



Item #3

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

ANNA CARTER
DIRECTOR

NC PRE-K STATE ADVISORY COMMITTEE MEETING

December 14, 2017

10:00am-1:00pm

NC Partnership for Children

Committee Member Attendees: Stacey Bailey (phone), Smokie Brawley, Victoria Byrd, Pam Dowdy, Shari Funkhouser, Carla Garrett, Kristen Guillory, Renee' Harrell, Kelley Huff, Vivian James, Jessica Lowery, Karen McKnight, Perry Melton, Anna Mercer-McLean (phone), Elizabeth Mitchell, Sharon Palsha (phone) Susan Robinson (phone), Vance Thomas, Donna White, Henrietta Zalkind

Committee Members Absent: Julie Babb, Lorie Barnes, Angela Beacham, Zac Everhart, Frances Mercer, John Pruette, Dana Ramsey, Patsy Reavis, Michele Rivest

EESLPD Staff: Debbie Saperstein

DCDEE Staff: Robert Carr, Jeanne Barnes Jenine Gatewood, Rachel Kaplan, Sharon Spigner, Sharon Stukes, Cindy Wheeler

Welcome, Introductions & Roll Call

Jenine Gatewood welcomed the committee members and discussed the meeting agenda and the numbered documents that will be reviewed during the meeting.

Rachel Kaplan conducted roll call.

Ms. Gatewood asked everyone to introduce themselves in lieu of roll call.

Consensus on meeting minutes September 28, 2017.

NC Pre-K State Advisory Committee Purpose Statement

Updates and Discussion

NC Pre-K Recommendations, September 28, 2017 meeting

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September 28, 2017 Committee Recommendations

1. Align NC Pre-K admin definition with generally accepted best practice, including Smart Start, Head Start and Local Education Agencies.
2. Separate administrative and program costs.
3. **Increase NC Pre-K administrative rate to a minimum rate sufficient to sustain and expand program (e.g., from 4% to 8%).**
4. Benchmark rates (e.g., site/slot rates).
5. Pay federal de minimis rate of 10% (for contractors receiving federal funds).
6. **Release unspent NC Pre-K funds for local reallocation to support full costs of the program, including administration mid-year.**
7. Amend the 2018-19 budget to allow for NC Pre-K carry forward to increase local capacity for successful program expansion.

Unspent Direct Services Funds – FY 2017-18

- DCDEE is discussing this change with the Department. We will be recommending that NC Pre-K contracting agencies be permitted to submit a **BUDGET REVISION** to move **UNSPENT DIRECT SERVICES** funds to their administrative budgets. The use of Unspent Direct Services funds to support quality services has been allowed twice, 15-16 and 16-17, but too late in the fiscal year to make a significant impact. This policy change will permit the use of these funds earlier in the year—after the DCDEE has analyzed local spending for the semester – August through Dec, which will be based on August through December spending.
- Additionally, DCDEE and the Department’s first priority is to see that eligible children receive services first before funds may be moved from the Direct Services into the Admin Budget.
- Contractors will not be able to move an **“unlimited amount of unspent funds,”** but the amount that will be allowed, should provide some relief for the costs that have not been covered under the current 4% administrative rate.
- The DCDEE will issue guidance and instructions soon to NC Pre-K contracting agencies about moving Direct Service funds to cover administrative functions, including for what purposes. In past years, these funds had to be used to support quality activities. Quality Activities are now covered under the 2% of CCDF funds (this and next year, which will allow the use of Direct Services funds to cover admin functions. The new recommendation includes the use of Unspent Direct Services Funds to support:
 - Planning, budgeting, site selection, committee work, service delivery activities
 - Subcontracting, monitoring, reimbursement/fiscal activities.

Administrative Rate – increase from 4%-8% for 2018-19

- Regarding the funding amount for next year, the language in the 2017-18 expansion budget targeted those dollars specifically to serve more children (Direct Services funds), ***we can not redirect funds for other purposes, so we are taking other steps.***
- The Division and the Department are working closely together to educate and inform leadership about the **impact** of:
 - **unchanged child/slot rates** (per child rates by auspice were established (\$400/HS; \$473/PS; \$600-\$650/Private)
 - **decreased class sizes in public schools** that may reduce that capacity to serve Pre-K children, etc.,
 - **administrative cost** to expand NC Pre-K.
- We are also working with both SAS and NIEER on data, barriers for families as well as for sites, and the funding formula that we believe will be most informative for leadership.

