

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 31, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 54 : FY 2009 BUDGET RECOMMENDATIONS
FROM THE ALEXANDRIA EARLY CHILDHOOD COMMISSION

This memorandum is a follow up to the December 11, 2007 work session with the Early Childhood Commission (ECC). City Council asked for more information about the current status of early childhood education in Alexandria and clarification of the funding level needed to serve all eligible children.

Child Daycare Fee System Summary - At this time, there is no waiting list for the Child Day Care Fee System and there appears to be sufficient funding available to serve all eligible families through the end of the fiscal year. However, the number of families served and monthly expenditures continue to grow as more families are added. DHS will continue to monitor the demand and level of spending and refine expenditure projections as needed.

The City Manager's proposed budget does not include any of the additional resources for the Fee System added in FY 2008, either in the DHS budget or in Contingent Reserves for child daycare subsidies. The City Manager's Alternative Budget recommends continuation of both the Social Worker position (\$91,269) and \$500,000 of the additional funding added to Contingent Reserves in June 2007. The City may wish to retain a portion of these funds in case the demand for child care is greater than expected.

The biennial budget approved by the General Assembly appears to include additional funding for early childhood programs: \$12 million for the Child Day Care Fee System; \$10 million for the VPI in FY 2009 and \$18 million in FY 2010. The additional dollars for the Fee System, if confirmed, would mostly likely be sufficient to avoid the need to establish a waiting list. It is hoped that staff will be able to confirm the availability of these funds by the date of the budget work session.

Early Childhood (Pre-K) Program - At the time of the work session, there was optimism that the State budget would include additional funding for the expansion of early childhood programs based on the Governor's proposed budget. Additional funding for the Governor's Pre-K initiative was included in the FY 2009 budget recently enacted

by the General Assembly. However, the decision by the General Assembly to delay capping the local match requirement for the Virginia Preschool Initiative (VPI) at 50% until FY 2010, means that the per child amount received by the City from the State is expected to increase only from \$1,140 to \$1,200 in the coming fiscal year. It should be noted that the average cost of care per child in Alexandria is approximately \$10,000. Assuming that the City continued to serve the same number of children in FY 2009, this per child increase would result in additional revenue to the City of slightly more than \$11,000.

In FY 2010, the local match requirement for VPI will be capped at 50% which means that the per child amount Alexandria will draw down from VPI will increase from \$1,040 in FY 2008 to \$3,000 in FY 2010. If the City continues to serve the same number of children, the increase in VPI funding in FY 2010 would be approximately \$378,000. This increase in funding in FY 2010 will provide much needed support to programs that are facing funding shortfalls and should free up approximately \$300,000 in local match dollars which would allow the City to serve more children. The actual number of children would depend on whether the children were fee system eligible or whether additional local match would be needed to pay tuition costs.

At the December work session the ECC recommended funding for several initiatives related to early childhood education. Those numbers have been changed to reflect the approved state budget as we understand it at this time and updated numbers from the public schools. One change includes the deletion of the request for a \$125,000 match for a Virginia Early Childhood Foundation grant. The funding needs for FY 2009 as presented by the Commission are identified below.

- \$518,760 to serve an additional 66 children (assuming an average per child cost of \$7,860¹ per child), which is one-fourth of the 264 children (Attachment A) who entered kindergarten in September 2007 without a preschool experience. (The cost of serving all 264 children in FY 2009 would be \$2,075,040)
- \$160,000 for quality enhancement efforts
- \$35,000 for needs assessment

Included below is supplemental information in response to questions raised at the work session about total city funding for children from birth to five, as well as additional clarifying information.

Benefits of early childhood education – The Start Strong Council, appointed by Governor Kaine to study the issue of Pre-K, reported that “increasing investment in early childhood education through expanded access to high quality preschool for four-year-olds holds the potential for desirable returns including greater school readiness, higher school achievement, and stronger employment opportunities, resulting in impressive benefits for the Commonwealth.”

¹ The approved state budget caps the local match for VPI at 50% in FY 2010, which will increase the per child amount the City draws down from VPI from \$1,200 in FY09 to \$3,000 in FY 2010 and lower the per child cost to \$6,060.

A preschool program established in Colorado in 1988 “to serve children whose life circumstances would cause them to start school behind their peers” found that children who participated in the preschool program scored 12 points higher on 2004 reading tests in the third grade than other low-income children who had not. In the Oklahoma Pre-K program, which was established in 1980, all low-income children who participated improved their test scores by 26% while Hispanic students improved their scores by 54%.

The High/Scope Perry Preschool Study followed a group of children who attended a high quality preschool program through their 27th year and found that the children who attended the preschool program were three times more likely to own their own home and five times less likely to have multiple arrests. Economists have found that an investment in quality child care is an investment in the future of the American workforce and the well-being of our economy.

