

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 26, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 13: EARLY CHILDHOOD AND PRE-K PROGRAMS

This is in response to Councilman Krupicka's request for estimated costs associated with a three and five-year phase in of the Early Childhood Commissions' recommendations for the funding of Pre-K programs. In addition, comments were requested on the potential need for funds so that Alexandria can participate in a regional grant request to help coordinate pre-K efforts in Northern Virginia. Specifically, staff was asked to provide estimated costs associated with a three and five-year phase in of the Early Childhood Commissions recommendations for the funding of pre-k programs and to provide comment on the potential need for funds so that Alex can participate in a regional grant request to help coordinate pre-K efforts in Northern Virginia.

The Early Childhood Commission recommended that the City's first priority should be to address the unmet needs of existing programs and only then expand services to additional preschool age children. In the Universal Access to Preschool Workgroup Report issued on October 24, 2006 existing programs estimated that the cost of sustaining their programs (replacing lost funding from grants and other funding streams) was \$2,080,934. This included:

Program	Unmet Need	Cost
Alexandria Resource Mothers (NOVUL)	<ul style="list-style-type: none">• Restore 25 teen mothers to caseloads and lower caseload size from 40 to 25, which would restore the level of quality of services.• Waiting list – 20 teens	\$339,500
Healthy Families Alexandria (NVFS)	<ul style="list-style-type: none">• Restore HFA to pre-2004 level: 3 additional family support workers and services to 75 additional pregnant and parenting moms, including teens.• Unable to serve 211 eligible families in FY 2006	\$169,600

Program	Unmet Need	Cost
Family Support Project (Social Workers on site in participating accredited centers)	<ul style="list-style-type: none"> Cost of project currently borne by centers, which makes it difficult for programs to offer competitive salaries for social work or teaching staff. 	\$123,378
Child and Family Network Centers	<ul style="list-style-type: none"> Restore three classrooms and services to 48 children that were cut in FY 2007. 	\$322,000
SCAN (Stop Child Abuse Now of Northern Virginia)	<ul style="list-style-type: none"> Restore one parenting class. 	\$9,800
COR (Child Observation Record) Training	<ul style="list-style-type: none"> Restore new and refresher training for Head Start staff in the use of the COR assessment tool. 	\$5,000
Child Day Care Fee System	<ul style="list-style-type: none"> Fund the costs of the current waiting list¹ for all of FY 2008, assuming no rate increases. 	\$1,111,656 ²
Total Cost of Sustainability		\$2,080,934

Of the students entering kindergarten in 2006, it is estimated that from 281 to 357 had not had a preschool experience. In previous surveys, when asked what the barriers were to placing their children in center-based programs (assuming funds were available to pay the tuition), parents identified the following (in order of frequency): nontraditional or irregular work hours; lack of transportation; pressure from a relative caregiver (for whom a subsidized child care payment is their only income) to leave the child with them; and/or the parent does not believe that child is ready for or needs group care. To get more families involved, we will need provide outreach and education and address any barriers that might exist.

Based on the information we have available to us, we know that the cost to serve 281 to 357 additional children would range from \$2.8 million to \$3.5 million per year, using the current cost of care (\$9,880). However, we anticipate that some of these costs be offset by families who can afford to pay for care without assistance from the City. At this time, 51% of students enrolled in ACPS qualify for free and reduced lunch, so we assumed 51% of the children in this analysis would be eligible for assistance and 49% would be able to pay the full fee (\$190/month). The average fee currently paid by families receiving assistance from the City is \$145 for an average of 1.7 children (or approximately \$85 per child). Please note that this data is an estimate based on the information that we have available to us. Actual costs can vary depending on the incomes and sizes of families that sign up for assistance and variations in the cost of care and parent fees paid. It should be noted that if funding is restored to the Child Day Care Fee System, up to a million dollars would be available each year to help offset the cost of care.

¹ The waiting list on October 6 stood at 364 children. However, based on prior experience with Fee System waiting lists, DHS projects that only 50% or 182 children would actually follow through and be eligible.

² This amount includes the \$384,000 in State cuts plus the projected increase in caseload based on the current waiting list.

Average Per Year Cost to Phase In Recommendations			
<i>Serve 281 Additional Children</i>		<i>Serve 357 Additional Children</i>	
Yearly Cost to Sustain Existing Programs	\$2,080,934	Yearly Cost to Sustain Existing Programs	\$2,080,934
Cost to serve 281 additional children (at \$9,880/year)	\$2,776,280	Cost to serve 357 additional children (at \$9,880/year)	\$3,527,160
Less – Estimated Parent Fees	\$1,509,300	Less – Estimated Parent Fees	\$1,914,640
Estimated Yearly Cost	\$3,347,914	Estimated Yearly Cost	\$3,693,454
Three Year Phase-In*		Three Year Phase-In*	
To phase-in over three years, the City would need to add approximately \$1.1 million to the budget each year.		To phase-in over three years, the City would need to add approximately \$1.2 million to the budget each year.	
Five Year Phase-In*		Five Year Phase-In*	
To phase-in over five years, the City would need to add approximately \$ 670,000 to the budget each year.		To phase-in over five years, the City would need to add approximately \$740,000 to the budget each year.	

* Additional City dollars necessary to participate in any of the grant opportunities mentioned below will impact the yearly amount required for the three and five year phase in plans.

It should be noted that the above costs do not include any capital funds which may be needed if space needs for this level of expansion cannot be accommodated by existing available space (in increasing scarcity) or in family day care homes.

Grant Opportunities:

Through the efforts of former Governor Mark Warner and Governor Tim Kaine, Virginia is offering three grant opportunities for localities that are seeking to increase the availability of quality preschool experiences. The first two, which were due on February 28, were systems-building grants: one a planning grant of up to \$50,000 and the other up to \$500,000 for the actual development of a local system. Based on feedback from Alexandria's first application in 2005 that indicated that the City's chances would improve if we partnered with another locality, the School Readiness Planning Committee met with representatives from Arlington County and developed an application for a planning grant that the Committee submitted on February 28.

In the meantime, the General Assembly approved a budget that included \$2.6 million for Preschool Pilot projects. The budget language authorized the Virginia Department of Education to contract with the 11 jurisdictions that currently have contracts with private preschool programs to provide early childhood services. Alexandria is one of those jurisdictions. Unfortunately, the match for these funds (just like Virginia Preschool Initiative dollars) is based on the composite index, which means that the City will have to come up with an 80% local match plus any cost over the \$5,700 that the state assumes is the cost of serving a child in a quality preschool program. The Department of Social Services completed a market rate survey in 2004 that showed that the 75th percentile of the cost of care in Alexandria at that time was \$9,880. The Preschool Pilot Grant will provide \$1,140 for each eligible child, about one-tenth of the actual cost. Up to \$1,140 of the local match requirement can be in-kind. The remaining cost, approximately \$7,600, will need to come from other sources. Obviously, the state is not going to be the major source of funding for

preschool education in Alexandria. Instead, our focus needs to be on identifying a combination of public dollars, foundations and corporate partnerships. A planning group is currently meeting to devise creative ways to raise the match and Kathy Glazer from the Governor's office will be meeting with the group on March 23.

The Preschool Pilot grant funds do include some dollars for special projects that do not require a match, such as: start-up costs; a pilot of the state's Quality Rating System; an evaluation plan; and a mentoring program for center staff. The planning committee is exploring the possibility of drawing down those funds, even if we are unable to identify a match, based on the fact that Alexandria's VPI program already fits the model of contracting with the private preschool community to provide VPI slots. This is all very fluid and will need frequent updating.