

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 6, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMAN, CITY MANAGER *J*

SUBJECT: BUDGET MEMO # 25 : QUESTIONS ON PRESCHOOL AND EARLY CHILDHOOD FUNDING

This memorandum responds to a request from Councilman Krupicka to provide (1) a cost estimate to support a work group project focused on the task of creating a framework for expanded preschool access in Alexandria; (2) an analysis of City funding for early child care programs, specifically the Children’s Fund, over the last 10 years; and (3) comments on whether any of the grant funded programs, like Healthy Families, are part of the City’s core service delivery and whether or not the service providers and City would be better served making these into multi-year contracts rather than annual grants.

Cost Estimate for Work Group on Expanded Preschool Access – The Alexandria Early Childhood Commission (ECC) was established by City Council in June 1989 and was given a charge to increase the quality of and access to child care in Alexandria for at-risk children. Members of the ECC have become knowledgeable about the issues surrounding early childhood education, including funding and quality, and have been active in their advocacy efforts. The ECC would want to have a central role in any effort to expand access to preschool. Staff recommends that the lead responsibility for the development of a “framework for expanded preschool access in Alexandria” be assigned to the Early Childhood Commission and that the chair of the ECC be responsible for chairing the work group.

A Preschool Access task force would be supported by existing staff in the Office for Early Childhood Development with no additional cost to the City. However, a small new budget allocation would need to be established to fund special activities such as focus groups and town meetings. Under the staff proposal, the ECC would be given the task of creating “a framework for expanded preschool access” and the chair of the ECC would chair the task force. Members of the task force would include a subset of ECC members, School Board and ACPS staff and other community stakeholders. The estimated cost to City would be \$5,000.

Analysis of City Funding for Early Childhood Programs over the past Ten Years - The Alexandria early childhood initiative, which includes quality early childhood programs and comprehensive services for families and children, is funded through a number of different funding streams.

Major sources of funding for early childhood programs come from federal child care assistance programs, including TANF, Transitional Child Care (TCC) and Child Day Care Fee System (Fee System). Total expenditures in federal, state and local dollars for these programs, Head Start and before and after school care in FY 2004 was \$8,894,358. Projected expenditures for FY 2005 are \$8,903,469. The estimated FY06 budget is \$10,217,375, which reflects costs associated with an increase in the eligibility limit for TCC and the Fee System from 185% to 250% of poverty (Attachment 1: Ten-year History of Local Preschool Funding and Federal Head Start Funding). The City Manager has included \$363,897 in the FY 2006 budget to fund an increase in the eligibility limit. These dollars will allow the Department of Human Services (DHS) to draw down more than \$1 million in additional federal dollars and increase the TCC and Fee System caseloads by 21%.

The Alexandria Children's Fund (CF) was approved by City Council in FY 1992 and began funding programs in FY 1993. The CF was initially funded at \$717,000, with a decrease in FY 1995 to \$667,000. In FY 2000, \$307,400 that funded early childhood programs was transferred from the Community Partnership Fund for Human Services to the Children's Fund, so that there was a total of \$974,400 available that year. Since FY 2000, the Children's Fund budget has increased on average approximately 2 percent a year or 13 percent to \$1,098,954, as recommended in the Manager's FY 2006 proposed budget. The FY 2006 budget is a 4.3 percent increase over FY 2005. For the past two years, the Children's Fund Proposal Review Committee has been unable to recommend funding the total requests of most repeat applicants and, in some cases, has had to decrease the amount of repeat funding available due to additional demands from new applicants. The gap between funds requested and funds available to be awarded to programs has increased from \$180,806 in FY 2003 to \$362,521 in FY 2005.

Five programs have received CF dollars without interruption since the Children's Fund's inception in 1993: Child and Family Network Centers (CFNC); Healthy Families Alexandria; the Family Support Project; Alexandria Resource Mothers (Urban League); and the Prenatal Project of the Alexandria Health Department. The Alexandria Community Services Board (CSB) has been providing mental health early intervention services since 1993, with the exception of FY 2002 when the CSB did not apply. The Parent Nurturing Program at SCAN has received a small amount from the Children's Fund since FY 2000. Please see Attachment 2, Children's Fund Expenditures FY 1997 through FY 2005.

As of this date, in FY 2005, 899 children between birth and 5 years of age have received subsidies through DHS federal child care assistance programs. Three hundred fifty-three of these children are in child care centers and 546 are in family child care homes. Many of the children in child care centers also receive services through the CSB mental health Preschool Prevention

Team and the Family Support Project, which are funded through the Children’s Fund. An additional 172 three and four year olds are enrolled in Child and Family Network Centers and 268 in the Alexandria Head Start program. Sixty infants and toddlers are enrolled in the Early Head Start program. These center-based programs and family child care providers together serve a total of 1,399 children from birth to five.

