

From: Holcombe, Rebecca [Rebecca.Holcombe@vermont.gov]
Sent: Tuesday, November 08, 2016 3:42 PM
To: Martin, Trey; Pepper, James
Subject: Here is the data you requested
Attachments: Estimated costs for 3 and 4 year olds.docx

See attached.

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Summary:

Estimated costs for 3 and 4 year olds-- Assumes an 8-3 day		
Source	Cost	Notes
BRC -- child care center	\$15,793.43	special education provided by school system, does not include transportation or special education and full cost of school meals program, nor admin overhead at district and AOE
BRC -- family care center	\$13,879.85	special education provided by school system, does not include transportation or special education and full cost of school meals program, nor admin overhead at district and AOE
NIERC (basis of Act 166 tuition vouchers)	\$10,817.00	special education provided by school system, does not include transportation or special education and full cost of school meals program
Current public school based programs*	\$15,100.00	includes all comprehensive services currently provided in public schools, including special education and a full day with a certified teacher staff at a slightly higher price point, and lower staff to student ratios than NIEER, easier PK to k transition

*Note: this is based on current per pupil expenditures, so may be high. Adding students to existing systems would likely bring down per pupil costs overall, due to shared fixed overhead.

Below are two notes I sent to Charlotte Ancel at her request...see for further detail on the estimates above. See the draft BRC report Jessica sent out for back up on those figures.

Basically, like Picus, we see it is cheaper to provide in public schools. There is a tradeoff between affordability and "choice." Quality and equity appear more consistent in public setting.

Charlotte,

In answer to your request, here are two ways to estimate the cost of a full day of PK in a public school, on average. I include information on what is "in" each estimate, so you can evaluate the difference in the two estimates.

Strategy 1:

The first strategy extrapolates from the method used by the PreK rule writing group, based on the NIEER model, which was developed by the Institute for Women's Policy Research and Early Childhood Research. The NIEER model was based on:

- a. a study of high-quality pre-K programs nationwide;
- b. a meta-analysis of 33 early education evaluations;
and
- c. nationwide data that allowed for specific cost-of-living adjustments for Vermont.

The model looked at preK programs that had teachers with Bachelor's degrees, programs of varying length (3, 6, and 9 hours), and varying class sizes (15, 17, and 20 students) for 185 days per year.

In Appendix A, the NIEER report explains that is is based on these elements used to derive their per pupil preK cost estimates, so our 3,000 in FY16 and 3,092 in FY17 are based on the same:

1. Direct services cost
 - a. Instructional personnel expenditures
 - i. One full time licensed teacher with salary and benefits
 - ii. One full time assistant teacher with salary and benefits
 - b. Essential instructional support expenditures
 - i. Food
 - ii. Student transportation
 - iii. Instructional supplies
 - iv. Social work
 - v. Guidance counseling
 - vi. In-service training

- c. Non-instructional expenditures
 - i. For public programs
 - 1. General administrative and support services
 - 2. School administration
 - 3. Operations and maintenance
 - ii. For private programs
 - 1. Operations and maintenance
 - 2. Profit margin, roughly equal to (i)(1) and (2) above,
estimated to be 5% after taxes
- d. Infrastructure costs
 - i. technical assistance and consultation to the program
 - ii. monitoring and quality assurance
 - iii. kindergarten readiness assessments
 - iv. program evaluation
 - v. facilities renovation
 - vi. the cost of governance.

NOTE: This method does not include special education costs. In addition, this strategy generated a tuition to be paid to the point of service, even though some of the incurred costs are incurred at the state level.

Here are the numbers:

10 hours/week	<u>FY16</u>	<u>FY17</u>
rate/yr	3,000	3,092
weeks/yr	35	35
hrs/week	10	10
hours/yr	350	350
rate/hr	8.57	8.83

School day 8-3 (certified teacher all day, paid public school wages)

hours/day	7	7
days/yr	175	175
hours/yr	1,225	1,225
		10,817
Cost full day	10,498	

After school 3-5 (assumes a certified teacher paid public school wages)

rate/hr	10	10
hours/day	2	2
days/yr	175	175
hours/yr	350	350
Cost full day	3,500	3,500

Estimated cost, 8-5 (assumes a certified teacher paid public school wages)

		14,317
Annual/preK	13,998	

Strategy 2:

For the second strategy, we used current expenditures to estimate the cost. On average, class sizes and staffing ratios are currently very low in elementary schools, and certainly no higher than the estimates for PK. We took all the districts that just operate either K-6 or preK-6 in FY16, subtracted out

preK costs as reported in the FY16 statbook, and then brought in FY16 K-6 ADM to get a per K-6 ADM cost.

