

TO: Members of the State Board of Education

FROM: Carey M. Wright, Ed.D., Interim State Superintendent of Schools 

DATE: February 15, 2024

SUBJECT: Prekindergarten Sliding Scale Adoption

Purpose

The Maryland State Department of Education (MSDE) proposes adopting a sliding scale for families falling within the 301–600% of the Federal Poverty Level (Tier II). The aim is to ensure that these families pay no more than 7% of their gross annual income as a copayment, promoting affordability and equitable access to high quality prekindergarten in school and private provider or community-based settings.

Background

Under the Blueprint for Maryland’s Future, MSDE is charged with expanding voluntary Pre-K to all three- and four-year-old children from families earning incomes at or below 300% of the Federal Poverty Level (FPL) at no charge to the family. MSDE is also charged with implementing a subsidized sliding scale to calculate the family share of the Pre-K cost for Tier II families earning 301–600% of FPL.

Under the Blueprint, income eligibility is based on a system of tiers:

- Tier I: 3- or 4-year-old children from families with a gross annual income less than or equal to 300% of the Federal Poverty Level (FPL) or is a homeless youth.
 - High-quality, full-day Pre-K is available at no charge to Tier I families.
- Tier II: 4-year-old children from families with a gross annual income of more than 300% of FPL but not more than 600% of FPL.
 - High-quality, full-day Pre-K is available at a subsidized cost, on the sliding scale, for Tier II families.
- Tier III: 4-year-old children from families with a gross annual income above 600% of FPL.
 - High-quality, full-day Pre-K is available at the full cost of the program for Tier III families.

Executive Summary

Families with an income less than or equal to 300% FPL and families experiencing homelessness are designated as Tier I and will receive free access to Pre-K. For FY 2025 funding only, Tier I families include Tier II children with disabilities and children who speak a home language other than English. However, all family income levels must be collected at the time of enrollment for every child.

Going forward starting in FY 2026, for children with disabilities and children who speak a home language other than English, the tiers must align with a family's income no matter the child's disability or multilingual/English learner status.

The State and Local Shares of funding is also provided for families designated as Tier II (income more than 300% FPL, but not more than 600% FPL). However, authorizing legislation allows Tier II families to be charged a portion of the program cost if a LEA and private providers in the jurisdiction choose to collect it. Further, the Blueprint for Maryland's Future specifies that a sliding scale will be used to determine the family portion. Tier III families (income above 600% FPL) who choose to enroll their three-year-old and four-year-old children in full-day Pre-K are expected to pay the full cost to attend. The per-pupil Pre-K costs are defined in statute. In fiscal year 2025, this cost is \$13,003; in fiscal year 2026, \$14,473; in fiscal year 2027, \$15,598; etc.

Given the central role these "Tiers" play in the program design, it is necessary to establish a clear enrollment process with income verification and data collection to determine Tier I, II, or III status for families of all children participating in Pre-K programs serving three- and four-year-old children. The guidance for this process will support LEAs and private providers with determining the family share for families who fall into Tier II.

Action

MSDE is recommending the Maryland State Board of Education adopt a sliding scale for families with incomes between 301–600% of Federal Poverty Level (or Tier II) where families are paying no more than 7% of the gross annual income in a copayment.

Attachments

MSDE-State-Board-Pre-K Sliding Scale.pptx

Division of Early Childhood

Prekindergarten Sliding Scale Guidance

February 15, 2024

Presented By |

Dr. Shayna Cook, Assistant State Superintendent, Division of Early Childhood

Donna Gunning, Assistant State Superintendent, Office of Finance

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Presentation Outline

1. Overview
2. Calculating State, Local, and Family Share for Tier II Children
3. Enrollment and Income Verification
4. Administrative Procedures
5. Blending and Braiding Federal, State, and Local Funding



Overview

Per the Blueprint for Maryland's Future legislation, a sliding scale has been developed for families earning more than 300% FPL, but not more than 600% FPL, starting in FY 2025.