In Alexandria, the Phonological Awareness Literacy Screening (PALS) results for 2005 kindergarten students showed that 83% of Head Start students and 78% of children who had attended a full-day child care program passed the screening while only 65% of children who were in home care during the year before kindergarten passed the screening. In addition, only 3% of Head Start children were retained in kindergarten while 8% of children in home care were retained in Kindergarten.

Fee System Waiting List - In response to the loss of federal and State funding, the Office for Early Childhood Development (OECD) began the child care waiting list on May 9, 2006. When City Council allocated local funds for the program in May 2007, DHS began mailing applications to families on the waiting list. The initial waiting list was cleared by October 31, 2007, but families continued to inquire about the program and were added to the list. OECD continued to mail applications while monitoring the program expenditures to ensure that the budget would not be overspent. The average waiting time for families during this period was less than six weeks. After a mid-year budget review, staff was able to project that there would be sufficient funds to clear the waiting list and to continue to mail applications to new families once a week. Therefore, on January 7, applications were sent to the remaining families.

Pre-K funding in the City - Alexandria maximizes its local investment through “braiding” a variety of funding streams to provide quality early care and education services to at-risk children. For example:

- The city uses Children’s Fund dollars and foundation, corporate and fundraising dollars contributed by participating programs to match and draw down Virginia Preschool Initiative dollars.
- VPI funds are braided with Children’s Fund dollars to provide family support and other comprehensive services to at-risk children and families.
- A portion of the Fee System dollars approved by Council in the FY 2008 budget were used to draw down Pre-K Pilot Initiative dollars because they were not needed to draw down federal Fee System dollars.

The chart below shows the investment in the 0-5 age group in DHS.

Investment in Children Ages 0-5 within Dept of Human Services				Fy08 Adopted	Fy09 Proposed
Number	Type of Funding	Local Share	FY07 Actuals	Adopted Budget for ages 0-5	Budget Estimated for ages 0-5
1	Headstart Wrap Around Day Care	10%	\$ 154,639	Fee System \$ 133,054	\$ 133,054
2	NonVIEW Day Care 100% Federal	0%	\$ 983,806	Fee System \$ 849,915	\$ 849,915
3	Fee Child Care ("Fee System")	10%	\$ 983,806	\$ 2,615,124	\$ 849,915
4	City Council Supplement-Services("CCSS")	100%	n/a	\$ 500,000	\$ 500,000
5	City Council Supplement-Contingent Reserve	100%	n/a	\$ 300,000	\$ 300,000
6	TANF/VIEW Day Care Working Transitional Day Care	10%	\$ 919,057	\$ 1,419,604	\$ 922,743
7	Headstart Direct Federal Grant	20%	\$ 59,658	\$ 1,752,313	\$ 1,752,313
8	Virginia Preschool Initiative	70%	\$ 213,720	\$ 208,440	\$ 208,440
9	Virginia Preschool Pilot	65%	n/a	\$ 204,265	\$ 204,265
10	Alexandria Fund-Children	100%	\$ 1,041,470	\$ 1,037,317	\$ 1,037,317
11	Child Care Mini Grants	100%	\$ 44,841	\$ 50,000	\$ 50,000
12	City Council Supplement Staff	100%	n/a	\$ 77,000	\$ 77,000
13	Administration	65%	\$ 1,008,641	\$ 1,265,754	\$ 1,354,357
			\$ 5,409,637	\$ 9,429,817	\$ 8,150,716
					\$ 7,158,054

Assumptions:

- 1 FY07 actuals based on Performance for OCA's specific to ages 0-5, and Harmony for OCA's that serve qualifying children.
- 2 FY08 adopted budget based on Performance.
- 3 Adjusted budget to estimate what portion serves ages 0-5.
- 4 An estimated 65% of child population in OECD is ages 0-5.
- 5 Local match for certain grants come from City funded programs thereby crossing OCA's.

Approximately two-thirds of the funding for early childhood programs in the city comes from outside sources, much of it leveraged by local dollars, in-kind, donated space and other services, as shown in the following two charts. It should be noted that some of these programs serve children beyond the 0-5 age group that the Early Childhood Commission and the Pre-K initiatives focus on, but those dollars are not included in this table.

PROGRAM	ORGANIZATION	FUNDING TYPES	LEVERAGED FUNDING ²
Early Head Start	The Campagna Center	Federal	\$674,051
Child and Family Network Centers	Same	Local, state, foundation and corporate dollars and fundraising	753,820
Alexandria Resource Mothers	Northern Virginia Urban League	State and foundation grants	230,385
Healthy Families Alexandria	Northern Virginia Family Service	State, foundation grants, United Way and contributions	524,293
SCAN Parenting Classes	SCAN	State, United Way , grants, contributions, fund raising	43,873
Family Support Project	Accredited Child Care Centers	Virginia Preschool Initiative/Department of Education	208,440 ³
Total			\$2,434,862

² Funding brought into the city because of the availability of a local match.

