Pre-K for All
City of Memphis & Shelby County, Tennessee

Improving and expanding pre-K programming through outcomes-based funding

I. Overview

Many children who live in high-poverty areas, or with families facing economic insecurity, lack access to integrated and engaging early childhood education prior to kindergarten. So in 2019, the City of Memphis, Shelby County Mayor’s Office, and Seeding Success, a nonprofit partner, collaborated to provide universal needs-based pre-K programming for any child who lives in Memphis and Shelby County, Tennessee. The partners convened around the central value that all four-year-old students in the region should have equitable access to high-impact pre-K programs that increase school readiness. The universal Pre-K for All policy directly supported students living in poverty by giving parents the opportunity to enroll in a publicly funded pre-K educational program.

The City and County selected First 8 Memphis as the fiscal agent to oversee programming and act as the intermediary between pre-K operators, school districts, nonprofits, and legislators. An outcomes-based funding model was used to incentivize program goals.

5. Alliance for Early Success (2021), What Is Universal Pre-K? https://earlysuccess.org/what-is-universal-pre-k
## County/City Demographic Profile

<table>
<thead>
<tr>
<th></th>
<th>Shelby County, TN⁶</th>
<th>Memphis, TN⁷</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size (square miles)</strong></td>
<td>764</td>
<td>317</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td>937,166</td>
<td>651,088</td>
</tr>
<tr>
<td><strong>Population Density</strong></td>
<td>1,227/sq. mile</td>
<td>2,052/sq. mile</td>
</tr>
<tr>
<td><strong>Race &amp; Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>54%</td>
<td>63%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>White</td>
<td>35%</td>
<td>26%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Workforce &amp; Economic Indicators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Poverty Rate (persons below poverty line)</td>
<td>17%</td>
<td>22%</td>
</tr>
<tr>
<td>Child Poverty Rate (&lt;18 below poverty line)</td>
<td>26%</td>
<td>35%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$52,614</td>
<td>$43,794</td>
</tr>
</tbody>
</table>

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### City/County Governance

The City of Memphis, a Mayor-Council form of government, is the largest city in Tennessee and the 25th-largest city in the U.S. based on population. Shelby County is governed by a Mayor-Commissioner form of government. The Shelby County Mayor’s Office oversees all school districts within the County and the City of Memphis.

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II. Need for Collaboration/The Challenge

In 2019, the City and County coalesced around two key education challenges that impacted City and County students. The first was the expiration of a multi-year federal preschool development grant to Shelby County, leaving the County with no funding for 1,000 pre-K students in multiple classrooms. The second was a decline in literacy rates for third-grade students. These rates were lower in schools with higher rates of students of color and students living in low-income households. The correlation of performance rates to schools located in low-income and more racially diverse areas highlighted a major equity issue in the region: schools were segregated based on race and income levels, and the schools located in lower-income areas had less funding and fewer resources.

Third-grade literacy proficiency is deemed a milestone by state and federal educators as a predictor of future outcomes for students. Research shows that if students fall too far behind, it is very difficult for them to bridge the gap in future grades. There are long-term implications to low literacy and proficiency rates in third grade that affect children's futures, including their likelihood of graduating high school. In light of these challenges, the City and County agreed to collaborate to address pre-K system funding needs with the goal of providing more equitable access to quality programming for low-income students.

III. The Partners

The City of Memphis and the Shelby County Mayor's Office convened the following partners:

- City of Memphis Chief Operating Officer
- City Council Member (1)
- County Commissioner (1)
- County ancillary staff
- Shelby County Mayor's Office Director of Education
- Seeding Success
- First 8 Memphis

IV. The Shared Goal

The collaboration was forged to quickly (within one year) re-fund the 1,000 pre-K seats that were lost due to a federal funding lapse. The collaboration also sought to fund an additional 8,500 seats for low-income families during the program's first three years. The mission and vision of First 8 Memphis, the fiscal agent selected to oversee the collaboration, included:

**Mission**

To support families in Shelby County with comprehensive programs that prepare children for kindergarten readiness and third-grade literacy.

**Vision**

To prepare 90% of children to be kindergarten ready and 90% of third-grade children to be reading on grade level by 2025.11

V. How Partners Collaborated

In 2019, staff from the City, County, and Seeding Success met to begin creating a comprehensive policy case to present to elected officials in both the City and the County. Seeding Success is a nonprofit organization that supports cross-sector collaborations to provide better results for children who are traditionally underserved.12 The organization proved integral to the collaboration, as it brought essential data to the collaborators to make the initial need case for the program. The City and County recognized they needed to gain public approval in order to develop any new program. Seeding Success facilitated meetings with the City and County partners who wrote joint press releases, articles, and conducted mass communications efforts. The result: the City and County elected bodies agreed to partner and created a joint ordinance to provide pre-K education to all eligible four-year-olds within the region. The ordinance required that a fiscal agent manage funds, oversee programming, collect data, and act as a neutral convener for City and County school districts and partnering nonprofits. To select a fiscal agent, the City and County released a joint RFP. The partners chose First 8 Memphis.


Impetus & Levers for the Collaboration

- **Expiration of a multi-year federal preschool development grant** left the County with no funding for 1,000 pre-K students.
- **Decline in literacy rates**: The City and County saw a decline in literacy rates for third-grade students, with 24% scoring as proficient in reading on the TNReady standardized assessment in 2019. These rates were even lower (with 13% being the lowest) in schools that were located in communities of color. ¹³
- **Public approval and pressure** was due to coordinated outreach.

