

Government of the District of Columbia  
Office of the Chief Financial Officer



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Chief Financial Officer

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** MAY -6 2008

**SUBJECT:** Fiscal Impact Statement: "Pre-K Enhancement and  
Expansion Amendment Act of 2008"

**REFERENCE:** B17-0537, Committee Print released on April 29, 2008

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**Conclusion**

Funds are not sufficient to implement the provisions of the proposed legislation in the Mayor's proposed FY2009 Budget and the FY2009-FY2012 Financial Plan. The estimated cost of the proposed legislation is outlined in Table 1.

Table 1 - Revenues and Appropriations Required for "Pre-K Enhancement and Expansion Amendment Act of 2008" (Smillions)				
FY 2009	FY 2010	FY 2011	FY 2012	4 - Year Total
\$9.5	\$14.1	\$18.3	\$22.8	\$64.8

**Background**

The proposed legislation revamps the provision and administration of pre-K programs—programs geared towards 3 and 4 year-olds—in the District of Columbia.

Role of OSSE

Title I charges the Office of State Superintendent of Education (OSSE) with the oversight of all aspects of the pre-K programs including the oversight of curricula, operations, facilities licensure, all fiscal matters including funding, and implementation of external evaluation of all pre-K programs in the District. In this capacity, OSSE is charged with working with the Interagency Collaboration and Services Integration Commission to ensure that eligible families can access services for their pre-K aged children; establishing facilities requirements for classroom expansion and quality improvement for the Office of Public Education Facilities Modernization to implement; developing and administering high quality standards for all pre-K programs; developing and overseeing a monitoring, assessment and accountability process for all programs; making available a

quality improvement process for pre-K programs that fail to attain or maintain required quality standards; developing and administering technical assistance and professional development programs for all teaching staff, principals and other administrators in all of the sectors of pre-K; collecting and disseminating data on the programs; and developing a sliding-scale fee for enrollment in the pre-K of children whose family income is above 250 percent of the Federal poverty guidelines.

Quality evaluation and development of quality benchmarks

Under Section 103 of Title I, as a part of the annual quality assessments for the pre-k programs, the Mayor is required to submit to the Council projected quality benchmarks no later than September 15 of every year (starting 2009). Within 30 days of the enactment of this proposed legislation, the Mayor must also submit the name of an independent evaluator, which, upon approval from the Council, should provide a quality assessment for pre-K programs offered by the DC Public Schools (DCPS), public charter schools, and Community Based Organizations (CBOs). The evaluator should collect data on the baseline quality of the existing programs, from which the baseline quality assessment would be extrapolated.

Annual Capacity Audits

Section 104 requires the Mayor to submit to the council by September 30 of each year starting 2008, an annual capacity audit for all programs offered by DCPS, public charter schools and CBOs, and a report from the OSSE with the existing capacity and the number of children unserved due to lack of capacity.

Annual report on the pre-K programs

Section 105 mandates that by September 30 of each year starting 2009, the Mayor must submit to the Council an annual report on the state of pre-K programs, including annual achievements in quality and capacity. Since baseline quality evaluation would not be available before 2009, the annual pre-K report for 2009 would be based on best available data.

Funding requirements

Section 106 requires that funding for the pre-K programs developed in accordance with this legislation should not supplant existing pre-K funding. For programs that meet the quality standards set by OSSE, the local funding for each student would be equal to the per pupil funding calculated by the funding formula—1.30 times the foundation level (or \$11,401 for FY 2009). Local funding for programs under quality development plans could vary.

Quality (HQ) Standards

Title II of the proposed legislation describes the process for the enhancement of existing pre-K programs. It requires OSSE to publish, within 120 days of the effective day of the proposed legislation, quality standards (HQ standards), which define scale and scope of the pre-K programs, educational objectives and outcomes, teacher qualifications, teacher

salary schedule, a professional development and training plan for pre-K teachers and teacher aides, plans for fostering parental support, coordination of comprehensive services, and inclusion of children with disabilities, facilities requirements, licensure requirements, and a process for continuous improvement, classroom assessment and child outcome assessment.

