

Mayor's Proposal for Expanded Quality Pre-K

The Need for Expanded Pre-K in Philadelphia

Of the 42,000 3- and 4-year olds in Philadelphia, more than 32,000 (77%) are eligible for state or federally funded quality programs based on their family income of 300% of the federal poverty level or lower. Only 15,189 are in quality, publicly funded pre-K programs. This leaves a gap of more than 17,000 children in need of affordable, quality pre-K.

Total 3&4 Year Olds	Children at or below 300% Poverty (eligible for State and Federal Programs)	Current High Quality Slots*	Gap - Children Still in Need
42,516	32,619	15,189	17,430

** This represents the number of publically funded quality slots, and does not include private pay.*

Current state and federal per child funding is below the cost of quality care. Insufficient funding limits the ability to provide the basic tenets of quality pre-K: a stable workforce with adequate training, quality facilities in convenient locations, and recurrent funding for families who cannot otherwise afford quality pre-K.

Pre-K Research

The Administration is actively reviewing existing literature on pre-K programming to align best practices for quality with our expanded pre-K program. The best way to ensure that Philadelphia's children are prepared to succeed in their education and in life is to give them a strong base at a young age. We are also looking at what other cities have accomplished with their pre-K expansions to inform our work here in Philadelphia.

Quality early childhood education efforts have garnered tangible results in other states and cities. An extensive body of research in education, neuroscience, medicine, developmental psychology and economics shows that quality early childhood education programs produce better education, health, economic and social outcomes for children, families, and communities.

The return on investment for funding quality preschool ranges from four dollars to sixteen dollars saved for every dollar invested in the form of reduced need for social services, special

education, remediation, and public safety activities as well as increased tax revenue.¹ In particular, quality early childhood education investments have been repeatedly shown to improve life outcomes. Children in low-income families benefit the most as compared with children from moderate- and upper income-families, but benefits are evident across socio-economic strata.

Municipal leaders in Seattle, Denver, Boston, San Francisco, Los Angeles, San Antonio, Chicago, New York City, and Washington, D.C., have made providing publicly funded preschool education for all children a policy goal. Here in Philadelphia, where almost two-thirds of our children under age six live at 300% of the federal poverty level or below, the time to act is now.

The Mayor's Proposal:

Expand Access to Quality: Over three years, the City will provide annual funding for the creation of quality slots for up to 6,500 children. The City will fund these slots at the same rate as the State's per child rate of \$8,500 used in the high quality "Pre-K Counts" program. There will also be additional child care subsidy available that are managed by Child Care Information Services (CCIS). Using City funding combined with child care subsidy, the program will fund participation in a school day, school year program with the option for full day coverage (eight hours per day) throughout the year (260 days per year) for eligible families.

The City's investment – combined with state and federal funding (including a conservative estimate of 1,000 new state funded slots/year) – will increase the number of quality seats by almost 10,000 over three years. This effort will reduce the gap in affordable, quality pre-K for Philadelphia families.

In the first year, the program will create 2,000 new slots and cost \$26 million for the six-month period of January – June 2017. As the program is built-out, the number of local slots will increase to 6,500 and the program will cost \$60 million annually by FY19. While slot costs are the primary expense, the program also builds in supports to improve the quality of lower-quality providers, start-up costs for a web-based enrollment system, and a contract with an intermediary to act as a fiscal agent between the City and providers.

Implementation of the Mayor's Proposal

The Mayor's proposal will focus on providing access to quality pre-K for children with high needs first: low-income children, children of immigrants, English-language learners, children with special needs and homeless children. The University of Pennsylvania Graduate School of Education has provided data on the locations of children under five with multiple risk factors for

¹ https://www.whitehouse.gov/sites/default/files/docs/early_childhood_report1.pdf

academic failure. In combination with data on current supply (see Appendix A) and demand (see Appendix B) of quality pre-K programs, this will help us guide the selection of additional quality pre-K programs, locations and enrollment strategies.

While the City program and \$8,500 per pupil funding cover a school-day, school-year program, the Administration is working in concert with the Pennsylvania Office of Childhood Development and Early Learning (OCDEL), to encourage eligible families to access before and/or after and summer care through child care subsidy. The City is working with the State to streamline access to subsidy for eligible children. This will not only help families who need full time care for their children, but will also ensure that providers recoup the full cost of delivering quality services and pay teachers family-sustaining wages.

