflationary increases in subsequent years.

MSDE response:

MSDE supports the Governor's Allowance.

2. Child Care Scholarship (CCS) Program Quarterly Reports: The Maryland State Department of Education (MSDE) has implemented a series of significant changes under the CCS program. These changes, along with increasing program enrollment, have contributed to higher costs and shortfalls in fiscal 2023 through 2026. In response to these financial pressures, the department has implemented an enrollment freeze as a cost-saving measure to control program expenditures and align them with available funding. The committees request that MSDE submit quarterly reports with the following information:

- monthly CCS expenditures by fund;
- fiscal 2027 year-to-date spending and annualized cost estimates, noting the adequacy of remaining State and federal fund sources;
- the number of scholarships awarded by income eligibility category by month, total expenditures for those scholarships, and average cost per child;
- updates on the CCS waiting list including which income categories are impacted, how many children and families have applied for CCS benefits and been added to the waiting list by county and family income levels;

- information on outreach efforts to families on the waiting list, including how families are notified of their status, any actions required to maintain eligibility, and strategies used to ensure families remain informed during the enrollment freeze;
- the number of children and families removed from the waiting list and subsequently enrolled in the program, disaggregated by county and family income level, including the average length of time on the waiting list prior to enrollment; and
- the total available federal funds updated quarterly including carry over balances from prior years.

In its September 2026 report, MSDE should include actual data for the CCS program in the final quarter of fiscal 2026 and aggregate fiscal 2026 data. All reports should provide data on a monthly basis for fiscal 2027 year to date.

Information Request	Author	Due Date
CCS quarterly expenditure reports	MSDE	September 15, 2026 December 15, 2026 March 15, 2027 June 15, 2027

MSDE response:

MSDE concurs and respectfully requests changes to the reporting requirements for the program as noted earlier in the response.

Budget Reconciliation and Financing Act Recommended Actions

1. **Constrain Full-day Prekindergarten Formula Growth and Upper Income Limit:** The expansion of full-day prekindergarten is a key initiative aimed at increasing access to early childhood education. However, the current statutory framework significantly increases both eligibility and per pupil funding levels at a time of limited resources. Without adjustments, eligibility for Tier II students will expand from 360% of the federal poverty guidelines (FPG) in fiscal 2026 to 600% FPG in fiscal 2027 and beyond. Additionally, per pupil funding is set to rise sharply from \$14,473 in fiscal 2026 to \$19,950 in fiscal 2027, with inflationary increases thereafter.

To ensure a more sustainable funding trajectory while maintaining the core objectives of the program, this recommended action modifies the rate of expansion by capping Tier II eligibility at 360% FPG through for fiscal 2027 and tempering the per pupil funding increase in fiscal 2027.

Recommended Action: Amend statute to limit the expansion of Tier II full-day prekindergarten eligibility and adjust per pupil funding growth to constrain costs:

Rationale: To mitigate the fiscal impact of these provisions, this action:

1. Caps Tier II eligibility at 360% FPG for fiscal 2027 rather than expanding to 600% of the federal poverty level starting in fiscal 2027 as required under current law.
2. Reduces the per pupil funding increase for fiscal 2027, setting it at \$17,211 instead of \$19,950, before aligning with inflationary increases in subsequent years.

Fiscal Impact: These changes result in a reduction in State aid for full-day prekindergarten and associated education funding programs, with a fiscal 2027 savings of \$52,574,885.

By capping Tier II eligibility for fiscal 2027 and moderating the per pupil funding increase, this action generates near term Blueprint savings and delays a decision about program expansion to fiscal 2028 when Blueprint affordability will become a larger issue due to mandated costs far exceeding projected Blueprint revenues.

MSDE response:

MSDE supports the Governor's Allowance.