*Technical Assistance Grants for Providers*

Under this title, OSSE must conduct or analyze financial standing of each organization to understand its standing vis-à-vis the HQ standards. OSSE must also develop technical assistance grants for programs that are not currently meeting HQ standards. These grants would be offered for a maximum term of five years, starting 2009. Each school would be eligible to receive the grants for two years. OSSE would determine the criteria for awarding of grants, but must give priority to programs that demonstrate need and capacity to achieve and maintain HQ standards.

*Funding and Reporting Requirements for the Technical Assistance Grants*

The funding for the grants would be provided through the non-lapsing, segregated "Pre-K Program Assistance Grant Fund" which would be a separate line item in the OSSE budget. The fund would be replenished through annual appropriations of local funds, federal funds, federal grants, and private grants, gifts or subsidies. The fund must cover the cost of the grant and the administrative costs of running the assistance program. The Mayor must annually report on the uses of the Fund monies and program outcomes.

*Expansion to Universal Pre-K*

Title III of the proposed legislation requires five-year strategic expansion plans from OSSE which elaborate on the potential demand for pre-K and the capacity needed to accommodate this demand. Starting 2009, OSSE must take measures to ensure that at least 5% of the unserved children are provided with pre-K services, until all the demand for pre-K is met. During expansion, OSSE would encourage diversity in program provision (for example, at least a quarter of new programs are operated by CBOs) and in the served children (mixing children of different income levels, needs, and language backgrounds), and ensure that all new capacity meets the HQ standards.

*Workforce Development*

Title IV requires the establishment of a Higher Education Incentive (HEI) Program to increase the number of pre-K teachers and teacher's aides with advanced credentials. The HEI Program would provide a Bachelors or an Associates degree, from a consortium of colleges in the District, including the Graduate School of the United States Department of Agriculture. The OSSE must administer grants, which would be granted to teachers and teacher's aides for obtaining the required credentials.

Additionally, OSSE would administer HEI scholarships, to be awarded to individuals with no prior pre-K experience in the District, but are willing to commit their services to the District's pre-K program for two year's upon receiving required credentials.

Qualified individuals would be those who graduated from college within three years of their application, and preference would be given to DC residents, graduates of DC higher education institutions, or those who commit to become DC residents within 180 days of receiving their scholarship award.

### **Impact on the Financial Plan**

*The fiscal impact estimate is based on the description of the intent of the legislation by the sponsor of the legislation and estimates obtained from ECEA (and UDC in the case of workforce development) on their current costs of running similar program. The final costs could change depending on OSSE's rulemaking and the final implementation plan.*

#### **I. Start-up costs for FY 2008 and FY 2009**

The legislation requires that the following activities are completed in the first year of implementation: An evaluation of existing programs including quality audits and financial audits (presumably for CBOs only), development of quality benchmarks, development of HQ standards including facilities, monitoring, assessment and accountability, teacher qualifications and credentials, and licensing. OSSE must also develop a funding plan, including a sliding scale fee for students, coordinate comprehensive services, develop a quality improvement process, and set up the Technical Assistance grants for providers.

- *Quality Survey and developing of quality benchmarks:* The cost estimates for the quality survey and the benchmarking are based on the costs of the Surveys of Enacted Curriculum (SEC) conducted by the Council of Chief State School Officers. While SEC focus on curriculum, the pricing schedule of SEC allows us to construct a cost estimate for a quality survey that would involve program design and planning, a workshop for DC teachers and administrators, surveying of teachers, inspection of 33 schools (10 percent of providers), and development of benchmarks and a final report. The cost estimate for the quality survey and the development of benchmarks is \$200,550.<sup>1</sup>

- *Development of HQ standards.* The work would require reviewing best-practices, organizing stakeholders for meeting and feedback, and developing standards. A DC based company working on standard development estimated the cost to be \$200,000.

- *School Evaluations and Financial Audit:* Evaluations are meant to compare a provider's current quality level to the HQ standards. The estimate is \$300 per school or \$165,000 for the entire school system.<sup>2</sup> The financial audit would only be required for the CBOs

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<sup>1</sup> This estimate is based on the description of the intent of this section in the legislation by the bill's sponsor. OSSE's estimate for the same function is \$500,000.

