

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
May 8, 2019

FY20 Incremental Funding Relating to Child Care

Issue:

The AFC has received four requests of support for child care initiatives. These requests are listed on the FY20 Increased Funding Request list (Increment List), and the FY20 Pending list.

With one overarching issue at hand, the information for the child care related requests are combined into the following Child Care funding section to allow for ease of review, reference, discussion and potential action.

Information that follows:

Item 6 of Increment List – seaaeyc – HEARTS Program

6. HEARTS Program - \$89,800:

The Southeast Alaska Association for the Education of Young Children (seaaeyc) has requested additional funding to supplement their current funding level of \$90,200. Additional funding of \$62,000 to meet expansion of qualified early educators, and to allow for a 10% cost of living increase. Additional funding of \$21,000 for Level 2 Training award. Additional funding of \$6,800 would provide for 4 – 5% for the administration of AEYC.

Facts: As described in the March 28, 2018 letter from the seaaeyc.

Impact: Increase in ongoing funding of \$89,800 in the Assembly's budget. The Assembly currently provides \$90,200 in annual funding. If granted, this increased funding would result in funding of \$180,000 per year.

Item 12 of Increment List – Manager Review of Childcare

12. Manager Review of Child Care - \$60,000:

A request to put together the policy and budget for FY21.

Facts: As described in the AFC meeting on April 24, 2019 and identified as Recommendation #5 in the Child Care Committee's Final Report to the Assembly, as of April 19, 2019.

Impact: As described in the AFC meeting on April 24, 2019.

Item D of Increment List – Child Care Programs**D. Child Care Programs - \$150,000:**

The Assembly Child Care Committee issued a final report on April 19, 2019. One recommendation was to “establish a revolving loan fund for use in start-up and on-going programs.

Facts: As described in Assembly Child Care Committee’s Final Report.

Impact: As described in Assembly Child Care Committee’s Final Report.

Item 2 of Pending List – Kinder Ready (JSD)**2. Kinder Ready (JSD) - \$300,000:**

The Juneau School District requested \$300,000 in FY20 funding for the Kinder Ready program as part of their FY20 Board approved Budget. The AFC bifurcated \$300,000 from the JSD FY20 Budget Ordinance 2019-07, and added the request to the pending list for further discussion.

The JSD currently runs a Kinder Ready in two local elementary schools. This proposal would extend the existing program. Each school site costs approximately \$150,000 a year.

Facts: The Kinder Ready Program provides ½ day or full day programming to 4 year olds with the goal of getting them ready to enter Kindergarten successfully. The program runs Tuesday – Friday from 8:00 – 2:30. Parents are expected to pay to have their children participate. Cost is \$200 a month for a half-day spot and \$400 a month for a full day spot. Each half day session can accommodate 16 children. If the program is run as a full day program, they can accommodate 20 children. The program prioritizes families experiencing low income and scholarships are available.

Impact: 120 – 192 4 year old children receive a preschool experience designed to develop their social, emotional, and academic skills for successful entry into kindergarten. There is currently a waiting list to enroll in the program.

City and Borough of Juneau Budget Request for FY20

Date: March 28, 2019

Organization Name: Southeast Alaska Association for the Education of Young Children (AEYC)

Organization Purpose: To promote high quality early learning for all young children birth through age eight.

Amount Requested: \$180,000 (increased from current \$90,200)

Brief Description:

The City and Borough of Juneau established the HEARTS awards in 2012, and the program has achieved success in building a stronger workforce in licensed child care programs through recruitment and retention of qualified early childhood educators. AEYC is currently over budget in administering the awards, and for the first time unable to meet the need of existing applicants, with an estimated gap of \$23,000 this fiscal year. The HEARTS awards have led to an increase in the percentage of qualified staff from 1 in 7, to currently 1 in 3. Until now the attrition of center programs closing has provided for funding capacity to meet the need.

Next year an increase of \$62,000 is the projected fund needed to meet the waitlist for this year and award additional qualified applicants next year due to the surge in number of people engaged in professional development through a new partnership with Tlingit and Haida Central Council. This increase would also provide for a 10% cost of living increase to the awards established seven years ago.

Additional funds of \$21,000 would also provide a new incentive to reimburse licensed child care providers for wages to accomplish the 32 hours of training in order for the program to achieve Level 2 in Learn and Grow: Alaska's Quality Recognition and Improvement System for early childhood programs. This training is required for lead teachers and is identified as the biggest barrier to achieving level 2, since the trainings are generally held in the evenings and Saturdays without compensation. An overtime rate of \$20 per hour x 30 hours = \$600 per teacher.

There are currently 15 licensed family child care programs, and 20 lead teachers working in center programs. $35 \times 600 = \$21,000$. After the first year, and with continued HEARTS awards to retain teachers, most programs will have achieved this level of quality, and the amount needed would decrease. The remainder could then shift to meet the future increased demand for HEARTS awards from the increased qualified staff and growth of new child care capacity.

\$90,200 current funding

\$62,000 increase to meet expansion of qualified early educators, and to allow for a 10% cost of living increase

\$21,000 Level 2 Training award

4-5% administration for AEYC

TOTAL \$180,000

Note: The CBJ Child Care Task Force is discussing an increase for the HEARTS award as part of their recommendations.

