

**R00A99**  
**Early Childhood Development**  
Maryland State Department of Education

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$74,316	\$59,155	\$65,369	\$6,214	10.5%
<b>Adjusted General Fund</b>	<b>\$74,316</b>	<b>\$59,155</b>	<b>\$65,369</b>	<b>\$6,214</b>	<b>10.5%</b>
Federal Fund	83,255	96,174	64,461	-31,713	-33.0%
<b>Adjusted Federal Fund</b>	<b>\$83,255</b>	<b>\$96,174</b>	<b>\$64,461</b>	<b>-\$31,713</b>	<b>-33.0%</b>
<b>Adjusted Grand Total</b>	<b>\$157,571</b>	<b>\$155,329</b>	<b>\$129,830</b>	<b>-\$25,499</b>	<b>-16.4%</b>

- A fiscal 2012 general fund deficiency appropriation of \$10.3 million is proposed to replace federal Temporary Assistance for Needy Families (TANF) funds in the Child Care Subsidy Program due to a shortfall of TANF funds available to the State.
- General funds increase \$6.2 million, or 10.5%, in the fiscal 2013 allowance due to additional general funds supporting the Child Care Subsidy Program, though when accounting for the proposed fiscal 2012 \$10.3 million general fund deficiency, general funds in the Child Care Subsidy Program decrease \$4.1 million in fiscal 2013. Federal funds decrease \$31.7 million in the fiscal 2013 allowance due largely to a \$30.6 million reduction of federal funds in the Child Care Subsidy Program.

Note: Numbers may not sum to total due to rounding.

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## ***Personnel Data***

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	<b><u>FY 11</u></b> <b><u>Actual</u></b>	<b><u>FY 12</u></b> <b><u>Working</u></b>	<b><u>FY 13</u></b> <b><u>Allowance</u></b>	<b><u>FY 12-13</u></b> <b><u>Change</u></b>
Regular Positions	187.50	180.50	175.50	-5.00
Contractual FTEs	<u>3.00</u>	<u>6.00</u>	<u>6.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>190.50</b>	<b>186.50</b>	<b>181.50</b>	<b>-5.00</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	14.13	8.05%
Positions and Percentage Vacant as of 12/31/11	17.00	9.42%

- The number of regular positions declines by 5.0 in the fiscal 2013 allowance, representing 5.0 long-term vacant positions, which are abolished.
- Turnover is budgeted to decrease from 8.8% in fiscal 2012 to 8.1% in the fiscal 2013 allowance. This will require the Division of Early Childhood Development to maintain at least 2.1 more vacancies through fiscal 2013 than it had on December 31, 2012, after accounting for the 5.0 abolished positions.

## *Analysis in Brief*

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### Major Trends

**Kindergarten Readiness Continues Its Upward Trend for All Groups:** Kindergarten readiness reached 81% in the 2010-2011 school year, compared to 78% in 2009-2010 and 73% in 2008-2009. Every subgroup of children has made steady progress since 2001-2002.

**Waitlist Instituted for Child Care Subsidy Program:** The total number of Maryland children served by the Child Care Subsidy Program is expected to decrease from 25,617 in fiscal 2011 to 20,365 in fiscal 2012 due to an enrollment freeze implemented in March 2011. As of January 31, 2012, 15,020 children were on the Child Care Subsidy waitlist.

### Issues

**Federal Funding for the Child Care Subsidy Program Overestimated in Fiscal 2012, Declines in Fiscal 2013:** Federal funds for the Child Care Subsidy Program are overstated by \$15.1 million in the fiscal 2012 appropriation. As a result, \$15.1 million of the fiscal 2012 appropriation is not available for expenditure, leaving \$87.8 million. After accounting for this overestimate and a proposed fiscal 2012 deficiency appropriation replacing \$10.3 million in federal TANF funds with general funds, fiscal 2013 federal funds decrease \$5.2 million and general funds decrease \$4.0 million. An enrollment freeze was instituted for the program on March 1, 2011. **The Maryland State Department of Education (MSDE) should comment on whether the Child Care Subsidy Program will be able to provide subsidies to those currently enrolled in the program within the \$87.8 million available portion of the fiscal 2012 appropriation.**

### Recommended Actions

1. Concur with Governor's allowance.

### Updates

**Maryland Wins Race to the Top Early Learning Challenge Grant:** In December 2011, MSDE received a federal Race to the Top Early Learning Challenge grant of \$50 million over four years. The program is designed to narrow the school readiness gap for children in poverty, English language learners, and those with disabilities.

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**Early Childhood Development**  
**Maryland State Department of Education**

## ***Operating Budget Analysis***

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### **Program Description**

The State's early childhood programs are administered by the Division of Early Childhood Development (DECD) within the Maryland State Department of Education (MSDE). The division has a strategic plan that aligns early childhood programs with K-12 education to ensure that children, including those with special needs, enter school ready to learn. The plan focuses on three areas: programs, regulations, and standards; career and professional development for caregivers; and public relations and outreach.

### **Hoyer Program Emphasizes Quality Care and Support Services**

The 2000 legislative session was a turning point for early childhood care in Maryland. Chapter 680 of 2000 established the Judith P. Hoyer Early Child Care and Education Enhancement Program. The program provides grants for local school systems to offer high-quality, full-day child care and education and family support services in or near Title I schools which have high proportions of low-income students. The sites are known as "Judy Centers."

Hoyer Grants are also available to private providers of early child care and education to help them pursue accreditation and staff credentialing, which result in improved care for children. Hoyer funds also support administration of the Maryland Model for School Readiness (MMSR), the State's early childhood assessment system.

### **Focus on School Readiness Solidified in 2005**

The 2005 legislative session solidified the focus of Maryland's early child care resources toward school readiness. Chapter 585 of 2005 transferred functions of the Child Care Administration in the Department of Human Resources (DHR) to MSDE and mandated the establishment of DECD. In February 2006, the Purchase of Care Program, which provides financial assistance to low-income families for child care, was transferred from DHR to MSDE by executive order. MSDE is responsible for the budget operations and payment processing for the program which MSDE has designated the Child Care Subsidy Program. DHR still provides eligibility screening through local departments of social services. Contracts for the Maryland Child Care Resource and Referral Network and the Family Support Center Network were also transferred from DHR to MSDE.

DECD includes the Office of Child Care, which has three branches. The Licensing Branch licenses and monitors child care centers and family day care homes in the State. The Child

Care Subsidy Branch regulates and administers the Subsidy Program. The Credentialing Branch administers the Maryland Child Care Credential Program; handles tiered reimbursement under the Child Care Subsidy Program; and manages child care training approval, training vouchers and reimbursements, and accreditation support awards.

Another part of DECD is the Early Learning Branch, which was transferred from MSDE's Division of Instruction. The Early Learning Branch is responsible for public pre-kindergarten and kindergarten policies, the Judith P. Hoyer programs, the MMSR, early childhood curriculum guidance, and early childhood program accreditation. The accreditation work includes coordination of the application process and technical assistance for early care and education programs considering pursuing accreditation.