<sup>2</sup> The evaluation costs could increase significantly if the scope of evaluation is expanded. For example, the annual cost of evaluations for the pre-K initiative in the District is \$300,000 for 23 schools, or \$13,000 per

since public charter schools and public schools already have oversight in these areas. The estimate is \$300 per school or \$51,900 for the entire CBO group. The total cost of the first year evaluations and financial audit is \$216,900.

- *Other start-up activities:* OSSE will have to develop a sliding scale fee, licensing procedures, coordinate interagency relations, and expand its effort for writing for federal grants. The cost estimates assume that these activities could be absorbed by the existing staff.

Program evaluation	
<i>Quality Survey and Benchmarks</i>	\$200,550
<i>Program evaluation and financial audit</i>	\$216,900
Total Program Evaluation	\$417,450
HQ Standards	200,000
<b>Total Start-up costs</b>	<b>\$617,450</b>

The Supplemental Appropriations Act of 2008 (A17-0265) Section 2 (b) (2) (G) allocates \$960,000 to OSSE as start-up funding for the Pre-K-for-All initiative during the first 2 months of the 2008-2009 school year. OSSE has confirmed that these funds are still available for use. With diligent planning, the start-up costs associated with B17-0537 could be paid for with these funds.

## II. Technical Assistance Grant Program

The Technical Assistance (TA) Grant will provide existing providers funds and support so the providers can achieve HQ standards. Those providers who do not reach HQ standards could lose OSSE accreditation or lose partial or full funding from public resources.

There is no good baseline data on existing quality levels among the current providers in the District. One estimate is that only 20 percent of the providers in the District would meet the standards set by the National Association for the Education of Young Children (NAEYC) standards;<sup>3</sup> NAEYC standards are well respected and are likely to be at par with the HQ standards that would be developed for the District.

There are 179 CBOs, 39 public charter schools and 119 public schools that provide pre-K classes. Assuming 20 percent of each group meets NAEYC stands, 143 CBOs and 127 public and public charter schools would require TA Grants. The cost of achieving HQ standards for CBOs is estimated at \$50,000 per program, and the cost for public and

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school for FY 2008. These evaluations comprise data collection and analysis using assessment tools such as Early Learning and Literacy Classroom Observation (ELLCO) Early Childhood Environmental Rating Scale (ECERS-R), and the Classroom Rating Scale (CLASS).

<sup>3</sup> State Profiles by pre-K Now initiative, available at <http://www.preknow.org/resource/profiles/washingtondc.cfm> Accessed on April 28, 2008.

charter schools is \$25,000 per program.<sup>4</sup> The TA Grants would be implemented in five consecutive years. Schools will be divided into four cohorts, and each cohort would receive technical assistance over two years, and the final cohort would complete the program in FY 2013. Table 4 outlines the costs of the program. Each cohort would consist of 36 CBOs and 27 public and charter schools. Table 2 outlines the costs associated for the Grant program for the life of the grant.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Program Total</b>
Cohort 1 Costs	\$1,211,250	\$1,211,250				\$2,422,500
Cohort 2 Costs		\$1,211,250	\$1,211,250			\$2,422,500
Cohort 3 Costs			\$1,211,250	\$1,211,250		\$2,422,500
Cohort 4 costs				\$1,211,250	\$1,211,250	\$2,422,500
Admin costs*	\$155,040	\$167,443	\$180,839	\$195,306	\$210,930	\$909,558
<b>Total costs</b>	<b>\$1,366,290</b>	<b>\$2,589,943</b>	<b>\$2,603,339</b>	<b>\$2,617,806</b>	<b>\$1,422,180</b>	<b>\$10,599,558</b>

\* Admin costs equal to 9 percent of the total program costs. OSSE can afford approximately three FTEs to manage the program with the provided budget. Alternatively, given the program would run for 5 years only, OSSE could contract out the management of it.