For additional information in consideration of this request, please contact me at any time.

Joy Lyon
Executive Director

Attached: FY19 mid and final reports, Juneau Child Care by the Numbers 2018

Summary of annual activity and expenditures:

The CBJ Investment in the HEARTS Initiative in the amount of \$90,200 continues to demonstrate a highly effective method to increase recruitment and retention of a qualified workforce of child care teachers. This is the first step to increase capacity in licensed child care programs.

Education Awards:

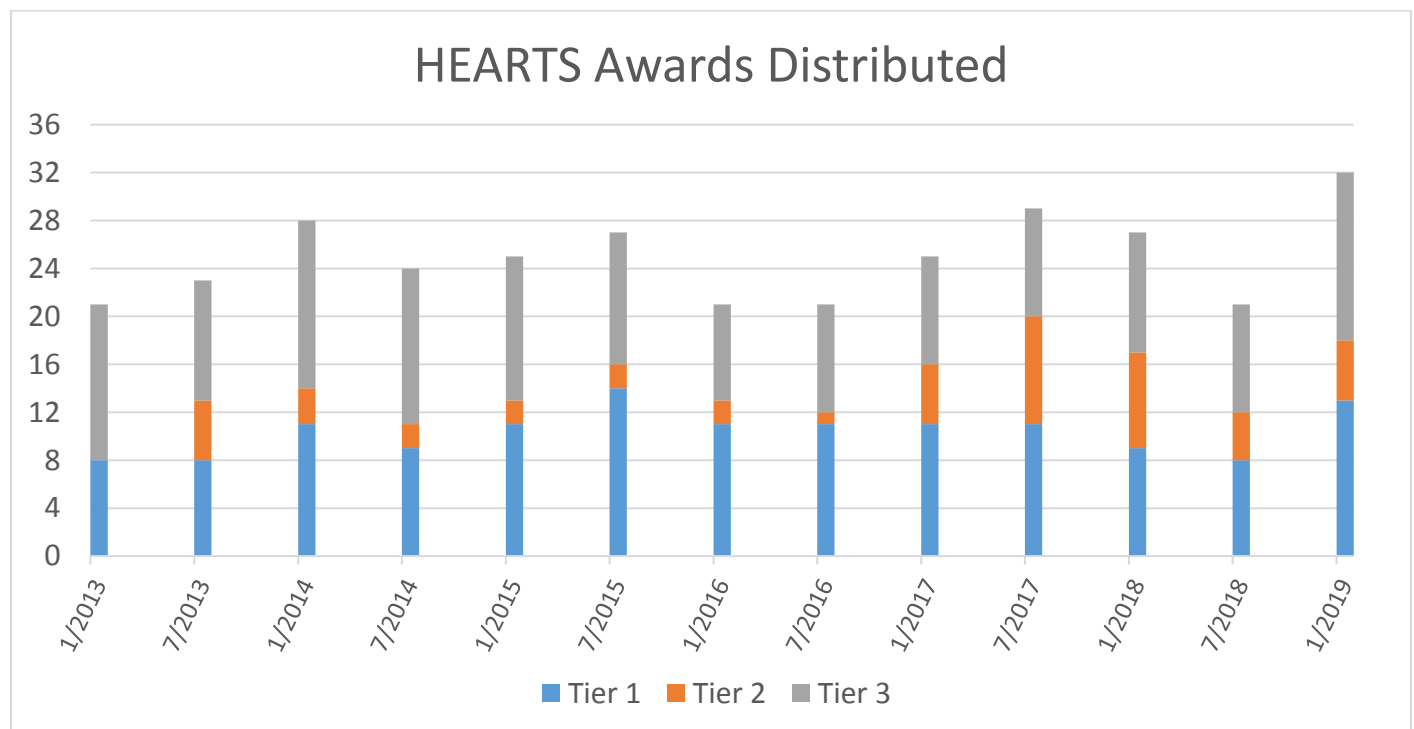
This December we an all-time record high of 32 early educators qualified for and received a HEARTS award. With a slight decrease in the number of licensed child care providers, there are now 1 in 3 child care providers that qualify, compared to one in seven before the HEARTS initiative started. That means children have a more positive experience in their early learning program, and the workforce is better equipped for expansion and more stable.