1. Overview

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Legislative Background

- One of the objectives of the Blueprint for Maryland's Future is to **expand access for students to high-quality full-day pre-K.**
- Under the **Blueprint for Maryland's Future**, MSDE is charged with:
 - Expanding **voluntary Pre-K to all three- and four-year-old children** from families earning incomes at or below 300% of the Federal Poverty Level (FPL) **at no charge to the family.**
 - Implementing a **subsidized sliding scale to calculate the family share of the Pre-K cost for Tier II families** earning 301–600% of FPL.
- Tier III families, with income >600% of FPL, may be required to cover the total per-pupil funding rate to access full-day Pre-K services.

	Tier I	Tier II	Tier III
Federal Poverty Level (FPL) Range:	≤ 300%	301 – 600%	> 600%

Income Eligibility Based on Tiers

- Under the Blueprint, income eligibility is based on a system of tiers:
 - **Tier I:** 3- or 4-year-old children from families with a gross annual income less than or equal to 300% of the Federal Poverty Level (FPL) or is a homeless youth.
 - High-quality, full-day Pre-K is available at **no charge to Tier I families.**
 - **Tier II:** 4-year-old children from families with a gross annual income of more than 300% of FPL but not more than 600% of FPL.
 - High-quality, full-day Pre-K is available at a **subsidized cost, on the sliding scale, for Tier II families with 4-year-old children.**
 - **Tier III:** 4-year-old children from families with a gross annual income above 600% of FPL.
 - High-quality, full-day Pre-K is available at the full cost of the program for Tier III families.

Development of the Pre-K Sliding Scale

- The Blueprint directs the Maryland State Department of Education (MSDE) to **implement a sliding scale to calculate the family share of the Pre-K costs for Tier II families**, to go into effect in the 2024-2025 school year.
- MSDE **gathered input from a variety of stakeholders**, including local education agencies (LEA), private providers/community-based providers, and families from July 2023 through January 2024.
 - In addition, input sessions were held with LEA CFOs, current Pre-K providers, the Governor's Office, Maryland Department of Budget and Management, and the General Assembly's Department of Legislative Services.
- The north star for the Pre-K Sliding Scale is to choose an option that is **least expensive for families**.
 - **The Pre-K Sliding Scale is based on a family's income and will not exceed 7% of a family's gross annual income.**

Mixed-Delivery Prekindergarten in the Blueprint

- The Blueprint also has a goal of implementing a mixed-delivery Pre-Kindergarten system
 - Mixed-Delivery is a model that co-delivers high-quality Pre-K in both private provider- and school-based settings in order to allow families to choose the Pre-K program that is the best fit for their three- and four-year-old children.
- LEAs (Public Providers) are charged with developing strong partnerships with private providers within their jurisdiction to support the mixed-delivery model envisioned in the Blueprint for Maryland's Future.
- Private providers that are currently participating or have participated in Pre-K Grants include:
 - Child Care Centers
 - Family Child Care
 - Head Start
 - Montessori
 - Faith-Based
 - Private Schools
 - Public Charter Schools
 - College/University Early Learning Centers

Enrollment Priorities

- Priority in expanding prekindergarten slots shall be provided to 3- and 4-year-olds who are:
 - Tier I children;
 - Children with disabilities, regardless of income; or
 - Children from homes in which English is not the primary spoken language.
- Increase in enrollment
 - The proportion of enrolled Tier I children who are 3 years old shall increase annually until all Tier I children who are 3 years old are enrolled in a full-day prekindergarten program.
 - The proportion of enrolled Tier I children who are 4 years old shall increase annually so that all Tier I children who are 4 years old shall be enrolled in a full-day prekindergarten program.
- Tier II children
 - Beginning in the 2024-2025 school year, Tier II children may be enrolled in a full-day prekindergarten program if space is available to encourage socioeconomic diversity in prekindergarten classrooms.



