



MONTGOMERY COUNTY GOVERNMENT
DEPARTMENT OF HEALTH & HUMAN SERVICES



MONTGOMERY COUNTY IMPLICATIONS OF THE NEW BLUEPRINT FOR MARYLAND'S FUTURE PREKINDERGARTEN PROGRAM FOR FAMILIES AND CHILD CARE PROVIDERS

October 25, 2021

Funded by the Early Care and Education Initiative

EXECUTIVE SUMMARY

The Blueprint for Maryland's Future, HB 1300 amended in part by HB 1372, creates a new program for four-year-olds and some three-year-olds funded by a combination of state, local, and parent dollars. The Blueprint is a mixed delivery system, requiring that a percentage of children receiving this prekindergarten program be served in eligible child care settings. The Blueprint sets out the standards for schools and child care providers, a 6.5-hour day for 180 days, a timeframe for reaching those standards, and an annual per pupil amount.

Families will need child care assistance for wraparound care (before and after prekindergarten hours) to match their working hours and commutes and calendar year works schedules. Child care assistance in Maryland is limited by income and the reimbursement to child care providers is relatively low, much lower at the 60th percentile of the 2019 market rate survey than the actual cost of care. The Montgomery County Working Parents Assistance Program has been supplementing the state subsidy to relieve the burden on families and to help providers, and it provides assistance to families who cannot qualify for the state's program.

The Blueprint statute sets out an ambitious timeline for implementing a mixed delivery (public schools and child care) system in Montgomery County. This paper considers the impact of the new Blueprint prekindergarten program from the perspective of supply and demand, fully implementing a mixed delivery system of public schools and child care providers, affordability of child care for families, building the capacity of child care providers to meet the Blueprint requirements, and how providers will braid prekindergarten and child care assistance.

AREAS IN NEED OF CLARIFICATION

Many areas of the Blueprint statute will require regulations or at a minimum, clarifying guidance. Current regulations on pre-existing state-funded prekindergarten programs may not align to this Blueprint prekindergarten program. The Appendix to this paper poses those areas in immediate need of clarification for the County, providers, and families to determine how this new prekindergarten program will operate on its own and in the context of a system of early childhood education from birth to kindergarten.

NUMBER OF ELIGIBLE CHILDREN AND THE GAP IN AVAILABLE PREKINDERGARTEN SEATS

The current prekindergarten seats funded by federal, state, and local dollars is far less than the number of four and three-year-old children who will be eligible for this new prekindergarten program. Most services are currently delivered in public schools and are half-day programs for low-income children, preschool for children with disabilities, or as Head Start.

The US Census Bureau released 2020 counts on August 12, 2021 shows 63,334 children younger than age six live in Montgomery County.¹ The Census data at this time combines birth to age two and two to age 4; it does not distinguish how many of those children are three versus four-year-olds. The Montgomery County Public School system enrolls roughly 11,000 children in kindergarten. This number represents 80% of children which is a reasonable uptake for 11,000 prekindergarten seats solely for four-year-olds in the County.

The Blueprint creates three tiers of eligibility: children in Tier I are age three or four-years-old in households earning less than 300% of the Federal Poverty Level (FPL), homeless children, children with special needs, or in homes where English is not the primary language. Children in Tier II are in households earning between 301% FPL and 600% FPL. Children in Tier III are in households earning more than 600% FPL. The Blueprint program is free to children in Tier I, but the parents of children in Tier II will need to pay a portion of the per pupil amount as a “sliding scale” fee yet to be decided by the Maryland State Department of Education (MSDE). No Blueprint funds will be used for children in Tier III families.

This paper assumes there are 11,000 four-year-olds who would enroll in publicly funded prekindergarten and another 11,000 three-year-olds. The number of Tier I children is calculated using the Community Action Agency’s estimate that 40.5% of children below age six are in households under 300% FPL. Thus, there would be 4,455 four-year-olds and 4,455 three-year-olds – a total of 8,910 – Tier I children. Although there is no exact data on the number of children between 301% and 600% FPL or Tier II, one estimate is that there are 1,655 four-year-olds in households between 300% and 400%. Assuming that 40.5 percent of four-year-olds are in households between 301% and 600% FPL, that would mean Tier II would need to fund another 4,455 four-year old prekindergarten seats.

Based on those assumptions, the sum of Tier I and Tier II seats would be 13,365. When subtracting the 7,523 seats from the information above, this leaves a gap of 5,842 seats for Tier I and Tier II across public schools and community providers. In year five of the Blueprint, half of the program’s prekindergarten seats should be in child care provider settings – 6,683 seats for four and three-year-olds.

There is no readily available data on the number of children in households under Tier III. These families, however, receive no Blueprint funding and so this paper does not include them in the estimates.

INADEQUATE SUPPLY TO FULFILL THE MIXED DELIVERY REQUIREMENT

The Blueprint also sets out the percentage of seats that should be delivered in eligible child care settings. In the first year of the Blueprint, the statute calls for 30 percent of seats outside of the

¹U.S. Census Bureau. County Population by Characteristics: 2010-2010 www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates/2020-evaluation-estimates/2010s-county-detail.html

public schools. Each year, this percentage increases by five percent until 50 percent of seats are in MCPS and the 50 percent are delivered by child care providers who meet the standards.

The Blueprint has specific standards that schools, and child care providers must meet to be eligible for the funding. By school year 2025-2026, Blueprint classrooms must have teachers who hold a state teaching certificate or have a bachelor's degree and pursued the Maryland Alternative Preparation Program. Classroom teacher assistants must hold a Child Development Associate credential or an associate's degree. Classroom group size and child-staff ratios are set out in the Blueprint: 20 children in a group, with one teacher and a teacher assistant. By school year 2025-26, the number of classrooms in child care settings rises to 334 classrooms lead by 334 teachers with a state certificate and 334 teaching assistants with a CDA or associate degree.

In the first year, child care providers at Maryland EXCELS Level 3 and higher may receive Blueprint funds, but they must meet Level 5 in five years. As of June 2021, MSDE reported for Montgomery County that there were 160 Level 3, 23 Level 4, and 79 Level 5 providers. These providers could be serving infants, toddlers, prekindergarten, and school-age children.