Award levels are as follows:

Tier 1 – CDA (Child Development Associate certificate) or 12 credits in early childhood = \$1 per hour

Tier 2 – AA degree with at least 12 credits in early childhood = \$1.35 per hour

Tier 3 – BA degree with at least 12 credits in early childhood = \$2.71 per hour



An all time high increase in the number and percentage of qualified child care teachers: 14 CDA, 5 AA and 13 BA

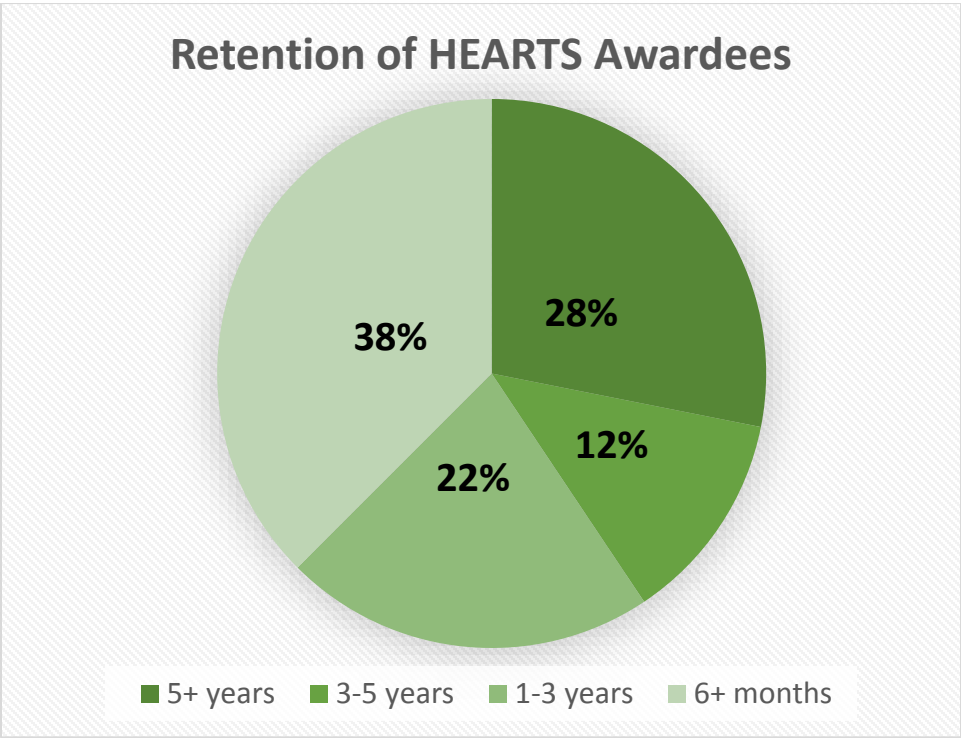
This is also the largest number of child care teachers holding a college degree.

6 Stabilization of the workforce:

Prior to the HEARTS Initiative there was close to 100% turnover in licensed child care, which is now below the national average of 31% for licensed child care. We will be completing a review of the annual turnover rates in the next couple of months. The turnover rates this calendar year are inflated due to the closure of three child care center programs: Juneau Christian, TLC, and Gehring Nursery. This was slightly offset by the decision of Juneau Coop Preschool to expand to a full day option. The key driver in their decision was the HEARTS award for their three teachers.

The cost of turnover in any business or organization is said to be over 1/3 the annual salary for the position. Stabilizing the workforce helps reduce the stress and high costs, which helps stabilize programs, as well as increase the quality of care for children. In a survey of Juneau child care center directors, staff turnover and challenges in recruiting qualified staff were reported as one of the biggest stresses in their work, and impact their ability to maintain enrollment.

Community wide childcare turnover rates for 2018 will be reviewed and included in the end of year report.



40% of HEARTS Awardees have held their positions for over three years.

Progress toward increasing child care capacity:

Since July 2018 there is a net loss of 20 child care spaces, with one family group home and a small center closing, and one new family group home opening.

The current capacity is still far under the need in Juneau, with over a third of Juneau children in unknown care situations, and many in part time or at home care, restricting employment of the family due to the lack of full time care. According to the McDowell Group report 2017, 150 households do not have needed care due to cost, quality, or availability. Over 550 are experiencing restricted employment. More support is needed to build capacity and quality care in Juneau.

An exciting new partnership is between AEYC, Tlingit and Haida Central Council, and the Association of Alaska School Boards STEPS grant. Through this collaboration, 120 training hours will be offered at no charge to child care providers this year, hosted at Tlingit and Haida Vocational Technical Resource Center. A stipend will also reimburse child care providers for their personal time invested in completing the 120 training hours to earn their national Child Development Credential (CDA). Thirty awards of \$1800 each will be awarded in Southeast Alaska, with at least half of them in Juneau.

AEYC is also advocating with **thread Alaska**, for an adjustment to the child care assistance rates, and parent eligibility scales. The rates have not been adjusted for cost of living since 2010. Juneau faces one of the biggest gaps between what the state reimburses for child care and the current market rate. This contributes to the lack of availability; working parents cannot afford the cost of care, and child care programs often carry debt when they are not able to collect the parent co-pay amount. Currently the child care assistance rates are capped at the lowest price program in town. In addition to a required co-pay amount, the difference in actual cost of care is often over \$300 per month. Especially for families with two children, the cost of care can approach their housing costs, or even their own total take home pay.

Summary:

At a cost of \$36 per year per child under age six, the HEARTS Initiative has increased the number of qualified child care teachers, and increased the retention of the child care workforce to address the critical lack of access to child care for working parents. The HEARTS Initiative is building toward an infrastructure of stable child care that is safe, healthy, and offers a playful learning environment.

Expenditures July 1 – Dec. 31: \$56,564 education awards



Juneau early educators are dedicated to helping children grow into solid citizens, building character, empathy, and social skills to help prepare children for success in school and life.