Current Agencies Involved in pre-K:

- Federal Government – provides funding for Head Start, a quality early education program available for three and four year olds whose families make no more than 100 percent of the poverty level. The federal government also provides funding that goes toward Child Care Works subsidy through child care subsidy.
- Pennsylvania Office of Child Development and Early Learning (OCDEL) – state agency providing funding and setting policy for early learning and development programs
- Southeast Regional Key (SERK) - One of five regional “keys” working under contract to OCDEL to develop and implement quality improvements and professional development support in Pennsylvania’s early childhood education system. SERK is currently run by Public Health Management Corporation (PHMC) and serves the 47,000 children of Philadelphia, Delaware, and Montgomery counties.
- Child Care Information Services (CCIS) – Four Philadelphia non-profit organizations contract with the state to manage the child care subsidy program. The purpose of the child care subsidy is to help make childcare more affordable for low-income families.

Quality Rating System

Philadelphia has a rich tradition of quality early education providers based in the community in large part due to Pennsylvania's early commitment to a strong Quality Rating and Improvement System (QRIS). Pennsylvania's QRIS system was one of the first in the nation when it was established over a decade ago. The QRIS system is commonly known as Keystone STARS; Standards, Training, Assessment, Resources and Support (STARS). Participation in STARS is optional and indicates that providers are committed to quality improvement. STARS 3 and 4 are considered quality. To incentivize providers to invest in quality, the State provides a tiered reimbursement process for programs in the STARS system. As a program improves its quality and STARS rating, it receives higher reimbursement rates from the child care subsidy system.

As noted, the STARS system is optional and approximately half of the City's licensed child care centers do not participate. By choosing not to participate, providers are forgoing support resources for staff and losing the opportunity to access additional state funds. The Administration plans to work with providers to determine why certain providers do not participate, and how they can be incentivized to do so.

The City currently has 206 STARS 3 and 4 programs and 210 STARS 2 programs. The ambitious expansion of quality pre-K opportunities for children depends upon more providers to enter and climb the quality rating system. The State is also in the process of incorporating provider and stakeholder feedback to improve the STARS system, reduce administrative burdens on providers, and encourage provider participation.

Fiscal Administration and Governance

A non-profit intermediary organization with the purpose of coordinating and administering quality pre-K may be created. The organization would work to ensure that diversity is a key priority when selecting providers throughout the contracting process. The intermediary would have a Governing Board of Directors composed of various stakeholder groups and types of expertise appointed by the Mayor and City Council, and would include ex officio members in advisory roles.

This intermediary would:

- Administer the selection and contracting process for providing funds to diverse, independent, quality pre-K service providers. Providers would enter contracts or grant agreements directly with the intermediary and receive City administered funds through the intermediary.
- Build system capacity by collaborating with appropriate partners to build a stronger pipeline of qualified pre-K teachers.
- Develop a user-friendly, web-based “one-stop” intake and enrollment process for families and providers.
- Collaborate with local, state, and federal early childhood education entities to foster efficient and effective alignment, communication and processes.

Process for Working with pre-K Providers

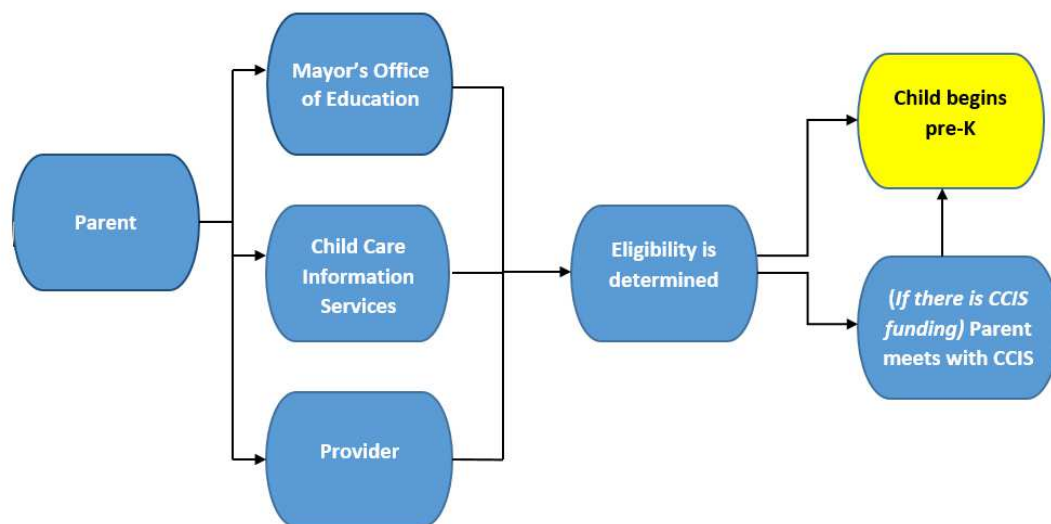
Providers will be selected through a Request for Proposals (RFP) process with priority given to those who will serve areas with high need and low/no quality providers. These areas are in predominantly low-income neighborhoods. Stakeholders will be engaged in establishing