DECD also has a Collaboration and Program Improvement Branch that issues and administers early care grants and contracts, including the Family Child Care Provider Grant, the Quality Improvement Grant, and the contract for the Maryland Child Care Resource and Referral Network. This branch also handles Head Start collaboration, an early childhood mental health project, and a project to promote leadership and management skills in early childhood programs.

## **Performance Analysis: Managing for Results**

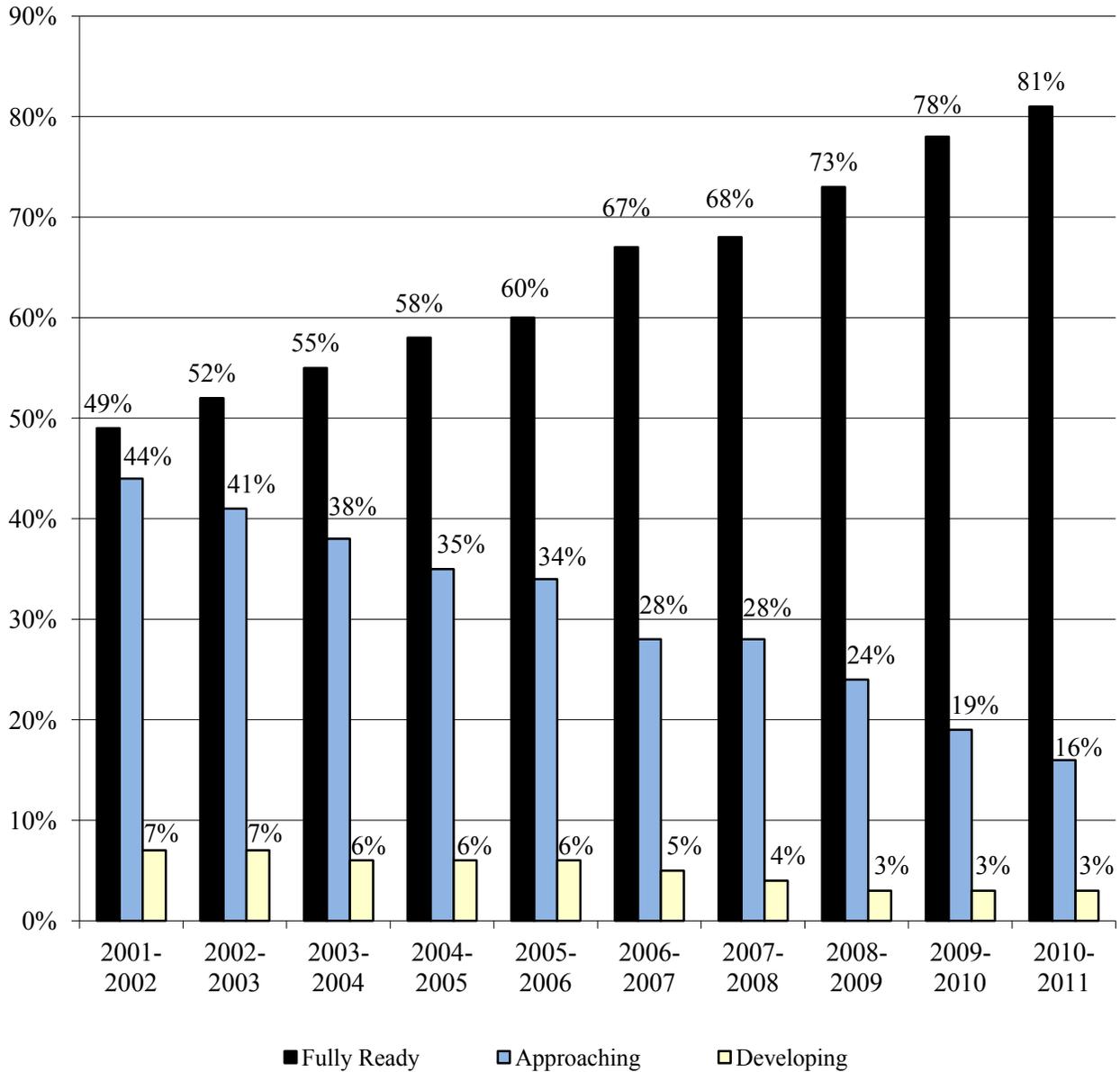
As part of MSDE's overarching goal to improve the achievement of students, the agency has an objective that all children enter kindergarten ready to learn. To measure kindergarten readiness, the agency uses the MMSR assessment. This assessment is a customized version of the Work Sampling System, which is a standardized assessment with seven domains: personal and social development; language and literacy; mathematical thinking; scientific thinking; social studies; the arts; and physical development.

MMSR data has been collected since the 2001-2002 school year. Teachers evaluate and rate student performance during the first eight weeks of school according to a checklist of 30 indicators. If a student is rated "fully ready," it means that the skills, behaviors, and abilities needed to meet kindergarten expectations are consistently demonstrated. "Approaching" readiness means the necessary skills and behaviors are inconsistently demonstrated. "Developing" means the skills and behaviors are not demonstrated and considerable instructional support is needed.

