City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 30, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #76: IMPACT OF \$1.1 MILLION ON THE CHILD DAY

CARE FEE SYSTEM

This memo is in response to Mayor Euille's request for information on the Child Day Care Fee System (Fee System). He specifically asked about the income eligibility for the program, qualifying child-care facilities, and the impact of \$1.1 million on the current waiting list. As explained below the current estimate of the cost to clear the current waiting list is approximately \$877,000.

The income eligibility limit in Alexandria for the Fee System is 250% of poverty and the fee paid by parents is determined by a sliding fee scale (attached). The maximum yearly income for a family of four would be \$50,004. Once families are found eligible for the Fee System, they may choose to place their child in any program that is operating legally in their locality, which includes child care centers (both licensed and those with religious exemptions from licensure), licensed and locally registered family child care homes and grandparents who are exempt from regulation.

The number of families and children on the waiting list can vary greatly from month to month, depending on the number of families that leave the program, whether or not the families on the waiting list respond to the 90-day review of their status and whether or not attrition is sufficient to allow DHS to take families off the waiting list. Based on data through April 24, 2007, the cost of clearing the current waiting list (264 children) is estimated to be \$800,000. This estimate is based on two factors: 1) DHS experience that only 50% of the families on the waiting list will actually complete the application process; and 2) that the average cost per child would be \$505 per month.

The funds described above make up federal pass-through dollars that provide direct aid for eligible families to place children in qualifying childcare facilities. In addition to this loss of funding, there was a 79% cut (\$485,504) in federal pass-through administration dollars. This funding pays for staff to administer the child care fee system program, as well as to train, monitor and support childcare providers. This lost funding impacted four child-care staff positions. The City Manager's FY 2008 proposed budget provides replacement funding for 2 of

the 4 positions. If funds are approved to clear the waiting list, an additional social worker position will be needed to bring the average caseloads into a manageable range. (It should be noted that even with the additional position, caseloads would still be approximately 25 to 30 more per worker than the recommended caseload size in Virginia.).

The fourth position which was not covered by the City Manager's budget would not be restored. The Department has given flexibility to reallocate positions and funding to minimize the impact on families, and also to avoid laying off employees who were in positions unfunded by state or federal dollars and not funded by the City Manager's budget.

DHS needs a total of \$877,000 in additional funding to clear the waiting list (\$800,000) and to hire one additional staff position to manage the caseloads (\$77,000).

CITY OF ALEXANDRIA CHILD DAY CARE FEE SYSTEM

MAXIMUM MONTHLY INCOME LEVEL

10/01/2006 - 5/31/2007

% of Poverty Level	NUMBER OF FAMILY MEMBERS											
	1	2	3	4	5	6	7	8	9	10	ADD ¹	%Fee
0-70	0-572	0-770	0-968	0-1167	0-1365	0-1563	0-1762	0-1960	0-2158	0-2357	198	1%
71-100	573-817	771-1100	969-1383	1168- 1667	1366- 1950	1564- 2233	1763- 2517	1961- 2800	2159- 3083	2358- 3367	283	2%
101-130	818-1062	1101- 1430	1384- 1798	1668- 2167	1951- 2535	2234- 2903	2518- 3272	2801- 3640	3084- 4008	3368- 4377	368	4%
131-150	1063- 1225	1431- 1650	1799- 2075	2168- 2500	2536- 2925	2904- 3350	3273- 3775	3641- 4200	4009- 4625	4378- 5051	425	6%
151-170	1226-	1651-	2076-	2501-	2926-	3351-	3776-	4201-	4626-	5052-	481	8%
171-185	1390- 1511	1871- 2035	2352- 2560	2835- 3084	3316- 3608	3797- 4132	4280- 4656	4761- 5180	5242- 5705	5725- 6229	524	10%
186-250	1512- 2042	2036- 2750	2561- 3459	3085- 4167	3609- 4875	4133- 5584	4657- 6292	5181- 7000	5706- 7420	6230- 7578	See note 2	10%
85% SMI See note3	2041- 2736	2751- 3578	3460- 4420	4168- 5262	4876- 6104	5585- 6946	6293- 7107	7001- 7262	7420	7578	See note 2	10%

MINIMUM FEE IS \$25.00



Debra R. Collins, Director Department of Human Services October 6, 2006

2 Eligibility guidelines cannot exceed 85% of the State Median Income. For families with more than 10 members, refer to OECD staff.

3 85% SMI is used for caretaker cases only.

¹ For each additional family member, add this amount.

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