

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 516  
Ways and Means

(Delegate Atterbeary, *et al.*)

Budget and Taxation

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Workgroup to Study the Implementation of Universal Access to Prekindergarten  
for 4-Year-Olds

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This emergency bill establishes a Workgroup to Study the Implementation of Universal Access to Prekindergarten for four-year-olds. The Maryland State Department of Education (MSDE) must designate a chair of the workgroup and provide staff. By September 1, 2017, the workgroup must report its findings and recommendations to the Commission on Innovation and Excellence in Education.

The bill terminates one year from the date it is enacted.

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Fiscal Summary

**State Effect:** Any expense reimbursements for workgroup members and staffing costs for MSDE are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The workgroup is required to estimate the number and proportion of eligible children who are four years old currently being served by publicly funded kindergarten programs using the free and reduced-price meal eligibility data for kindergarten through second grade as a proxy. It must also make recommendations regarding an implementation plan, based on Augenblick, Palaich and Associates' January 2016 *A Comprehensive Analysis of Prekindergarten in Maryland* report, to make

quality, full-day prekindergarten universally available to children who are four years old, including (1) a mixed delivery system of public and private providers meeting the high-quality requirement; (2) a sliding income scale for family contribution; (3) capacity of existing high-quality providers and credentialed staff; (4) a plan to increase capacity of high-quality providers and staff; (5) the impact on school space; (6) the impact by jurisdiction; (7) the potential for school systems to partner with private providers or Head Start centers to increase capacity; and (8) any options to merge various funding streams for prekindergarten to provide a seamless and diverse experience for families.

The bill specifies some representatives that must be included in the workgroup; otherwise, MSDE must determine the workgroup's composition. A member of the workgroup may not receive compensation but is entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

**Current Law/Background:** Chapter 288 of 2002, the Bridge to Excellence in Public Schools Act, required each local school system to make publicly funded prekindergarten available to economically disadvantaged four-year-old children in the State. To qualify as economically disadvantaged, a child must be from a family whose income is at or below 185% of federal poverty guidelines. If vacancies remain after economically disadvantaged children have been enrolled, local school systems may make prekindergarten available to other children that exhibit a lack of readiness for school. The State provides funding to school systems to support the program through the State compensatory education formula.

Chapter 2 of 2014 expanded prekindergarten services to additional eligible four-year-old children from families whose income is at or below 300% of federal poverty guidelines by establishing a competitive grant program to provide funding to qualified public and private prekindergarten providers. Since fiscal 2015, the State budget has included \$4.3 million for the expansion program. In 2014, Maryland was also awarded a federal grant that provides \$15 million annually through fiscal 2019 to continue the expansion of public prekindergarten. In its grant application, the State committed to matching funds of \$3,672,000 in fiscal 2018 and \$7,344,000 in fiscal 2019 to provide access to high-quality prekindergarten to families with incomes *between 200% and 300%* of federal poverty guidelines. Pursuant to Chapters 683 and 684 of 2016, the Governor must include an appropriation in the budget for the amount that the State committed to fund as the State match to the federal grant in addition to the amount required under current law for the State Prekindergarten Expansion Grant Program. The proposed fiscal 2018 budget contains a total of \$16.0 million in federal funds and \$8.0 million in State funds to support public prekindergarten expansion.

Chapter 288 of 2002 required the State to contract with a consultant to conduct a follow-up study of the adequacy of education funding in the State approximately 10 years after its enactment. The concept of adequacy is based on determining the level of resources that is

adequate for all public school students to have the opportunity to achieve academic proficiency standards. Legislation in 2011 and 2012 delayed the beginning of the study and required additional reports to be included in the study, such as a cost-benefit analysis of prekindergarten expansion. Work on the adequacy study began in June 2014, when a contract was awarded to Augenblick, Palaich, and Associates (APA) and its team of researchers that included Picus Odden and Associates and the Maryland Equity Project.

APA's report on prekindergarten expansion in the State was finalized in January 2016. The report recommended that the State offer universal, full-day prekindergarten for four-year-olds in Maryland, by providing funding for 80% of Maryland's four-year-olds to attend either a public prekindergarten program or a private program that has received a rating of Level 5 in Maryland EXCELS (the State's tiered Quality Rating Improvement System for licensed child care centers, family child care providers, and public prekindergarten programs) or has national or state accreditation. The report noted that the 80% target is at the higher end of what is considered "universal," when comparing with other states that have implemented universal prekindergarten. However, after considering the importance of prekindergarten, as evidenced by the literature review included in the report, and an analysis of the return on investment, the report concluded that increased investment in quality prekindergarten is justified.

Chapter 701 of 2016 established the Commission on Innovation and Excellence in Education to review APA's adequacy study and related reports and, among other charges, make recommendations on expanding prekindergarten, including special education prekindergarten. The commission must make recommendations to the Governor and the General Assembly by December 2017.

According to MSDE, 52,908 four-year-old children were enrolled in prekindergarten during the 2014-2015 school year (the latest information readily available). Baltimore, Montgomery, and Prince George's counties had the highest enrollments, along with Baltimore City. Approximately half of the children were in public prekindergarten programs, with the remainder in private child care centers (40.9%) or family child care homes (8.8%).

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 581 (Senators Ferguson and King) - Budget and Taxation.

**Information Source(s):** Maryland State Department of Education; Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2017  
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