CHILD CARE: FAMILY AFFORDABILITY; PROVIDERS UNPAID FOR COST OF QUALITY CARE

Families in Montgomery County are spending on average a quarter of their earnings on child care. The federal Administration for Children and Families recommends no more than 7 percent of family income for child care costs. Maryland recently improved its state subsidy rates, but they are only at the 60th percentile of a 2019 market survey. The state provides a higher child care reimbursement rate based on the Maryland EXCELS level, but even the highest rate is not aligned with the real cost of quality care. The state expanded family income eligibility to \$71,525 which in 2021 federal poverty level guidelines, is 271% FPL. The County's Working Parents Assistance Program fills in some of the gap of inadequate rates for providers and extends family income eligibility for those cut off from the state's program.

Children in Tier I will have a free prekindergarten program for 6.5 hours a day, 180 days a year. Children in Tier II families will be required to pay a portion of the per pupil amount, unless the County decides to pay that amount for them. Families will continue to need wraparound (before/after) child care and a full day of summer care. Blueprint funds may only be spent on the prekindergarten portion of the day and providers must provide salaries and benefits that are comparable to teachers in MCPS. Yet child care providers have only depressed reimbursement rates and parent fees for all the operating and capital costs associated with their programs, unlike the public schools with many more public resources. Blueprint funds are limited for four-year-old children in Tier II. For a well-funded, high quality system of early

childhood education, the reimbursement rates need to be re-examined in light of a new cost of quality care study for birth to kindergarten children.

CLOSING THE GAP BEFORE CHILDREN ARE FOUR YEARS OLD

The most critical years of brain development and prenatal to age three. When children do not have developmentally appropriate support for their cognitive, social, emotional, and physical development as infants and toddlers, they are less ready for preschool. Infant and toddler care is also the most expensive and harder for providers to financially sustain, particularly at the high-quality levels that research says is important. The Blueprint prekindergarten program provides no funds for infants and toddlers. Child care reimbursement rates are higher for this age group but are not aligned with a cost of quality care.

The expansion of publicly funded prekindergarten is likely to have the unintended consequence of reducing affordable and high-quality infant and toddler seats. For every infant, a child care provider can serve three prekindergarten four-year-olds. As a business sustainability strategy, child care providers could eliminate their infant and toddler services unless the child care payments make it feasible to continue and grow these seats.

EQUITY

Montgomery County has extremely wealthy families and too many families living in poverty or struggling financially. The racial and ethnic diversity of the County is increasing. The County has lost many of its regulated family child care providers. The impact of COVID-19 is still being felt by families and child care providers. As the County moves forward with its Early Care and Education Initiative (ECEI), there will need to be focused attention on how the Blueprint is closing inequities or expanding the gaps for children and child care providers across the birth-to-kindergarten system.

TIMELINE OF REQUIREMENTS AND BLUEPRINT PER PUPIL FUNDING²

2022-2023	2023-2024	2024-2025		
<ul style="list-style-type: none"> • 30% OF SLOTS IN COMMUNITY SETTINGS • PER CHILD AMOUNT \$10,094 • TIER I CHILDREN FOUR-YEAR-OLDS • ON JULY 1, 2022, INCREASES IN TEACHER SALARIES, ASSOCIATED WITH THE CAREER LADDER. • TEACHER MUST HOLD A STATE PREK-3 CERTIFICATE 	<ul style="list-style-type: none"> • 35% OF SLOTS IN COMMUNITY SETTINGS • PER CHILD AMOUNT \$11,594 • TIER I CHILDREN FOUR-YEAR-OLDS • TEACHER MUST HOLD A STATE PREK-3 CERTIFICATE 	<ul style="list-style-type: none"> • 40% OF SLOTS IN COMMUNITY SETTINGS • PER CHILD AMOUNT \$13,003 • TIER I THREE AND FOUR-YEAR-OLDS • TIER II FOUR-YEAR -OLDS ON JULY 1, 2024 • TEACHER MUST HOLD A STATE PREK-3 CERTIFICATE 		
	<th data-bbox="544 556 803 611">2025-2026</th> <td data-bbox="803 556 1445 972"> <th data-bbox="803 556 1445 611">2026-2027</th> </td>	2025-2026	<th data-bbox="803 556 1445 611">2026-2027</th>	2026-2027
	<ul style="list-style-type: none"> • 45% OF SLOTS IN COMMUNITY SETTINGS • PER CHILD AMOUNT \$14,473 • TIER I AND II • CLASSROOM TEACHER MUST HOLD A STATE CERTIFICATE OR A BACHELOR'S DEGREE IN ANY FIELD AND ARE PURSUING RESIDENCY THROUGH THE MARYLAND APPROVED ALTERNATIVE PREPARATION PROGRAM • ASSISTANT TEACHER MUST HOLD A CDA OR ASSOCIATE DEGREE • EXCELS 3, 4, OR 5 WITH PLAN TO REACH LEVEL 5 IN FIVE YEARS 	<ul style="list-style-type: none"> • 50% OF SLOTS IN COMMUNITY SETTINGS • PER CHILD AMOUNT \$15,598 • TIER I AND TIER II • A STATE CERTIFICATE OR A BACHELOR'S DEGREE IN ANY FIELD AND ARE PURSUING RESIDENCY THROUGH THE MARYLAND APPROVED ALTERNATIVE PREPARATION PROGRAM • ASSISTANT TEACHER MUST HOLD A CDA OR ASSOCIATE DEGREE 		

² The statute provides that MSDE may exclude by annual waiver children in Tier I who are 4 years old in a county from the calculation of percentage of private providers until the 2026–2027 school year.

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Note: This report is focused on the enacted legislation, HB 1300 Blueprint for Maryland’s Future, and the subsequent legislation HB 1372 that made some changes to dates of implementation. The calculations, figures, charts, and scenarios are based on currently available data and assumptions in areas where specific data is not available. New regulations, guidance, and policy changes to the Child Care Scholarship, Working Parents Assistance Program, and the Maryland EXCELS tiered rating system will require revisions to these calculations.