Summary of annual activity and expenditures:

The CBJ Investment in the HEARTS Initiative in the amount of \$90,200 continues to demonstrate a highly effective method to increase recruitment and retention of a qualified workforce of child care teachers. This is the first step to increase capacity in licensed child care programs.

Education Awards:

The sixth year of education awards were distributed at the end of June to 21 early educators that meet the qualifications for a child care administrator or associate. There was a reduction in number of awards from December due to the closure of several programs, yet the ratio of qualified teaching staff has increased from 25% last July to 30% this year, up from 14% in 2012 prior to HEARTS.

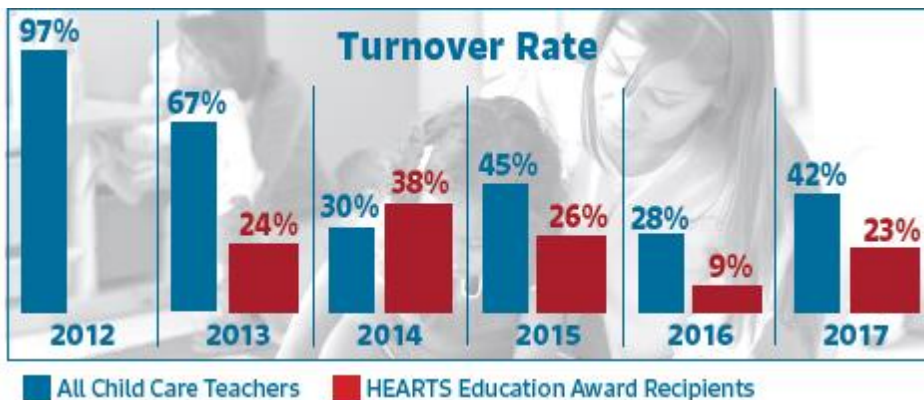
Award levels are as follows:

Tier 1 – CDA (Child Development Associate certificate) or 12 credits in early childhood = \$1 per hour **(9 awards)**

Tier 2 – AA degree with at least 12 credits in early childhood = \$1.35 per hour **(4 awards)**

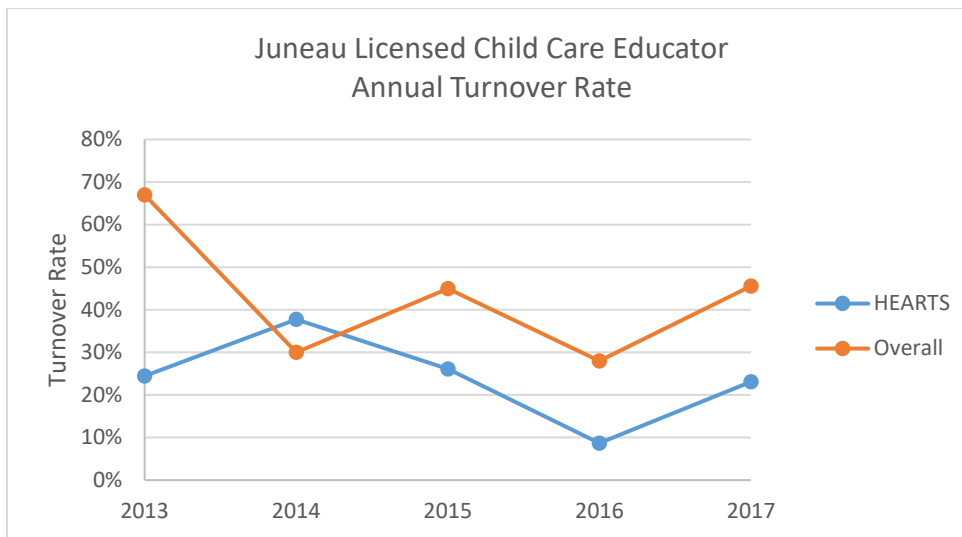
Tier 3 – BA degree with at least 12 credits in early childhood = \$2.71 per hour **(8 awards)**

Stabilization of the workforce:



One of the most positive outcomes of the HEARTS Initiative is the stabilization of the child care workforce. The turnover rate of HEARTS recipients is at 23% for HEARTS awardees. By stabilizing key lead teachers in the classroom, this appears to help stabilize newer teachers, and motivate them to earn their child development credential. Earning a Child Development Associate credential has become a visible and tangible goal for new staff.

Prior to the HEARTS Initiative there was close to 100% turnover in licensed child care, decreasing to 42%. In calendar year 2017. The cost of turnover in any business or organization is said to be over 1/3 the annual salary for the position. Stabilizing the workforce helps reduce the stress and high costs, which helps stabilize programs, as well as increase the quality of care for children.



Progress toward increasing child care capacity:

A limitation of the HEARTS award is the capped amount, limiting the ability to expand and use as a recruitment tool. The starting wage in Juneau child care programs is between \$9.50 and \$11.50 per hour, with no health insurance or other benefits. By contrast, a preschool teaching assistant in the Juneau school district starts at \$18.30 per hour, with paid time off, health insurance, and retirement benefits. The preschool classroom coordinator starts at \$23.22, with a high school diploma and 12 college credits in early childhood.