EARLY CHILDHOOD FUNDING STREAMS FOR CHILDREN AGE 5 AND UNDER	
PROGRAM	# CHILDREN
TANF/TCC/FEE SYSTEM	899
CHILD/FAMILY NETWORK CENTERS	172
HEAD START	268
EARLY HEAD START	60
TOTAL	1,399

Alexandria preschool programs received \$194,400 in FY 2005 from the Virginia Preschool Initiative (VPI), through the Virginia Department of Education. Of those funds, \$125,280 supports Child and Family Network Centers, \$17,280 supports the Mt. Vernon Head Start classroom and the remainder is applied toward the salary of family support workers at five accredited centers. The VPI helps pay for early childhood education programs and family support services for 180 children, all of whom are included in the count of 1,399.

Multi-year Contracts Rather than Annual Grants for City’s Core Service Delivery Providers

- There are currently three long-term Children’s Fund programs, operated by City non-profits, that have become an essential part of the City’s core service strategy: Child and Family Network Centers; Healthy Families Alexandria; and Alexandria Resource Mothers. Two other long-term projects, managed by City agencies, also meet this criteria: the mental health early intervention services of the Community Services Board (Preschool Prevention Team) and the Health Department’s Prenatal Project. These annual grants could be shifted to a multi-year contract basis. There is no budget impact in awarding multi-year contracts as long as language in the contracts indicate they are “subject to appropriation.” At the end of each contract period and prior to any new contract award, the City would make decisions whether these services are most effectively and efficiently provided by these providers, other providers, or City staff. There would be no additional costs associated with this change. In FY 2005 funds were awarded as follows to these 5 projects:

- Prenatal Project (Alexandria Health Department) – \$47,419
- Preschool Prevention Team (Community Services Board) – \$62,430
- Child and Family Network Centers – \$240,065
- Healthy Families (Northern Virginia Family Services) – \$315,000
- Alexandria Resource Mothers (Northern Virginia Urban League) – \$63,018

These multi-year contract changes can be made without shifting the funds out of the Children's Fund.

On the other hand, the Early Childhood Commission's proposal review committees have expressed concern for several years that, since these projects are funded year after year, there is not sufficient funding left to fund new projects out of the Children's Fund or to meet the increasing costs of other currently funded projects. If the City were to decide to contract with these programs for multiple years outside of the Children's Fund, the ECC recommends that should also consider holding the Children's Fund harmless so additional projects may be funded or current projects expanded in the Children Fund. Based on amounts awarded in FY 2005 to these organizations, the effect of doing as the ECC recommends would be to free \$727,932 in additional resources for distribution through the Children's Fund but at a cost of \$727,932 in new funding to the City's General Fund. (It should be noted that this is an amount that is more than double than the "shortfall" between funds requested and funds available in FY 2005.)

City Council could decide to "add back" to the Children's Fund some lesser portion of the funds given to departments, but this would be a net addition to the City's FY 2006 budget. One drawback to shifting the funds out of the Children's Fund would be that these providers would more likely pressure Council during the annual budget process for additional funding for their own organization rather than advocating a generic increase in funding for the overall Children's Fund programs.

- ATTACHMENTS:** Attachment 1 - Ten-year History of Local Preschool Funding and Federal Head Start Funding
- Attachment 2 - Children's Fund Expenditures FY 1997 through FY 2005

- STAFF:** Carol Farrell, Director, Office for Early Childhood Development, DHS
- Jack Powers, Director, Division of Community Programs, DHS
- Debra R. Collins, Director, DHS
- Bruce Johnson, Director, OMB
- Carol Moore, Budget/Management Analyst, OMB

City of Alexandria, Virginia
 Early Childcare Spending over last 10 years
 Federal, State and Local Funds