2% CCDF Quality Funds – FY 2018-19 (referenced item #5 from materials)

Although not one of the of this committee’s recommendations, it’s important to note that an additional 2% of each NC Pre-K contract administrative budget includes CCDF funds to use for quality supports. **Please see the Policy (item #5) that addresses how these funds are being used this year and in the next fiscal year.**

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The number of slots in contract with the 91 local NC PreK contractors for SFY 16-17 was **27,019**. In addition, last year the **contractors reported 4,668 children waiting** for Pre-K services. To address this need, the 2017 legislative session appropriated a total of \$9 million in FY 2017-18 and \$18.3 million in FY 2018-19. These funds are expected to allow services for an additional **1,725 children** in FY 2017-18 and **3,525 children** in FY 2018-19. Total **requirements for NC Pre-K are \$154.5 million in FY 2017-18** and **\$163.8 million in FY 2018-19**. These allocations are based on a \$5,000 average per child cost for the school year.

Results from the 2016 NC Pre-K Cost Study reported average costs per child ranging from \$9,513 to \$9,622, **if fully funded by the state without additional local resources.** The report recommends a follow-up study to determine the state's share of this cost to determine what the local contribution amount would be for child care centers, Head Start and public schools. Based on the current legislative model and the division's rates per auspice, expansion may be challenging for some communities (as documented by the expansion survey).]

Committee Discussion:

- Ms. Zalkind asked whether the increase from 4% to 8% will be implemented for the 18-19 FY.
- Ms. Gatewood clarified that this change has not yet been implemented.
- Ms. Wheeler stated that the Department is working diligently to address the Advisory Committee's recommendations.
- Ms. Zalkind stated that the contracting agencies are developing budgets next month, so time is of the essence.
- Ms. Wheeler discussed the goal of moving unspent direct services funds that can be redirected to administrative costs. This should give some relief this year (before February).
- Ms. Byrd addressed the need of a shared definition of "administrative costs".
- Ms. Wheeler stated that they are working on trying to incorporate Smart Start definition also informed by DPI. Information from NIEER and SAS will help further define.
- Ms. Dowdy asked whether for planning budget purposes there is a preliminary expansion budget for next year available.
- Ms. Dowdy asked if they can use unspent funds for transportation. Ms. Wheeler stated it should be able to be used under "administrative" umbrella.
- Ms. Wheeler stated that could potentially build direct service funds for transportation into the reimbursement rates for contractors.
- Ms. Zalkind thanked Ms. Wheeler for championing the cause.
- Ms. Palsha thanked the team for all of their hard work.

New Business – Governance

Topic: Governance – Local NC Pre-K Advisory Committee Membership and Conflict of Interest Policy

NC Pre-K Program Requirements

Section 2: The County/Region NC Pre-K Committee

- Local NC Pre-K providers are reporting Conflicts of Interest or perceptions of conflict
- Co-chairs selection of an existing committee or board
- Local Committee Membership

Committee Discussion:

- Ms. Singerman stated the need for data. How many superintendent and board chairs serve as chairs and co-chairs of Committee.
- Ms. Zalkind stated that the reality might be different from "official" chairs when people serve in name only and then send designees.
- Ms. Gatewood stated that we can gather information from PLAN to address the official question.

