



Legislative Department Seattle City Council Memorandum

Date: March 18, 2015
To: Education and Governance Committee
From: Brian Goodnight, Council Central Staff
Subject: **Council Bill (CB) 118343: Seattle Preschool Program Implementation Plan**

The intent of this memo is to describe certain elements of the Mayor's proposed Seattle Preschool Program (SPP) Implementation Plan, compare those elements to the direction provided by previous Council actions, and highlight issues for Council consideration.

This memo contains references to a number of different plans with similar names. For ease of reference, the three primary plans are:

- SPP Action Plan – adopted in June 2014 via Ordinance 124509; contains the program's core guiding principles and program standards
- SPP Implementation Plan – proposed attachment to CB 118343, and the primary subject of this memo; establishes principles and policies for the program
- SPP Program Plan – will be submitted by the Executive as a Clerk File; will contain additional details on the program's processes and procedures

Background

In June 2014, the City Council approved Ordinance 124509 and Resolution 31527 related to the Seattle Preschool Program. The ordinance performed a number of functions, including: submitting a proposition to the voters to levy property taxes for up to four years to provide preschool services, establishing an oversight committee, endorsing priorities for levy funding, setting minimum program requirements, and adopting the SPP Action Plan. The SPP Action Plan establishes the broad policy framework, including the core guiding principles (e.g. the program will be affordable for low- and middle-income families) and high-level program standards (e.g. classrooms will operate 5 days a week and 6 hours per day), adopted by the Council and Mayor concurrently with authorization of the levy.

In addition, the ordinance specified that an SPP Implementation Plan be submitted by the Mayor and approved by ordinance prior to program implementation. Resolution 31527 amplified the policy framework in the SPP Action Plan, provided further direction regarding the

elements to be addressed in the Implementation Plan, and laid out a set of principles with which the plan needs to be consistent.

The Mayor submitted the SPP Implementation Plan as an attachment to CB 118343 on March 3, and an overview of the plan was provided by staff from the Department of Education and Early Learning (DEEL) at the March 4 Education and Governance Committee meeting. The proposed schedule for consideration of CB 118343 and the Implementation Plan is shown in the table below.

March 18	Central Staff Memo, Council Discussion, and Public Hearing
April 1	Council Discussion and Committee Vote
April 6	Full Council Vote

DEEL is also planning to submit a separate document, referred to as the SPP Program Plan. The Program Plan will provide additional detail on the processes, procedures, and practices of how the preschool program will operate. The Program Plan will be submitted to the Council as a Clerk File, and will therefore not be formally approved.

A. Student Selection and Enrollment

Prior Direction

One of the core strategies for SPP identified by Ordinance 124509 was achieving the goal of ultimately serving all interested children in Seattle who are 4-years-old, or are 3-years-old from families making 300% or less of the federal poverty level. The ordinance also states that a priority for levy funding is serving 4-year olds (“because they are the first to enter kindergarten”), and 3-year olds from low-income families, in mixed-age and mixed-income classrooms.

The adopted SPP Action Plan provides additional direction, and states that as the program is ramping up, priority will be given to:

- Children who are currently enrolled in preschool with a contracted organization.
- Children whose sibling is currently enrolled in the Seattle Preschool Program and would be concurrently enrolled with the sibling in the year of enrollment.
- Children living in close proximity to available program classrooms.
- Children who are 4-years-old relative to children who are 3-years-old, both during the initial enrollment process and when there is a wait list.

Implementation Plan

The first step in the student selection and enrollment process is to ensure that eligible families are aware of the program’s existence and provider locations. The Implementation Plan addresses this by describing that targeted outreach will occur within the geographic catchment areas of program providers to reach those families. The goal of the outreach program is to achieve an applicant pool that is representative of the racial demographics of families with

preschool-age children living within the preschool program catchment area, and that represents socioeconomic diversity.

If demand for the available preschool slots exceeds supply, applicants will be prioritized as follows:

1. Children who are 4-years-old will be prioritized over children who are 3-years-old.
2. Children whose sibling is currently enrolled in SPP and would be concurrently enrolled with the sibling will be prioritized.
 - a. 3-year-old siblings must meet income criteria, and would only be enrolled if there is available space.
3. Children living in the same Seattle Public Schools (SPS) middle school attendance area as an SPP classroom will receive priority over children living in other parts of the city.
 - a. During the random selection process described below, children living within the same SPS elementary school attendance area as the preschool provider will be given additional weight.

The Implementation Plan also contains an exception to the prioritization process described above for preschool provider agencies in the first year of their SPP contracts. Children who are currently enrolled with those providers will be “grandfathered” into the program, thus taking priority over applicants that are not currently enrolled with participating providers. Additionally, 3-year olds that participate in SPP will be automatically accepted as 4-year olds, if they return to the same SPP provider.

After the “grandfathered” slots have been accounted for and the new SPP applicants have been prioritized and weighted, the remaining available slots will be filled through a random selection process.