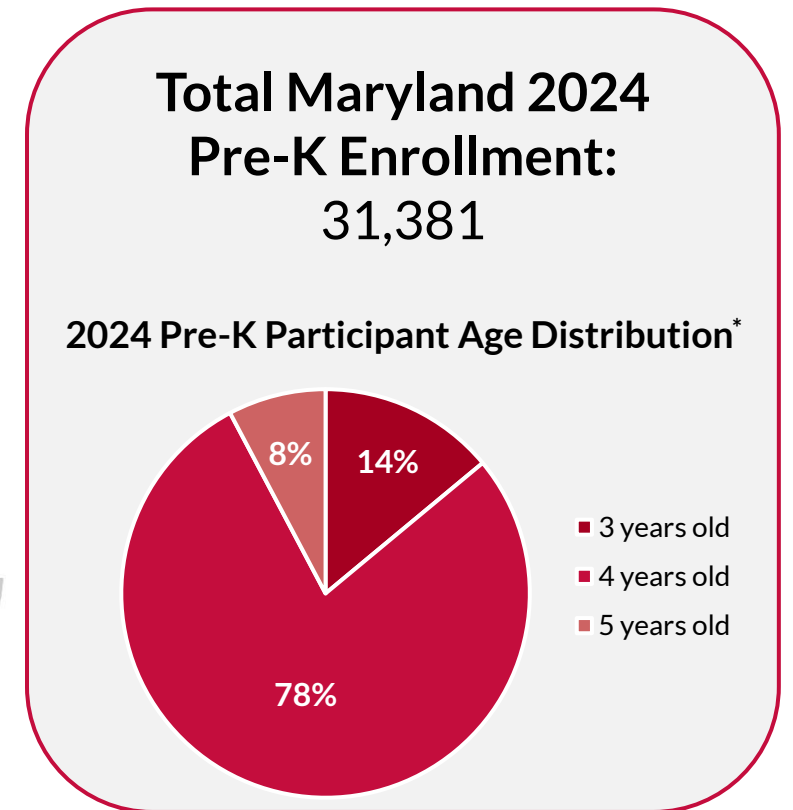
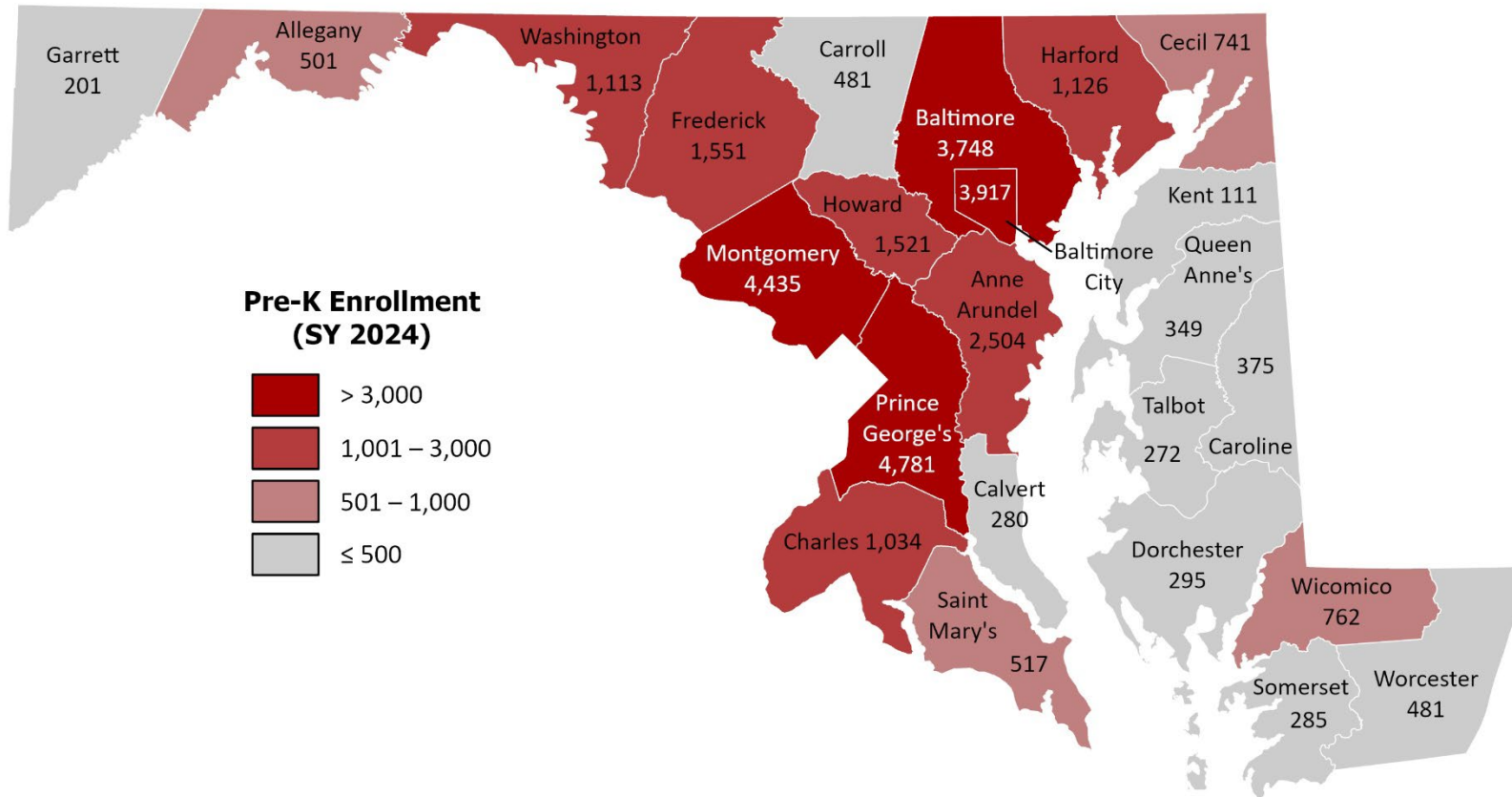
Calculating State, Local, and Family Share for Tier II Children