### **Kindergarten Readiness Continues Its Upward Trend for All Groups**

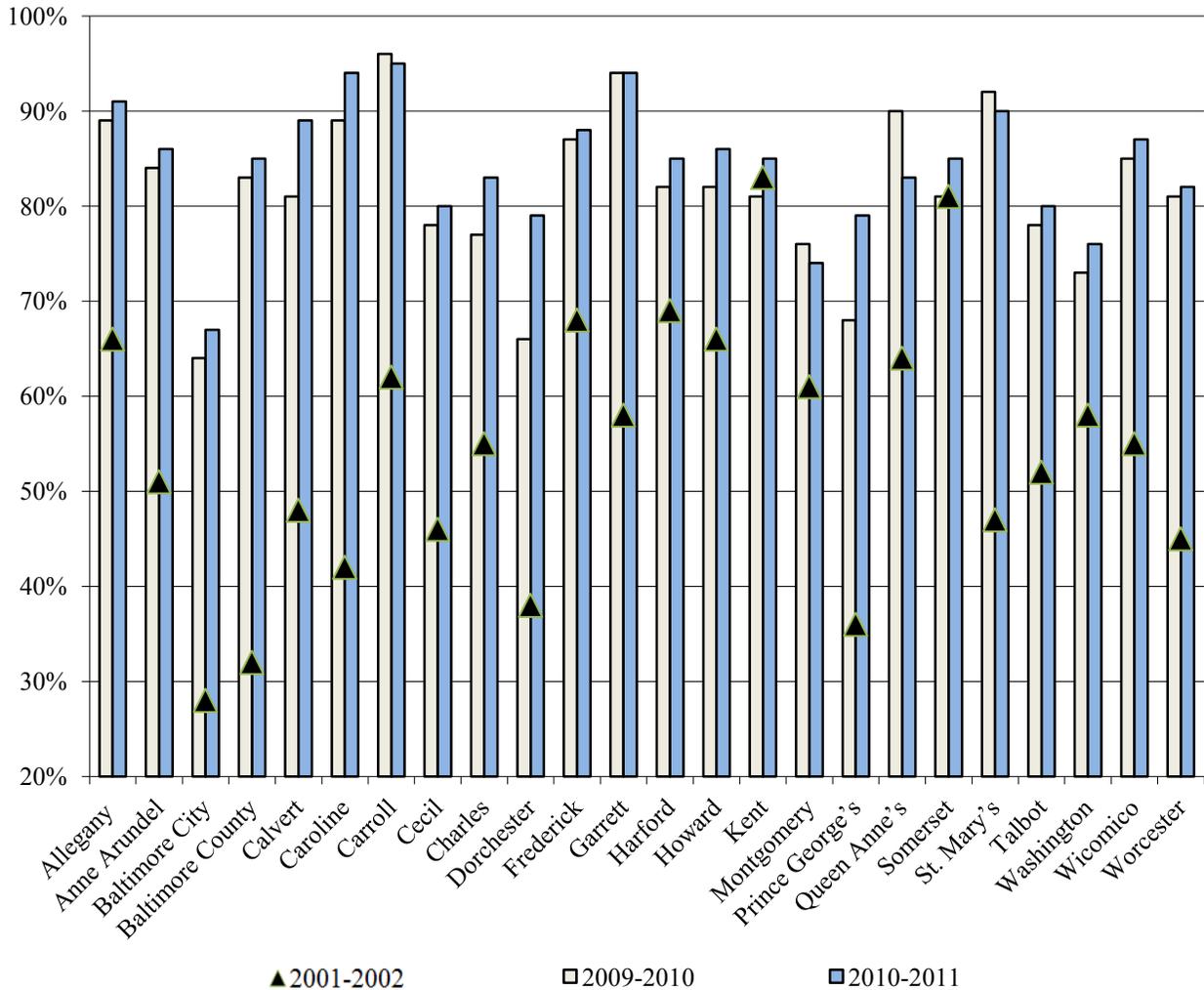
**Exhibit 1** shows that the upward trend in kindergarten readiness continued through the 2010-2011 school year. The percent of children rated as fully ready to learn reached 81%, compared to 78% in 2009-2010 and 49% in 2001-2002. **Exhibit 2** shows the percent of student fully ready by county. Carroll County had the highest readiness rate in 2010-2011, at 95%. Baltimore City had the lowest rate, at 67%. Baltimore County improved the most (53 percentage points) from 2001-2002 to 2010-2011.

**Exhibit 1**  
**Maryland Model for School Readiness**  
**2001-2002 through 2010-2011 School Years**



Source: Maryland State Department of Education

**Exhibit 2**  
**Children Entering School Fully Ready to Learn**  
**2001-2002, 2009-2010, and 2010-2011 School Years**

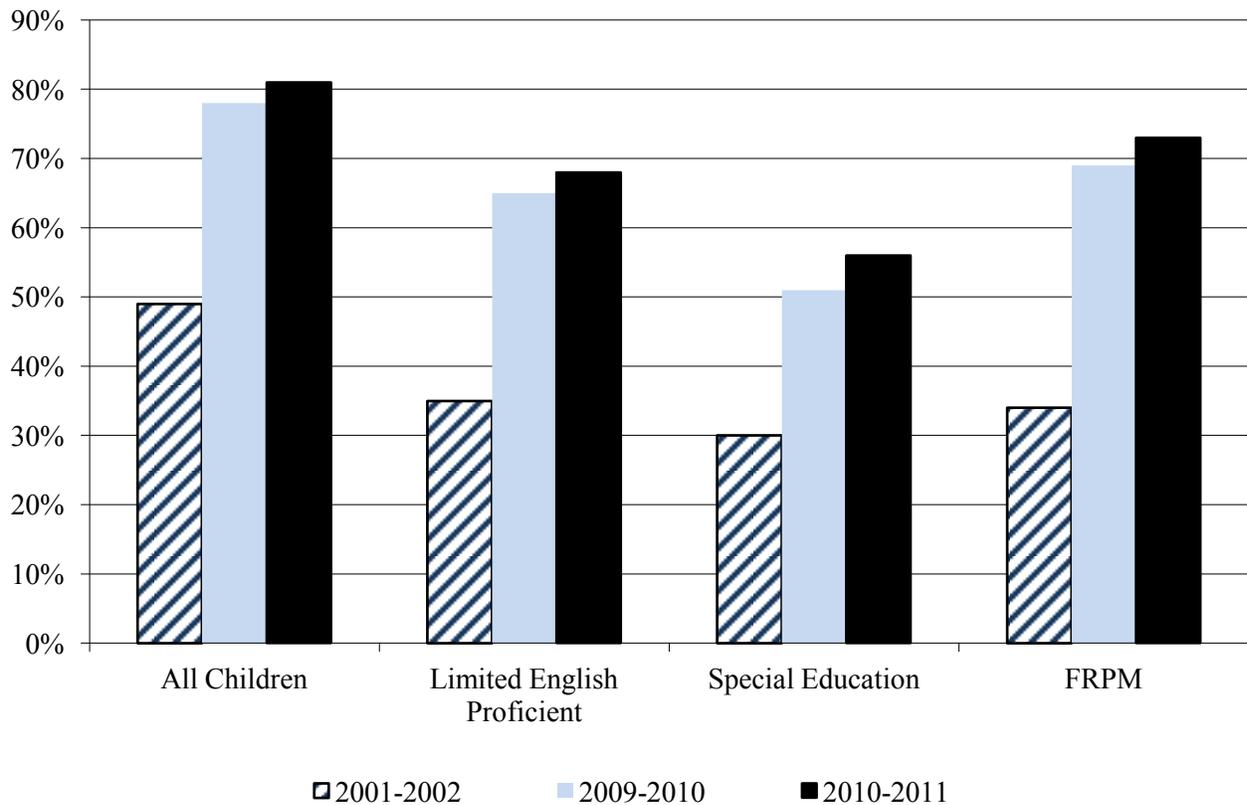


Source: Maryland State Department of Education

Readiness rates can fluctuate noticeably from year to year when looking at data by local education agency (LEA). In small school systems, a few children’s results can have a large effect. Changes to early childhood programs in a school system may have a significant effect in a single year. If a cohort has many children from a demographic group that tends to get higher or lower scores, the scores for that year may be affected.

While data by LEA may fluctuate, statewide, all subgroups have made steady progress since 2001-2002. **Exhibit 3** shows readiness data for children with limited English proficiency, special education children, and children who qualify for free and reduced price meals (FRPM). Kindergarten readiness among FRPM children has improved the most (39 percentage points) since 2001-2002, while the percentage of children with limited English proficiency that are fully ready improved 33 percentage points, and special education children improved by 26 percentage points. Among these groups in 2010-2011, FRPM children were closest to the State composite of all children, although there is a gap of 8 percentage points. The largest gap is 25 percentage points between all children and special education children.