³ These state funds are also reflected in the DHS program chart.

Impact of other funding shortfalls in early childhood programs – Reports from existing programs indicate that the future availability of foundation and corporate funding is increasingly uncertain. For example, Freddie Mac has indicated to the programs they currently fund that they are in the process of redirecting their funding to address housing issues. Even if stretched out over several years, this would eventually mean a loss to Alexandria programs of more than \$350,000. More specifically, due to actual cuts in foundation and corporate giving, Child and Family Network Centers was forced to reduce the number of children served from 188 in 2006 to 144 in 2007. Alexandria Resource Mothers lost a \$300,000 federal grant in 2007 and had to terminate the Resource Father program and cut back on the intensity of the services provided to teen mothers. The Family Support Project, which offers comprehensive services under the Head Start model, has had to drop one social work position and SCAN had to drop one parenting class.

Location of children and families - The GIS map in Attachment B represents the addresses of all children from birth to five that are currently receiving subsidized child care (TANF, Transitional Child Care and the Fee System). Children live primarily in the West End and in smaller numbers in Old Town and the Arlandria area. Family child care providers also live primarily in the West End, Old Town and Arlandria. On the other hand, child care centers are located predominantly in the eastern part of the City. For parents without access to transportation, this can be a significant barrier to accessing services.

Analysis of space availability - A survey of space in city-owned buildings (including the public schools) indicates that there are currently a handful of spaces that may be available for early childhood programs. For example, the two classrooms at the Charles Houston Recreation Center that have been used for several years by an early childhood program are in the plans for the new space so they will once again be available once the center reopens. There is a small space at the William Ramsay Recreation Center that may be available if an early childhood program is able to adjust its hours to open no later than 8:30 am and close no later than 2:30 pm. The possibility of Jefferson-Houston being made available for Pre-K programs at some point has also been discussed by the school board. There continues to be a single preschool classroom at the Cora Kelly recreation center.

In discussions with General Services and Planning and Zoning, it was decided that, in the future, the city could negotiate with developers to make low-cost space available in their projects for child care programs. Commercial space is available throughout the city but is generally too expensive for early childhood programs, particularly those serving at-risk children, because of the low reimbursement rates. Another barrier is the lack of outdoor play space which is required by licensing. Staff is researching options established through existing legislation that might encourage local businesses and financial institutions to help offset the cost of rental space through low-interest or deferred loans or other strategies. Centers could also use low-cost loans to build outdoor play space or purchase a bus or van to provide transportation to the nearest playground.

Status of Planning & Zoning committee studying ways to streamline the Special Use Permit (SUP) process for Child Care Centers in commercial zones - The Department of Planning and Zoning is presently reviewing the numerous uses that currently require a Special Use Permit and specifically they are focusing on Child Care Centers in commercial zones and are looking at allowing them to operate through an alternate to the existing Public Hearing process. This will include:

- An Administrative Review process, in which staff does the review and approval with built in standards, but with a mechanism for public review if deemed necessary.
- A By-Right process, in which the use is allowed without any additional level of zoning review and approval by staff. There would still be review and approval of any required building permit, but no public hearing.

Both of the above strategies would require changes to the City's existing regulations, through amendments to the Zoning Code and would require approval by City Council. Planning & Zoning will be bringing this proposal to City Council in May or June 2008. In preparation for City Council consideration of proposed Code changes, Planning & Zoning is planning on conducting outreach to the community, through web-site information and public meetings. Also, being explored by Planning & Zoning is scheduling work sessions with either/both the Planning Commission or City Council.

A request has been made of Alexandria City Public Schools and a response is still pending regarding the status of Jefferson-Houston School and other classroom space in ACPS.

Revised TABLE 1
 Alexandria City Public Schools
 Pre-Kindergarten Status of
 End of Year Kindergarten Students 2001-02 through 2007-08

Year	Head Start	Full Day Care	Half Day Care	Home Care	Unknown^a	Total
2001-02	132 (13%)	194 (19%)	156 (15%)	353 (34%)	197 (19%)	1032
2002-03	135 (13%)	212 (21%)	145 (14%)	395 (39%)	131 (13%)	1018
2003-04	160 (15%)	199 (19%)	179 (17%)	208 (20%)	313 (30%)	1059
2004-05^b	170 (17%)	194 (19%)	199 (20%)	271 (27%)	170 (17%)	1004
2005-06^c	198 (19%)	259 (25%)	204 (20%)	281 (28%)	76 (7%)	1018
2006-07^c	169 (16%)	308 (29%)	219 (21%)	272 (26%)	78 (8%)	1046
2007-08^c	222 (21%)	359 (34%)	216 (20%)	264 (25%)	10 (1%)	1071

^a Anecdotal comments suggest that students with unknown pre-kindergarten statuses were probably in Home Care.

^b As of April 5, 2005.

^c As of October 31 of the school year.