Issue for Council Consideration

According to consultant and staff analyses performed during 2014, it is likely that the demand for preschool slots in SPP will exceed the available supply, especially in the early years of the program. The SPP Action Plan contains a four-year ramp up strategy, beginning with 280 slots in 14 classrooms during the first school year, and reaching 2,000 slots in 100 classrooms by the fourth year of the program. Therefore, the student selection process will be critical in determining which students are able to enroll in SPP and receive preschool services.

The inclusion of a provision to prioritize children who are currently enrolled in preschool with a contracted organization is consistent with direction provided in the SPP Action Plan. The method in which the “grandfathering” provision is applied in the Implementation Plan, however, could lead to cases where some children would receive two years of SPP preschool, while others would be denied one year in the program. This could occur for children that are currently enrolled at a provider (perhaps as 2-year olds), who would then be 3-year olds during the first year of the SPP provider’s contract. It would be possible to implement the “grandfathering” provision to only prioritize those children currently enrolled in preschool with a contracted organization that would be 4-years-old during the first year of provider

participation in SPP. If desired, this clarification could be provided via an amendment to the proposed Implementation Plan.

B. Tuition

Prior Direction

Two of the core strategies identified in Ordinance 124509 relate to the issue of tuition: “providing free tuition for children from families earning at or below 300% of the federal poverty level [FPL],” and “setting tuition on a sliding scale for families earning more than 300% of the federal poverty level with at least some level of subsidy for all families.”

The SPP Action Plan states that “the program will be affordable for low- and middle-income families, ensuring that cost will not be a barrier to participation in high-quality preschool.” Additionally, the SPP Action Plan includes the following tuition features:

- Sliding scale for tuition.
- Families earning at or below 300% of the Federal Poverty Level (\$71,550 for a family of four in 2014) will receive free tuition for each child enrolled.
- Families earning more than 300% of the Federal Poverty Level will pay a per child tuition fee based on the family’s total household size and income.
- Within any given household size, families with higher incomes will pay a progressively higher share of the per child tuition fee.
- Families with total household income at or above 760% of the Federal Poverty Level will be limited to a 5% tuition credit per child.

The SPP Action Plan also includes a “Sliding Scale Fee Schedule” table that attempts to illustrate the approximate annual tuition fees that families will pay on a per child basis. The footnote to this table refers to the Fiscal Note of Ordinance 124509 for additional detail on the fee schedule’s underlying assumptions. In the Fiscal Note, the following table is shown:

Table 1: Ordinance 124509 Fiscal Note Sliding Scale Fee Assumptions

Federal poverty levels and % applied to gross family income									
% of FPL	At or below 300%	301%-359%	360%-399%	400%-419%	420%-459%	460%-519%	520%-619%	620%-760%	760% and above
% of gross income to be paid towards tuition	Free	1.75%	2%	3%	3.50%	3.75%	4.50%	4.75%	95% of tuition

Lastly, Resolution 31527 requires the Implementation Plan to address “the process for implementing and refining the approved sliding scale.”

Implementation Plan

The Implementation Plan states that DEEL will develop a tuition collection system that is integrated with enrollment and that incorporates the tuition features approved by the Council

in Ordinance 124509. It also states that “the sliding scale will be structured in a way which prevents increases in income from causing larger increases in tuition.”

The tuition co-pay will be calculated using a consistent full tuition rate for all participants, which is estimated to be approximately \$10,700 per child per year during the demonstration phase. The tuition co-pay will be recalculated on an annual basis, but will not increase by more than 2.4% annually. Also, if a family experiences a major life event (such as employment status change, birth, or death in the immediate family), the family’s co-pay can be recalculated quarterly after initial enrollment at the request of the family.

Issues for Council Consideration

The features of the sliding scale for tuition described in Ordinance 124509, the SPP Action Plan, and the Implementation Plan are designed to create a progressive tuition co-pay system that provides equity across participating families.

The assumptions underlying the table in the Fiscal Note of Ordinance 124509, and the illustrative schedule included in the SPP Action Plan, however, result in two potential issues identified by the Committee Chair’s Office and Central Staff: (1) families at the same federal poverty level percentage would be charged different tuition amounts, and (2) the system contains tiers, or steps, that could cause a family earning one extra dollar to pay significantly more in tuition.

The first issue is depicted in the table below:

Table 2: Example of Annual Tuition Co-Pays for Various Family Sizes – Based on Percentage of Income

Family % of FPL	Tuition: % of Income	Family Size: 2		Family Size: 3		Family Size: 4	
		Income	Tuition	Income	Tuition	Income	Tuition
300%	0.00%	\$ 47,790	\$ -	\$ 60,270	\$ -	\$ 72,750	\$ -
400%	3.00%	63,720	1,912	80,360	2,411	97,000	2,910
500%	3.75%	79,650	2,987	100,450	3,767	121,250	4,547
600%	4.50%	95,580	4,301	120,540	5,424	145,500	6,548
700%	4.75%	111,510	5,297	140,630	6,680	169,750	8,063

This issue is a result of the tuition amount being calculated as a percentage of income, rather than accounting for a family’s “standard of living” (or relative percentage of the federal poverty level). Due to the larger expenses associated with having more family members, which the federal poverty level takes into account, a family of four at 400% of the federal poverty level earns more income than a family of two. In this sliding scale system, if both families are required to contribute 3% of their income towards tuition, the family of four ends up paying approximately \$1,000 more than the family of two for one year of preschool services. Practically, the sliding scale system that is based on a percentage of income penalizes larger family sizes by requiring larger tuition payments.