For Tier II families, each LEA and private provider must collect the family share for each child participating in the program. However, Local County Boards and LEAs can choose to cover the cost of all Tier II students with local funds.

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2. Enrollment and Income Verification
- 3. Calculating State, Local, and Family Share for Tier II Children**
4. Administrative Procedures
5. Blending and Braiding Federal, State, and Local Funding

Prekindergarten Enrollment Across LEAs

- The total number of students enrolled in public Pre-K for SY 2024 varies across LEAs, from ~100 to ~4,800 children, with the highest enrollment numbers in central Maryland.



*Children age as of 30 September 2023.

Prekindergarten Tier Distributions

- In September 2023, there were **31,381 children enrolled** in Maryland public Prekindergarten programs; 21,627 (68.9%) of these students have income Tier and federal poverty level data reported.
- Of that subset, **18,825 students (87.0%) are identified as Tier I**, with family incomes at or below 300% of the FPL. These children would qualify for **access to full-day Pre-K at no cost**, with contributions by State and local governments.

Number of students for each income Tier based on SY 2024 enrollment

Option	Tier I	Tier II	Tier III	Missing Data
Number of students	18,825	2,047	755	9,754
Percent of students	60.0%	6.5%	2.4%	31.1%

Cost Sharing for Pre-K Cost-of-Care

- The per-pupil cost of Pre-K tuition is defined in statute.
 - In fiscal year 2025, this cost is \$13,003; in fiscal year 2026, \$14,473; in fiscal year 2027, \$15,598; in fiscal year 2028, \$16,811 (etc.)
- This total per-pupil cost is shared between a State Share, a Local Share, and a Family Share.
 - Tier I families have no Family Share.
 - Tier III families pay the full cost-of-care.
 - The amount of the State Share, Local Share, and Family Share for Tier II families is defined by this Sliding Scale. This is the focus of this presentation.
 - The sliding scale defines the amount of the co-payment that the Tier II family will pay.