**Exhibit 3**  
**Maryland Model for School Readiness**  
**Full Readiness by Limited English Proficiency, Special Education, and FRPM Groups**  
**2001-2002, 2009-2010, and 2010-2011 School Years**

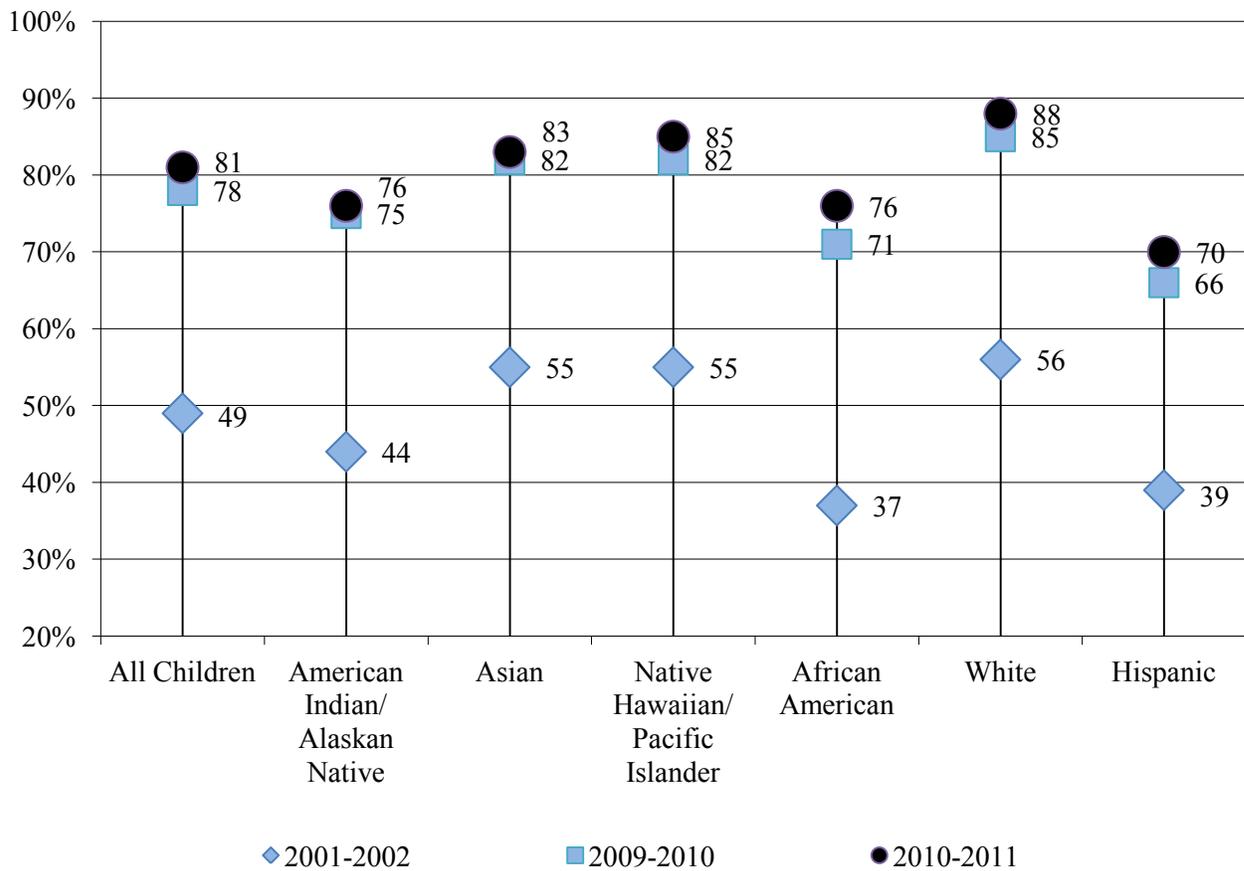


FRPM: free and reduced price meals

Source: Maryland State Department of Education

**Exhibit 4** shows the percent of children fully ready for kindergarten by race and ethnicity. In the 2010-2011 school year, White children had the highest proportion ready for kindergarten (88%), while Hispanic children had the lowest proportion ready (70%). Since the 2001-2002 school year, African American children improved their standing in relation to the State composite of all children more than any other racial subgroup, gaining 39 percentage points.

**Exhibit 4**  
**Maryland Model for School Readiness**  
**Full Readiness by Race/Ethnicity**  
**2001-2002, 2009-2010, and 2010-2011 School Years**