Structure of the Collaboration

**Composition**
It was crucial for there to be equal representation from both the City Council and the County Commission to ensure that both entities' educational policy priorities were met. One elected representative from both the City and County were part of the collaboration from its inception.

**Clear reporting structure**
The City and County served as the umbrella entities that braided funding to the pre-K providers contracted to run the program. First 8 Memphis is required to have a governing board that includes community members, elected officials from the City and County, the University of Memphis, and the school districts.

Tools & Processes

**Alignment on success metrics**
The collaborative set evidence-based targets and metrics at the onset of the program. Each operator and district that implemented Pre-K for All used the same metrics, including:

- **Meeting pre-K program quality standards**: Teachers hold a B.A. degree, staff engage in professional development for more than 30 hours per year, and class sizes are a maximum of 20 students with a 1:10 teacher-student ratio.

¹³ Coleman and Bradley (2019), Race, Wealth, and Literacy in Memphis: Why Third Grade Matters, High Ground. [https://www.highgroundnews.com/features/Literacy_3rdGrade_DividesAndSolutions.aspx](https://www.highgroundnews.com/features/Literacy_3rdGrade_DividesAndSolutions.aspx)
• Attendance: Students must attend at least 90% of the total school days of which they were enrolled.

• Literacy and kindergarten-readiness assessments: An independent evaluator conducts pre-assessments and post-assessments of program participants.

**Data-sharing practices**

The County is comprised of seven school districts, three of which had pre-K programming. In addition to the school districts, there were 11 pre-K operators (e.g., learning academies and private schools) that offered Pre-K for All programming. All districts and operators had a data-sharing agreement with First 8 Memphis. These data were then reported to the City and County elected bodies. In addition to the data presented at these meetings, the City of Memphis COO and Shelby County Mayor’s Office Director of Education had separate quarterly meetings with First 8 Memphis to review the data prior to presentations to both governing bodies. First 8 Memphis also convened the nonprofits, operators, and school providers across the region on a quarterly basis to review shared metrics and reports prior to larger legislative reporting.

**Funding Sources & Model**

Prior to the 2012–2013 school year, the City of Memphis moved its school system to the Shelby County District Charter, leaving the County to pay for all education within the region. As the City was not making any investments in education in 2019, it was extremely important to both partners that the City show investment in the education system over time. The City Council and County Commission made the following agreement to fund the Pre-K for All Program:

- Shelby County committed to investing $8 million over three years.
- The City of Memphis committed to investing $3 million the first year, $4.5 million the second year, and $6 million the third year of the program.

The collaborative chose an outcomes-based funding model that incentivized program goals. Within this model, all of the funding from the City and County is placed in an escrow account until the program proves it has met all metrics for success. At the end of the school year, funding is released to school districts and operators that have met all required outcomes. Furthermore, continued pre-K programming funding is contingent on achieving outcomes.
VI. Keys to Success

- **Shared commitment and goal:** The City Council, County Commission, and community rallied around a united cause. Education was and is a deeply important cause to both governing bodies and the communities they serve. This broad-based support made it easier to attain funding, pass a joint ordinance, and collaborate.

- **Creation of a joint City/County ordinance:** The City and County banded together and formalized their commitment with a legal ordinance and dedicated funding.

- **Strong champions and leaders:**
  - The collaboration started at the right time with the right people: When the reports on the literacy rates were first brought to the attention of both legislative bodies, an election had just occurred, placing a new County Mayor, new County Commissioners, new City Council members, and a new Mayoral Educational Director in office. This infusion of new leadership invigorated both governing bodies to tackle a big project and pushed for large outcomes quickly.

  - Former school board members sit on the City and County elected bodies: These individuals were able to translate “educational speak” into something that all elected officials could understand and rally around.

VII. Challenges & Lessons Learned

- **Lack of representation:** Pre-K operators and the school districts were not brought to the table until First 8 Memphis was brought on as the fiscal agent. By leaving them out of the initial planning process, it took longer to get school district leadership on board and engaged, causing delays in decision-making in the beginning.

- **Struggle to determine equitable funding structure:** The collaborative struggled to find the best solution for funding districts and operators equally across the City and County. They also had to agree on the common measure to make it equitable. Without the school districts at the table initially, defining these metrics was a challenge.

VIII. Collaboration Impact

The collaboration is ongoing. With the initial funding agreement ending in 2022, the City and County will meet soon to determine new funding allocations. Both the City and County are invested in continuing this program.
In the first year of the program, 49 (out of 67) classrooms met the success metrics (e.g., quality standards, attendance, and literacy).

During the 2019–2020 school year (the collaboration's first year), the group reached key program goals:

- 1,402 four-year-olds enrolled in 67 pre-K classrooms. This exceeded the collaboration's goal of re-funding 1,000 pre-K seats in the program's first year.
- Pre-K for All is on track to fill an additional 8,500 seats over the next two years, as planned.
- During the first year, through March 2020, 76% of pre-K students either remained on track to meet reading grade-level expectations or moved from being behind to being on grade level. This outcome did not meet the goal to have 90% of children be kindergarten-ready; First 8 Memphis attributed the lower percentage to having to close classrooms in March 2020 due to the COVID-19 pandemic.

RESOURCES

“Shelby County: Outcomes Financing Supports 1,000 Seats of High-Quality Pre-K”: https://www.naco.org/blog/shelby-county-outcomes-financing-supports-1000-seats-high-quality-pre-k

Shelby County Schools Pre-K & Head Start:
https://www.scsk12.org/prek/

“Outcomes Financing – Memphis and Shelby County Pre-K Project” YouTube video:
https://www.youtube.com/watch?v=216kpwTfyIM