Proposed Pre-K Sliding Scale

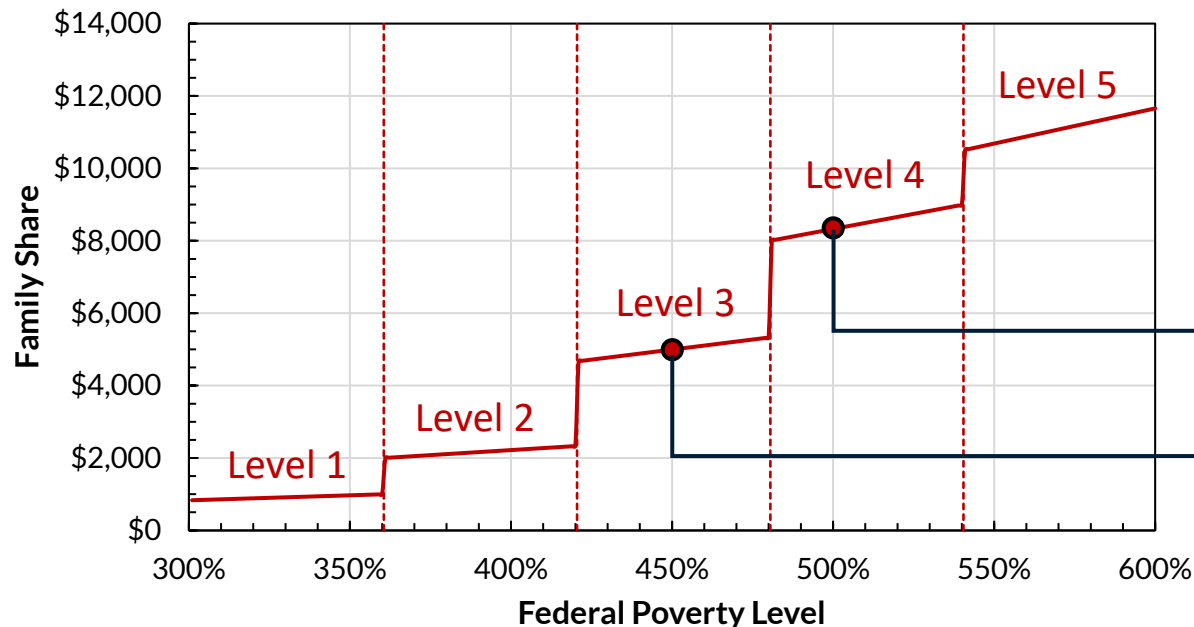
In the proposed Pre-K Sliding Scale, families pay a portion of their gross annual income, and that portion depends on where their income falls as compared to the federal poverty level. Families will not pay more than 7% of their gross annual income.

Federal Poverty Level	Gross Annual Income Range*	Family Share: Percent of Annual Income	Annual Family Share Amount	Monthly Amount†
301% - 360%	\$ 83,528 - \$ 99,900	1%	\$835 - \$999	\$84 - \$100
361% - 420%	\$100,178 - \$116,550	2%	\$2,004 - \$2,331	\$200 - \$233
421% - 480%	\$116,828 - \$133,200	4%	\$4,673 - \$5,328	\$467 - \$533
481% - 540%	\$133,478 - \$149,850	6%	\$8,009 - \$8,991	\$801 - \$899
541% - 600%	\$150,128 - \$166,500	7%	\$10,509 - \$11,655	\$1,051 - \$1,166

*Annual incomes reported are for a family of four. †Monthly amount based on 10 months.