The total cost of the grant is estimated at \$9.69 million. The total cost of the administrative support is \$0.9 million over the five-year grant period. For the purposes of the fiscal impact, the relevant costs are those that accrue through FY 2012—that is, \$1.37 million if FY 2009 and \$9.2 million for the FY 2009-FY 2012 Financial Plan period.<sup>5</sup>

### III. Annual Capacity Survey

The proposed legislation requires that the OSSE conduct annual capacity surveys of the existing pre-k programs. For public and public charter schools, capacity data is already collected and maintained by the DCPS and DC Public Charter School Board respectively. For community based programs, per federal requirements, Early Care and Education Administration collaborates with the University of the District of Columbia's Center for Applied Research and Urban Policy (CARUP) for a bi-annual survey of all early care and education programs including the pre-K programs. The legislation would require this survey to be conducted annually for the 3 and 4 year old programs.

<sup>4</sup> The source of the estimate is Washington Child Development Council, but there is some independent verification for this estimate for the CBOs. Early Care and Education Administration spent in FY 2008 \$300,000 for technical assistance and training programs for 23 classrooms of 16 students. That is an equivalent of \$13,000 per classroom or approximately \$42,075 per CBO.

<sup>5</sup> OSSE estimated that it would need \$161,596 for two FTEs to administer the Technical Assistance Grant program and another \$400,000 for hiring an external entity to operate or manage the program. This brings the total administrative costs to \$561,599 or 28 percent of total grant costs over the five year life of the grant program. Our estimate is based on the description of the intended program provided to us by the sponsor of the Bill. It allows for either grant administrators or for the outsourcing of the program, but not both.

CARUP's survey includes all early care and education programs including child care centers and home-based centers. CARUP was unable to provide an estimate for the survey since the work is done around the year as a part of their work program. Given the wide scope of the CARUP survey, OSSE might consider developing an alternative annual survey only to assess the capacity of CBOs on an annual basis. The estimated cost of such a survey is \$22,300 for FY 2009 and \$102,000 for the FY 2009 – FY 2011 Financial Plan Period.

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>TOTAL</b>
Number of CBOs*	173	191	210	231	
Cost of survey per school**	\$17,300	\$19,864	\$21,840	\$24,024	\$83,028
Data analyses**	\$5,000	\$5,200	\$5,408	\$5,624	\$21,232
<b>Total</b>	<b>\$22,300</b>	<b>\$25,064</b>	<b>\$27,248</b>	<b>\$29,648</b>	<b>\$104,260</b>

\* Assumes a 10 percent growth in provider numbers annually  
 \*\* Assumes the cost of survey is \$100 per provider, adjusted by a 4 percent growth in inflation annually.

IV. Expansion Costs

The legislation requires that annually, new classrooms are added to expand capacity to cover at least 5 percent of the unserved population in the District. Based on the American Community Survey (2006), the estimated number of 3 year-olds in the District is 6,582. 3319 of these children are from families that are under 250 percent of the federal poverty level. Among the 6,165 4 year-olds, 3256 are from families of similar income levels.

<b>Age</b>	<b>Total Number of Children</b>	<b>Less than 100%</b>	<b>100-250%</b>	<b>Greater or equal to 250%</b>
0	9,053	2,624	1,643	4,787
1	7,005	1,675	2,096	3,234
2	6,875	2,456	1,289	3,130
3	<b>6,582</b>	<b>2,157</b>	<b>1,162</b>	<b>3,263</b>
4	<b>6,164</b>	<b>1,982</b>	<b>1,264</b>	<b>2,918</b>

Source: American Community Survey, 2006

Current pre-K programs in the District serve 4048 3-year olds, and 5879 4-year olds.<sup>6</sup> This means 2,918 students (majority of whom are 3 year-olds) are not served in the District.

<sup>6</sup> The breakdown is as follows:

	Three year olds	Four year olds	Total
DCPS	1360	2930	4290

	Three year olds	Four year olds	Total
Total population	6,582	6,164	12,746
Total Served	4048	5879	9,927
Total Unserved	2,534	285	2,819

The legislation requires that on an annual basis, pre-K programs should be expanded to cover at least 5 percent of the unserved population. The OCFO analysis assumes that the expansion program would add 380 new slots the first year and 300 slots each year thereafter.<sup>7</sup> Each annual increase would be approximately 13.5 percent of the unserved population. At this pace, by the end of FY 2012, more than half the unserved population would have access to pre-K. Table 5 outlines the cost estimates for the FY 2009 Budget and FY 2009-FY 2012 Financial Plan period.