This gave us an estimate for full day PK from 8-3 of \$15,100, compared to about \$10,500 for NIERR.

NOTE: This costs is about \$4500 higher, but includes special education, staff at a slightly higher price point, and lower staff to student ratios than NIERR.

I hope this is helpful.

Rebecca

Suggestions for legislative consideration with respect to child care (for BRC) :

Positioning and funding:

- 1 Position this is an initiative that both supports families and advances the business and industry interest in an expanded work force. This is not just a benefit to parents.
<http://ftp.iza.org/dp7846.pdf>
[http://www.chrisherbst.net/files/Download/C. Herbst Lanham Act Presentation.pdf](http://www.chrisherbst.net/files/Download/C._Herbst_Lanham_Act_Presentation.pdf)
- 2 Engage business partners by using social impact bonds to support implementation of childcare?
https://ssir.org/articles/entry/pay_for_success_is_working_in_utah

Considerations for delivery

1. Address statutes and regulations that preclude using education assets and public facilities for non-education purposes (e.g. child care, distribution

of health services).

2. Figure out how to get the best value possible out of existing public assets, including: existing buildings and existing food and support services.

<http://ftp.iza.org/dp7846.pdf>

[http://www.chrisherbst.net/files/Download/C. Herbst Lanham Act Presentation.pdf](http://www.chrisherbst.net/files/Download/C._Herbst_Lanham_Act_Presentation.pdf)

Oklahoma provides universal preschool as part of the public education system: “Many Oklahomans point to another key reason they think preschool works here. Towns and districts are given plenty of leeway to create programs that fit their needs as long as they meet some basic quality standards”:

- <http://hechingerreport.org/why-oklahomas-public-preschools-are-some-of-the-best-in-the-country/>

Georgia Pre-K classrooms must have the following:

- Licensed classroom space for a minimum of 22 children
- Licensed playground space for a minimum of 22 children
- A minimum of 20 and a maximum of 22 children enrolled.
- Full funding is based on a class of 22
- Open enrollment
- Classes with fewer than 19 children enrolled will be considered for closure after first year

New Jersey’s PK is delivered primary through schools and community center based care:

- <http://www.njspotlight.com/stories/15/11/23/putting-new-jersey-s-pre-k-education-programs-in-perspective/>

Boston primarily through schools with some centers:

- <http://www.theatlantic.com/education/archive/2016/08/what-bostons-preschools-get-right/493952/>

3. Where small units are necessary, look for opportunities to share functions at the level of providers (see www.SharedServicesVT.org for an example of a network, through which SharedservicesVT operates as a “hub” for a network of providers).
4. Optimize as a state system, and not at the unit of delivery (e.g. the individual program). Remember that every local program has associated state level costs. One example, federally supported nutrition services are supported through the AOE, and the cost driver at the AOE is number of sites where food is delivered. Each of those sites has to be monitored by two monitors: fiscal and program. Distributing services through an increasing number of very small units strains the "hub"-- the child nutrition division at the

AOE. A fragmented model will require a greater state level investment in order to ensure appropriate administration of federal and state programs and supported services, and this needs to be accounted for in estimated costs of any initiative. Cost estimates need to include and account for costs not just at the end of the “spokes”, but also at the “hub,” and need to acknowledge the unit levels that drive costs at the hubs.

<http://education.vermont.gov/student-support/nutrition>

5. Frequently forgotten: Ensure policies don't disadvantage working class and lower middle class families who do not have independent resources nor public subsidies sufficient to compete effectively in markets.
6. Allow municipal entities to manage costs and manage decisions about how to contract or operate to best achieve the goal of good care for the maximum number of individuals. This includes enabling municipal entities to structure partnerships with Head Start and/or a subset of providers to ensure full day care, with supports, at scale.
7. Require all publicly funded programs to be open enrollment, and if demand exceeds supply, award slots in a way that ensures socioeconomic equity and equity for students with disabilities.