The current capacity is still far under the need in Juneau, with over a third of Juneau children in unknown care situations, and many in part time or at home care, restricting employment of the family due to the lack of full time care. According to the McDowell Group report 2017, 150 households do not have needed care due to cost, quality, or availability. Over 550 are experiencing restricted employment. More support is needed to build capacity and quality care in Juneau.

Upcoming: The new federal budget includes double the Child Care Development Block Grant for Alaska. AEYC is advocating with **thread Alaska**, for an adjustment to the child care assistance rates and parent eligibility scales. The rates have not been adjusted for cost of living since 2010. Juneau faces one of the biggest gaps between what the state reimburses for child care and the current market rate. This contributes to the lack of availability; working parents cannot afford the cost of care, and child care programs often carry debt when they are not able to collect the parent co-pay amount. AEYC is now operating the child care assistance program for Southeast Alaska, in partnership with **thread**.

Summary:

AEYC received \$87,500 for the education awards, and an additional \$2,700 was held by CBJ for cost waivers and permit fee reimbursements. At a cost of \$36 per year per child under age six, the HEARTS Initiative has increased the number of qualified child care teachers, and increased the retention of the child care workforce to address the critical lack of access to child care for working parents. The HEARTS Initiative is building an infrastructure of stable child care that is safe, healthy, and offers a playful learning environment.

Expenditures	July 1 – Dec. 31:	\$48,471 education awards
	January 1 – June 30:	\$38,563
	Administration:	\$ 5,472
Total :		\$92,506 *includes FY 17 Carryover funds: \$ 5,006 (fully expended)

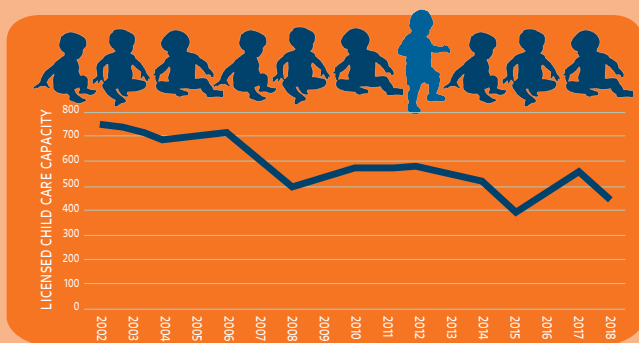
Please see the attached report: **Juneau Child Care by the Numbers 2018**

Early Education

BY THE NUMBERS 2018

Declining Child Care Capacity

There has been a decline in child care capacity in Juneau. There are currently **440** child care spaces compared to **754** in 2002.



Low Wages Continue for Child Care Workers

The 2017 average wage for a child care worker in Juneau is **\$25,979**. Wages remain low. Kindergarten teachers



are paid **2.6 times** more than child care workers, and child care workers have no summer or winter vacations, and likely no health insurance or retirement benefits.

\$25,979

Average Juneau Child Care Wage

\$50,736

Average Juneau Wage

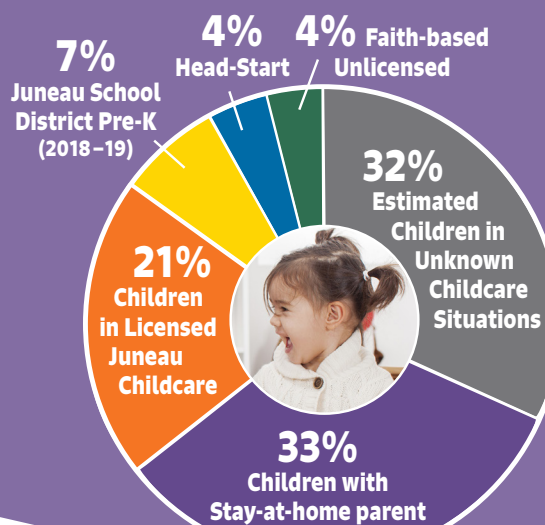
\$67,223

Average Juneau Kindergarten Teacher Salary

With an annual income of **\$44,117** needed to afford a one-bedroom unit in Juneau, child care workers don't earn enough to pay the rent. (Source: National Low Income Housing Coalition). Low wages make attracting and retaining qualified educational professionals for child care positions difficult.

More Licensed Child Care is Needed

In 2017 there were approximately **2,117** children under the age of 5.5 in Juneau



There is not enough child care to meet the needs of the community

There are approximately **2,117** kids in Juneau under the age of **5.5**. There are currently only enough licensed childcare slots for **one** out of every **five**. According to a 2017 McDowell group study, over **550** households report restricted employment opportunities due to inadequate access to early care and learning services for pre-K children.

Child Care Costs more than College

A year of child care costs more in Juneau than in-state undergraduate tuition and fees at the UAS.

