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TESTIMONY PROVIDED TO: House Education Committee

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TOPIC: [PreK Revision Bill](#)

DATE: January 19, 2018

Overview

The Secretaries of Education and Human Services were charged with making recommendations to the Legislature that will “ensure equity, quality, and affordability, and reduce duplication and complexity in the current delivery of prekindergarten services.” Sec. 37 of Act 49 of 2017.

The Secretaries agreed that the ten hours of prekindergarten (prek) are intended to serve an educational purpose distinct from general child care and, therefore, should continue to be paid for out of the Education Fund, but that the current system of joint administration of prek is inefficient. Because the source of prekindergarten voucher payments is the Education Fund and the Secretary of Education is the fiscal agent of the Education Fund, the Secretaries recommend that the AOE should be the lead agency to make decisions and administer the prek program and seek efficiency in the voucher system through a centralized payment and accounting system.

Under current law, school districts are required to manage contracts with an unlimited number of private providers, to include the cost of the voucher program for resident children in the district budget and to make payments to multiple private providers. Private providers are required to enter into contracts with multiple school districts who may use different invoicing systems. Under this proposal, AOE will implement a single reimbursement procedure for all providers – both public and private – that will streamline the administrative burden at all levels.

The Secretaries also recommend eliminating dual regulation of prek programs (so that AOE begins sole regulation of public programs and CDD continues to regulate private providers), clarifying the value of the voucher for public and private providers, and clarifying the quality criteria for participation.

Finally, the Secretaries recommend that Legislation provide time to implement these changes – specifically to hire staff, develop a uniform payment system, and train participating programs in their use. If the Legislature passed these recommendations early in the session, AOE would be prepared to enroll pre-qualified providers by May 2019.

Section-by-Section Summary

Throughout: All references to joint administration have been struck as AOE is the entity tasked with implementing preK.

Sec. 1. Amends 16 V.S.A § 829 as follows:

Definitions

- I. **Define Child Eligibility** (a)(1) Page 1- Clarifies that the prek voucher is available to 5 year olds only if the child is not age-eligible for kindergarten.

Rationale: This conforms to the definition of “prekindergarten education” in 16 V.S.A § 11(a)(31) and reflects legislative intent to create a voucher system for prek-age children, not an extra year of funding for kindergarten-eligible children. If the intent was to pay for 3 years of prek, that should be clarified instead since it has a budgetary impact. Children who receive early childhood special education services may access a third year of prek funding based on LEA/IEP team placement decision.

- II. **Define Private Provider** (a)(3) Page 2- Changes term “prequalified private provider” to “private provider”. The adjective is redundant since the process of prequalification will end.

Committee Question: Is a private provider that is using public building space private or public? It is a private provider- it has a business whereby it is leasing space. It is the responsibility of the proprietor to maintain its license with CDD and to manage its business decisions. The private provider is responsible for the safety of its children.

Committee Question: Should we specify that private providers meet the safety requirements of AOE? No. CDD has extensive regulations to ensure child safety as part of what it does to become licensed. This is described in detail in Title 33.

- III. **Define Public Provider** (a)(4) Page 2 - Adds a definition of public provider, meaning a program in a public school subject to the jurisdiction of a local school board.

Committee Question: Please correct typo of kindergarten and replace with prekindergarten. AOE agrees with this request.

Accessing Publically Funded PreK

- IV. **AOE to Pay Vouchers** (b)(2) and (3) Pages 2 and 3 - Provides that the Secretary, not the District, pays prek vouchers to private providers. Adds that the Secretary also pays prek vouchers to public providers.

Rationale: This describes that parents will need to enroll their child through the state in order to access the publically funded preK voucher. The AOE will then create a grant for all eligible private and public providers that meet the criteria requirements described and process requests for reimbursement from both private and public providers. The

process of establishing which programs are eligible for the pass-through grants is parallel to the current process of prequalification and requires no additional staffing.

- V. **Eliminate the requirement for Regional Plans** (b)(4) Page 3 - Eliminates requirement to develop regional plans for more prek programs (there is no shortage).

Provider Qualifications

- VI. **Clarify Qualifications for Participation** (c) Page 4 - Eliminates joint rulemaking requirements and sets out statutory requirements for program quality to access publically funded preK vouchers
- a. Prequalification as a process is eliminated.
 - b. Private providers must still have national accreditation and meet CDD's STARS criteria. Private providers must have a licensed teacher on site.
 - c. Public provider meets program quality by providing direct instruction by a licensed teacher, following SBE rules on quality and safety and being under the jurisdiction of a local school board.
 - d. Additionally, there has been a request for greater transparency so that all parties can see the voucher has the same value in both public and private providers.