I. Introduction

The importance of high quality, affordable, and accessible early childhood education, from birth to kindergarten, is well-recognized in study after study. For working families, affordable and accessible child care is the linchpin to a family's ability to work. Whether in a child care or public-school setting, programs need to provide nurturing environments with consistent staff who are knowledgeable in developmentally appropriate teaching to support children's cognitive, social, emotional, and physical development in partnership with families. Early childhood education also serves an important economic function for families and the County. Prior to the COVID-19 pandemic, nearly three-quarters of children in Montgomery County under age 18 have both parents in the workforce.³

Although the County is one of the wealthiest in the nation, this reputation obscures significant numbers of children who are growing up in poverty or whose families are struggling with the costs of basic family needs. The self-sufficiency standards for the County for a family of two adults, one infant, and one preschool child is \$105,925, nearly 400% FPL using 2021 guidelines.⁴ The Montgomery County Community Action Agency reports that in 2020, 40.5 percent of children under age six lived in households earning less than 300% of the Federal Poverty Level, a third of school-age children qualify for free or reduced-price lunch (185% FPL), and 7.9 percent are in poverty households (100% FPL is \$26,500 for a family of four, of which 14% are Black or African American and 12% are Latino or Hispanic).⁵ The average child care cost for a family of four is 24.3% of the household expenses.⁶

In 2020, the County approved a comprehensive, four-year Early Care and Education Initiative (ECEI) to invest in expanding the supply of high quality and affordable child care, provide professional development and resources to improve the quality of care and early learning, and strengthen coordination and community partnerships across the system with a focus on equity for low-income families, families of color, and immigrant families.⁷

In 2016, the Maryland legislature authorized the Commission on Innovation and Excellence in Education, known as the Kirwan Commission, to create equitable financing and a plan for ensuring quality across the State's public-school systems. That Commission included a task force to examine prekindergarten as a component of the plan. The Commission's recommendations

³ Kids Count Data Center. (2019) Annie E. Casey Foundation. Baltimore, MD.

⁴ Montgomery County Department of Health and Human Services. Interactive Self-Sufficiency a <https://www.montgomerycountymd.gov/HHS-Program/OCA/CommunityAction/interactiveSelfSufficiency.html>

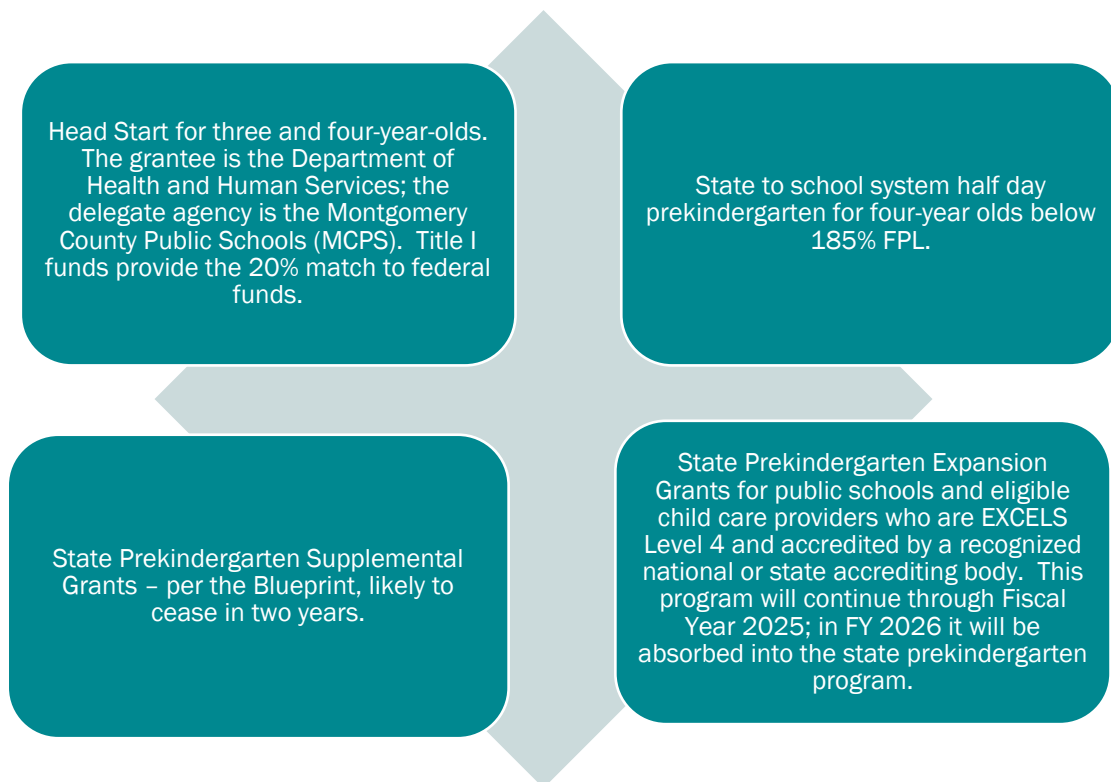
⁵ Montgomery County Community Action Board. Faces of Poverty 2020.

⁶ Ibid.

⁷ Montgomery County Council. Montgomery County Early Care & Education Initiative Action Plan 2020.

form the basis of HB 1300 – the Blueprint for Maryland’s Future (Blueprint) - with modifications primarily on implementation dates in HB 1372 to conform to time lost between the Governor’s veto and the override.

The prekindergarten sections of the Blueprint largely follow the recommendations of the early childhood task force. The legislation establishes a new funding stream and program standards that would provide free or reduced-price prekindergarten to many four-year-olds and some three-year-olds. The new program will exist alongside other federal and state prekindergarten funding streams:



Families will be given a choice among programs for which they eligible. The Blueprint also extends this choice of prekindergarten to programs outside of the child’s school boundary.