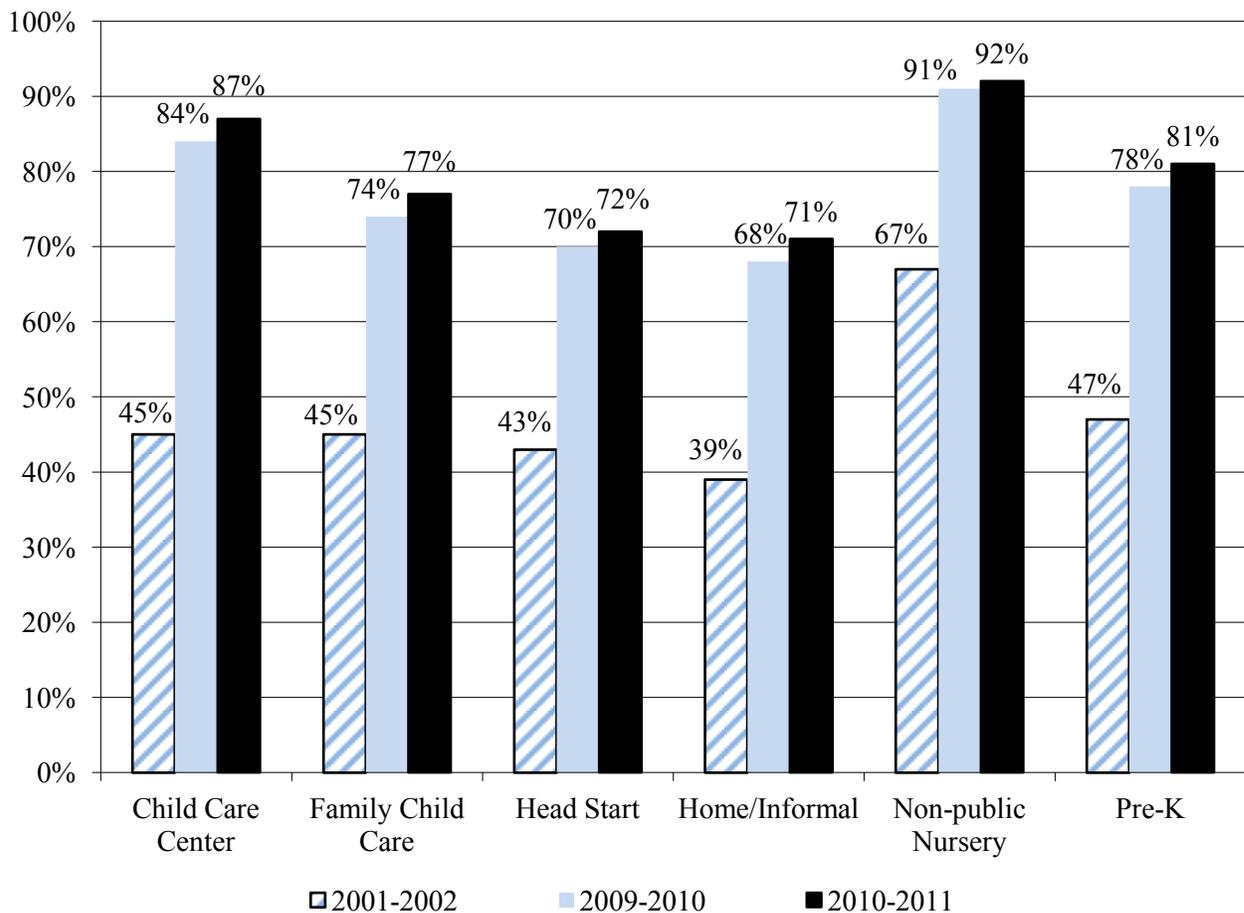


Note: The Maryland State Department of Education 2010-2011 School Readiness Report splits the demographic category Asian/Pacific Islander used in previous reports into two categories: Asian and Native Hawaiian/Pacific Islander. Data for the 2001-2002 and 2009-2010 school years are from the combined categories and cannot be separated.

Source: Maryland State Department of Education

Kindergarten readiness data by prior educational experience, is shown in **Exhibit 5**. Again, all groups have improved since the 2001-2002 school year. Children from nonpublic nursery schools have the highest kindergarten readiness scores, followed by child care centers and pre-kindergarten programs. Children in home or informal care arrangements are the least ready. Children in Head Start are not much more ready than those in home or informal care. While 72% of children in Head Start enter kindergarten fully ready, 71% of children in informal and home care do so. **MSDE should discuss why children enrolled in Head Start are only marginally better prepared for kindergarten than children in home or informal care.**

**Exhibit 5**  
**Readiness by Prior Educational Experience**  
**2001-2002, 2009-2010, and 2010-2011 School Years**



Source: Maryland State Department of Education

## **Waitlist Instituted for Child Care Subsidy Program**

The total number of children served by the Child Care Subsidy Program is expected to decrease from 25,617 in fiscal 2011 to 20,365 in fiscal 2012. MSDE attributes this 20.5% decline in program enrollment to an overestimate of federal funds in fiscal 2011 and a resulting enrollment freeze implemented in March 2011. As of January 31, 2012, 15,020 children were on the Child Care Subsidy waitlist. The proportion of income-eligible families receiving subsidies is expected to decline from 22.5% in fiscal 2011 to 19.0% in fiscal 2012.

The subsidy program provides vouchers to help with child care costs for eligible low-income working families through local departments of social services. Vouchers are given to a regulated or informal care provider and the provider submits them to MSDE for reimbursement. Voucher recipients pay a copayment, unless they are eligible for Temporary Cash Assistance or Supplemental Security Income (SSI). The Child Care Subsidy Program is discussed in more detail in Issue 1 of this analysis.

Two other performance measures relate to child care providers. The percent of child care providers participating in the credentialing program continues to rise, totaling 17.2% in fiscal 2011, compared to 15.6% in fiscal 2010 and 12.8% in fiscal 2009. The percent of child care facilities in compliance with critical health and safety standards has been above 95.0% since at least fiscal 2006. However, an August 2009 legislative audit found that MSDE had not performed timely inspections of child care facilities, as required by State law. MSDE reports that since this audit finding, the agency has implemented monitoring procedures, report, and accountability measures to ensure that all child care facilities are inspected according to the specified timeframe. Other changes that have improved the timeliness of inspections include Chapter 242 of 2010 which eliminated an inspection cycle designed to review child care facility records, and the institution of electronic inspection procedures to improve the efficiency of child care inspections. MSDE notes that the loss of licensing positions through the Voluntary Separation Program and delays in filling vacant specialist positions remain a concern in the Child Care facility inspection function.

## **Fiscal 2012 Actions**

### **Proposed Deficiency**

A general fund deficiency appropriation of \$10.3 million is proposed to replace Temporary Assistance for Needy Families (TANF) funds in the Child Care Subsidy Program with general funds due to a shortfall of TANF funds available to the State.

**Proposed Budget**

The fiscal 2013 allowance is \$25.5 million less than the 2012 working appropriation. **Exhibit 6** shows the changes by fund as well as key increases and decreases. **Appendix 4** shows changes by program.

**Exhibit 6**  
**Proposed Budget**  
**MSDE – Early Childhood Development**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Federal Fund</b>	<b>Total</b>
2012 Working Appropriation	\$59,155	\$96,174	\$155,329
2013 Allowance	<u>65,369</u>	<u>64,461</u>	<u>129,830</u>
Amount Change	\$6,214	-\$31,713	-\$25,499
Percent Change	10.5%	-33.0%	-16.4%
 Contingent Reductions	 \$0	 \$0	 \$0
Adjusted Change	\$6,214	-\$31,713	-\$25,499
Adjusted Percent Change	10.5%	-33.0%	-16.4%

**Where It Goes:**

**Personnel Expenses**

Abolished position .....	-\$263
State contribution to employee retirement .....	69
Salary adjustments .....	-399
Completion of one-time \$750 employee bonus .....	-132
Employee and retiree health insurance .....	119
Workers' compensation .....	21
Turnover adjustments .....	134
Other fringe benefit adjustments.....	-24

**Other Changes**

Federal Race to the Top Early Learning Challenge Grant.....	1,072
Career and Development Scholarship.....	480
Credential bonuses.....	260
Child Care Administration and Tracking System Maintenance .....	204

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**Where It Goes:**

Infant and Toddlers guidelines and training .....	-400
Decrease in Child Care Subsidy mail house contract due to institution of a waitlist .....	-440
Maryland Child Care Resource and Referral Network .....	-1,956
Reduction in Child Care Subsidy expenditures due to institution of a waitlist .....	-24,331
Other .....	87
<b>Total</b>	<b>-\$25,499</b>

Note: Numbers may not sum to total due to rounding.

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The Hoyer programs and State funding for Head Start receive general funds and are level funded in the 2013 allowance. Federal funds are budgeted to decrease \$31.7 million from fiscal 2012. Of this reduction, \$30.6 million is attributable to a decline in federal funds in the Child Care Subsidy Program: \$10.3 million of this amount is due to the elimination of TANF funds, as discussed above; \$12.9 million is due to a reduction in Child Care Development Block Grant funds; and \$7.4 million is due to a reduction in Child Care Mandatory and Matching Funds of the Child Care and Development Fund.