additional criteria for the selection of providers. The RFP process will be open to all providers, with a focus on those who participate in Keystone STARS, and further preference given to STARS 3 and 4. Utilizing the Keystone STARS system to evaluate programs allows the City to build upon existing systems of training, support and accountability to ensure positive child outcomes.

Process for Enrollment

Families will choose the participating pre-K provider where they want to enroll their children. This is the current practice in Philadelphia and in many locations across the country. Council offices, the Mayor's Office of Education and the potential non-profit intermediary can help families locate area providers, but the City would not have a direct role in enrolling children.

The Mayor's proposal includes funding to begin to develop a one-stop web based enrollment system to streamline application processes to help children enroll more easily in quality pre-K and determine eligibility for other state and federal funds. Families will be able to use the system at a variety of locations – such as child subsidy program offices, providers, and the School District – to enroll their children. It may take up to several years to complete the enrollment system. Please see below for a flow chart exhibiting the enrollment process.



Developing the Workforce

Currently, many child care workers lack the credentials needed for their early childhood education (ECE) centers to reach STARS 3 and 4. Additionally, there is persistent turnover as teachers leave to enter the K-12 workforce for better wages and career opportunities. This is a nationally recognized challenge. In order to add 2,000 more children into quality pre-K per year in Philadelphia, we will help child care workers achieve the required qualifications to meet impending demand.

The Mayor's proposed workforce strategy has three components. The first will help connect teachers with underutilized resources such as state tuition assistance programs to obtain degrees and become certified in the Keystone STARS system. This underutilization may be in part due to lack of awareness.

The second component provides funding for programs to help current providers move from STAR 2 to STAR 3 or 4. The United Way's Success by Six program, an 18-month intensive support program, is an example of the type of program that the City could support.

The third component of the proposal seeks to partner with providers receiving City funds to ensure all staff receive the City's living wage. Currently, teachers without a bachelor's degree earn only \$27,450 annually, which is \$9 to \$11 per hour. We are committed to working with providers to remove barriers to opportunities for better wages.

We recognize this will take some time but it is a priority of the Administration to leverage additional local funding so that more pre-K teachers and staff earn a living wage.

Facilities

Adequate and well-maintained facilities are essential to ensuring high-quality instruction in and out of the classroom. Therefore, ensuring an adequate supply of quality preschool facilities is critical. Fortunately, the William Penn Foundation has committed \$15 million dollars to the "Fund for Quality". This fund allows quality early education centers to expand the number of classrooms through grants of up to \$300,000 per center. In addition, the "Fund for Quality" assists quality pre-K providers in accessing loans for projects above the grant limit.

Currently, the City, the "Fund for Quality" and the School District of Philadelphia are working together to assess available spaces for the placement of new quality pre-K classrooms over the next three years.