The Blueprint sets out a pathway to a mixed delivery system for prekindergarten where children receive the program in public schools and child care settings that meet the legislated standards. The State, County, and for some children family fees, will finance the per-pupil amount. Unlike public school systems, child care providers will receive their payment directly from the Maryland State Department of Education (MSDE), which also administers the child care subsidy program. In section 5-229(D)(1)(2) of HB 1300, the mechanism is described as:

For private providers, each fiscal year:

- I. the State shall distribute the State share for private providers to the Department;

- II. the County shall distribute the local share for private providers to the Department; and
- III. the Department shall distribute the state and local share to the private providers.

The per pupil amount is set out for each year in the statute and is the same amount for school systems and for child care providers, even though school systems have many more operating and capital resources for all the components such as principal/child care director, family support personnel, curriculum specialists, and special education personnel, among others. In the first year, the Blueprint will provide \$10,094 per child. The 2017 Montgomery County Office of Legislative Oversight report estimate that a full school day, school year prekindergarten program costs \$14,000 per child.⁸ By comparison, the U.S. Department of Education found that the per pupil spending in Title I schoolwide programs in Montgomery County ranges from \$16,284 (Sargent Shriver Elementary) to \$25,932 (Washington Grove Elementary).⁹ Neighboring District of Columbia spent \$18,421 per prekindergarten child in school year 2019-2020.¹⁰

Prekindergarten programs are important to an early childhood education system but are insufficient to meet the needs of working families. Prekindergarten programs follow a school calendar, and a “full day” program is 6.5 hours. Working families need wraparound care and programs during the summer that are also high quality and affordable. Child care providers need a system that is easy to understand and administer, provides the full cost of quality care to reduce fees from parents, and builds a high quality, well-compensated early childhood workforce across all settings.

This paper outlines areas for the County to consider in implementing the Blueprint prekindergarten for its intended children, the child care assistance that working families need in addition to prekindergarten, the need to build the capacity of child care providers to be eligible for the Blueprint funds, and the importance of investments in high-quality, affordable early childhood education for children before the prekindergarten years to prevent an equity gap in readiness for prekindergarten.

II. Current Prekindergarten Seats and the Supply Needed in Mixed Delivery System

Prekindergarten programs in Montgomery County are not new, but they are very limited in their intent and scale. Child eligibility is largely a function of family income. Most programs are

⁸ Bonner-Tomkins, E. – Office of Legislative Oversight (2017) Pre-K in Montgomery County and Other Jurisdictions. Report Number 2017-7

⁹ U.S. Department of Education. Office of Elementary & Secondary Education. Per Pupil Expenditures: Maryland retrieved at <https://oese.ed.gov/ppe/maryland>

¹⁰ National Institute for Early Education Research. (2021) The State of Preschool 2020. Rutgers University, New Jersey.

designed as half-day although a program may be able to expand to a full school day with the Maryland Prekindergarten Expansion grants.

MCPS PreK – Total 3,113 seats. Of these 1,762 are half-day; 1,351 are full-day
Head Start – Total: 648. 538 are full-day four-year-olds; 50 are part-day four-year-olds
60 are part-day three-year-old
PreK Expansion in child care centers - 275 four-year-olds.
CentroNia PreK – 100 seats

In total, there are 4,136 prekindergarten seats in full and half-day programs.

Capacity needed by Tier and mixed delivery setting

The Blueprint establishes which children are served by the new funding stream primarily by family income. Three-year-olds are only served if they are eligible under Tier I.

Tier I – 0% - 300% FPL (Up to \$79,500) - free
Tier II – 301% to 600% FPL (Between \$79,501 and \$159,000) - sliding scale fee
Tier III – Above 601% FPL – no public dollars

Assuming there are 11,000 four-year-olds across all Tiers, and if 40.5% of children under age six are in households below 300% FPL, this would mean that the 4,455 prekindergarten seats are needed for Tier I four-year-olds and another 4,455 prekindergarten seats are needed for Tier I three-year-olds, a total of 8,910.

Tier II funds are available only for four-year-olds. While it is unclear how many four-year-olds would fall within the income span of Tier II. One estimate is that there are 1,655 four-year-olds but there is no breakdown for the number of four-year-olds between 400% FPL and 600% FPL.¹¹ Assuming that 40.5 percent of four-year-olds are in households between 301% and 600% FPL, that would mean Tier II would need to fund another 4,455 four-year old prekindergarten seats.

Using that assumption, the sum of Tier I and Tier II seats would be 13,365. When subtracting the 4,136 seats from the previous listing on the number of current prekindergarten seats, this leaves a gap of 9,229 seats for Tier I and Tier II across public schools and community providers.

The statute staggers enrollment by Tier and age of the child:¹²

Tier I children – School Year 2022-23 begin enrolling three and four-year-olds; increase the number annually until all Tier I three-year-olds are enrolled.

¹¹ Yao, V. April 21, 2020. HHS/E&C Item #1,2. FY22 Operating Budget: Early Childhood Care and Education Services, Child Care Subsidies, Infants and Toddlers, High School Wellness Centers, and Children's Opportunity Fund.

¹² HB 1300 Sec. 7-1A-06(A) – (D).

Tier II children – School Year 2024-25 begin enrollment of children in families with incomes between 300% and 600% FPL “if space is available to encourage socioeconomic diversity in prekindergarten classrooms”.

Tier III – Children in families earning more than 600% of the FPL do not receive public funds for prekindergarten. The statute does not set a date for enrollment.

An analysis of the population of four-year-olds in 2012 and 2016 estimated that 5,351 children between 0%FPL and 300% FPL, another 1,655 children between 301%FPL and 400% FPL, and lastly, 6,683 children in homes earning 401% FPL and above.¹³

The Blueprint mandates a mixed delivery system. Community-based providers will be paid directly by MSDE. The State and the county will give their portion toward the prekindergarten per pupil amount to the State which will then distribute the funds to eligible community child care providers. This process needs to be developed with MSDE.

To ensure mixed delivery, the statute sets out a five-year pathway of increasing percentage of seats in eligible community providers, beginning at 30% and increasing by 5% each year until there is a 50-50 mixed delivery system among public schools and community providers.