A potential solution to this issue is to calculate the tuition co-pay using a sliding scale system that is based on a percentage of tuition cost. Basing the scale on a percentage of tuition cost provides equity across all family sizes by equalizing the tuition co-pay amount. A family of four at 400% of the federal poverty level will be responsible for paying the same tuition co-pay as a family of two at 400% of the federal poverty level. Compared to the estimated tuition amounts illustrated in the SPP Action Plan, this change would increase tuition co-pays for smaller family sizes, and decrease tuition co-pays for larger family sizes.

The second potential issue with the assumptions underlying the table in the Fiscal Note of Ordinance 124509 is that the system contains tiers, or steps, for determining the tuition co-pay amount. An example of this issue is illustrated in Table 3 below:

Table 3: Example of FPL Tiers and Their Effect on Tuition Co-Pays

		Family Size: 4	
Family % of FPL Tiers	Tuition: % of Income	Example Income Level	Tuition
360%- 399%	2.00%	\$ 96,999	\$ 1,940
400%- 419%	3.00%	97,000	2,910

In a sliding scale system that contains tiers, a small increase in a family’s income could result in a much larger increase in the tuition co-pay amount for which the family is responsible. In the example above, a one dollar increase in family income results in an increase of \$970 in tuition co-pay.

A potential solution to this issue is to replace the tiers with a sliding scale that uses a smooth line to gradually increase the amount of the tuition co-pay in tandem with increases in income. Families would simply move up or down the tuition co-pay line depending on their income, rather than being placed into a specific tier.

In response to the identification of these potential issues with the structure of the sliding scale for tuition as illustrated in the SPP Action Plan and the Fiscal Note of Ordinance 124509, Council staff have been working with the Executive on a revised methodology for the sliding scale. If Council wishes to address these issues, an amendment to the proposed Implementation Plan would likely be necessary, along with the Executive providing additional details in the Program Plan that will be submitted at a later date.

C. Program Changes

Prior Direction

Section 8 of Ordinance 124509, and Section 7 of Resolution 31527, both state that the ordinance submitted for approving the Implementation Plan should identify when Council will be required to approve changes to the Implementation Plan by ordinance.

Implementation Plan

The Implementation Plan and the ordinance that approves it (CB 118343) both specify the circumstances under which changes to the Implementation Plan must be approved by the Council. The circumstances listed in CB 118343 are as follows:

- When the priorities for contracting preschool providers, or for access to preschool services by children and their families, are reordered in such a way that the highest priorities established in the Implementation Plan as approved by the City Council are no longer in effect.
- When enrollment in the program is below 75% of the projected enrollment in any given year and the Mayor proposes expanding eligibility for access.

Issue for Council Consideration

As stated above, DEEL is planning to submit a separate document to Council, known as the Program Plan, that will provide a finer level of detail on SPP's policies, procedures, and operations. The Program Plan will be submitted as a Clerk File, and will not be formally approved by the Council.

The Implementation Plan, while being a document that discusses implementing priorities and procedures, is also a document where Council can express its direction and set policies to control the operation of the program. The circumstances listed in CB 118343 as requiring Council approval for changes to the Implementation Plan are both limited and somewhat vague, and may provide wide discretion to the Executive to make changes to SPP. Some additional policy areas where Council may wish to retain a higher level of oversight and approval authority are:

- Approved curricula for the program,
- Structural changes to the tuition schedule,
- Program eligibility for access, even if enrollment is not below 75% of projections, and
- Teacher requirement waiver.

D. Miscellaneous

- *Tuition Assistance for Provider Agency Staff* – The SPP budget contains \$227,232 for the 2015-16 school year (and approximately \$1.2 million overall for the four-year demonstration phase) to provide tuition assistance to provider agency staff to meet the program's educational and certification requirements. The only prioritization identified in the Implementation Plan for this tuition assistance is that lead teachers and assistant teachers will be prioritized before directors and program supervisors. The plan also states: "An annual assessment will be made to add additional priorities on the basis of need, shortages in specific areas or specialties, and emerging RSJI [Race and Social Justice Initiative] issues." If desired, the Council could further focus the program's investments in provider agency staff by including additional tuition assistance priorities.
- *Facilities Capacity Building Fund* – A portion of the SPP levy (\$8.5 million) is set aside for facilities improvement, expansion, and renovation during the four-year program

demonstration phase. Following submittal of the Implementation Plan, Council staff received notice that some of the program description language needs to be modified. Staff will work with the Executive to prepare any necessary amendments.