



## CPQ&R *Spotlight*

### Determining Costs of Preschool Quality in Kentucky

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#### STATE BACKGROUND

The Kentucky Preschool Program (KPP) was launched in 1990, in response to the Kentucky Education Reform Act. The program is available to 4-year-olds from low-income families as well as 3- and 4-year-olds with disabilities. In the 2016-2017 school year<sup>1</sup>, 19,435 eligible children were enrolled in KPP. Of this number, almost 10,000 3- and 4-year-olds were identified as having special needs and over 9,000 4-year-olds had family incomes below 160% of the federal poverty line.

In 2016-2017, KPP had state expenditures of \$91.6 million, in addition to \$56.4 million from federal sources and \$9 million from non-required local sources. KPP is administered by the Kentucky Department of Education (KDE), Office of Teaching and Learning, Division of Program Standards, School Readiness Branch. Funds are distributed to school districts through a funding formula. Each of Kentucky's 173 school districts offered KPP services in 2016-2017. School districts may subcontract with private child care centers, Head Start programs, and special education providers to offer preschool services.

#### WHAT DID THE STATE WANT TO KNOW

Kentucky wanted to develop and validate estimates that reflect the cost of providing preschool and child care across Kentucky at various levels of quality. Cost of quality estimates will provide more detailed information to support sound budget decisions by state and local leaders. The [Prichard Committee for Academic Excellence](#) led the research in consultation with the Kentucky Early Childhood Cost of Quality Advisory Group (KY Cost Advisory Group), whose members included state agency leaders. Findings were used to inform

Cory Curl, project director, said, "Having CEELo join our state advisory group for the Cost of Quality Study helped us build credibility and support for the process, including involvement of state agency staff."

<sup>1</sup> Data are from the [NIEER 2016 State of Preschool Yearbooks](#).

**policymakers responsible for determining budget allocations for preschool in school districts and reimbursement rates for child care<sup>2</sup>.**

### APPROACH TO DATA COLLECTION

**Data Collection Tools.** Two cost projection tools were used by the Pritchard Committee research team. CEELO provided the team with the [Cost of Preschool Quality Tool](#) (CPQ) and offered on-going technical assistance and consultation throughout the project. The CPQ was used to project costs based on implementing research-based quality standards while accounting for state and local administrative costs. The Pritchard Committee team also received technical assistance from Louise Stoney and Libbie Poppick on the [Provider Cost of Quality Calculator](#) to determine the costs and varying levels of quality and reimbursement rates for child care

**Identifying levels of quality.** One of the first tasks for the KY Cost Advisory Group was to review the research and identify the goals that would support strengthening Kentucky’s early childhood system. Two broad goals were identified as the foundation of the quality assumptions: increase quality of teacher-student interactions; and support specialized needs of children & their families. Within these broad goals, specific objectives were identified:

**(1) Increase Quality of Teacher-Student Interactions**

- Lower group size and ratios of teachers to children
- Increase instructional assistant compensation to reflect credentials, training, and longevity
- Increase time for professional learning

**(2) Support specialized needs of children & their families**

- Lower group size and ratios of adults to children
- Add specialists (e.g. physical therapists, occupational therapists, speech providers, nurses, interpreters, etc.)
- Add family support coordinators
- Assume full-day settings for children with severe/multiple disabilities in KPP

After the elements that comprise the broad goals were identified, three levels of quality were established, see **Figure 1**. A “minimum” program meets but does not go beyond what state pre-K policy requires for KPP.

Figure 1: Key Assumptions for Standards at Three Levels of Quality Preschool

Key Assumptions	Minimum	Intermediate	Target
Maximum class size	20	18	16
Assistants per classroom	1.5	2	2
Lead teacher salary	\$52,618	\$52,618	\$52,618
Instructional assistant salary	\$15,000	\$16,500	\$18,000
Family coordinator	None	Part time	Full time
Specialists (nurses, PT, OT, speech, interpreters)	0.2 FTE	0.3 FTE	0.4 FTE

<sup>2</sup> This brief focuses on Kentucky’s cost work for the Kentucky Preschool Program, not the Child Care Assistance Program. For child care data, view [Building Blocks: The Kentucky Early Childhood Cost of Quality Study](#).

**Additional Data Collection.** In order to collect district-specific data, the KY Cost Advisory Group visited six school districts. In addition, [preschool questionnaires](#) were sent to selected programs to collect additional information on:

