

Determination of the Statewide Rate for Pre-K Tuition

Act 166 charged the Agencies of Education and Human Services with jointly developing a process to determine a statewide rate for 10 hours of prekindergarten for 35 weeks. A small group of staff from both agencies looked at four methods to determine a rate. The four methods were:

1. the Provider Cost of Quality Calculator (PCQC) developed with the support of the Office of Child Care in the federal Department of Health and Human Services;
2. current rates paid by school districts for qualified public and private programs;
3. adjusting the base education amount by the pre-K weighting factor and administrative costs incurred by school districts; and
4. a National Institute for Early Education Research (NIEER) cost estimation model developed by the Institute for Women's Policy Research and Early Childhood Policy Research.

The group determined that all four methods converged to the same general rate. The NIEER model was chosen as the base due to it being 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.

Method 1, the Office of Child Care PCQC, used cost estimates for programs with a five STAR rating in the Vermont STARS quality rating and improvement system and included the additional costs related to achieving Vermont pre-K standards. When the result was adjusted for 10 hours per week for 35 weeks, the annual estimated rate was \$3,434.

Method 2, using current rates paid by school districts, looked at the average of 120 reported rates for both qualified public (35) and private providers (85) as reported by school business offices. The average of all rates was \$3,038. Excluding the top and bottom 5%, the average was \$2,951. Excluding the top and bottom 10%, the average was \$2,902.

Method 3, using the base education amount (\$9,285) and the pre-K weighting factor (0.46), looked at a range that excluded estimated administrative costs of 20% to 30% incurred by district business offices. Using a range of 70% to 80%, the rate was \$2,990 at the low end and \$3,417 at the high end.

Method 4, the NIEER model, looked at pre-K programs having 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. When adjusted for Vermont specific cost-of-living adjustments (provided by NIEER) and 10 hours per week for 35 weeks, the costs were \$3,315

for a class of 15 students, \$3,053 for a class of 17, and \$2,757 for a class of 20, with the average of the three being \$3,042. The average was rounded to \$3,000 based on estimated class size.

The \$3,000 will be adjusted annually by the New England Economic Project cumulative price index (NEEP CPI) as of November 15 for state and local government purchases of goods and services. The NEEP CPI is currently used to adjust the base education amount, essential early education grants, and transportation aid as well as several other parameters.