The chart below shows seats needed by Tier and by percentage served in community-based child care. The chart uses a total enrollment of 22,000 three and four-year-olds at all income levels, of which 40.5% of three and four-year-olds in Tier I and assumes 40.5% of four-year-olds in Tier II.

School Year	Tier enrollment	30% Blueprint child care provider	35% Blueprint child care provider	40% Blueprint child care provider	45% Blueprint child care provider	50% Blueprint child care provider
SY 2022-23	Tier 1 Four- Year-Olds 4,455	1,337				
SY 2023-24	Tier 1 Four-Year-Olds Total 4,455		1,559			
SY 2024-25	Tier 1 Four and Three-Year-Olds 8,910			3,564		
SY 2025-26	Tier 1 Three and Four-Year-Olds 8,910 and Tier II Four-Year-Olds 4,455 Total 13,365				6,014	
SY 2026-27	Tier I Three and Four-Year-Olds 89,10; Tier II Four-Year-Olds 4,455 Total 13,365					6,683

¹³ Email exchange with legislative analyst.

At full implementation, there would need to be 6,683 Blueprint prekindergarten seats in community child care. The Blueprint does not fund children in Tier III (income above 600% FPL) and so this chart does not include seats for those children.

III. Blueprint and Child Care Funding Streams – Family and Provider Scenarios

Although public investment in free or reduced-fee prekindergarten is valuable, a typical prekindergarten program by itself does not meet all a working family’s needs. Whether it’s the full day Head Start, the expanded half day public school program, or the new Blueprint, at most families will have publicly funded prekindergarten only for 6.5 hours a day, 180 days (school year). For families that work a traditional 40-hour week, and commuting time between home, early childhood program, and work, there needs to be affordable, accessible, and quality early childhood program for 10 to 12 hours a day throughout the calendar year (79 days in addition to the 180 school days).

State Child Care Scholarship (CCS)	Montgomery County Working Parents Assistance Program (WPA)
<p>The State’s child care subsidy program is dependent on federal funds. The recent increase in federal resources (not counting COVID-19 relief) resulted in an increase in the reimbursement rate paid to providers and an increase in income-eligibility for families, although this rate is far below the latest market rate survey and the market rate survey is lower than the cost of quality care. State regulations establish the rate and the family copay by income. Families are not eligible for consideration if their income exceeds \$71,525 for a family of four.</p>	<p><i>Montgomery County Working Parents Assistance Program (WPA)</i> – This program historically has supplemented the difference between the CCS rate and the higher rate provided by the County. With the recent CCS increase, the WPA program is less a supplement program. Currently, the WPA is available to families earning up to 350% of the 2019 FPL or 340% of the 2021 FPL.¹⁴ The WPA programs does not set a parent copay. Providers may charge parents more than the reimbursement. Families are not eligible for consideration if their income exceeds \$90,125 for a family of four.</p>

Family Scenarios

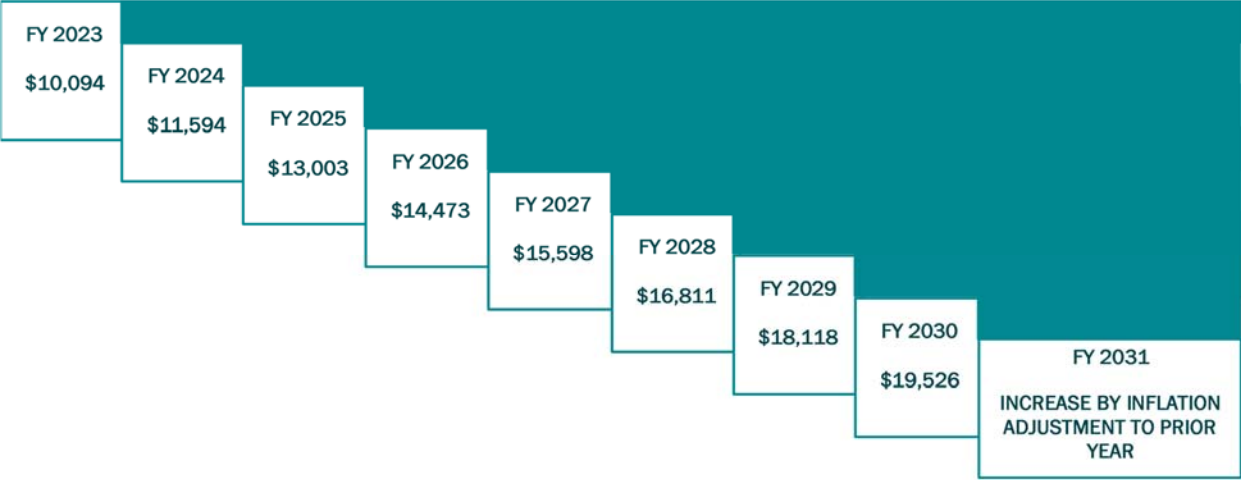
In modeling different family scenarios and the impact on providers, all of the following scenarios use the same family structure: 2 working adults, 1 infant, and 1 four-year old. The Blueprint funding provides the base for the four-year-old by Blueprint Tier. The scenarios examine which child care subsidy system will apply, the rate and copayment under that subsidy system. The

¹⁴ The WPA is currently using 2019 Federal Poverty Levels.

preamble to the federal regulations for the Child Care and Development Block Grant, the primarily funding for the CCS, recommends that families pay no more than 7 percent of their income toward child care costs. That seven percent is shown when applicable in the scenarios for comparison.

The Blueprint statute establishes an annual per child amount for the 6.5-hour day, 180-day program. The amount is the same for a three-year-old and a four-year-old and it is the same whether the program is delivered in the public schools or child care programs even though the resources differ substantially between public school providers and child care centers and family child care homes.

The following is the total Blueprint per pupil amount:



For children Tier II children, there is also a scenario for families earning up to 400% FPL for consideration. Because there is no readily available data on the number of children in the County in households between 400% and 600% FPL, no scenario is provided for those children and their child care providers.