**Major Changes**

The fiscal 2013 allowance abolishes 5 positions in DECD in the Child Care Licensing function for a \$262,602 savings. All abolished positions have been vacant for 12 or more months. Other personnel changes include a \$398,998 reduction in salary expenditures related to the fiscal 2011 Voluntary Separation Program. DECD lost 9 positions in fiscal 2011. Those positions were supported with a combination of general and federal funds, and the budget was not reduced to reflect federal and some general funds associated with these positions. These salary reductions appear in the fiscal 2013 allowance.

The fiscal 2013 allowance also includes a \$1.1 million placeholder for Race to the Top Early Learning Challenge Grant funds awarded to MSDE in December 2011 and discussed in Update 1 of this analysis. Other increases include \$480,000 in federal funds to support Career and Development Scholarships for credentialed child care providers to pursue a college degree in early childhood education, education for children, child development, family studies, or related disciplines. Credential bonuses increase \$260,000 to recognize child care providers that exceed State licensing and registration regulation requirements through additional training. Support for Child Care Administration and Tracking System maintenance increases \$203,712 to fund various software licenses.

Decreases include \$24.3 million for Child Care Subsidy grants and \$440,000 for a mail house contract used to send Child Care Subsidy payments to child care providers for the value of the vouchers received. Funding for Infants and Toddlers guideline development and training decreases

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\$400,000 due to the completion of the Healthy Beginnings guidelines for children from birth to age four and the Infants and Toddlers training program for child care providers.

The Maryland Child Care Resource and Referral Network is a major contract that DECD has with the Maryland Family Network, a nonprofit organization that provides services to families and child care providers statewide. The resource network contract is to provide resources and training to child care providers and to operate a phone counseling and web-based database for parents seeking child care. The Maryland Child Care Resource and Referral Network contract is budgeted at \$1.5 million in fiscal 2013 compared to \$3.5 million in fiscal 2012, and \$3.7 million in fiscal 2011, plus a grant of \$400,000 for a total of \$4.1 million in fiscal 2011. The Maryland Family Network reports that the impact of this reduction will be a consolidation of the 12 existing regional Child Care Resource Centers, the elimination of 36 full-time equivalent positions, and a reduction in professional development provided to early childhood care workers.

A second major contract with the Maryland Family Network is for the Family Support Center Network, which provides high quality child care for parents who are on site learning parenting skills and working to attain economic and social self sufficiency. The Department of Budget and Management reports that this contract is budgeted at the fiscal 2012 level of \$4.7 million in fiscal 2013.

## *Issues*

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### **1. Federal Funding for the Child Care Subsidy Program Overestimated in Fiscal 2012, Declines in Fiscal 2013**

MSDE experienced a federal fund shortfall in fiscal 2011 that significantly affected early childhood programs, including the Child Care Subsidy Program. To support the Child Care Subsidy Program for the remainder of fiscal 2011, an enrollment freeze was instituted on March 1, 2011, and a \$14.8 million general fund deficiency appropriation was approved. In addition, federal funds in the fiscal 2012 appropriation were overstated by \$15.1 million. As a result, \$15.1 million of the fiscal 2012 appropriation is not available for expenditure, leaving \$87.8 million.

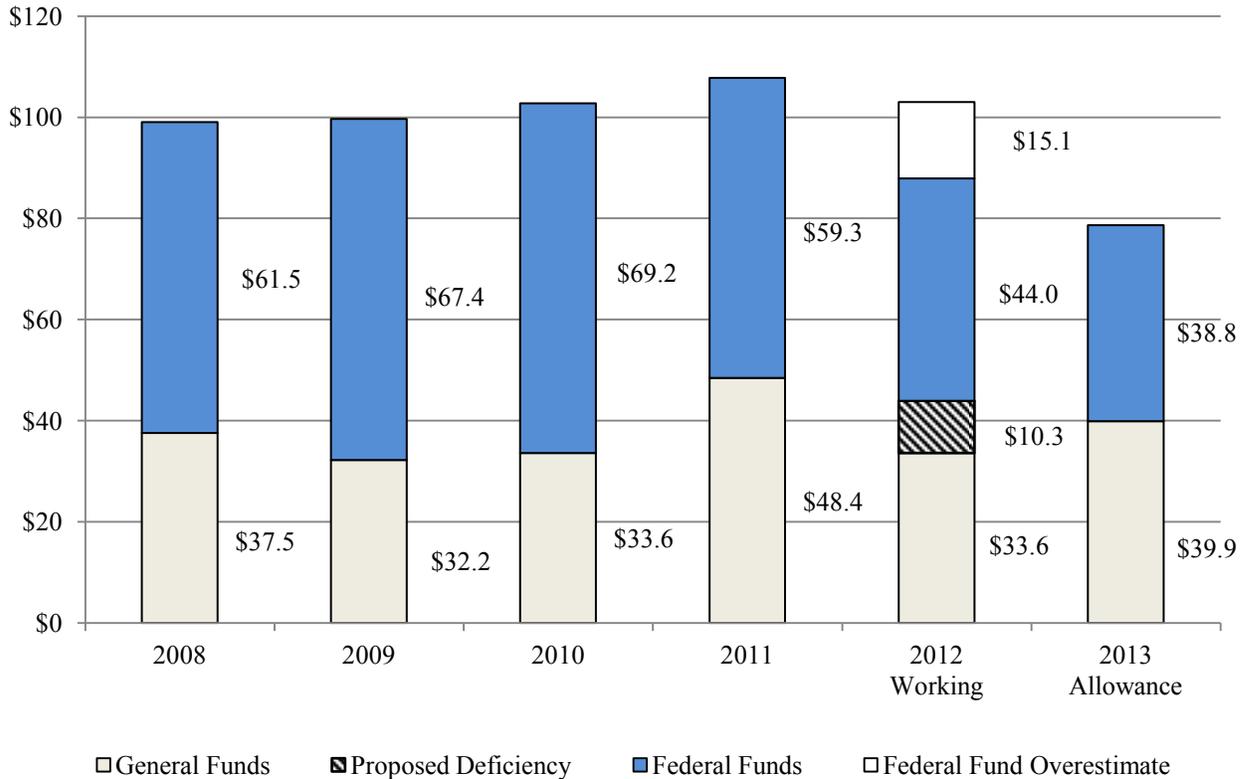
**Exhibit 7** shows changes in general and federal funds for the Child Care Subsidy Program from fiscal 2008 to 2013. The Governor has also proposed a \$10.3 million general fund deficiency appropriation in fiscal 2012 to replace TANF funds in the Child Care Subsidy Program due to a reduction in TANF funds available to the State. After accounting for the proposed fiscal 2012 deficiency and the \$15.1 million overestimate of available federal funds, federal funds decrease \$15.3 million between fiscal 2011 and 2012 to \$44.0 million. In fiscal 2013, federal funds decrease an additional \$5.2 million, and general funds decrease \$4.0 million.

Federal funds from the Child Care and Development Fund (CCDF) which are used in part to support the Child Care Subsidy Program have declined from \$84.0 million in fiscal 2008 to \$71.6 million in fiscal 2011, the most recent year for which actual data is available. MSDE reports that over this period, the State had access to unexpended carry-forward funding from prior years, which was used to support Early Childhood programs. The decline in available CCDF funds in recent years represents the spending down of these carry-forward funds.