Rationale: - Providers that meet the requirements will be awarded eligibility for pass-through grants instead of prequalification status. This is essentially the same workload as currently exists at the AOE for prequalification but will also eliminate the need for additional contracts for private and public providers. Essentially maintains the criteria for private and public providers established under Act 166 but accounts for the fact that public programs would now be regulated by AOE and their local districts rather than CDD.

Voucher/Tuition Related Items

- VII. **Overview of Eligibility for Payment** (d)(1) Page 6 – Provides that the Secretary directly pays vouchers out of the Ed Fund for the 10 hours; that payment requires a participation notice from the parents or guardian, an enrollment notice from the provider, and a request for reimbursement on which the provider certifies it is eligible for public funding under (c).

Rationale: One of the most difficult aspects of Act 166 for private providers and public school systems has been the multitude of contractual obligations. Each SU/SD has its own contracts with different terms, billing procedures and oversight. This has led private providers to be frustrated with varied expectations when they have up to 15 SU/SDs to partner with. Likewise, SU/SDs have complained regarding the 1-50 contracts they have had to manage with providers.

Secondly, there has been a request for greater transparency so that the voucher has the same value in public and private providers.

- VIII. **Removes Unnecessary Budget Item** Deletes (d)(2) Page 7 - requires local school systems to track preK expenditures. This is redundant to the school budget process and the chart of accounts work underway.
- IX. **Providing more than 10 hours of PreK** (d)(4) Page 7
- a. Provides that a district that provides *in excess of 10 hours* of prek to a resident child may count the child in its average daily membership but may not charge tuition to parents or the state for the excess hours.
 - b. Provides that a private provider or a public provider that has non-resident preK students may charge the parents tuition for prekindergarten education *in excess of 10 hours*.
- Rationale:** Several school systems have opted to use federal or local funds to provide additional preK hours either through a public or private provider. This allows that practice to continue.
- X. **Affirms that Parents Receive 10 Hours of Free PreK** (d)(4) Page 7 – Provides that parents will receive 10 hours per week of free preK, regardless of the preK being provided in the district of residence, another public district, or a private provider. Treats a public provider that is not the child’s district of residence the same as a private provider in that they may receive payment directly from the parent or guardian if they provide prek hours in excess of 10. Adds that neither may impose additional fees for the publicly funded hours.

Rulemaking

- XI. **Rulemaking Requirements** (e) Page 8 – Eliminates joint rulemaking; eliminates or modifies some subjects of rulemaking that are inconsistent with AOE payment of vouchers; requires AOE to propose rules to the SBE to establish a process by which tuition payments are requested and related to quality and safety in public prek programs.

Rationale: Current Rules will need to be revised and replaced. This provides for community input into the finer grained details of implementation regarding administrative efforts to implement this bill. In addition, because of the significant changes in law, we estimate needing at least 6-8 months to initiate and finalize Rules.

Geographic Regions

- XII. Eliminates ability of districts to establish geographic regions
Sec. 2.

Financial Accounting

XIII. **ADM Definition** Page 15 - Amends the definition of “average daily membership” in 16 V.S.A § 4001 to include a district’s prekindergarten students attending *in excess of 10 hours* of prek on a prorated basis up to an additional 10 hours. Thus, a prek student attending 10 or fewer hours is not counted in ADM (or counted as zero); a student attending 20 or more hours of prek is counted as 1; and a student attending 15 hours is counted as 0.5. This is comparable to how kindergarten students are counted for ADM purposes where 10 hours per week is one ADM.

Rationale: This is necessary to allow public school districts to offer more than 10 hours of preK if their community supports that effort.

Committee Question: *How does prorated ADM count work? A district can only count a student in their ADM if they provide more than 10 hours of PreK per week. The first 10 hours will be funded off the top of the Ed fund and will not be part of the ADM count. Each additional hour of PreK offer will count as 0.1 hour of ADM up to 10 additional hours. At 20 total hours the student will count as 1 ADM. Any PreK provided in excess of 20 hours per student does not count as additional ADM.*

Ending Dual Regulation Page 16

XIV. Sec. 3. Amends 33 V.S.A § 3502 to exempt public providers from CDD regulation unless they ask to participate in the child care subsidy program. CDD will continue to regulate private providers but will not have regulatory authority over public providers that are subject to their own school board’s jurisdiction and AOE oversight.

Rationale: Introduces that public providers will be exempt from CDD regulation.

Timeline Page 17

XV. Sec. 4. Provides that these amendments shall take effect on June 1, 2019.

Rationale: In order to execute the data collection mechanisms, to create Rules and to provide appropriate time for budgeting, the AOE requests that this law not go into effect until June 1, 2019.