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- Ms. Byrd stated that when determining whether there should be any changes to the current local committee structure, it needs to be addressed in the broadest sense for all counties. There are examples of local committees that are doing an amazing job. She wants to caution the Advisory Committee not to throw out baby with the bath water. She also wants the Committee to think specifically about how any changes impact rural areas. It would grieve her to change what is working right now in Sampson County. It is a very complex process.
- Ms. Wheeler provided context that some of these issues are raised by providers.
- Ms. Dowdy stated it is important to ask what question is being asked and what problem is needed to be solved. Is this a structure issue or management/relationship/communication issue? Maybe what is needed is coaching/mentoring.
- Ms. Wheeler stated that the current structure works for most, but not for all.
- Ms. Zalkind stated that this might be a structural problem with the co-chair issue. One of the co-chair should be non-conflicted.
- Ms. Garrett stated there is tension on both public and private sides.
- Mr. Melton stated there is not consistency across counties; the outcomes are not uniform; he works in multiple counties and sees problems in some committees and not in others.
- Ms. Bailey stated that this issue is important for Buncombe county; the committee is a conflicted committee; the mandatory committee members are receiving funding, so they are not able to make non-conflicted decisions. The problem is structural and they are relying on the Division for more guidance.
- Ms. Lowery stated that the people who care and participate are the people who have a vested interest; if get rid of conflict, a new problem will result of lack of participation. Multiple option models give flexibility to choose mandatory committee members. She provided the example of the Smart Start structural model of Model 1 and Model 2.
- Ms. Zalkind discussed that it is important to address the composition of the Committees but also how they are run. She also mentioned that committees need to have enough non-conflicted members to have enough people to vote on things if conflicted individuals need to leave the room on certain matters.
- Ms. Singerman asked what is driving this discussion.
- Ms. Gatewood stated it is the general issue of conflict of interest; there have been complaints about committee decisions to rotate members off committee.
- Ms. Byrd stated when the Smart Start Board served as NC Pre-K Committee, it was difficult to keep Board members because this is an enormous amount of work.
- Ms. White asked if there is any way to quantify the number of committee problem; how many committees are experiencing challenges? It doesn't make sense to change everyone for a few problems.
- Ms. Singerman stated that each committee has its own experience. She stated the importance being thoughtful about inherent conflict of interest and provide guidance to local committees and hold accountability.
- Ms. Dowdy agreed with Ms. White that transparency is key. Conflict will exist but what is essential is how to encourage best practices within the existing structure. Complaint are often with the community, not the Division.
- Mr. Melton stated that the assumption of conflict is often determined by results; when unhappy with results, there will be an assumption of unfair practices.
- Ms. Dowdy stated that it is not just who does the work but HOW the work is done—provide coaching to committees.
- Ms. Gatewood stated that this is the practice of the Division to help guide and support Committees and is discussed at the regional meetings.
- Ms. Zalkind stated the fear of watering down the role of the local committee.
- Ms. Funkhouser asked whether there is a need for the committees to have the level of superintendent on the committee or if on the committee whether they could serve another role other than chair.
- Mr. Thomas and Ms. Zalkind discussed the importance of having Smart Start and Schools represented on the committee but do not necessarily need to be co-chairs because of the appearance of conflict for whoever is the contracting agency.
- Ms. Gatewood stated that the Division will run the data; she asked whether a small work group is needed.
- Ms. Wheeler recognized guidance with best practices and key principles is necessary.

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- Ms. Singerman added when gathering data, to note the contract administrator and roles of co-chairs.
- Ms. White will send the Smart Start Option model to Division team.

DCDEE Updates

State and Federal Legislative Update

The final 2 of 5 reports required by State Budget have been submitted to the Department by DCDEE.

Both reports are currently with the Department for review and submission by or before January 1, 2018.

- **Pre-K to Kindergarten Transition Report**
- **State Early Childhood Vision Reports**

The **Child Care Market Rate Survey** is currently underway and should have been received by all providers who have a private paying rate.

- Please encourage the providers that you are in contact with to complete the survey.
- If they have not received a survey or would like assistance completing their survey, please ask them to contact Rodney O'Neal at 919-515-3846 or Rodney_oneal@ncsu.edu at the NC State University Center for Urban Affairs and Community Services.

Birth – 3rd Grade Interagency Council

As required in the State Budget, a Birth-3rd Grade Interagency Council was created, and its membership was appointed in December.

Co-chairs:

- Susan Perry-Manning, Deputy Secretary for the DHHS
- Pamela Shue, Associate Superintendent for Early Childhood Education at DPI

Members:

- Sen. Chad Barefoot, Co-Chair, Senate Appropriations on Education/Higher Education
- Sen. Michael Lee, Co-Chair, Senate Appropriations on Education/Higher Education
- Rep. Craig Horn, Chairman House Educ. Appropriations, and Chairman K-12 Education
- Rep. Josh Dobson, Co-Chair, House HHS Appropriations
- Kevin Campbell, President, Smart Kids Child Development Center
- Susan Gates, Special Advisor on Education, SAS Institute
- Dr. Linda White, Director of Elementary Education and Title I, Edenton-Chowan Schools
- Dr. Sharon Ritchie, Senior Research Scientist, Frank Porter Graham Child Development Institute; Director First School Project at FPG
- Dr. Nancy Brown, Early Childhood Expert, Board member, NC Partnership for Children
- Elisha Freeman, Executive Director, Children & Family Resource Center
- Cindy Watkins, President, NC Partnership for Children
- Tracy Zimmerman, Executive Director, NC Early Childhood Foundation