Family Contribution for Tier II Households

The family contribution gradually increases with increased income, with sharp cost increases at the boundaries between sliding scale levels.



Example A:

A family of four earning \$138,750/year would fall under Level 4 and may contribute 6% of their annual income (\$8,325).

Example B:

A family of four earning \$124,875/year would fall under Level 3 and may contribute 4% of their annual income (\$4,995).

*Using the FY2022 Federal Poverty Guideline for a family of four of \$27,750.

Federal Poverty Level Calculator

MSDE has created a calculator to help both LEAs and private providers determine a family's FPL and tier level, after receiving verification documents to determine income. LEAs and private providers are to determine family Tier status for the program year at the time of initial enrollment and hold families harmless for income fluctuations during the year. Even if a family's income increases to more than the eligible income level during the year, the student may remain in the program.

Pre-K Cost Calculator

Introducing our user-friendly online calculator designed for child care providers and families to determine the cost of care.

Our intuitive tool streamlines the process of determining the cost of care for families, offering convenience and accuracy at your fingertips. Whether you're a child care center or family child care home, this calculator is tailored to suit your needs, allowing you to input income size and household income. With instant results, you can provide families with transparent and fair estimates, enhancing trust and satisfaction. Say goodbye to the headache of manual calculations and complex spreadsheets!

Income & Household Composition

Household Size: Household Income: Child's Age:

Children with Disabilities
 Multilingual Learners
 Children Experiencing Homelessness

Child Care Cost Distribution

Total: \$13,003

25% Family Share of Cost
75% State & Local Share of Cost

Federal Poverty Level *

Tier I | Tier II | Tier III

410% FPL

*Based on income and family size

Per Pupil Cost of Care

Tier II	Tier
\$3,250	Family Share of Cost of Care
\$9,752	State and Local Share of Cost of Care
\$74	Weekly Co-Pay (Based on 10 Months)

Please note that this is a preliminary design mockup. The final product may look different.

A photograph of four diverse children (two girls and two boys) smiling and posing together outdoors. The sun is shining brightly behind them, creating a warm, golden glow. The children are wearing casual clothing. The background shows green foliage.

Administrative Procedures

Local education agencies should collect funds with guidance from the Chief Financial Officer.

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Income Verification

- Pre-K providers (both Public and Private providers) must **collect family income information from all families at the time of enrollment, for every child**, even those in Tier I and Tier III.
- **Local Education Agencies (LEAs):**
 - LEA providers may use Free and Reduced Meal Program (FARM) eligibility or Direct Certification documentation (Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Foster Care documentation). Documentation of income should be verified through a W-2, 1099, pay stubs, or tax return and maintained by the provider.
- **Private Providers or Community-Based Programs:**
 - Private providers must collect income verification documents and may use approved and current child care scholarship, SNAP eligibility, Head Start income eligibility forms or a program-developed income eligibility form. A program-developed form must list the family size, parent/guardian's income, and place of employment. Documentation of income must be verified through a W-2, 1099, pay stubs, or tax return and must be maintained in the child's file.
- **Fiscal Monitoring:**
 - As part of the fiscal monitoring process, enrollment files will be reviewed to ensure income eligibility documentation is collected and maintained for all enrolled children. This documentation should be kept on file by the Pre-K provider.

Implementation Considerations of the Pre-K Sliding Scale

- During the time of enrollment, when a family is determined to be in Tier II, the local education agencies or private providers must have the family sign an agreement for payment.
- The agreement acknowledges the Tier II sliding scale reimbursement level of the family and an agreed upon weekly, monthly, or yearly payment to the LEA or private provider. The family should receive a copy of this agreement.
- LEAs should collect funds with guidance from the Chief Financial Officer. Private providers should develop their own processes to collect funds similar to how they collect tuition payments.
- LEAs and private providers can choose to cover the family share of all Tier II students with local funds. In this case, families would not need to pay a family share.