Children in Tier I – State Child Care Scholarship¹⁵

Tier I children are eligible for the state’s Child Care Scholarship. The following scenarios are based on a family of four: 2 adults, 1 infant needing full day/full calendar year care, and 1 four-year old in a 6.5 hour/school year prekindergarten program needing wraparound and, in the summer, full day care.

The following charts compare how the family of four at two income levels would participate in the Blueprint, the amount of child care subsidy, and the family copayment as determined by

¹⁵ These are the base rates and do not reflect the increase if a provider is at a higher EXCELS level.

MSDE for a child care center.¹⁶ The rates below are the base rates, not adjusted for the Maryland EXCELS higher levels and their higher rate reimbursements. Child Care Scholarship determines the weekly payment rates and copays on a unit basis: 1 unit for 3 or fewer hours; 2 units for 3 to 6 hours; and 3 units for more than 6 hours of service.

In these two scenarios, families are eligible for the state Child Care Scholarship and the Blueprint prekindergarten program based on their income.

- the infant uses 3 units of care for 52 weeks
- the four-year-old uses the Blueprint prek (free) for 6.5 hours and 2 units of wraparound child care and 3 units of full day child care in the summer

Level E Family: \$42,554

Age	Infant Full day/full year – 3 units per week	Four-year-old Blueprint PreK	Four year-old Wraparound – 2 units per week (40 weeks)	Four year-old Summer – 3 units per week (12 weeks)	Family Copayment per week
Infant	\$376				\$45.25 (3 units)
Four-year-old		Free	\$204	\$306	2 units = \$19.25 3 units = \$28.88

Level K Family: \$71,520

Age	Infant Full Day/Full Year – 3 units per week	Four-year-old Blueprint PreK	Four-year-old wraparound – 2 units per week (40 weeks)	Four-year-old Summer – 3 units per week (12 weeks)	Family Copayment per week
Infant	\$327				\$94.10 (3 units)
Four-year old		Free	\$183	\$274	2 units = \$40.43 3 units - \$60.64

Level E Family – Assuming \$42,554 Income	Level K Family: - Assuming \$71,525 Income
Infant using 52 weeks care, 3 units Subsidy: \$19,552 Copay: \$2,353	Infant, using 52 weeks care, 3 units Subsidy: \$17,004 Copay: \$4,893.20
Four-year old, 40 weeks wraparound 2 units Subsidy: \$81,60 Copay: \$770	Four-year old 40 weeks wraparound 2 units Subsidy: \$7320 Copay: \$1,617.20
Four-year old, 12 weeks summer 3 units Subsidy: \$3,672 Copay: \$346.56	Four-year old 12 weeks summer 3 units Subsidy: \$3,288 Copay: \$727.68
Total family copay: \$3,469.56	Total family copay: \$7,238.08
7% of family income copay = \$2,978	7% family income copay = \$5,006.74

¹⁶ This chart does not take into account WPA supplements. Since the state increased its rate to the 60th percentile, more children are no longer eligible for the WPA as a supplement. See Yao, V. April 21, 2020

Children in Tier II - Working Parents Assistance Program

Children in Tier II (301% FPL to 600% FPL) are above the income limit for the Child Care Scholarship. Changes to eligibility levels for the State Child Care Scholarship (CCS) have led to 98% of families transitioning from WPA. This shift of families results in WPA funds used primarily to reimburse providers up the Working Parents Assistance Program rate. It also allows WPA funds to be used for new and innovative programs to support access and affordability. ECEI subcommittee recommendations to reformulate WPA funds are being reviewed.

Children in Tier II (301% FPL to 600% FPL) are above the income limit for the Child Care Scholarship. The Working Parents Assistance Program will provide some Tier II children with child care subsidies. The scenarios are based on a family of four: two adults, one infant, and one four-year-old.

Income Level	Age of Child(ren)	Infant WPA Monthly/Year	Blueprint PreK	Four-year old WPA before/after school – month/ 9 months	Four-year old summer Month – month/ 3 months	Total subsidy for a full year
\$72,000	Infant	\$1,145.20/ \$13,740				\$13,740
	4-year-old		Tier II – sliding scale	\$476.68/ \$4,290.12	\$868.72/ \$2,606.16	\$6,896.28
\$80,000 (roughly 300% FPL in 2021)	Infant	\$1063.40/ \$12,760.80				\$12,760.80
	4-year-old		Tier II – sliding scale	\$442.63/ \$3,983.67	\$806.67/ \$2,420.01	\$6,403.68
\$90,000 (roughly 340% FPL in 2021)	Infant	\$981.06/ \$11,779.20		NA	NA	\$11,799.20
	4-year-old		Tier II – sliding scale	\$408.58/ \$3,677.22	\$744.61/ \$2,233.83	\$5,911.05

Scenarios for Families Between 300% FPL and 400% FPL

If 12% of four-year-olds – roughly 1600 - are in households between 300% and 400% FPL (Tier II) and need a full year of child care services to wrap around the prekindergarten program for a full day and full year, and using 3% at \$72,000, 3% at \$80,000 and 3% at \$90,000, and another 3% between \$90,000 and \$106,000, then in each “bucket” there are 400 four-year-olds.

At \$72,000, 400 four-year-olds x \$6896.28 = \$2,758,512

At \$80,000, 400 four-year-olds X \$6403.68 = \$2,56,472

At \$90,000, 400 four-year-olds X \$5911.05 = \$2,364,420

Combined, this would require \$7,684,404 per year for child care assistance for these four-year-olds children in Tier II who enrolled in the Blueprint prekindergarten.

IV. BUILDING QUALITY CAPACITY OF CHILD CARE PROVIDERS

The Blueprint requires all providers – schools and child care – to meet a set of standards to qualify for the Blueprint funds. The greatest hurdles for child care providers in the Blueprint prekindergarten are 1) MARYLAND EXCELS Level 5 requirement and 2) teachers who hold Maryland Prek-3 certification (or alternative pathway) and teacher assistants with a Child Development Associate (CDA) certificate or Associate degree. A mixed delivery system will be achieved only if enough child care providers can meet these requirements in the timeline required by the statute.