	Head Start	TANF	Child Care Fee System	Campagna	Mini-Grants	Children's Fund	Tucker
2006	\$1,748,822	\$1,376,989	\$3,962,610	\$1,669,000	\$50,000	\$1,098,954	\$311,000
2005	\$1,748,822	\$1,150,596	\$3,050,017	\$1,619,000	\$50,000	\$1,053,814	\$300,000
2004	\$1,467,325	\$1,438,257	\$2,783,775	\$1,315,089	\$40,836	\$996,787	\$166,975
2003	\$1,766,584	\$1,175,238	\$2,834,784	\$1,217,182	\$45,787	\$1,081,010	\$171,049
2002	\$1,293,566	\$1,041,841	\$4,393,986	\$1,076,843	\$47,899	\$967,706	\$262,292
2001	\$1,244,711	\$1,483,542	\$3,788,167	\$682,989	\$50,000	\$1,019,223	\$350,614
2000	\$1,039,832	\$2,496,492	\$4,717,955	\$876,843	\$36,795	\$988,780	--
1999	\$1,082,635	\$2,695,743	\$4,233,016	\$609,634	\$47,039	\$627,861	--
1998	\$840,000	\$2,851,131	\$2,992,210	\$731,306	\$50,000	\$728,555	--
1997	\$730,000	\$2,329,884	\$1,789,467	\$600,000	\$49,978	\$952,169	--
	\$12,962,297	\$18,039,713	\$34,545,987	\$10,397,886	\$468,334	\$9,514,859	\$1,561,930

2006 and 2005 are budgeted amounts. Other amounts are actual expenditures.

City of Alexandria, Virginia
 Children's Fund Expenditures
 FY 1997 through FY 2005

Attachment 2

	FY 2005 Approved	FY 2004 Actual	FY 2003 Actual	FY 2002 Actual	FY 2001 Actual	FY 2000 Actual	FY 1999 Actual	FY 1998 Actual	FY 1997 Actual	TOTAL PER PROVIDER
Alexandria Accredited Preschools (Family Support Project)	\$195,682	\$180,500	\$151,000	\$133,573	\$138,578	\$135,979	\$87,384	\$78,909	\$66,985	\$1,168,590
Stop Child Abuse Now (Parent Nurturing Project)	\$10,200	\$10,200	\$10,200	\$10,200	\$8,113	\$7,280	N/A	N/A	N/A	\$56,193
Alexandria Health Department (Prenatal Project)	\$47,419	\$47,419	\$47,132	\$46,490	\$47,132	\$49,036	\$44,287	\$31,969	\$34,462	\$395,346
Community Services Board (Preschool Prevention Team)	\$62,430	\$62,430	\$62,430	\$0	\$28,698	\$58,945	\$8,058	\$29,749	\$59,954	\$372,694
Virginia Preschool Initiative (Scholarship Fund)	\$60,000	\$60,000	\$50,000	\$94,573	\$103,593	\$44,353	\$33,458	\$124,019	N/A	\$569,996
Child & Family Newtork Centers (same)	\$240,065	\$210,065	\$227,850	\$227,850	\$217,000	\$227,000	\$97,890	\$104,705	\$94,139	\$1,646,564
No Va Family Services (Healthy Families)	\$315,000	\$315,000	\$350,000	\$350,000	\$340,846	\$323,000	\$240,000	\$196,960	\$222,674	\$2,653,480
Head Start (Mt. Vernon Program for 4 year olds)	\$35,000	\$35,000	\$112,378	\$35,000	\$35,000	\$60,776	\$78,805	\$57,750	\$42,104	\$511,813
No Va Urban League (Resource Mothers)	\$63,018	\$63,018	\$70,020	\$70,020	\$55,000	\$50,000	\$25,000	\$24,000	\$53,546	\$473,622
Early Childhood Training Budget	\$25,000	\$25,000	--	--	--	--	--	\$38,646	\$33,413	\$122,059
Head Start at Tucker School	--	--	--	--	\$20,263	--	--	--	--	\$20,263
Speech/Language Pathologist & Services	--	--	--	--	--	--	\$4,980	\$7,810	\$49,444	\$62,234
Transition to Kindergarten	--	--	--	--	--	--	\$4,742	--	--	\$4,742
Child Care Fee System	--	--	--	--	--	--	--	--	\$155,004	\$155,004
Crisis Aid	--	--	--	--	--	--	--	--	\$20,645	\$20,645
Child Care for AFDC/TANF Recipients	--	--	--	--	--	--	--	--	\$90,878	\$90,878
Extreme Behavior Consultation	--	--	--	--	--	--	--	--	\$840	\$840
Escort Transportation	--	--	--	--	--	--	--	--	\$10,000	\$10,000
COR Training Project	--	--	--	--	\$25,000	\$12,411	\$9,729	\$8,430	\$9,647	\$65,217
	\$1,053,814	\$1,008,632	\$1,081,010	\$967,706	\$1,019,223	\$988,780	\$634,333	\$702,947	\$943,735	\$8,400,180

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