BUILDING A PATH TO A LARGER LIFE

Investing in Education Excellence with Equity

$1 billion by 2026

House Budget Review Subcommittee on Health & Family Services – January 15th, 2020
Who is the Prichard Committee?

We began in 1983 as an independent, nonprofit organization with committee members from across the Commonwealth.

We engage families, students, business and community leaders on education issues from early childhood to postsecondary.

We produce independent, solutions-oriented policy research and recommendations, supported and informed by engagement of citizens across Kentucky.

We focus on moving Kentucky to top tier of states for educational excellence WITH equity.
“There is one factor that is more important than all the others, and that is education. By investing in it, we can improve household incomes, individual health, and our overall quality of life. The key to Kentucky’s economic future lies in its human capital.”

University of Kentucky’s Center for Business and Economic Research, 2018 Kentucky Annual Economic Report
# Student Success: The Return on Investment is Worth It

The research is overwhelming. Beneficial returns to public investment in all levels of education – from early childhood through postsecondary – include better employment outcomes, higher earnings, more tax revenue, lower crime rates, less chronic disease, and lower demand for public service programs.

| Early Childhood Investments | $335 Billion Added to GDP If All Kentucky Students Achieve at the “Basic” Level or Higher on NAEP Tests. | $900 Million in New Tax Revenue and Cost Savings If Kentucky’s Postsecondary Attainment Reaches the National Average |
Early Childhood Investments

$251 million by 2026 to provide child care assistance to 23,000 more young children with family incomes below 200% of poverty

$80 million by 2026 to provide preschool to 10,000 additional 4-year-olds with family incomes below 200% of poverty

<table>
<thead>
<tr>
<th>Excellence</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding that allow high-quality programs meeting or exceeding Level 3 requirements under Kentucky’s All STARS rating system</td>
<td>Reduced income barriers to participation in high-quality programs that richly support the learning development of young children</td>
</tr>
</tbody>
</table>
# K-12 Investments

<table>
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<td>Deeper support for educators and Local funds freed up to reach Kentucky’s high standards, including steps like expanded access to counselors, expert reading teachers, teacher collaboration time, and filling critical teacher shortage areas</td>
<td>Reduced funding gaps between districts with more and less property wealth and Support practices that raise results for all learners and especially for historically underserved student groups - including high-quality teaching and curricula that promotes problem solving, teamwork, communication, and artistic expression.</td>
</tr>
</tbody>
</table>
Postsecondary Investments

$311 million by 2026 to implement full Performance-Based Funding for Kentucky’s public universities and community and technical colleges

$30 million by 2026 to expand needs-based aid, offering 18,000 more College Access Program (CAP) grants to low-income students

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<td>Sustained progress toward Kentucky’s 60% attainment goal by 2030</td>
<td>Strong institutions across the state and Progress toward attainment goals for historically underserved groups and Enhanced access to higher education for students with financial need</td>
</tr>
</tbody>
</table>
Building the Pathway to a Larger Life

$251 million for child care assistance
$80 million for preschool
$140 million for all-day kindergarten
$162 million for school transportation
$58 million for the Fund for Teaching Excellence
$311 million for higher education Performance-Based Funding
$30 million for needs-based CAP grants
$1.032 billion in added annual investment in excellence and equity
<table>
<thead>
<tr>
<th>Year</th>
<th>Continuing</th>
<th>New</th>
<th>General Fund Revenue Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021</td>
<td>$146</td>
<td>$107</td>
<td>$203</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$353</td>
<td>$112</td>
<td>$465</td>
</tr>
<tr>
<td>FY 2023</td>
<td>$592</td>
<td>$154</td>
<td>$746</td>
</tr>
<tr>
<td>FY 2024</td>
<td>$159</td>
<td>$373</td>
<td>$532</td>
</tr>
<tr>
<td>FY 2025</td>
<td>$245</td>
<td>$533</td>
<td>$778</td>
</tr>
<tr>
<td>FY 2026</td>
<td>$253</td>
<td></td>
<td>$1,336</td>
</tr>
</tbody>
</table>
Why Do Investments In Early Years Matter?

Learning
- 85% of Brain Development Before Age 5
- Achievement Gaps Begin to Appear at 18 Months

Workforce
- 12.6% of Kentucky Families Report Job Insecurity Due to Lack of Child Care
- Lack of Child Care Costs Employers Over $3 Billion Annually

Return on Investment
- Returns $5 for Every $1 Invested in Public and Private Benefits
2019 Education Poll of Kentucky

How difficult is it to find quality, affordable childcare and preschool in Kentucky?

Statewide Issue

- 76% Percentage of voters that needed child care services who reported it was "somewhat or very difficult" to find
- 81% Louisville Metro Area
- 85% Northern Kentucky
- 74% Western Kentucky
- 76% Lexington/Bluegrass
- 68% Eastern Kentucky

% of respondents that needed child care services who reported it was "somewhat or very difficult" to find
2019 Education Poll of Kentucky

Do you oppose or support increasing state funding for low-income working parents to provide quality childcare and preschool for their children?

