

# Recommended Reform of Act 166

## REPORT

November 14, 2017

Report/Recommendations to the  
House and Senate Committees on Education,  
House Committee on Human Services, and  
Senate Committee on Health and Welfare

**AOE Secretary**

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**AGENCY OF EDUCATION &  
AGENCY OF HUMAN SERVICES**

## Legislative Charge

Section 37 of Act 49 of 2017 requires the Agency of Education and the Agency of Human Services (DCF and CDD) to provide recommendations with respect to Act 166 Prekindergarten Education in the State of Vermont:

*On or before November 1, 2017, the Secretaries of Human Services and of Education shall jointly present recommendations to the House and Senate Committees on Education, House Committee on Human Services, and Senate Committee on Health and Welfare that will ensure equity, quality, and affordability, and reduce duplication and complexity, in the current delivery of prekindergarten services.*

## Summary

To this end, the leadership of AOE and AHS/CDD have been meeting throughout the summer to review the status of universal prekindergarten (PreK) as authorized by Act 166, the degree to which the Act's goals remain worth pursuing, and implementation successes and challenges associated with the Act. In addition, the Agencies received testimony from stakeholders on the successes and challenges associated with Act 166. Throughout, we have adhered to the expressed goals of the initial legislation (Act 166).

## Recommendations

In our work, the Agencies re-committed to the expressed goals of the Legislature in Act 166. We have also developed recommendations that restructure the statutory partnership between the two agencies. If enacted, these recommendations will reduce duplication, complexity and administrative cost in the current delivery model.

The AOE and AHS offer these shared recommendations to the Committees of Jurisdiction in the hope that they will serve as guideposts for legislation:

***Recommendation #1: The State of Vermont should continue to sponsor a universal PreK voucher program that would allow families of children who are 3 or 4 years old and not in kindergarten to have 10 hours of PreK, for 35 weeks a year.***

*Rationale:* Among stakeholders and the two Agencies there is widespread consensus that quality PreK is a promising practice that will support our youngest children—and particularly our most vulnerable children—as they develop the social, interpersonal and academic skills that support improved outcomes later.

***Recommendation #2: The State of Vermont should continue to sponsor a portable voucher that allows families to access those services in the location of their choosing.***

*Rationale:* Among families of our youngest children, the need to exercise the voucher in the location of their choosing (e.g. near their workplace) is of high value. It allows them to make determinations related to work schedules, additional childcare affordability

issues and program design in ways that support their engagement. This portability is limited to approved prekindergarten providers within the State of Vermont.

***Recommendation #3: The State of Vermont should continue to fund the PreK voucher program from the Education Fund.***

*Rationale:* These ten hours of programming are distinct from more general childcare and are intended to serve an educational purpose. As a result, the Education Fund is an appropriate funding source.

***Recommendation #4: The State of Vermont should discontinue joint administration (AOE and AHS) of the PreK voucher program and should instead have the AOE be the lead agency to make decisions and administer the program.***

*Rationale:* Across all stakeholders, the joint administration of Act 166 was problematic and frequently inefficient. The determination that Education Fund dollars be used to finance the program leads to the conclusion that AOE perform the administrative functions. We believe it will be more efficient for one agency to be responsible for decision-making and administration. AOE is the primary agency responsible for education and therefore appropriate to lead implementation of prekindergarten.

***Recommendation #5: The State of Vermont should seek efficiency in the PreK voucher program through centralized accounting and contracting at the AOE for providers and school systems.***

*Rationale:* Across all stakeholders, the multiple relationships between providers and school systems was a source of frustrations. Private providers may have 4-10 SU/SDs with different contracts and invoicing mechanisms; SU/SDs may have 10-50 providers for whom they must track contracts. With dedicated staffing, the AOE can implement a single contract and invoicing procedure for all providers — both public and private — that will streamline administrative work burden at all levels.

It is our shared belief that simplifying the business side of operations, so that there are uniform and consolidated contracts and fewer points of required contact for school systems' providers and families, should also support the goals of equity and quality by improving transparency and by freeing administrative time to focus on the most important work: the learning of children.

***Recommendation #6: The State of Vermont should simplify the mechanisms for participation, regulation and monitoring to ensure that the least amount of dual regulation and duplicative efforts for all program types exists.***

*Rationale:* Across all stakeholders, participants expressed frustration with the duplicative nature of regulations and procedures across AOE and CDD. Particular issues to address include:

- a) Pursuing single regulation so that CDD would regulate private providers and AOE would regulate public providers.
- b) Clarifying the value of the voucher for private and public providers (fiscal transparency).
- c) Clarifying the quality criteria programs must meet to participate in the PreK voucher program.

***Recommendation #7: The State of Vermont should provide time to prepare for implementation of these recommendations. +***

*Rationale:* While the Agencies recognize that stakeholders would like to see changes occur immediately, we believe it is important to have the time needed to implement changes. The AOE will need to hire staff, refine and deploy the contracts and invoicing systems and train participating programs in their use. If the Legislature were to pass these recommendations early in this session, the AOE would be prepared to execute all contracts by May 2019. This would mean that Act 166 would continue to exist as it currently does for one more academic year.

***Recommendation #8: The State of Vermont should revisit the quality criteria for provider participation in the PreK voucher program.***

*Rationale:* The Agencies believe that quality criteria are critically important to ensuring the value of this taxpayer investment in early care and learning. There is a need to clarify the quality criteria public and private programs must meet to participate in the PreK program. In addition, implementation has demonstrated that some criteria are more difficult to meet and monitor than others, particularly in some communities. AOE, with support from CDD when appropriate, proposes to consult with stakeholders to identify key quality criteria and appropriate incentives to support attainment of those criteria while maintaining available seats for children.

AOE will take the lead in working with stakeholders to refine these recommendations into more specific actions. We intend to present these in a more robust report to the standing committees. In addition, the Agencies will provide suggested legislative language the Legislature can use to revise Act 166, consistent with these recommendations.

The Agencies will evaluate the potential value of a tiered voucher, to ensure continuity in service when programs struggle to meet the quality standards defined by the Legislature. This would allow for greater continuity of services to families without making the state pay for quality that is not delivered.

We recommend that in 18 months, a neutral third party evaluate implementation to assess the impact of proposed implementation and provide recommendations for next steps to improve and enhance our investment in young Vermonters.