It is important to note that B17-0537 does not entitle every pre-K aged child in the District of Columbia a slot in the publicly supported pre-K programs. If the demand for the slots exceeds the existing capacity, an income level test, as prescribed by the legislation, might not be a sufficient rationing tool. In order to ensure that the program remains within budget, OSSE must develop eligibility and registration rules and processes.

	FY 2009	FY 2010	FY 2011	FY 2012	TOTAL
Annual expansion	380	680	980	1280	
Annual new slots	380	300	300	300	1280
Number of classes	21	38	55	72	
New classes added	21	17	17	17	72
Per pupil funding*	\$11,401	\$11,857	\$12,331	\$12,825	
Annual funding costs	\$4,332,380	\$8,062,760	\$12,084,380	\$16,416,000	\$40,895,520
Start-up costs per class*	\$28,500	\$29,640	\$30,826	\$32,059	
Annual start-up costs	\$598,500	\$503,880	\$524,042	\$545,003	\$2,171,425
Capital cost per class*	\$375,000	\$390,000	\$405,600	\$421,824	
Classes in new structures	25%	25%	25%	25%	
Annual capital costs	\$1,968,750	\$1,657,500	\$1,723,800	\$1,792,752	\$7,142,802
Total Costs of Expansion	<b>\$6,899,630</b>	<b>\$10,224,140</b>	<b>\$14,332,222</b>	<b>\$18,753,755</b>	<b>\$50,209,747</b>

\* A four percent annual price cost of living increase is included in the estimates.

Charter Schools	728	1412	2140
CBO	1960	1537	3497
Total Served	4048	5879	9927

The data for public schools and public charter schools is from the Summary of Audited Enrollment conducted in October 2007 released to public on January 31 2008. The CBO data is from ECEA.

<sup>7</sup> This assumption is motivated by the intent of the legislation as described by the sponsor of the bill. The 380 slots are in addition to the additional 220 slots proposed in B17-0678 (Fiscal Year 2009 Budget Support Act Of 2008), for which the Mayor's proposed budget provides \$2.6 million

There are three components of expansion. First is the costs of per pupil funding. In FY 2009, the funding is 1.30 times the foundation level of \$8,770, or \$11,401. The annual cost of funding 380 students is \$4.3 million in the first year. Assuming that every year, an additional 300 slots are created, while preserving the slots created in the previous year(s) by FY 2012, 1280 new slots would be created, accounting for 45 percent of the total unserved population. The total cost associated with per pupil funding for the FY 2009 FY 2012 Financial Plan period is \$40.9 million.

The second component of expansion is the start-up costs per class. These are costs associated with furnishings, equipment, materials and supplies necessary for a quality classroom. The ECEA kept track of these costs for the Pre-K Initiative Program and their estimate of the start-up costs is \$28,500 for the first two years. The estimated start-up costs for 21 new classrooms equal \$598,500 for FY 2008 and \$2.17 million for the FY 2009-FY 2012 Financial Plan period.

The third component of expansion is the capital costs associated with classrooms that are starting without existing structures in place. These costs cover the refurbishment of a facility to meet the necessary building codes for DC Child development facilities and ensuring that the facility meets ADA standard for an inclusive and handicapped accessible environment. Examples are air conditioning, heat, elevator, child sized bathrooms, security systems and sprinklers among other investments. The estimate assumes that 75 percent of the expansion classes will be located in existing structures, and 25 percent in new structures. The capital costs associated with these classrooms are \$1.97 million for FY 2009 Budget and \$7.14 million for the FY 2009-FY 2012 Financial Plan period.

The total expansion costs are \$6.9 million for FY 2009 and \$50.21 million for the FY 2009-FY 2012 Financial plan period.

#### V. Workforce Development Costs

The proposed legislation requires that all teachers and teachers' aides meet the credentialing requirements set by HQ standards by 2017. To this end, it authorizes the establishment of a Higher Education Incentive (HEI) Program to increase the number of pre-K teachers and teacher's aides with advanced credentials. The HEI Program would provide a mixture of grants and scholarship to existing and new teachers and teachers' aides for obtaining the required credentials. OSSE will set up the credentialing program and administer the grants.

