

**CT ECE Finance Project Meeting
October 4, 2004 1-4 p.m. United Way of Connecticut**

UPCOMING MEETINGS

October 18 1-3 Graustein Memorial Fund, Hamden
November 1 1-3 United Way of CT, Rocky Hill
November 8 1-3 CERC

Present: A listing of attendees as well as other members and interested parties can be found at the end of these minutes.

ECE Finance Project Leadership:

David Nee, Graustein Memorial Fund & Jim Horan, CT Association for Human Services (CAHS)--Co-Chairs; Harry Orlick, Ready, Set, Grow...CT Kids! Campaign—Vice Chair/Project Manager

Updates

- J. Gruendel has arranged the ECE Finance Project conference call with Minneapolis Federal Reserve Bank Vice President Art Rolnick for October 13, 11-noon. The purpose of the call is to hear from Art on the basis of the demand side model he has proposed which will be piloted in Minneapolis in partnership with the State of Minnesota, the Minnesota School Readiness Council, and the corporate community. Rolnick will also describe the Minnesota Early Childhood Investment Trust, the public-private governance intermediary that is being proposed to manage that state's ramp up in early childhood investment. Jim Horan will set up the teleconference number and notify participants. Persons interested in calling in, please contact Jim directly (jhoran@cahs.org)
- Governor M. Jodi Rell will issue a proclamation identifying the last week in October as CT's Week of the Young Child to recognize the importance of early childhood investment. Contact: J. Gruendel (Janice.gruendel@aya.yale.edu)
- A preliminary listing of events occurring that week, along with the contact person for each, follows. Other organizations sponsoring ECE events during this week are asked to notify James Battaglio, Communications Coordinator for the Ready, Set, Grow..CT Kids! Campaign (Joibat@aol.com) or Iskfj;sljfljk , Hartford Foundation for Public Giving (asdfj;sj).
- It is suggested that rather than four forums on issues raised by the work of ECE Finance Forum, two forum will be hosted. The first, as previously scheduled, unpacks the connection between ECE and economics as is being sponsored by Pfizer Global on October 28th, in Groton. Art Rolnick and Stan MacMillan (CCEA) will present. A panel of respondents will be moderated by David Nee (WCGMF). Persons interested in attending must have registered prior to the event. The second forum will be planned for mid-January to present the cost and financing products of the ECE Finance Project. Organizations interested in assisting in organizing this event, please contact Peg Oliveira (CT Voices for Children at peg@ctkidslink.org). CT Voices and the Commission on Children have expressed interest already.
- Plans for an 8 - 12 page widely distributed newspaper tabloid on early care and education are in progress. Work on the tabloid is being organized by Jim Battaglio and Harry Orlick

through the Ready, Set, Grow...CT Kids! Campaign. The tabloid is targeted for release either the week of or the week following the Governor's State of the State report to the CT General Assembly. Initial funding has been obtained but additional funding partnerships are being sought. Content development is the responsibility of Jim Battaglio. Contact him to participate. Statewide distribution is the goal.

First Report on the Cost Modeling Format (Jeff Asher & Judy Goldfarb)

Jeff Asher began this report by reminding folks that the purpose of this work is to develop a public set of assumptions and data elements regarding (a) workforce, (b) capital, (c) governance/infrastructure and (d) accountability/ outcomes/assessment. Assumptions are being framed and offered by each of the ECE Finance Project's working committee along with actual data on each element, along with an indication of the data source. Based on the work to date, Judy Goldfarb and Jeff Asher have created the first set of spreadsheets with a focus on workforce elements and non-personnel center cost elements.

They then proceeded to conduct our first tests of the capacity of these formulas and data to produce a set of cost-model scenarios. This testing will take several forms over the next two-three weeks, including (a) utilization of the formulas to produce a set of cost-model scenarios; (b) examination against actual cost data as supplied to CHEFA from a group of centers seeking capital funding; and (c) examination against actual data to be sought from a broader set of ECE centers across the state.

In the first test, Jeff examined the budgets of 18 child care centers from the CHEFA database, plugging in elements of Ann Mitchell's modeling methodology as distributed at the last meeting. Jeff specifically directed ECE Finance Project participants to Chapter 3 and he distributed copies of the chapter. [Note: This work is available online at --] The goal of the test was to determine whether our preliminary spreadsheet structure could generate per child and per hour costs according to a set of program model assumptions. Program assumptions were then reviewed with the Stamford Child Care Center's fiscal officer.