CCDF QPR (Quality Progress Report)

- Annual report of data on North Carolina's (each state's) progress in early childhood initiatives and activities is due to federal government
- Previously was called the Quality Performance Report
- Originally due date expected end of December, but final document has not yet been released, so states have been told that they will have 90 days (3 months) following release date of final document. Anticipated to be due March/April 2018
- DCDEE is beginning preparations – using draft document questions – for how questions will be distributed and data will be collected from contractors and partners, and internally, as soon as final document is available

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CCDF Plan 2019-2021

- The Federal Register Notice of the publication of the FY 2019-2021 Child Care and Development Fund (CCDF) Plan Preprint with a request for public comment was provided on Friday, December 8.
- The FY 2019-2021 CCDF Plan Preprint is the first Preprint to be developed to align with both the Child Care and Development Block Grant Act (CCDBG) and the CCDF final rule, issued September 30, 2016.
- The FY 2019-2021 CCDF Plan Preprint is organized into the same 8 categories as the previous Preprint to support consistency. Areas of key changes include the new questions added related to consumer education and the website (Section 2); questions added related to financial assistance (Section 3); and a reorganization of the Health and Safety questions (Section 5) to improve alignment with the CCDF Rule.

NC Pre-K Program Update

The Early Education Branch, NC Pre-K/Early Educator Support Licensure and Professional Development Offices at the Hubs at UNC Charlotte and East Carolina University-- Seven additional positions approved by the 2017 legislature

NC Pre-K Program Update

There are 28,240 children receiving services as of December 1.

For 2017-18 the Division is contracting with 91 local Smart Start partnerships and School Systems to serve these children through child care, public schools and Head Start programs.

Committee Discussion:

Ms. Zalkind asked about whether there have been any changes implemented due to any new licensure legislation.

Ms. Wheeler stated no changes have yet been implemented, but the proposed change would necessitate an increase in the need for the EESLPD because evaluations would increase; currently all that is needed to renew a license is CE credits; however, the new legislation would add the performance requirement that teachers must stay proficient, which would necessitate an increase in evaluations.

Mr. Thomas asked about whether there is concern that the mandate to decrease K-3 class size would potentially affect Pre-K teachers being poached by public schools.

Ms. Zalkind and Ms. Singerman asked about dosage effects meaning what amount of NC Pre-K is necessary in order to have effects. There is concern about absenteeism and at what point is worthy of analyzing effects of Pre-K.

Ms. Wheeler stated that the Division will talk to Ellen Peisner-Feinberg about possible analysis.

Ms. Dowdy discussed the need to evaluate the reasons for low attendance—transportation; family factors; etc.

Ms. Singerman wants to evaluate attendance based on setting.

Ms. McKnight also brought up turnover rates relationship with setting.

Currently 3-day absent policy to call in Pre-K, but Ms. McKnight stated that it is the Head Start policy to call that day.

Announcements and Updates - Committee Members

Governor's Commission on Access to Sound, Basic Education—Leandro Commission

- Ms. Zalkind is an early childhood representative on the 19-person Commission to draft remedy plan which will serve as settlement for legal case.
- Ms. Zalkind spoke of the recognition of the necessity of providing services in early childhood; prevention rather than intervention.

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- Every LEA must have an ESSA (Every Child Succeeds Act) plan. Ms. Zalkind stated this is a real opportunity for local early learning communities.
- Ms. McKnight discussed OEL's support for local districts in creating their ESSA plans. There is a webinar on Friday, December 15th; she will forward link to Committee.

Pyramid Model Training

- Ms. James provided an update on Pyramid Model Training and the initial analysis; results are encouraging regarding children's improvement in social-emotional development.
- While currently 39 school systems are in the project, in 2016-2017, 27 school systems participated.
- There is now data for the 2016-2017 pre-post teacher fidelity teaching measures, as well as the child outcome data—improvement scores by class for social-emotional development; encouraging results

Wrap-up

2017-2018 Meeting Dates

- March 22, 2018
- Subcommittees as needed (January/February)

1:00pm Adjourn

Thank you for your time and commitment to this work

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