\$8,228

Average 1-year (tuition, books, fees) for attending

UAS

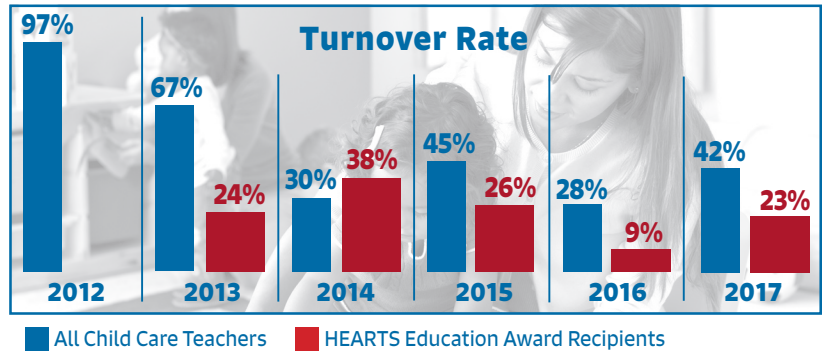
\$11,254

Average 1-year Cost of Child Care in Juneau



CBJ Funded HEARTS Initiative is Working

One of the dramatic impacts of the **HEARTS Initiative** is the low turnover rates among HEARTS education award recipients (hiring, educating, and retaining teaching staff).



Early Education BY THE NUMBERS JUNE 2018

2,117	Juneau Children under the age of 5.5 2017 ¹
691	• Estimated Juneau Children under the age of 5.5 with a Stay-At-Home Parent 2017 ^{1,2}
1,426	• Estimated Juneau Children under the age of 5.5 with All Parents Working 2017 ^{1,2}
440	Total Licensed Child Care Slots in Juneau 2018 ³
108	Number of Infant/Toddler Spaces 2018 ³
670	Estimated Juneau Children under the age of 5.5 in Unknown Child Care Situations 2017 ^{3,4}
1 to 5	Ratio of Licensed Child Care Slots to Children under the age of 5.5 ^{2,3,4}
\$25,979	Average Annual Child Care Wage in Juneau 2017 ¹
\$50,736	Average Annual Wage in Juneau 2017 ¹
\$67,223	Average Annual Kindergarten School Teacher Wage in Juneau 2018 ⁶
90	Total Child Care Workers in Juneau (in Licensed Facilities) 2018 ³
27	Child Care Workers with Child Development Association or 12+ Credits 2018 ³
30%	Childcare Teachers that meet Qualifications 2018 ³
42%	Annual Turnover Rate for Juneau Child Care Workers 2018 ³
23%	Annual Turnover Rate for Juneau Child Care Workers that receive a HEARTS Award 2018 ³
\$11,254	Average Annual Child Care Cost Per Child 2015 ⁵
31.9%	Juneau Children Ready for Kindergarten 2017 ⁷
40.2%	Alaska Children 5 and under with one or more Adverse Childhood Experiences (ACES) ⁸

Sources: 1 Alaska Department of Labor; 2 American Community Survey 5-year Estimates Table B23008 2011-2015; 3 AEYC; 4 JEDC analysis; 5 2015 Alaska Child Care Market Price Survey Report; 6 JSD Salary Schedule, mid-range; 7 Alaska Development Profile; 8 National Survey of Children's Health 2011/2012

sea aeyc

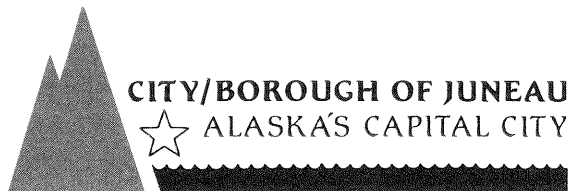
Southeast Alaska Association for
the Education of Young Children

thread



Association for the Education of Young Children, Southeast Alaska

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**City and Borough of Juneau Assembly**

Telephone: (907) 586-5278; Facsimile: (907) 586-4552

BoroughAssembly@juneau.org

April 19, 2019

Beth Weldon, Mayor
155 S Seward St
Juneau, AK 99801

Dear Mayor Weldon,

On November 5, 2018, you formed the Assembly Child Care Committee, to answer two charges:

- Should child care be part of the core municipal funded activities? And,
- To what extent, if any, should education be part of child care?

The committee held 11 public meetings and, after deliberation, answers both of these charges in the affirmative. The committee makes the following recommendations to the Assembly:

1. That the CBJ identify what, if any, public and school facilities may be used to provide child care.
2. That the CBJ establish a revolving loan fund for use in business start-up and on-going programs.
3. That in FY20, the CBJ fund existing child care and early education programs.
4. That the Best Starts model be funded with some structural changes to clearly delineate how the program would prioritize increasing capacity until child care demands are fulfilled (FY21).
5. That with the FY21 budget proposal to the Assembly, the CBJ Administration present an implementation plan for Recommendation #4.

Further detail on each of these recommendations follows in the full report, adopted by the Assembly Child Care Committee unanimously on April 19th, 2019.

I also wanted to express my thanks to my fellow committee members for their work and contributions towards this effort: Bridget Weiss, Vice Chair, Wade Bryson, Rob Edwardson, Eric Eriksen, Michelle Hale, Blue Shibler, and CBJ staff to the committee, Robert Barr.