Data elements included:

- Salary ranges for various types of classroom staff based on current workforce data available from the CT Department of Labor, an internet workforce consolidator source (Salary.com), and actual salary data as available from existing centers.
- A similar process was utilized for non-classroom staff including administrators, custodial and cooking staff, parent/family liaison staff (e.g., mental health, nursing, nutrition, screening, social work staff. The range of positions/functions utilized here was drawn from actual agency budgets as well as from data collected by the CT Center for Economic Analysis for its CT ECE Economic Impact Study, to be released on October 28, 2004.
- A range of benefits package components was identified along with required non-wage benefits
- Administrative, program and facility costs were estimated at this time, based on the generally reported ratio of workforce to total agency costs of 70 – 80%.

Plugging these cost elements into our preliminary cost formulas did allow generation of a series of four model scenarios, capable of projecting per child and per hour costs. Next steps in development of our modeling include the following:

- Jeff Asher and Janice Gruendel will meet on October 7 with cost-modeling expert Hap Leabman to review our methodology and structure

- Further testing of cost generation against current agency budgets from such programs as SDE School Readiness Programs, public and private child care centers not in the School Readiness Program, state funded day care centers, centers/programs serving children within local public school systems; information available through the CT School Readiness Network; information available through the CT Department of Social Services, the CT State Department of Education, and the CT Department of Public Health.
- Further testing against program and staffing assumptions inherent (or specified) by CT Child Care Licensing Standards; CT School Readiness Program requirements; program characteristics expressed in CT State Board of Education universal PreK policy of 2.5 hours per day, 180 days per year.
- Further cost element development with regard to administrative versus workforce costs; state and local governance costs; program accountability and assessment costs.

The following issues and considerations were raised in discussion:

- When do economies of scale become relevant to cost modeling formulas? Jim Horan indicated that economies of scale don't kick in until program size reaches about 85 children.
- When cost modeling assumptions take into account the move toward staffing based on workforce with higher educational levels, how can we offer a basis for understanding these results in relation to current ECS reimbursement levels and per child local school district costs? Members noted that ECS is based on a six hour instructional day, 180 days a year, while some ECE program models may be based on 10-12 hour days, 52 weeks per year.
- How comfortable are we estimating non-personnel costs based on a percentage of total cost, and especially estimating them across the board at 20% to 30% of total cost (based on a subtraction of personnel costs from total costs)? Jeff provided a data analysis he conducted from budget data available to CHEFA. The analyses reveals a much broader range of personnel costs to total costs, suggesting that this issue required considerably more attention.
- Might it be more valid to calculate non-personnel expenses as a core dollar amount (according to a set of transparent assumptions and stated as a range) rather than calculating it as a percentage regardless of the size of the total budget? This question requires more analysis.
- According to what staff-to-child ratios should cost modeling be based? In our methodology, staff to child ratios is one of the variables which can be established for each scenario constructed, allowing you to examine the impact on staffing needs by ratio. For example, ratios of 1:10 will generate a different staffing requirement than 1:7.
- Can these formulas account for models where a program may provide fewer than full day hours of service to children? Yes, that is a variable that can be build into the cost modeling of different scenarios. For example, program costs will vary if children are in a 2.5 hour program versus one of longer length.
- To what extent do current centers budget for facility costs, either in the context of amortizing construction/remodeling costs or even ongoing facility maintenance? This question can't be answered without a review of a sample of agency budgets.

- To what extent have the formulas created to date taken into account program costs?
- How do we factor in how much it costs to get from BA to BA trained in ECE? The process of professional development is included in the non-personnel cost estimates. Ann Mitchell and Lynn Kagan, national experts on ECE costs, report that professional development costs account for about 1-2% of the total budget. Darlene Ragozzine reports that average professional developments costs per employee range from \$800-1400.

Discussion of Level II Assumptions

Janice Gruendel walked the group through the complete set of Level II assumptions that we had not yet addressed. The original assumption statements are presented below with members responses and/or actions.

