

**MDE Review of City of Detroit's Proposal for Utilizing CCDBG Funding for 4 year old Preschool
For Discussion Purposes between MDE and SBO
October 2018**

Merits of the Proposal

- Department is supportive and excited by the concept. Opportunity for the Department to continue exploring “contracting” models to build supply and increase access to high quality care for children most in need.
 - Lots of learning from EHS/CC Partnership pilots and Flint Early Childhood Partnership pilot.
 - Supports “Top 10 in 10” Goal 1: Provide early child access to an aligned high quality P-20 system from early childhood to post-secondary attainment through a multi-stakeholder collaboration with business and industry, labor, and higher education to maximize lifetime learning and success.
 - **Strategy 1.1:** Encourage policies that promote engagement of families from a child’s birth that encourage optimal development of children prior to kindergarten. This includes:
 - Focusing investments on evidence-based programs from birth to age three, including home visitation and high quality child care.
 - b) Allocating funding to provide early intervention services to the infants and toddlers with disabilities and developmental delays identified through Early On.
 - c) Complete development of and promote understanding of the alignment of birth through third grade developmental and learning expectations.
 - **Strategy 1.2:** Expand access to quality publicly-funded preschool for all four-year-olds by 2020; three-year-olds by 2025.
- CCDBG regulations require states to develop “Supply-Building Strategies to Meet the Needs of Certain Populations” (Section 4.6)
 - Lead Agencies are required to develop and implement strategies to increase the supply of and to improve the quality of child care services for children in underserved areas; infants and toddlers; children with disabilities, as defined by the Lead Agency; and children who receive care during non-traditional hours (658 E(c)(2)(M); 98.16 (x)).
- Builds on recommendations in the “Building a Better Child Care System Report”, which included feedback from over a 1,000 individuals in MI.
 - 2.2: The state should award CDC program “slots” to quality providers to encourage those providers to expand service to low-income children. In addition, the state should remove application and redetermination barriers that families face.

Concerns with the Proposal

- This is a philosophical switch from a state administered program with DHHS staff (some union members) conducting eligibility determinations to a local government entity doing it for one specific location.
 - Would impact and reduce needs of DHHS staff in City of Detroit – how does that impact their funding in IA from MDE to DHHS?
- Eligibility
 - Proposal doesn’t take into account CCDBG eligibility criteria (need reason and income). Children will need to meet eligibility criteria to receive funds.
 - This is different from Flint legislative boilerplate built around a declaration of emergency, which allowed us to create a “protective services” reason to waive requirements.
 - CCDBG funding is for 0-12 and this focuses on one age with the possibility of limiting access for children of other ages in the city.
 - Increases potential for other communities to request this as well without a statewide assessment on where the need is the greatest and could mean that the children most in need of the child care support would be placed on a waiting list.

- Proposal references 250% FPL as income guideline which is well above the CDC entrance eligibility level of 130% of the FPL. (Note: we do have a graduated exit to allow a family who is over 130% of the FPL to continue receiving subsidy assistance at their 12 month redetermination.
- 250% of FPL, depending on family size, can be above 85% of the SMI and federal regulations prohibit CDC subsidy funding going to families with this income level.
- Eligibility Determination/Risk of Appropriate Use of Funds (Oversight and Management)
 - Currently CDC eligibility is determined at DHHS local offices (sometimes with the support of community navigators) utilizing standard eligibility criteria.
 - The pilot in Flint has allowed eligibility determination to be done by GISD and UMFlint, which requires additional monitoring (to prevent duplicate payments) and case corrections when eligibility documentation is missing or incorrect.
 - Not programmed into Bridges due to limited timeframe, which means all processes and data reporting is manual.
 - MDE would need increase in staff to do this monitoring and oversight to ensure funds are going to eligible children and families.
 - A Department Analyst 12 to do this function would be needed (\$137,374).
 - Departmental capacity is limited to continue manual processes outside of Bridges.
 - EHS/CC Partnership requires eligibility to get determined at DHHS to reduce audit risk and maintain data and cases within Bridges.
 - Manual process for eligibility and tracking of spending as this would not be in Bridges.
 - Skews caseload data and impacts federal reporting, which is automated.
- Utilization, including Current Utilization (GSRP and Head Start)
 - Flint prediction of need has been grossly underutilized (even though we have a combination of DHHS eligibility determination and onsite program eligibility determination) with a “universal” approach (relaxed eligibility criteria).
 - Programming during the day does not always meet the needs of families.
 - Detroit has not presented a clear case for 4 year old need and capacity to meet any unserved needs within the community. Where were these numbers generated from?
 - CCDBG promotes parental choice and this model could limit that based on parent need and preferences.
 - During presentation/discussion it was stated that centers were contacted for space, but they could be open to home providers (GSRP doesn’t allow home providers).
 - State has already made a significant investment in four year olds with GSRP funding through school aid. In comparing numbers from Detroit and what the Department has access to:
 - Current GSRP
 - 2018 PIP – which will be data from last November 2017.
 - 245 GSRP classrooms at 116 sites that received slots
 - 55 of these sites were CBOs
 - 61 were DPSCD/PSA sites
 - At those sites, 5461 slots (not children) were awarded to the LEA/PSAs. With regard to the number of children served - we have no means of determining how many part- or school-day spots those slots were intended to serve. We no longer collect classroom level data that tells us whether each classrooms is part- or school-day. All we have is the number of classrooms at each site.
 - We would have to reach out to Wayne RESA to know how many slots (if any) were returned by individual subrecipients in Detroit. All we know is that the ISD used all of their slots (and in fact overserved by 229 slots).
 - Current Head Start (3, 4 and 5 based on current classrooms identified in the city) slots are 3,399 (from the HSSCO)