As of January 31, 2012, the Child Care Subsidy waitlist instituted as a result of the March 1, 2011 enrollment freeze included 15,020 children. Families already receiving services and those transitioning from Temporary Cash Assistance (TCA) are not affected by the freeze. The National Women's Law Center reports that 22 states had waitlists for child care assistance in fiscal 2011. In fiscal 2011, the most recent year for which actual data is available, the Child Care Subsidy Program served 25,617 children, and of those, an estimated 1,998, or 7.8%, were from families transitioning from TCA. As a result of the institution of the Child Care Subsidy waitlist, the proportion of children served by the program from families transitioning from TCA will likely increase.

One factor that affects the number of children served is the average income of participating families. The lower the income level, the lower the copayment required, and the greater the amount that State and federal funds must contribute to cover costs. Those eligible for TCA or SSI, pay no copayment. Currently, about 39% of subsidy children are not assessed a copay. MSDE reports that the required copay for families that must contribute ranges from \$4.03 per week for the first child to \$90.46 based on region and family income for children in formal care. The value of subsidy provided

**Exhibit 7  
Child Care Subsidy Funds  
Fiscal 2008-2013  
(\$ in Millions)**



Note: Federal funds from the American Recovery and Reinvestment Act of 2009 were \$4.4 million in fiscal 2009 and \$14.5 million in fiscal 2010.

Source: Governor’s Budget Books, Fiscal 2009-2013

by a voucher ranges from \$77.05 per week to \$165.54 based on region and income. A rate increase for providers was instituted in fiscal 2010, which results in fewer vouchers provided since there was no corresponding increase in funds available. **MSDE should comment on whether the Child Care Subsidy Program will be able to provide subsidies to those currently enrolled in the program within the \$87.8 million available portion of the fiscal 2012 appropriation.**

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Maryland Wins Race to the Top Early Learning Challenge Grant**

In December 2011, MSDE received a federal Race to the Top Early Learning Challenge Fund Grant of \$50 million over four years. The program is designed to narrow the school readiness gap for children in poverty, English language learners, and those with disabilities. Maryland is one of nine states (California, Delaware, Massachusetts, Minnesota, North Carolina, Ohio, Rhode Island, and Washington) that received the grant.

Maryland will implement the following 10 projects over the four-year grant period:

- ***Local Early Childhood Councils (\$1.3 Million):*** Create 24 local early childhood councils to support the implementation of the State Advisory Council on Early Care and Education.
- ***Maryland Excels (\$21.2 Million):*** Field test and administer a full-scale Tiered Quality Rating and Improvement System of Maryland Excels that allows parents to determine the quality of early child care programs. The system will interface with the Maryland Longitudinal Data System (MLDS). The project will include the development of specialty endorsement standards in Asthma and Allergy Awareness and Practices, Health and Wellness Initiatives, Inclusive Programming Practices, and Dual Language and will provide professional development and bonuses for programs that meet such standards.
- ***Quality Capacity Building (\$9.4 Million):*** Support early childhood programs in Title 1 attendance areas and schools in school improvement through Early Childhood Breakthrough Centers; establish two Community Hubs to provide and coordinate existing services for families in two under-resourced communities in Baltimore City; establish five Preschool for All sites where pre-kindergarten programs are integrated in child care and Head Start settings; establish two Judy Center satellite sites at Title 1 schools in school improvement in Baltimore City and Prince George’s County and expand services from existing Judy Center Partnership sites to other Title 1 schools; and provide extended option individualized family service plans for children aged three to five with an Individualized Education Plan.
- ***Promote the Use of Statewide, High Quality Early Learning and Development Standards (\$702,994):*** Develop an instructional guide for early learning and development programs to support the use of early learning standards and assessment for pre-K to grade 2; implement two field tests of the Preschool STEM (science, technology, engineering, and mathematics) program and expand the Vocabulary and Oral Language Enrichment through Stories program.
- ***Professional Development for Early Learning Standards (\$1.4 Million):*** Conduct ongoing professional development for 3,100 early education educators to support early learning standards.

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- ***Comprehensive Assessment System (\$7.7 Million):*** Revise existing formative assessments for children age 36 to 72 months, develop new formative assessments for children from birth to 36 months, and revise existing Kindergarten Entry Assessments to align to the Common Core Standards. Develop training modules and professional development to support developmental screening instruments.
- ***Child Development Innovations (\$534,000):*** Field test and implement developmental screening instruments for children from birth through five years; build capacity in primary care for early childhood mental health detection and intervention; and develop and implement an online data collection and analysis system for Social and Emotional Foundation of Learning training participation and outcomes which will interface with MLDS and the Early Childhood Data Warehouse.
- ***Family Engagement and Support (\$2.1 Million):*** Develop a Maryland-specific Family, Parent, and Community Engagement Framework and implement strategies for evidence-based practices and training for early learning and development programs and family engagement organizations; create Family Advisory Councils in libraries located in or near Title I attendance areas; expand existing Parent-Child Learning Parties which promote school readiness skills; and expand the Reach Out and Read Project of the American Academy of Pediatrics in which primary care physicians and pediatricians work with families around family literacy child development and school readiness.
- ***Leadership in Early Learning Academies (\$562,781):*** Provide professional development enabling early childhood educators in 60 Title I schools to learn rigorous instructional practices that support the Common Core Standards.
- ***Early Learning Data System (\$4.6 Million):*** Expand the Child Care Administrative Tracking System (CCATS) to include professional development approval, grant applications, and incentives for early care and development workers; activate a CCATS module to include grant funds management and provider benefits in one place and make data available for analysis in MLDS; and develop a system for Point of Service Attendance Reporting for parents to sign children in and out of licensed child care programs.

## *Current and Prior Year Budgets*

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### **Current and Prior Year Budgets MSDE – Early Childhood Development (\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2011</b>					
Legislative Appropriation	\$59,387	\$0	\$83,906	\$0	\$143,293
Deficiency Appropriation	14,824	0	3,140	0	17,963
Budget Amendments	115	0	-2,615	0	-2,500
Reversions and Cancellations	-10	0	-1,176	0	-1,186
<b>Actual Expenditures</b>	<b>\$74,316</b>	<b>\$0</b>	<b>\$83,255</b>	<b>\$0</b>	<b>\$157,571</b>
<b>Fiscal 2012</b>					
Legislative Appropriation	\$59,063	\$0	\$96,133	\$0	\$155,197
Budget Amendments	91	0	41	0	132
<b>Working Appropriation</b>	<b>\$59,155</b>	<b>\$0</b>	<b>\$96,174</b>	<b>\$0</b>	<b>\$155,329</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2011**

The fiscal 2011 budget closed at \$157.6 million, which was \$14.3 million more than the legislative appropriation.

**Deficiencies:** Deficiencies totaled \$18.0 million. A general fund deficiency of \$14.8 million provided funds for the Child Care Subsidy Program to offset a lower than anticipated level of federal funds for the program.