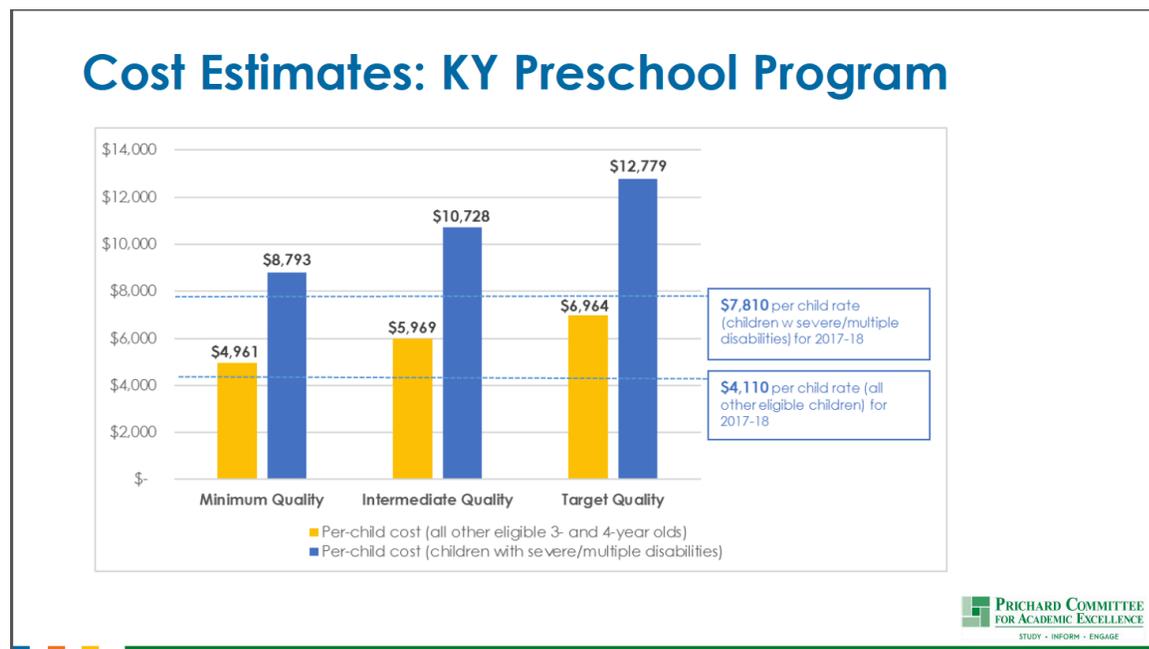
- Personnel costs
- Degree obtainment of teachers and assistant teachers
- Curriculum and assessment costs
- Support service costs
- Costs for serving children with disabilities and English Language Learners
- Transportation
- Additional cost drives for the programs

These data were used to customize the CPQ default assumptions which allowed the calculator output to provide a more precise cost projection.

### COST FINDINGS

The CPQ was used to estimate costs of KPP at three levels of quality (minimum, intermediate, target) for a half-day preschool program for most eligible children, and a full-day preschool program for children with severe or multiple disabilities. The estimates suggest that to fund even a *minimum* level of quality, the rates should be raised to **\$8,793** for children with severe or multiple disabilities and **\$4,961** for all other eligible children, see **Figure 5**. In the 2017-2018 school year, Kentucky funded school districts at a per-child rate of \$7,810 for children with severe or multiple disabilities and \$4,100 for other eligible children.

**Figure 5. Per-Child Cost Estimates of KPP at Various Levels of Quality**



Source: [Building Blocks: The Kentucky Early Childhood Cost of Quality Study \(2017\)](#)

## Next Steps

As a result of the state collecting comprehensive data on the costs of implementing preschool programs, the KY Cost Advisory Group was able to understand the most significant cost drivers of the Kentucky Preschool Program and then determine the costs of expanding enrollment at minimal, intermediate, and target levels of quality. The models, available on the Prichard Committee for Academic Excellence [website](#), are designed to inform a wide variety of budget decisions by state and local leaders across the Commonwealth. Stakeholders are using this information to inform policy and funding decisions, despite a significant budget shortfall in Kentucky.

## Resources and Links

[Building Blocks: The Kentucky Early Childhood Cost of Quality Study](#). This webpage provides links to the 2017 report, stakeholder presentation, provider questionnaires, and spreadsheets developed by the Prichard Committee for Academic Excellence in consultation with the Kentucky Early Childhood Cost of Quality Advisory Group.

[Cost of Preschool Quality & Revenue \(CPQ&R\) website](#) includes information for obtaining the free excel-based tool.

[CPQ&R Communications Toolkit](#) provides resource to help users' present cost and revenue data from CPQ&R in a variety of communication formats. The toolkit offers talking points, quotes from national experts, resources for more information, and graphics, along with [printable handouts](#).

[Kentucky Department of Education Preschool Program](#) provides information on regulations, funding and other resources for the state-funded 4 year old preschool program.

[Kentucky Cabinet for Health and Family Services](#) provides information on regulations and resources for Kentucky child care programs.

## ABOUT CEELO:

The Center on Enhancing Early Learning Outcomes is one of 22 Comprehensive Centers funded by the U.S. Department of Education's Office of Elementary and Secondary Education. CEELO's mission is helping strengthen the capacity of State Education Agencies (SEAs) to lead sustained improvements in early learning opportunities and outcomes. CEELO partners with SEAs, state and local early childhood leaders, and other federal and national technical assistance (TA) providers to promote innovation and accountability.

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