The University of the District of Columbia (UDC) already provides BA and AA degrees in early child education fields. The UDC's estimate for providing a 12-credit, year around program to 25 teachers is \$140,000 annually. This includes costs of administration and academic support through mentors and coaches.

The legislation does not provide specifics of how or when the HEI program would be implemented. The OCFO has made the following assumptions to calculate the potential cost of the workforce development piece:

- Universal service is achieved by 2017 and the District employs 1,594 pre-K teachers and teachers' aides.
- Half of the teaching staff (797 teachers and teacher's aides) must go through additional credentialing programs to meet HQ standards.
- This goal is achieved over 8 years from 2009 to 2017 by putting through credentialing system an equal number of teaching staff every year.
- OSSE needs two FTEs to administer the program.

Table 6 outlines the costs for the FY 2009 Budget and FY 2009-FY 2012 Financial plan period. The cost for FY 2009 is \$0.7 million. The cost for the four year financial plan period is \$3 million.<sup>8</sup>

<b>Table 6 Workforce Development Costs</b>					
	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>TOTAL</b>
Number of teachers trained	100	100	100	100	400
Training for 25 teachers*	\$140,000	\$145,600	\$151,424	\$157,481	
Total training/credentialing costs	\$560,000	\$582,400	\$605,696	\$629,924	\$2,378,020
Number of FTEs	2	2	2	2	
FTE costs**	\$68,772	\$71,523	\$74,384	\$77,360	
Administration costs	\$137,545	\$143,047	\$148,769	\$154,719	\$584,080
<b>Total costs</b>	<b>\$697,545</b>	<b>\$725,447</b>	<b>\$754,465</b>	<b>\$784,643</b>	<b>\$2,962,100</b>

\* Out years include a 4 percent cost of living adjustment.

\*\* Assumes equivalent of DS-11 Step 6, with a 19% add on for benefits. Out years include a 4 percent cost of living adjustment.

#### VI. OSSE Overhead

The proposed legislation would transfer the oversight responsibility for all pre-K programs and related functions from local education agencies to the OSSE, and create a number of new required functions, including setting standards for high quality early childhood education, providing technical assistance, monitoring, assessment, and evaluation, and helping organizations meet high quality standards. Thus OSSE would have to develop new capacity to fulfill the purposes set forth by this legislation.

OSSE has estimated that the new capacity needed could be as high as 25 FTEs annually (including FTEs required for the technical assistance and workforce development grants as described above). Based on the information from OSSE and the feedback from the

<sup>8</sup> OSSE estimated that it would need two counselors for the HEI Program, at \$131,000 annually. The OCFO's estimate for administration costs is in line with the OSSE estimate.

sponsor of this Bill on the actual intent of the proposed legislation, the OCFO estimates that the OSSE would require an additional eight FTEs at an annual cost of \$0.7 million to implement the legislation. The required FTEs are as follows:

- Oversight: One FTE (Level 15) to supervise technical assistance, monitoring, reporting, assessment and professional development/workforce development components
- Standards: One FTE (level 14) to write the statement of work, coordinate outreach and consultation, and manage the project in the first year of the program and work on monitoring and reporting functions in out-years.
- Monitoring: two FTE (Levels 10 and 11) to work on the monitoring components.
- Assessments, data collection, and annual reporting: one FTE (Level 12) to work on the annual assessments, collect and disseminate data , and prepare annual reports as required by the legislation
- Legal support: An attorney (Level LS 14), who is a subject matter legal expert in the sources of federal funding and the legal requirements associated with the federal funding will be required for implementing the legal requirements of the Bill, at least for the few years of the program start-up.

Table 7 outlines the overhead costs associated with the proposed legislation. The additional FTEs required, and the non-personnel costs associated with these positions is expected to be \$0.55 million in FY 2009 and \$2.34 million for the FY 2009-FY2012 Financial Plan period. These costs are approximately 5.7 percent of the estimated \$40 million in expansion costs.