1. Costs can be characterized in a standardized way, as below or with an alternative taxonomy:

- **Operational (service delivery level) costs: including workforce (salary, fringe, taxes, professional development costs); facility and program costs (rent, utilities, supplies, materials, food, etc); administrative costs (interest, debt repayment, etc)**
- **Capital (service delivery level costs) development costs (renovation; construction)**
- **Statewide system costs (governance, fiscal management, evaluation, data management, research, technical assistance, public education and information dissemination, licensing, accreditation, quality improvement supports)**

Discussion:

- Sue Wilson: NCCIC unpublished document that does this; will send to Judy
- George Coleman: SDE will get Head Start budget format to Judy G.
- JG requests to know if there is a listing of policy or regulatory problems that centers face for which solutions can be identified. Dona H exploring focus group of communities at Discovery annual meeting 10/28. Peg will check through ECE Legislative Collaborative

2. Type, location, capacity and utilization of current settings can be documented:

- **Licensed centers**
- **Waivered (non-licensed) centers**
- **Licensed family homes**
- **Unlicensed but paid arrangements**
- **Unlicensed, unpaid arrangements**

Discussion

- Sue W. A 1 year old excel spreadsheet exists based on Infoline, by town by facility; intended enrollment rather than licensed capacity by age group, etc; includes family child care. Peg to get from Stan M.
- Paul F. has list of 250 SR sites/180 programs but notes that is a small % of the 1700+ licensed centers.
- Paul F: Do we have a strategy for obtaining similar information re licensed family homes? Answer – Not yet.

3. Quality can be operationally defined and publicly measured, including:

- **Acceptable care/education turnover level**
- **Documented state licensure AND national accreditation (NAEYC, other)**
- **Level of administrative/fiscal capacity and stability**

- **Educational qualifications of care and teaching staff**
- **Documentation of specific outcomes (see below)**

Discussion:

- Helene F. directed members to the bullets on p. 13 of Anne Mitchell doc
- Judy G.: There are star rated systems but not in CT. Walter Gilliam's is looking at one for New Haven to ensure public and providers know what they are investing.
- Judy G: There are licensing regs but they have many exemptions.
- Judy G: ECCERS ratings can be done appropriately or not
JG: Who has turn data? SDE has it with SR. Get to Jeff A.
- Liz B: Quality must have ongoing monitoring component, must be linked to outcomes
- George: Many different ideas within the child care world of what quality is about.
- Darlene: The CT Child Day Care Council is looking at staff qualifications and they are not close to the kinds of analyses we are creating. A 2-tier system is emerging with licensing as the minimum and that is what the universe of child care can achiev. Caution--if you set the bar too high, programs will constantly be out of compliance.
- Paul F: Teacher credentials must be dealt with as part of this issue
- Helene F: Teachers and their salaries must be factored into the achievement of quality issue

4. **Desired outcomes can be defined and measured:**

- **Child: Child can demonstrate knowledge and skills identified in standardized CT Kindergarten entry assessment (Other: SDE PreK curriculum benchmarks; National School Readiness outcome domains)**
- **Other child outcomes: Health/oral health/mental health/physical health?**

Discussion: For now, let's define this as "when a child walks in the K door, they will have the requisite skills and knowledge for early schooling success."

- Sue: The outcomes question cannot be separated from the quality question. To have both, we need program standards and a way to determine if programs are meeting these standards. Part of this will include ECRS at some time to monitor environment of classroom
- Sue W. Expressed a strong disbelief re: assessing kids in the "standard ways." Appropriate assessment must be defined and tied to curriculum so you assess what you teach. Then you use the info to enrich that program for that child. It is not to be used as a measure of how well we are doing. There are other ways of doing that.
- Jeff A: There have been outcome findings in SR evaluations. In Bridgeport, a reduction in K retention of 50%. Other ST outcome assessments by Walter Gilliam.
- Paul F: We want entering kindergarteners to have social/emotional goals, but also ready to deal with language and numeracy issues. For example, alphabet letter knowledge is high predictor of reading success; Story retelling is another. These are variables we can watch and get teachers to work toward. We need to collect this data and tie back to assessment system
- Helene F: EA's working on a model curriculum standard that points to these outcomes/ must have infrastructure to support the teaching. EA will join the Assessment/Outcomes working group
- Harry: Outcome is he desired effect; quality is cause. We must have outcomes for the audience we have in mind; There must have a measure of effectiveness, But we need to be practical. Don't build a Ferrari.
- George: we may need the Cadillac model to make up for the inequality of some groups; they need more given supports given the task before them
- Liz B will transmit the Commission's kindergarten study to Peg. It is also on the website

NOTE: The issue of Assessment will be a major agenda it at the next meeting.