- Infant/Toddler Access and Required Spending
 - CCDBG requires 3% spending on infant/toddler quality and we know that we have a shortage of infant/toddler slots across the state.
 - Increased appropriation of CCDBG increases required spending for infant/toddler quality and it ties the Department's hands related to utilizing appropriations for TEACH and ECIC to be solely used for infant/toddler spending.
- Increasing Access to Quality
 - During the presentation when asked about requirement for participation in GSQ or specified star rating it was stated that they didn't plan to create alternate quality rating system.
 - The Department does not recommend the allowance of an alternant mechanism for identifying quality.
 - GSQ is a statewide recognition of quality. This would create a parallel system and could fracture that definition.
 - Current subsidy reimbursement rates are built on GSQ.
- Adequate Facilities/Space
 - Anecdotal reports from various entities in Detroit indicate that there is a shortage of facility space that is adequate and meets licensing standards. While the discussion indicated that there were 40 providers contacted who had slots it is unclear whether or not those providers can accommodate all of the slots requested.
- Unclear how this is connected to Hope Starts Here and what, if any coordination is planned.
- While the federal government appropriated \$63M discretionary funds (with no match requirement) in FY18 and FY19, there is no commitment that the funding remains beyond FY19.
 - This increases infant/toddler spending requirements by \$336,000 annually.
 - Since most spending of I/T happens at ECIC and TEACH this begins to tie the Department's hands in terms of work they can do beyond I/T.
 - Need to be mindful of federal commitment related to increased funding for CCDBG compared to caseload spending that is needed for current caseloads. If federal funding increase does not continue more GF will be needed to sustain current caseloads (without growth).
 - \$11.2M
 - 18% of \$63M would be going to one city while ignoring needs in others and potentially limiting access for those children and families with no additional GF appropriations to the Department.
 - Increases the likelihood that the Department/SBO/Govs office will receive similar requests for other projects in specific locations across the state. When this happens what will be the prioritization process and how does this impact MDEs ability to meet all CCDBG requirements in the CCDF State Plan.
 - Asking \$10,000 per slot, which is more than a current GSRP slot.

CCDBG Funding – Requirements and Available Funds

FY 2019 Appropriations		
Appn Name	Gross Appropriation*	CCDF Federal Appropriation
Child development and care contracted services	\$11,500,000	\$11,500,000
Child development and care external support	\$28,749,600	\$28,749,600
Child development and care public assistance	\$202,000,000	\$162,570,300
Head start collaboration office	\$313,700	\$0
Office of great start operations	\$12,350,000	\$7,350,000
TEACH scholarship program	\$5,000,000	\$5,000,000
Grand Total	\$259,913,300	\$215,169,900

Total Federal Award	\$228,175,808
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*Gross appropriation includes all federal, state, and private funding sources

Set-Aside Expenditure and Percentage Breakdown					
Federal Fiscal Year	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020 and ongoing
Quality Expenditure Based On Award	\$6,825,405	\$12,029,449	\$21,009,234		
% Quality Set-Aside	7%	7%	8%	8%	9%
Infant Toddler Expenditure Based On Award	\$3,992,959	\$5,155,478	\$7,878,463		
% Infant Toddler Set-Aside	0%*	3%	3%	3%	3%
Total % Set-Aside	7%	10%	11%	11%	12%
Total Quality and Infant Toddler Set-Aside	\$10,818,364	\$17,184,927	\$28,887,697		

*No percentage was mandated for Infant Toddler in 2016 but a dollar amount was

Alternate Solutions/Options for Consideration

- The Department is very interested in implementing contracts, however, we want to do so in a manner that meets the intent of the CCDBG, what was learned in the “Building a Better Child Care System” report, and in support of Top 10 in 10.
- Due to the nature of the model and request we prefer MDE be the entity to release the RFP and determine programs eligible to participate as a contractor in the City.
 - Allows for continuity in eligibility requirements, quality requirements and allows for a variety of providers to meet family needs (i.e. nontraditional hours).
 - Allows for full year, full day care (which wasn’t explicitly stated in the proposal). Provider must be 3 star rated or higher to receive a contract.
 - Aligns with GSRP requirements/quality enhancement.
 - Allows the Department to build a model utilizing multiple funding sources to support the costs of a contracting model, thus increasing the likelihood of sustainability and replicability across the state.
 - Allows the Department to explore increased utilization of DHHS navigators to help parents with applying for the program in making a choice that best meets their needs.
 - Departmental staffing would be needed to oversee this work/agreement.
 - Departmental Specialist 13 (\$148,310).
- Focus should be on birth – five; creating full-day, full-year opportunities.
 - Helps with infant/toddler spending requirements as we could also utilize funding for quality improvements and enhanced payments.
 - Could require certain % to be used for infant/toddler slots.
 - Increases exposure to learning opportunities prior to Kindergarten entry (rather than a one year push for exposure).
- Allows for the potential for the City of Detroit – Mayor’s office to maximum the upcoming opportunity for applications for additional Head Start and Early Head Start funding that the city will be eligible to apply for (upcoming availability of \$54,153,483 per email received by HSCCO, call held this week).
- Increases opportunities for programs to be a CBO for GSRP slots that already exist in the community.
- Allows the Department (possibly with the utilization of foundation funding) to help strengthen the business model of contractual providers, increasing viability and sustainability of quality programming (materials, etc.).
 - Possible IFF partnership.
 - Possible interaction with First Children’s Finance related to business model/support.
- Supports automation of model through Bridges for expansion beyond Detroit.