



**To:** Commissioners, First 5 Ventura County

**From:** Petra Puls, Executive Director

**Date:** December 13, 2018

**Re:** **Review and discussion of options for implementing preschool funding beginning with FY 2019-20.**

---

### **Background**

First 5 Ventura County (F5VC) has long been a champion of expanding quality preschool throughout the county by funding ongoing preschool operating costs, start-up of new programs, scholarships, and county-wide quality improvement efforts. Since F5VC's inception, an additional 1,500 spaces have been made available annually through partnerships with community organizations and school districts. Preschool spaces are provided through NfLs and Preschool Expansion contracts. Over the past years, F5VC has successfully transitioned the operating costs of preschool spaces from Proposition 10 revenues to California State Preschool Program (CSPP), thereby reducing the number of F5VC funded spaces to 557 in FY 2018-19.

Nearly 200 F5VC preschool spaces represent scholarships which often are a parent-choice model and cover only a portion of the actual cost of the preschool space; family fees may be charged based on a sliding fee scale. The remaining spaces are funded following the CA State preschool model, where F5VC funds most or all of a classroom.

After an in-depth review of current investments, services, innovative outcomes, and stakeholder survey responses, the F5VC Commission adopted an investment plan for the last two years of its current strategic plan that maintains an annual investment of approximately \$1 million in preschool for FY 2019-21 as a two-year transition strategy. Utilizing the current CSPP reimbursement rate of \$5,232.50 per preschool space (part day, 175 days per year), the Commission could support approximately 197 spaces per year with its FY 2019-21 investments.

There is growing support for publicly funded universal preschool in the California legislature under Governor-elect Gavin Newsom. Several bills have already been introduced that would increase access to preschool programs and preschool teacher salaries.

To maximize opportunities for leveraging and in response to the continued decline in Proposition 10 revenues, F5VC has been exploring innovative solutions to sustain its investment in preschool. Through a partnership with the Ventura County Office of Education (VCOE), F5VC received a federal grant to determine whether a Pay for Success (PFS) model is a viable financing mechanism to sustain high-quality preschool spaces in Ventura County.

PFS is an innovative, performance-based financing model that can potentially sustain and expand preschool by leveraging private investments. PFS financing models:

- Can demonstrate long-term savings/cost avoidance by replacing remedial services with preventative services.
- Offer repayment on the principal with a potential return on investment.
- Demonstrate the impact of programs and engage new partners.

### **Pay For Success Student Outcomes Analysis**

As part of the PFS Feasibility Study, a Student Outcomes Analysis was conducted to examine the effects of preschool for children attending kindergarten through third grade in the Oxnard School District (OSD). The analysis evaluated the impact preschool may have on specific measurable outcomes that are linked to cashable savings (e.g. attendance, special education, English Language Learners classification, and 3rd grade reading scores).

#### Key Findings and Take-Away

The data that was available (see data limitations below) to conduct the student outcomes analysis for students in the OSD does not provide evidence that would associate our current part-day preschool model with cashable savings linked to attendance, ELL designation, or special education placement. The results appear to be in line with recent national and state findings, and trends that show positive outcomes are more likely to be achieved with a full day/full year preschool space, ideally with wrap around family support services, rather than a traditional part day/part year preschool space.

#### Data Limitations

- Small sample size. 609 children in OSD K through 3<sup>rd</sup> grade attended F5VC funded preschool. 1986 children attended any preschool and 1391 children did not attend preschool. No data relative to preschool attendance for 24,273 children in K-3<sup>rd</sup> grade.
- Income data not available beyond the 609 children who attended a F5VC funded preschool.
- Kindergarten assessments, first grade test scores, or social-emotional assessments are not available.
- Unable to determine which children came into preschool with a special education diagnosis.

### **Discussion of preschool options and priorities**

Based on the results of the student outcomes analysis, the changing State policy climate, and fewer Prop 10 resources, a workgroup will be assembled to explore a number of options for future Preschool investments and develop a recommendation for the Commission's consideration.

#### Potential Preschool Model Options

- Model A: Part day preschool spaces/classrooms (current model)
- Model B: Scholarships – parent-choice model
- Model C: Expand existing part day CSPP spaces into extended day spaces
- Model D: Part day preschool spaces/classrooms with enhanced wrap around family services (e.g. Parents as Teachers)
- Model E: Combination of Models A, B, or C

### F5VC Preschool Funding Priorities and Considerations

- Target population
- Geographic reach
- Desired outcomes
- Leveraging opportunities
- Sustainability of current preschool spaces
- Other