Federal fund deficiencies totaled \$3.1 million for the Maryland Resource and Referral Network contract, Head Start, and invoice processing and mail house functions associated with the Child Care Subsidy Program. Funds were available from Child Care Mandatory and Matching Funds, the Child Care and Development Block Grant, Head Start funds, and a Social Services Research and Demonstration grant.

**Budget Amendments:** General funds increased \$115,000 representing a transfer from other divisions to the DECD to provide additional funds for the cost of accrued leave and severance payouts in conjunction with the Voluntary Separation Program and an inability to meet turnover.

Federal funds decreased \$2.6 million overall reflecting lower than anticipated expenditures of Child Care Development Block Grant funds due to rapid changes in State and federal funding allocations following initial estimates, an increase in MSDE hiring timeliness due to the hiring exception process, and delays in the Enhanced Child Care Administration and Tracking System major information technology project.

**Reversions and Cancellations:** Reversions and cancellations totaled \$1,185,565. General funds of \$9,993 were reverted from various programs.

Federal fund cancellations totaled \$1,175,573. Of this amount, \$762,043 in the Child Care Subsidy Program was cancelled due to lower than anticipated demand; instead, these unencumbered funds were used in the first quarter of fiscal 2012. A cancellation of \$413,530 in DECD reflects savings from positions which were not filled during fiscal 2011. Unencumbered funds were reprogrammed in fiscal 2012 to support the cost of implementing the strategic plan outlined in fiscal 2012.

## **Fiscal 2012**

The fiscal 2012 appropriation increased by \$91,265 in general funds and \$40,707 in federal funds to reflect the one-time \$750 employee bonus.

## Major Information Technology Projects

### Maryland State Department of Education Enhanced Child Care Administration Tracking System II

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing
<b>Project Description:</b>	This project is an upgrade to the existing Child Care Administration and Tracking System (CCATS), which supports child care licensing, subsidies, credentialing, grants, and related accounting processes. The initial CCATS was developed by the Department of Human Resources and does not accommodate business processes at the Maryland State Department of Education (MSDE).		
<b>Project Business Goals:</b>	Goals are to improve the operational efficiency, system performance, and end-to-end support of MSDE child care business processes. New functions will provide enhanced subsidy payments processing and tracking, correction of deficiencies in the credentialing interface, business object report development, and implementation of a robust reporting architecture.		
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$11,558,453	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$782,274
<b>Project Start Date:</b>	March 2009	<b>Projected Completion Date:</b>	June 2016
<b>Schedule Status:</b>	The project task order was awarded, and the contractor took over maintenance of the system in January 2011. Fixed price options are authorized based on fund availability and agency priorities. Project work can be accelerated if funding allowed. Conversely, additional funding cuts or maintenance demands may delay the project. In 2011, the sequence of options was modified due to technical recommendations from the contractor. The schedule will be revised based on federal fund availability.		
<b>Cost Status:</b>	Annual costs fluctuate depending on the amount of anticipated available resources.		
<b>Scope Status:</b>	Small pieces of this project may need to be completed independently.		
<b>Project Management Oversight Status:</b>	A Portfolio Review Meeting was held in November 2010. No independent verification assessments have been initiated.		
<b>Identifiable Risks:</b>	Risks including funding, staff resource availability, interdependency with other agency projects, and organizational culture is considered a medium risk as staff adapt to the new system and procedures.		
<b>Additional Comments:</b>	None.		

<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,975.2	1,461.1	1,423.3	3,898.1	2,113.3	0.0	8,895.8	10,871.0
Other Expenditures	113.9	38.7	63.8	371.0	100.0	0.0	573.5	687.4
<b>Total Funding</b>	<b>\$2,089.1</b>	<b>\$1,499.8</b>	<b>\$1,487.1</b>	<b>\$4,269.1</b>	<b>\$2,213.3</b>	<b>\$0.0</b>	<b>\$9,469.3</b>	<b>\$11,558.5</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report  
MSDE – Early Childhood Development**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	187.50	180.50	175.50	-5.00	-2.8%
02 Contractual	3.00	6.00	6.00	0.00	0%
<b>Total Positions</b>	<b>190.50</b>	<b>186.50</b>	<b>181.50</b>	<b>-5.00</b>	<b>-2.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 13,263,102	\$ 13,425,815	\$ 12,952,115	-\$ 473,700	-3.5%
02 Technical and Spec. Fees	240,138	508,467	575,483	67,016	13.2%
03 Communication	618,211	687,171	591,738	-95,433	-13.9%
04 Travel	142,024	221,258	84,103	-137,155	-62.0%
06 Fuel and Utilities	28,957	28,000	111,516	83,516	298.3%
07 Motor Vehicles	57,024	118,141	68,200	-49,941	-42.3%
08 Contractual Services	9,768,599	8,398,221	7,418,134	-980,087	-11.7%
09 Supplies and Materials	92,441	150,776	117,323	-33,453	-22.2%
10 Equipment – Replacement	3,459	0	0	0	0.0%
11 Equipment – Additional	312,222	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	132,092,538	130,344,276	106,792,963	-23,551,313	-18.1%
13 Fixed Charges	952,289	1,446,598	1,118,594	-328,004	-22.7%
<b>Total Objects</b>	<b>\$ 157,571,004</b>	<b>\$ 155,328,723</b>	<b>\$ 129,830,169</b>	<b>-\$ 25,498,554</b>	<b>-16.4%</b>
<b>Funds</b>					
01 General Fund	\$ 74,316,186	\$ 59,154,723	\$ 65,369,176	\$ 6,214,453	10.5%
05 Federal Fund	83,254,818	96,174,000	64,460,993	-31,713,007	-33.0%
<b>Total Funds</b>	<b>\$ 157,571,004</b>	<b>\$ 155,328,723</b>	<b>\$ 129,830,169</b>	<b>-\$ 25,498,554</b>	<b>-16.4%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary**  
**MSDE – Early Childhood Development**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
10 Division of Early Childhood Development	\$ 37,419,667	\$ 39,953,723	\$ 38,786,483	-\$ 1,167,240	-2.9%
57 Transitional Education Funding Program	10,575,000	10,575,000	10,575,000	0	0%
58 Head Start	1,800,000	1,800,000	1,800,000	0	0%
59 Child Care Subsidy Program	107,776,337	103,000,000	78,668,686	-24,331,314	-23.6%
<b>Total Expenditures</b>	<b>\$ 157,571,004</b>	<b>\$ 155,328,723</b>	<b>\$ 129,830,169</b>	<b>-\$ 25,498,554</b>	<b>-16.4%</b>
General Fund	\$ 74,316,186	\$ 59,154,723	\$ 65,369,176	\$ 6,214,453	10.5%
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<b>Total Appropriations</b>	<b>\$ 157,571,004</b>	<b>\$ 155,328,723</b>	<b>\$ 129,830,169</b>	<b>-\$ 25,498,554</b>	<b>-16.4%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.