HOW TO ESTIMATE A BUDGET AND PHASE-IN PLAN FOR PRESCHOOL

1. **Understand current budgets** for State Preschool, General Child Care, and Head Start programs, if you want these programs to participate in the Preschool for All initiative in your county. Collect data from these publicly funded programs on:
   a. Their current expenditures (including non-personnel costs)
   b. Their current teacher:child ratios
   c. Qualifications of teachers currently teaching in the program and their salaries
   d. Staffing patterns

   It may be helpful to assemble a workgroup to collect this information, possibly including the following members:
   - County Office of Education
   - School District(s)
   - Child Care and Development Planning Councils (LPC)
   - Child Care Resource and Referral
   - First 5 School Readiness Program(s)

   Information on Head Start reports can be obtained from Program Information Reports (PIRs) available from the Department of Health and Human Services, but it is also useful to collect information directly from Head Start programs in your county.

   Use the information you’ve collected to construct “before” budgets. Calculate the cost per child for a typical program of each type, by dividing the total cost for a typical program by the number of children in a typical program (at full enrollment). Examples of “before” and “after” budgets are provided in this section.

2. **Determine teacher qualifications** to be required of teaching staff. Of the 38 states with state prekindergarten initiatives, 22 require bachelor’s degrees for all lead teachers (2005 NIEER Yearbook). California’s existing State Preschool Program currently only requires that each classroom have a teacher with 24 units in early childhood education or child development and 16 units of general education. Preschool California principles and First 5 Power of Preschool Demonstration Grant criteria are two examples of quality standards you may want to consider; these are provided in Section 3 of the Toolkit.

3. **Determine teacher salaries**, by type of qualification, and by what year of the initiative you want to pay this full salary. For example, you might choose to pay teachers with a bachelor’s degree the minimum K-12 teacher salary in your county, and you might choose to pay assistant teachers with an associate’s degree at 80% of that rate. Counties often take 3-5 years to implement these pay scales, increasing preschool teacher salaries by a prorated percentage each year until the target year, when the full goal salary is paid.

4. **Determine staff:child ratios** for all staff positions in a preschool program. Take quality standards into consideration. NIEER quality benchmarks, as well as National Education for the Education of Young Children accreditation criteria, recommend a minimum of two teachers per 20 students. Preschool California principles and First 5 Power of Preschool Demonstration Grant criteria are two additional examples of quality standards you may want to consider. When setting staff:child ratios, consider the qualifications you are requiring of your teachers. If teachers are more highly educated, you may choose to have higher ratios (for example, Proposition 82 proposed 2:20 ratios...
because teachers were required to have bachelor’s degrees). However, keep in mind that current California Title 5 regulations require a ratio of three teachers per 24 children. Determine staff:child ratios for administrators as well as teachers.

5. **Develop “after” budgets**, or budgets that reflect the cost of a fully implemented county preschool initiative program for a typical program. Use teacher salaries and staff:child ratios you have decided on (above) to guide these budgets. Be sure to talk with existing preschool providers in your county to understand their experiences with staffing and expenses, including how many teachers may be needed to address emergencies or cover lunch hours when some teachers are out of the classroom, and how many classes one director can reasonably oversee. Create “after” budgets separately for each public program—Head Start, State Preschool, and General Child Care—that will participate in the preschool program. Be sure to include personnel and non-personnel costs in your budgets. Calculate the cost per child by dividing total cost of a typical program by the number of children in that typical program. Examples of “before” and “after” budgets are provided in this section.

6. **Calculate the difference between the “before” and “after” costs per child**, for each type of public program in your county that will participate in the PFA program. For example, if the cost per child of a typical State Preschool program in your county is $3,500 per child and the cost per child of PFA at full implementation (“after” budget) is $6,000, the cost to upgrade each slot in Head Start to the PFA standards you’ve set is $2,500 per child.

7. **Determine the number of children you project will participate in the preschool program in your county**. In Georgia and Oklahoma, states with fully implemented universal preschool programs, participation rates in the publicly funded program and collaborating Head Start programs have hovered around 70%. However, rates are higher in some counties in those states. Sonoma and Merced Counties project 80% participation in a publicly funded preschool program in the attendance areas of the lowest API schools (deciles 1-3), but 70% elsewhere in the county.

   - Using needs assessment data (see Section 1), determine the number of four-year-olds in your county this year, based on births four years before.
   - Subtract the number of four-year-olds in the prior year, and estimate a percentage growth. Kindergarten enrollment trends should also be considered. For example, if kindergarten enrollment is declining, that may be evidence that although births are increasing, families may be moving out of the county before their children enter school.
   - You may wish to take population growth into account. If so, estimate your population growth rate, and estimate the number of four-year-olds in the year that you wish to reach full implementation. For example, if you have 198 births in 2006 and 180 births in 2004, your population grew by 10% over 2 years, or approximately 5% each year.
   - Multiply this projected population by your projected participation rate. This may need to be broken out by zip code or school district if you anticipate, or would like to provide for, different participation rates in particular areas.

8. **Determine the number of children already served by existing public programs**, such as State Preschool, Head Start, and General Child Care programs. To provide these children with high quality preschool, the county will only have to provide an additional upgrade fee to increase teacher salaries, decrease ratios as necessary, and provide for other quality improvements that meet your county’s preschool plan standards.

9. **Calculate cost of full implementation**. Multiply the number of children already served by existing programs by their respective upgrade amounts. For example, if you have 40 current slots in State Preschool, and the State Preschool cost to upgrade (calculated in step 6 above) is $2,500 per child, the cost to upgrade all State Preschool slots would be $100,000 county-wide at full
implementation. Subtract these children from your total projected participation, calculated in step 7 above. Multiply these remaining children by the full per child cost, shown in the “after” budget. Add these two together to arrive at the total operating cost at full implementation.

10. **Develop a feasible phase-in plan.** In order to ramp up the costs of a PFA program gradually, you may wish to increase teacher salaries from their current level by a certain percentage each year until they reach the level you set in step 3. Another alternative to gradually increase costs is to open a few new programs each year, perhaps focusing on areas of greatest need. One common scenario counties have chosen is to ramp up to 70% participation over three years, focusing on upgrading existing spots (e.g., State Preschool) first, then building new programs. Two examples of phase-in plans are shown in this section of the binder.