Maryland EXCELS Rating

Under the Blueprint, there are a few years for ramping up the Maryland EXCELS rating of participating child care programs. Starting in FY2026 of the Blueprint, requires a community provider (center or family child care) to hold no less than Level 3 on the Maryland EXCELS system and have a plan to achieve Level 5 in five years. Starting in school year 2026, any current or new provider applying for Blueprint funds must be holding Maryland EXCELS level 5.

According to MSDE data, in July 2021 Montgomery County had the following number of child care programs by Level (does not distinguish type of setting):¹⁷

Level 5 = 79

Level 4 = 23

Level 3 = 160

Level 2 = 62

Level 1 = 388

It is not clear how many three and four-year-olds are being served at each level. Because Maryland EXCELS is mandatory only for providers who accept the Child Care Scholarship, it is possible to infer that these are providers who would be able to participate in the early years of the Blueprint and who could be the focus of quality improvement to meet and sustain Level 5.

¹⁷ Ibid.

Providers accepting Working Parents Assistance Program subsidies are not required to participate in Maryland EXCELS.

The State provides some financial and technical assistance support, which the Blueprint continues, to help child care providers improve their Maryland EXCELS rating. Unless the subsidy rates are tied to the actual cost of quality care at the highest Maryland EXCELS level, it will be difficult to recruit providers into the mixed-delivery Blueprint prekindergarten system.

Teachers and teaching assistants

Teacher and teacher assistant qualifications are much higher than current child care licensing regulations. The Blueprint requires prekindergarten teachers to hold a state teaching certification (Prek-3) or have pursued the Maryland Alternative Preparation Program (MAPP) and teaching assistants hold a CDA or Associate degree by school year 2025-26. MSDE interprets this section to require state certification in FY2023 and add the MAPP option in FY2026.¹⁸ Montgomery County does not have a MAPP in early childhood education. Montgomery College would need to expand its degree programs and coursework for the CDA to meet the demand. In addition to the cost of degrees and alternative pathway coursework, there are costs associated with the state licensing exam. Montgomery College has a scholarship program, paid by the Early Care & Education Initiative, for those currently working in child care to help finance the pathways to an associate's degree or a Child Development Associate certificate.

For the Maryland Prek-3 teaching certificate, the individual must pass the basic skills and subject matter Praxis exams from the Education Testing Service. Together, the tests cost \$42 per person.¹⁹ The State's professional development scholarship assistance does not include the Praxis as a covered cost. The Child Development Associate certificate requires 120 hours of study, 480 hours of work experience and then an assessment of the candidate that carries an initial fee of \$425.²⁰ The State does not offer a scholarship to cover these costs.

The County will need to recruit and maintain child care providers who can meet these educator staff standards. In the first year of the Blueprint, if there are 1,337 four-year-olds in child care settings and each classroom has 20 children, there would need to be 67 classrooms, each with a teacher and teacher assistant. By school year 2025-26, the number of classrooms in child care settings rises to 334 classrooms led by 334 teachers with a state certificate and 334 teaching assistants with a CDA or Associate degree. The State and County have not developed a

¹⁸ MSDE PowerPoint October 14, 2021

¹⁹ Maryland Praxis exams at <https://www.ets.org/praxis/md/requirements/>

²⁰ MSDE website on the CDA retrieved at <https://earlychildhood.marylandpublicschools.org/CDA>

workforce registry, it is unclear how many teachers in child care settings have a CDA, Associate degree, Bachelor's degree, or hold a state teaching certificate.

The Blueprint requires that “instructional staff salaries and benefits [that are] comparable to the salaries and benefits of instructional staff employed by the county board of the county in which the early learning program is located.” According to MFN’s Demographic report²¹, child care educator earnings in 2020 on average across the State were:

- Child care center teacher (state data, not county) \$26,054
- Family child care provider (state data, not county) \$ \$40,375

MCPS salary schedule, effective May 2021, has a starting salary for a 10-month contract for a teacher with a bachelor’s degree at \$51,513. The difference in salary alone is substantial. The statute also requires benefits to be comparable. MCPS employment benefits include comprehensive health care and life insurance, retirement, paid annual, sick, professional, and academic leave, and a flexible spending plan.

V. PREVENTING THE OPPORTUNITY GAP BEFORE PREKINDERGARTEN

The human brain has the greatest brain development in the first three years of life. Social, emotional, physical, and cognitive development are laying the foundation for the preschool years. Young children who do not have support for their optimal physical, cognitive (including language and math development), social, and emotional development will be behind their peers in their ability to succeed in the prekindergarten expectations for learning.

High quality infants and toddler care is often unavailable. It is more expensive for providers because of the research-based group size and ratios needed to provide for the health and safety and to give appropriate attention to each young child. Federal funding for Early Head Start, serving the lowest income families, is very limited. According to the Community Needs Assessment, in 2018 there were three providers of Early Head Start services in the County for three-year-olds. Almost all of the Early Head Start children transitioned to the state prekindergarten program; only two transitioned to the comprehensive Head Start program. The County is developing a pilot program for 100 three-year-olds transition from Early Head Start to Head Start (ECEI FY 2022). The Maryland Family Network 2021 Demographic Report for Montgomery County found 149 providers/programs serving infants and toddlers with a capacity of 2,668 seats (prior to COVID-19). Infant and toddler care costs more to deliver, and

²¹ Maryland Family Network. Child Care Demographics 2021. Montgomery County Report.

therefore costs more to parents. The subsidy rates are higher for infant and toddler care, but like other child care rates, are set as market rates and lower than the real cost of quality care. Child care is built on a fragile business model of what parents can afford and a subsidy system that is not aligned with the real cost of quality care. Whereas twenty (20) three or four-year-olds have one classroom teacher and assistant (10 children per adult), the Maryland child care licensing requirement for centers is appropriately a ratio of no more than 3 infants or toddlers for every adult and a group size of no more than 6 for infants and no more than 9 for toddlers.²² Child care is funded on attendance; prekindergarten is funded on enrollment. The different financing amounts and structures of prekindergarten can lead child care providers to drop their infant and toddler services in order to sustain their operations.