Sincerely,

Assemblymember Loren Jones

Chair of the Assembly Child Care Committee

Assembly Child Care Committee

Final Report

April 19, 2019

The Mayor has charged this committee with the following:

“The purpose of the committee shall be to accomplish the following tasks:

- a) Provide, to the Assembly, a framework of options for addressing the two key questions:
 - a. Should childcare be part of the core municipal funded activities? and
 - b. To what extent, if any, should education be part of child care?”

In addition the charge stated:

“If either or both of the questions in #1 above are recommended in the affirmative, the committee is requested to provide analysis and recommendation of alternative implementing approaches. The Best Starts proposal is one approach, the "do nothing option" is a second approach. The committee is requested to develop and consider other options with other financial costs.” As a result of many meetings since December 2018 the Committee has looked at the current issues in Juneau. Providers and the Best Starts group have given testimony, presentations, and panel discussions to aid the committee.

The committee, in the draft problem statement found:

Juneau’s child care issue is not a single problem. The problem covers a range of issues from capacity, to costs, to quality, and access to a sustainable level of funding. Traditionally in Juneau the role of setting standards and subsidies has been a State of Alaska responsibility and to some extent a Federal Government as employer issue.

Juneau currently has a true lack of affordable, high quality preschool and child care. We lack the capacity to meet the demand. This was recognized in the Juneau Economic Development Plan. Under the Initiative: “Attract and Prepare the Next Generation Workforce” was Objective 2. “Increase availability of child care year round, with an emphasis on Kindergarten readiness.”

There are approximately 2400 pre-K children in Juneau, 1300 of whom participate in a child care program. Approximately 486 do not receive child care services for pre-K children due to cost, quality, or availability issues¹. Over 550 households report restricted employment opportunities due to inadequate access to child care services for pre-K children.²

The business model for childcare in Juneau appears to be unsustainable and/or insufficient (due to the significant unmet need) without direct (monetary) or indirect (typically building expenses) subsidies provided outside of revenues generated from

¹ McDowell Group. [Alaska’s Early Care and Learning Dashboard](#) – accessed 15 April 2019

² McDowell Group. [Best Starts Economic Analysis](#) – 25 May 2017

fees³. Additionally, in Juneau, child care costs for infant, toddler, and pre-school aged children exceeded State subsidies for low income households⁴.

Early on in this process the committee discussed the issues of capacity and quality and how they relate to any recommendations brought forward. The committee adopted the following definition:

“Child care: the care of children age birth through 5 outside of their home in a setting that strongly supports the child’s learning and enables parents to go to work with peace of mind.”

The committee is in agreement that quality of child care is important and all recommendations should understand that quality care is the ultimate goal for any contribution by the City and Borough.

The committee has identified capacity (the number of licensed childcare slots) as the most immediate and pressing issue for working families. Our recommendations are made with the realization that capacity building efforts must also consider quality assurance in order to meet our definition of child care; which accounts for allowing parents to work with peace of mind that their children are in safe and healthy learning environments.

Based on our work the committee makes the following recommendations. The committee defines short term as within one year and long term as more than one year. The committee presents these recommendations as a set of recommendations that can be enacted individually or in whole, with no prioritization.

Recommendation #1 – short term. The CBJ needs to identify what, if any, public facilities might be used to provide child care.

Public facilities could be school facilities and any other suitable publically owned facility. We understand the Mayor has asked the Joint Assembly and School Board facilities committee to begin this review of school facilities. CBJ staff should additionally work to identify opportunities in public facilities that may exist outside of the school district.

The committee understands that each building needs to be evaluated on its current use and whether it or any portion of it may be made suitable for childcare for children of varying ages, including infants and toddlers.

Once facilities have been identified the CBJ needs to review and prioritize these facilities based on:

- Immediate use
- Appropriateness for age group of targeted children
- Overall capacity

Use of public facilities would allow for an operator to have low to no cost facility expenses.

³ Bright Horizons. [Child Care Center Cost Estimates](#) – January 2014

⁴ State of Alaska, DHSS. [Alaska Child Care Market Price Survey Report](#) – 2017

Public facilities may also allow for large or magnet centers to develop that could take advantage of economies of scale and allow for central care for all age ranges.

The committee envisions a process (under guiding CBJ ordinances and regulations) to lease out these facilities or parts of the facilities to licensed childcare operators at below market value. The committee envisions a competitive bid process for these facility spaces.

Capacity Impact: Dependent on the facility identified. To optimize operational efficiencies, high capacity facilities should be prioritized before those which limit capacity.

Cost: A potentially lower cost option dependent on facility expenses and facility modifications necessary for licensing. This would also be dependent on the process used for below market leases and what cost would be borne by the CBJ.

Evaluation: Increased capacity in licensed slots. Dependent on the facility selected and RFP process.

Recommendation #2 – short term. Establish a revolving loan fund for use in start-up and on-going programs.

A major issue for expansion of the number of spaces available for child care is the initial cost of setting up a facility. This cost involves a potentially lengthy licensing process. Businesses need to ensure they can cover significant upfront costs well before the revenue generating activity of the business begins.