74% of voters strongly or somewhat support increasing state funding for quality childcare & preschool.

- 80% of Democrats
- 74% of Independents
- 67% of Republicans

Universal Support
A majority of Democrats, Independents, and Republicans all support increasing state funding for quality childcare & preschool.
Hawaii is 20th at 47.1% > Kentucky’s rate is 41.3%
Child Care Assistance Program

- Supports Low-Income Families Afford Child Care through Subsidies
- KY All STARS - Promotes Quality Through Enhanced Incentives to Child Care Providers
- Currently Helps Support 28,678 Children through Child Care Assistance Program.
Cost of Quality - CCAP - Infants & Toddlers

Cost of Quality Estimate

CCAP Subsidy Rate (Statewide Weighted Average)
Cost of Quality - CCAP - Preschool Age

Level 1: $19
Level 2: $21
Level 3: $24
Level 4: $31
Level 5: $35

Cost of Quality Estimate
CCAP Subsidy Rate (Statewide Weighted Average)
<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum class size (3 yr. olds)</td>
<td>24</td>
<td>22</td>
<td>20</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Lead teacher hourly wage</td>
<td>$8.73</td>
<td>$9.22</td>
<td>$9.70</td>
<td>$10.19</td>
<td>$10.67</td>
</tr>
<tr>
<td>Assistant hourly wage</td>
<td>$8.25</td>
<td>$8.73</td>
<td>$9.22</td>
<td>$9.70</td>
<td>$10.19</td>
</tr>
<tr>
<td>Family coordinator</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>0.10 FTE</td>
<td>0.25 FTE</td>
</tr>
<tr>
<td>Specialists (PT, OT, Interpreter)</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>0.10 FTE</td>
<td>0.25 FTE</td>
</tr>
<tr>
<td>Child assessments</td>
<td>$12</td>
<td>$14</td>
<td>$16</td>
<td>$18</td>
<td>$20</td>
</tr>
</tbody>
</table>
What can we do? – Childcare Assistance and Public Preschool

- Support High-Quality, Full-Day Early Learning Environments
- Increase eligibility for both CCAP childcare assistance and public preschool to 200% of the federal poverty level.
- Increase reimbursements for both to support the true cost of quality.
- Continue to Incentivize public-private partnerships between public preschool and childcare to support access for working families.
<table>
<thead>
<tr>
<th>Investment</th>
<th>FY 2020 Baseline</th>
<th>FY 2021 Proposed</th>
<th>FY 2022 Proposed</th>
<th>FY 2023 Proposed</th>
<th>FY 2024 Proposed</th>
<th>FY 2025 Proposed</th>
<th>FY 2026 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Assistance Program</td>
<td>$26,349,900</td>
<td>$56,767,765</td>
<td>$88,824,882</td>
<td>$126,812,069</td>
<td>$167,258,135</td>
<td>$220,383,966</td>
<td>$277,607,930</td>
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<tr>
<td>Increase Over Baseline</td>
<td>$30,417,865</td>
<td>$62,474,982</td>
<td>$100,462,169</td>
<td>$140,908,235</td>
<td>$194,034,066</td>
<td>$251,258,030</td>
<td></td>
</tr>
<tr>
<td>One-Year Change</td>
<td>$30,417,865</td>
<td>$32,057,118</td>
<td>$37,987,187</td>
<td>$40,446,066</td>
<td>$53,125,831</td>
<td></td>
<td>$57,223,964</td>
</tr>
<tr>
<td>Phase-In of New Investment</td>
<td>10%</td>
<td>10%</td>
<td>15%</td>
<td>15%</td>
<td>25%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td># of Children Served by CCAP</td>
<td>28,678</td>
<td>32,517</td>
<td>36,356</td>
<td>40,195</td>
<td>44,034</td>
<td>47,873</td>
<td>51,712</td>
</tr>
<tr>
<td>Weighted Average Per-Child/Per-Day</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy - Infants to Pre-K</td>
<td>$24.46</td>
<td>$25.31</td>
<td>$26.17</td>
<td>$27.45</td>
<td>$28.73</td>
<td>$30.87</td>
<td>$33.00</td>
</tr>
</tbody>
</table>
Must find ways to increase and sustain these critical investments. Investing in the true Cost of Quality for early learning opportunities will reap benefits for all children, families, and communities.

We must seriously consider how to invest strategically...

Consider setting goals over a 6-year (3-biennia) and increasing investment through that framework.
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QUESTIONS?

PRICHARD COMMITTEE FOR ACADEMIC EXCELLENCE
STUDY • INFORM • ENGAGE