<b>Table 7 OSSE Overhead Costs</b>					
	2009	2010	2011	2012	Total costs
<i>Supervisor (1 FTE)</i>	\$125,229	\$130,238	\$135,448	\$140,866	\$531,782
<i>Standards (1 FTE)</i>	\$110,415	\$114,832	\$119,425	\$124,202	\$468,873
<i>Monitoring (2 FTEs)</i>	\$115,592	\$120,216	\$125,025	\$130,026	\$490,858
<i>Assessments/Reporting (2 FTEs)</i>	\$80,798	\$84,030	\$87,391	\$90,887	\$343,105
<i>Legal (1 FTE)</i>	\$117,237	\$121,926	\$126,803	\$131,875	\$497,842
<b>Total FTE costs*</b>	<b>\$549,271</b>	<b>\$571,242</b>	<b>\$594,092</b>	<b>\$617,855</b>	<b>\$2,332,460</b>
<b>Materials and supplies*</b>	<b>\$2,500</b>	<b>\$2,600</b>	<b>\$2,704</b>	<b>\$2,812</b>	<b>\$10,616</b>
<b>Total Costs</b>	<b>\$551,771</b>	<b>\$573,842</b>	<b>\$596,796</b>	<b>\$620,667</b>	<b>\$2,343,076</b>

\* A four percent cost of living adjustment is included for out-years.

## VII. Total Costs and the financial impact

Table 8 outlines the total costs for the proposed legislation in FY 2008. Funds are sufficient in the approved FY 2008 Budget to pay for these costs. The start-up costs are estimated to be at \$0.6 million, and could be paid for by \$0.96 million appropriated by A17-0265. Additional action might be required to ensure that part or all of these funds

would be available in FY 2009 if not all the start-up work is completed by October 1, 2008.

	<b>FY 2008</b>
Start-up Costs	\$0.62
Available Funding	\$0.96

However, funds are not sufficient to implement the programs required by the proposed legislation in FY 2009 budget and FY 2009 – FY 2012 financial plan period. The legislation is estimated to cost \$9.5 million in FY 2009 and \$64.8 million in the FY 2009 – FY 2012 financial plan period.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>4-year Total</b>
Technical Assistance Grants	\$1.4	\$2.6	\$2.6	\$2.6	\$9.2
Annual Capacity Survey	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
Expansion Costs	\$6.9	\$10.2	\$14.3	\$18.8	\$50.2
Workforce Development	\$0.7	\$0.7	\$0.8	\$0.8	\$3.0
OSSE Overhead	\$0.6	\$0.6	\$0.6	\$0.6	\$2.3
<b>Total costs</b>	<b>\$9.5</b>	<b>\$14.1</b>	<b>\$18.3</b>	<b>\$22.8</b>	<b>\$64.8</b>

**Further considerations:**

The Council might be interested to know about the following items regarding future service and cost considerations.

**I. Comprehensive services:**

The proposed legislation does not have any requirements for the provision of comprehensive services for pre-k students. Eventually, OSSE would have to develop additional capacity of trained and skilled clinical specialist (covering Clinical Psychology, Clinical Social Work, Speech and Language Pathology, and Play Therapy) for regular site visits, diagnostic health screening, referrals and on-site follow-up assistance.

The current Pre-K Initiative has spent \$300,000 in FY 2008 to provide comprehensive services for 23 classrooms. Using this value as a unit cost, the estimated full comprehensive services support for the newly created capacity is \$300,000 for FY 2009 and \$1.8 million for the FY 2009 – FY 2012 Financial Plan period. The costs might be higher if existing pre-K classrooms outside the Pre-K Initiative Program are not receiving comprehensive services.

II. Before and After-School Care:

One of the stated goals of B17-0537 is to achieve universal Pre-k coverage in the District of Columbia. Although the proposed legislation does not mandate it, reaching universal coverage would require provision of before and after school care for children of families with full-time jobs and no in-home child-care support.

According to ECEA, the expected FY 2008 costs of before and after school care for 23 classrooms that are a part of Pre-K Initiative Program is \$1.4 million. Using this as a unit cost, and assuming that two-thirds of the enrollment in the expansion slots would require extended hours of service, the OCFO estimates that providing before and after school programs to pre-k students will cost \$0.9 million in FY 2009 and \$5.4 million in the FY 2009 – FY 2012 Financial Plan period. The costs would be lower classes (and therefore extended day services) are consolidated in fewer schools.