Funding Distribution Procedures

- MSDE distributes the State Share of the Pre-K program funding directly to LEAs based on prior year enrollment. Starting in FY 2026, LEAs should distribute funding to their private provider partners. (Please note: FY 2025 is the last year for the Prekindergarten Expansion Grant.)
- For FY 2025 only, Tier II children with disabilities and Tier II children who speak a home language other than English are counted as Tier I for funding purposes.
- MSDE will provide guidance on updating MOUs with private providers. The following two sections would need to be added to the MOUs:
 - **Distribution of funds:** LEAs would define distributions of funds with private providers.
 - **Data Collection:** LEAs would collaborate with private providers to collect enrollment by Tier beginning in SY 2024-2025.

Staffing Considerations for Implementing Pillar I

- Who will lead the Office of Early Learning, and how does their vision align with district-wide goals?
- What steps will be taken to support strong leadership for effective program implementation?
- How will the district coordinate and implement key aspects of early childhood programs, including roles like curriculum development, assessment, and family engagement?
- Who will be responsible for managing data collection and training for Kindergarten Readiness Assessments in early childhood programs?
- How will student enrollment data be collected, submitted to MSDE, and used to inform program decisions as the LEA scales the mixed-delivery system?
- What staffing is needed to actively engage families to participate in early learning programs, and how will the district build partnerships with local organizations through Judy Centers and Patty Centers, while managing budgets to support enrollment goals and the sliding scale implementation?
- How can staffing support training of central staff and shared professional learning of Pre-K providers in schools and private provider settings?



Blending and Braiding Federal, State, and Local Funding

For Pre-K programs to become sustainable and to support the infant and toddler supply, it is recommended that programs blend and braid federal, state, and local funding streams.

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Ways to Blend and Braid Funding

Both private providers and LEAs may blend and braid funding streams at the federal, state, and local levels. For instance, for children who eligible, there are programs that are using:

- State Pre-K funding to support children during the 6.5-hour school day and Child Care Scholarship funding for before- and after-care;
- Head Start funding and State Blueprint funding to pay for the 6.5-hour school day and Child Care Scholarship funding for before- and after-care; or
- Title I funding, State Blueprint funding, and Head Start funding to fund the same 6.5-hour school day and Child Care Scholarship funding for before- and after-care.

Local Examples

Montgomery County

- Montgomery County Public Schools (MCPS) applies local, state Blueprint, and Title I funding to enhance and increase high-quality early childhood program seats. Through the allocation of local, Title I, state Blueprint, and Prekindergarten Expansion Grant funding, MCPS currently has 3,163 Prekindergarten seats – 1,971 full-day seats and 1,192 part-day seats.

Garrett County

- Garrett County Public Schools (GCPS) partners with Head Start in a collaborative model in PK3 classrooms. The PK3 classrooms are staffed with a GCPS teacher, a Head Start teacher, and a GCPS instructional assistant. PK4 classrooms are staffed by GCPS instructional staff only.

Calvert County

- Calvert County Public Schools (CCPS) supports Judy Center/ HIPPY/ Healthy Families and Head Start grant programs. The grant programs combine for parent nights and other activities. CCPS provides in-kind support for any fees that would have been charged for facility usage at Head Start and Judy Center summer programming sites. Head Start supports fees for families receiving the Child Care Scholarship for wrap around services. Title I and Judy Centers work collaboratively to support school wide parent engagement events via funding and personnel.

MSDE Recommendation for State Board Adoption

- MSDE recommends that the State Board of Education adopt the Pre-K Sliding Scale as described.
- In the proposed Pre-K Sliding Scale, families pay a portion of their gross annual income; that portion depends on where their income falls as compared to the federal poverty level. Tier II families will not pay more than 7% of their annual income.

Federal Poverty Level	Family Share: Percent of Annual Income
301% - 360%	1%
361% - 420%	2%
421% - 480%	4%
481% - 540%	6%
541% - 600%	7%

Questions and Discussion