5. Is there current, public data on costs, quality and outcomes for current providers/programs. This would include data on kindergarten readiness for each yearly cohort of the CT School Readiness program and initial data on the CMT mastery rates of the first one or two cohorts

Discussion:

- JG: We can't ask for \$\$ without this answer.
- Paul F: There is a Bond/Galinsky study that Paul will get to Peg. It has been criticized because there was no random assignment/ no experimental group; but it does tell us demographics and how kids are doing in K; not gr. 1 or beyond (To PEG)
- Jane N: Local boards of education receiving RS children know how those children are doing

6. Assuming there were "universal access," there is information of reasonable reliability and validity from actual or potential consumers that allows us to estimate the likely utilization of preschool "services" in the aggregate as well as according to various program models (i.e., licensed family care; public school PreK; private preschool; School Readiness Programs; Head Start Programs). Failing this, there is national utilization and preference data from which we can reasonably make estimates.

Note: We skipped this issue for the time being.

7. Information is available from preschool providers (as listed above) that identifies policy and funding challenges they face in connection with the receipt of and reliance on governmental funding (local, state or federal) and administrative requirements.

Discussion:

- Liz: legislative collaborative can get this information
- EA: can we do a focus group to get this data?
- JG: web survey monkey online (Peg check this)
- Alice: will ask this question to 12 providers in this week's focus group
- EA: include federal silo too
- Consider funders (DSS) as source of info on this too

8. We are knowledgeable in cost estimation methodologies current viewed favorably by national experts (specifically, the Mitchell/Golin and Kagan/Brandon methodologies)

Note: We are using the Mitchell material and awaiting approval from Rick Brandon to share his recent draft report.

9. Data is available on current revenue/funding and payment resources that are now directed at CT preschool early care and education services (federal, state, and local government? Philanthropy? Employer provided or supported? Parental payments). If not statewide, on a community or cross-community basis?

Discussion: Revenue Sources

- The general sense is that all we know is state, federal and local funding. Not clear that we know what municipalities are paying for SR or child care.

10. There is current and reliable data on savings that have accrued to communities participating in the current CT School Readiness Program, and how those savings have been reallocated/used.

Discussion:

- Discussion about estimating savings based on prison savings estimates
- Discussion about how to identify and calculate local school district savings

11. There are at least some CT communities that have already conducted analyses the readiness of their entering kindergarteners, the need for additional slots/spaces/programs to assure community-wide access to quality preschool programs, and the capital and operating costs of meeting those needs.

Discussion:

- David N: What is happening or can be happening in next two weeks to address this? Can't we ask Discovery?
- Paul F: SDE will be able to report back to ECE Finance Project at next meeting on survey of 18 priority school districts
- Sue W: CHDI data book has some of this info
- Harry O: It is essential that the next round of government funding consider funding community pilots.

12. It is possible to pull together a listing (by some objective criteria) of Connecticut's "great" early care and education settings.

- Judy G: What is concrete step for quality assurance? Accountability committee will pick this up; Sue coordinates

Working Group Reports and Materials

Project Management

- Harry: 5 weeks to Nov. deadline; critical that all teams have clear understanding of what they need to deliver by what dates; definitive statements of what's required by when; by end of week all teams clearly articulate their status and their plan and work products required; interim reports work well; need to communicate; ask all reports be sent to entire group; Harry will follow up on trouble with access to info
- Helene: need new e-mail group list (JG to email to all. Also included in last meeting minutes)

Workforce

- Alice: remaining questions: what does it take to increase staff credentials and where are we now; asking Peter and Sue; Career Ladder meeting with Sue Russell and John Burbank

Outcomes and Data/ Accountability:

- Sue: no more real work since last meeting and passed out 4-page assumptions; no feedback at all on this yet; don't know where to go with it next, and Sue is gone for 2 weeks, so passing the leadership to group -- Paul, EA, Judy G, Karen, Helene A, Peg
- Helene will reconvene group, review original four page document
- Paul to get to Peg SDE's proposed budget for K assessment
- Sherbie transmitted information about Educare in Colorado
- Darlene noted Oklahoma model, with 3 / year monitoring

Capital Investment:

- David W. Preliminary Fact Sheet distributed; We have CHEFA and SDE school buildings project data
- Facilities need 2/3 of costs to be subsidized to have a viable project;
- SDE projects layered with CHEFA funds; Cost per child = \$24,700/child to build the facility;
- Annually: state commitment to subsidizing debt service = \$16.1 million over 30 years (no predetermined source or division of cost) (currently 3.5 million... big jump!)
- Paul: current reimbursement structures at 80% are an insufficient incentive
- Paul: how many out there are willing to take on the new debt even with state subsidy? Takes years for locals to come up with their contribution.
- Jeff: There is pent up demand. With new money, there are already 6 applications for funding and CHEFA expects many more.
- Paul: SDE makes 60% public/ 40% private assumption re spaces. Requests discussion at next meeting.

Infrastructure/service:

- Donna Hoff/Liz Brown: Handout defines governance/infrastructure: (handout) on p. 1, Replies needed by email.
- Re tracking revenue and expenditures: Defining current expenditures across state agencies; core components; state/federal, in kind, matched contribution? Ruled out parent contributions, TANF, transportation
- Helene F: last page, preschool special ed : 4.9 mil from feds, 100,000 to SDE, 4 mil to municipalities (based on formula) , 600,000 to SERC, 200,000 to DCF
- Can't tease out the PreK part of ECS nor the PreK part of district budgets
- David: witnessing reaction that SDE offering new deal and can't even cover ECS or special ed costs; total costs for special ed are not being covered and have to go back to the town to cover the costs;
- Look at chart in terms of what's been left out.

Economic Impact Study

- Helene F: text must be done tomorrow (Oct. 5); good enough to go to designer through Francis; back to CHDI, Voices, UCONN and CAHS and ECE Economic Impact Working Group as names on this document;

Demand Side Model

- JG: Conference Call with Art Rolnick set for October 13 at 11:00 a.m.
- Jim Horan will set up call technology. Let him know if you want to join in.

Excellent ECE Programs and Ready Communities

No report.

JG Draft one page description of PreK to 12 outcomes.

- Paul will send JG edits. Betty Sternberg OK.
- Har: We need something like this for marketing purposes.

Attendees and Members: See last page

- October 4 attendees identified in bold

ECE Finance Working Group Participants (working members)	On cc only
<p> peg@ctkidslink.org (Peg Oliveira), davidnee@wcgmf.org, Helenefigueroa, jhoran@cahs.org, Elizabeth.Brown@po.state.ct.us, SWilson@uchc.edu, janice.gruendel@aya.yale.edu, jon.swift@po.state.ct.us, dwasch@LIScNET.ORG, Peter.Palermينو@po.state.ct.us, dragozzine@ctcharts-a-course.org, jcarroll@cahs.org, sherbie.worthen@ctunitedway.org, Paul.Flinter@po.state.ct.us, dwradcliffe@juno.com, leslie.Brett@po.state.ct.us, hmorlick@optonline.net, apritchard@cwealf.org, Jasher@CHEFA.com, halisberg@comcast.net, Stanley.McMillen@uconn.edu, LStoney95@aol.com, natasha.pierre@po.state.ct.us, nbleonard@sbcglobal.net, hoff@uchc.edu, merrillg@snet.net, jnpjane@aol.com (Jane Norgren), krainville@eastersealsct.org, grace.whitney@po.state.ct.us, judy_goldfarb@hartnet.org, rsussman@hfp.org, bobm@cea.org, farnum@hwfco.com, halisberg@comcast.net, pam.langer@ctunitedway.org easchenbrenner@eastcon.org </p>	<p> elaine.zimmerman@po.state.ct.us, walter.gilliam@yale.edu, MARYANN.DAYTON-FITZGERALD@po.state.ct.us, martha.okafor@po.state.ct.us, johny@cea.org, EAKP@aol.com (David Parachini), kathyf@cea.org, spalmer@aftct.org, cfoley@nldc.org, holmberg@learn.k12.ct.us, pam.langer@ctunitedway.org, yalie4567 (Shel Geballe), betty.Sternberg@po.state.ct.us, george.coleman@po.state.ct.us, Merrill@uchc.edu (Denise Merrill), SBell@Newhavenct.net, atorres@aces.k12.ct.us Philip.dukes@po.state.ct.us </p>