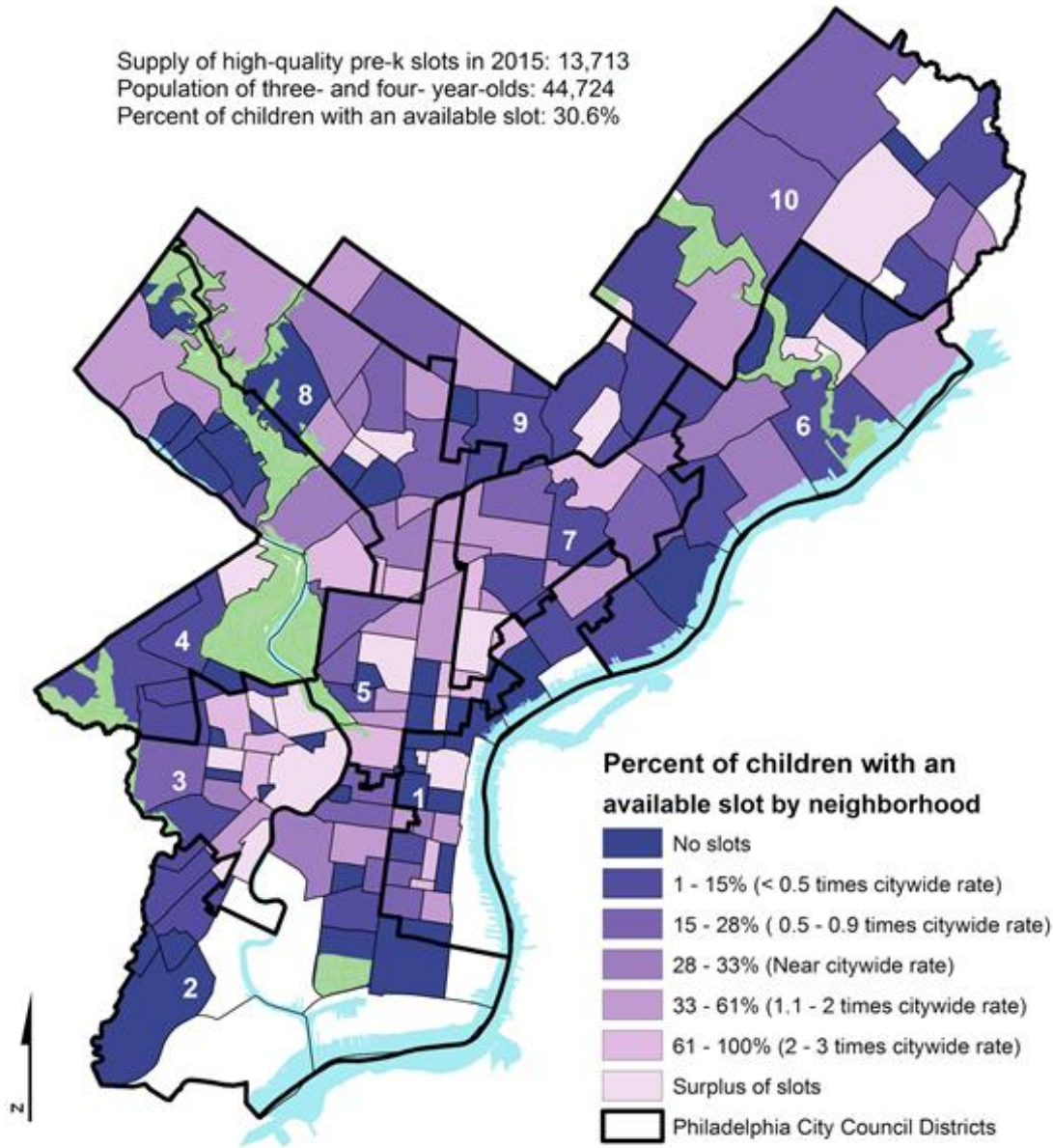
For More Information

The Administration is continuing to develop this implementation plan, and will work in partnership with families, providers, City Council, and early childhood education funders to ensure the roll out of expanded pre-K is a success in Philadelphia. If you have questions in regards to implementation, please direct your questions to Anne Gemmell, Director of pre-K at (215) 686-0310 or Anne.Gemmell@phila.gov.

Appendix A

Supply of High-Quality Pre-K in Philadelphia: Slots for three- and four-year-olds

Supply of high-quality pre-k slots in 2015: 13,713
 Population of three- and four- year-olds: 44,724
 Percent of children with an available slot: 30.6%



High-Quality Pre-K
 Keystone STARS (3 & 4) NAEYC or NAFCC Accredited
 HeadStart PA Pre-K Counts (including Bright Futures)

*Graphic uses data collected from FY14-

Note: Excluded neighborhoods with 10 or fewer children.

Appendix B

Multiple Early Childhood Risks in Philadelphia: Three- and four-year-olds with two or more risks

9,563 children with 2+ risks in 2012
(21.4% of 44,724 children)