VI. CONSIDERATIONS

I. Supply and Demand – Blueprint Seats, Eligible Providers for Mixed Delivery

The supply of prekindergarten seats is well below the potential demand. Child care providers will need to meet high standards in a short period of time to be eligible for the Blueprint prekindergarten funds. Building the supply of seats in child care will require recruiting child care providers who can meet and sustain these standards while providing child care to wraparound the prekindergarten day and deliver services for a full calendar year. The Blueprint per pupil amount is lower than the estimated cost of prekindergarten in its first few years. Child care subsidies are lower than the market rate. Together, this leaves substantial gaps in the funding for child care providers to serve prekindergarten and younger children.

The County should consider:

- conducting an updated cost of quality care for each age group in center-based and family child care to understand the system funding needs as a whole as well as the funding needs of providers who eligible for the Blueprint program.
- paying providers with contracts based on enrollment instead of vouchers/certificates based on attendance to provide stability to providers and better business planning. The CARES Act allowed states to pay by enrollment and the state and county should consider extending this payment practice.
- Examining different scenarios such as increasing WPA supplements for the lowest income families who receive the state Child Care Scholarship, for dual language providers, and for families earning up to 400% FPL.

II. Supporting the quality improvements for providers

²²COMAR 13a.16.08.03

The Blueprint has two hurdles for child care providers to receive Blueprint funds: the Maryland EXCELS level and the teacher and teacher assistance qualifications. The ability to provide families with choices of school-based and community-based providers is an underpinning of the Blueprint. The State provides some assistance to providers to reach higher Maryland EXCELS levels and scholarships for postsecondary education, but the number of potential teachers and programs needed this assistance could be more than the State investment. There are also basic capacity issues of who will provide the quality improvement supports and faculty to deliver coursework.

The County should consider:

- estimating the cost of bringing teachers and teacher assistants to the Blueprint requirements, with attention to supporting racial, ethnic, and language diversity at those higher levels of education and credentials. Given the increasing diversity of the County, it is important to build a workforce that reflects the children and families. The federal Administration for Children and Families has published the Professional Development System Cost Analysis tool for estimating the cost of a state professional development system which can be used at the county level.²³ The County should use this or another tool to determine the costs associated with assisting prekindergarten teachers and teacher assistants to meet these requirements as well as support infant and toddler teachers to meet at least a Child Development Associate or associate's degree along with ongoing professional development opportunities.
- financial assistance with needed coursework. The Praxis is an expensive exam for the underpaid child care workforce. The County should determine if it wishes to help offset the cost of the Praxis (some teachers may need to take it more than once).
- establishing a workforce registry system of all licensed and regulated providers that includes directors, teachers, teacher assistants, and other key personnel with demographic information, education, and credentials, setting (centers, family child care, schools), ages of children served, years of experience, and languages, at a minimum. Many states workforce registries mandate participation for providers who accept publicly funded subsidies, but this does not provide a full picture of the workforce.
- publishing a document with comparable salaries and benefits for teachers and aides in Blueprint funded programs to include publishing a salary and benefits schedule to assist providers and recommendations for infant and toddler providers.
- creating a dual language provider designation and higher rates to incentive more dual language services. (See Washington State's newly enacted Fair Start legislation at <https://www.billtrack50.com/BillDetail/1272570>).

²³Administration for Children & Families, U. S. Department of Health and Human Services. Professional Development System Cost Analysis Tool and Guide at <https://earlyeducatorcentral.acf.hhs.gov/sites/default/files/public/resources/Professional%20Development%20System%20Cost%20Analysis%20Tool%20Guide%20and%20Case%20Studies.pdf>

III. System infrastructure and equity impact

A well-functioning system for families and providers depends on a well-financed, effective system infrastructure. Data is the backbone of accountability and planning. Both state and County data are difficult for an external user to find and interpret. There are multiple data sources, but they do not use the same terminology or federal poverty level year. Although the state makes its rates and copays public, the WPA program has little information for providers and families readily accessible online. Other states and counties across the country are using a unique child identifier system to help understand what children need and the services and supports they are receiving from early years through the early elementary grades.²⁴ The system also needs to provide equity for children and providers of color and immigrants, children who are in economically challenged households, special needs children, and children where quality child care options do not exist.

The County should consider:

- the strengths and challenges of a unique child identifier and the level of information that is readily available to external data users, whether it is families, providers, or researchers.
- using the Racial Equity and Social Justice Legislative Review Tool for assessing the equity impact of different policy and funding scenarios.
- conducting an awareness and listening sessions campaign across the County to provide accurate information on the Blueprint and provide input into policy decisions for any adjustments needed to the Early Care & Education Initiative because of this new State funding stream.

²⁴ Office of Child Care, U.S. Department of Health and Human Services. (2014) State Longitudinal Data System Issue Brief: Beyond K-12.

APPENDIX: AREA IN NEED OF CLARIFICATION AND GUIDANCE

The Blueprint for Maryland's Future, HB 1300, is an extensive statute. The prekindergarten section establishes a new program from other existing state-funded prekindergarten programs. As such, there are questions of interpretation that need clarification either through guidance and/or regulation. One question is how the system will respond to parent choice and available seats.

Eligibility and Waiting lists

Based on the number of children enrolling in kindergarten in Montgomery County and the number now being served by the existing prekindergarten programs (including Head Start), the potential demand for prekindergarten enrollment exceeds the current seat capacity. The Blueprint designates child eligibility by income and other factors, such as homelessness, special education, and a home language other than English. If the local school system does not have open seats for these Tier I, and later Tier II children, and the local child care providers do not have open seats, is the child placed on a waiting list or does the Blueprint in essence create an entitlement and a seat must be created? Who would maintain this waiting list and determine which eligible child gains access to a newly created prekindergarten seat?

This is an important issue in understanding the interaction of parents and this new program. The public believes that the Blueprint for Maryland's Future will provide them with free or low-cost prekindergarten. The State and County need to be able to respond to parents of children eligible under Tier I who are counting on enrolling their four-year-old children in a free prekindergarten program in September 2022.