The committee also recommends that existing programs be permitted to apply for loans for needed modifications, major renovations and expansion. Dependent on level of funding and the size of the loan funds these loans to existing programs would be a lower priority than loans for start-up programs, unless the existing program(s) were demonstrating increasing capacity through their loans.

Both grants and loans were discussed. Loans were a preference to ensure accountability of the provider to work towards opening and to maintain sufficient income to repay the loans. Loans should be at non-competitive low to zero interest rates. The committee recommends that a process for loan forgiveness be considered that will assist in maintaining quality childcare.

Capacity Impact: Increased capacity in licensed slots by 30 – 75 slots per loan. Reduced the time for a program to open their doors. May directly incentivize business growth.

Cost: Dependent on Assembly appropriation. The committee recommends loans up to \$50,000, with initial capital investment equally to no less than loan amount multiplied by 4. Capital investment may be from either the owner/operator or in-kind from a facility sponsor. The committee recommends the initial CBJ contribution to the loan fund be \$150,000. Child care centers are currently eligible for start-up business loans through JEDC. The committee recommends the additional \$150,000 be added to JEDC's loan fund and that this additional money be loaned in accordance with committee recommendations regarding interest rates and terms. Given the forgiveness element of this recommendation, periodic re-capitalization of this fund would be necessary.

Evaluation: Number of loans secured, default rate. Number of new child care slots licensed in Juneau.

Recommendation #3 – short term. In FY20 the CBJ fund existing child care and early education programs.

The CBJ currently contributes resources for child care and early education programs. These include the Kinder Ready programs in the Juneau Schools and the Hearts initiative operated by AEYC. The committee does not want to diminish support to those programs despite the possible budget issues arising from the proposed State operating budget.

As part of that desire we should look to expand the Hearts Initiative. This initiative is clearly targeting workforce development issues such of training, retention and skill enhancement for those working in childcare programs in Juneau. This must be an ongoing process to assure that as capacity expands there is a qualified and stable workforce available to licensed operators.

A separate recommendation is that, in the FY20 budget process, the Assembly maintain the level of funding to the Juneau School District for PreK/Kinder Ready at the current level. The committee feels that making this part of the ongoing funding to the Juneau School District is important, should be maintained, and increased if funding is available.

Capacity Impact: Indirect via employee turnover rates. Child care business operators have cited staff turnover as their most significant challenge for maintaining the current capacities.

Cost: FY 19 = \$90,200 for Hearts. FY 20 Hearts proposal is \$180,000.

Evaluation:

- Turnover rate for Hearts Award Recipients (2014, 38%, 2015, 26%, 2016, 9%), with an annual target of 0 to 20%.
- Total Hearts Award Recipients (Dec 2018, 32, anticipated 19 additional in FY 20), which is indicative of building capacity in the workforce.
- Movement towards Tiers 2 and 3 in the award levels (in FY19: 9 @ Tier 1, 4 @ Tier 2, 8 @ Tier 3). More Hearts Award Recipients at Tiers 2 and 3 is indicative of higher wages.

Recommendation #4 – long term. The Best Starts model be funded with some structural changes to clearly delineate how the program would prioritize increasing capacity until child care demands are fulfilled. (FY21)

The delay in funding would allow the CBJ to do the inventory of public facilities and to manage renovations, changes and/or issuing RFP's for operators of the centers. It would also allow for the CBJ to understand the possible budget implications from the State for the school district and for other services that support the childcare programs. Funding provided under this recommendation is contingent on supporting the immediate goal of increasing capacity.

Modifications to the Best Starts model could consist of:



1. Per-child funding for all child care businesses that are enrolled in the Learn and Grow program with a commitment to continuous quality improvement. Graduated levels of funding based on quality measures will be designed by Best Starts prior to implementation.
2. Leading up to program implementation, determine the fiscal and policy agents. Potential agents include the Juneau School District, the CBJ, and/or AEYC/thread. Ensure AEYC/thread plays a collaborative role with the policy agent if it is not the policy agent itself. During FY19, the City Manager will need to determine the level and location of policy support needed for this program.
3. Determine levels of funding under Best Starts based on criteria established at the on-set of the program. Criteria such as increased capacity, licensure, involvement with Learn and Grow, assistance for in-home care providers as well as large childcare centers and how those might be apportioned, etc. (see notes under cost?)

Capacity Impact: Per-child funding to providers would increase capacity by providing a stable foundation upon which businesses can maintain quality child care environments and pay higher wages to improve employee retention rates.

Cost: The committee recommends that after identification of the fiscal policy and after evaluation of short-term recommendations the Assembly appropriate in FY21 \$800,000 for Year 1. This amount is the committee's best estimate based on the current available information and policy direction. The committee recommends that in implementing this program staff analyze the impact of funding all programs enrolled in Learn & Grow. This could result in scaling of per-child costs related to level of care within the Learn & Grow framework. The committee also recommends the Assembly commits to annual increases over a five year period if the capacity of quality child care is increased under the model developed.

Evaluation: Increase in number of quality licensed child care slots by 20% for ages 0-5 (current licensed capacity is approximately 412). Understanding that costs are higher, the committee desires that a focus on infants and toddler care be emphasized.

Recommendation #5 – long term. With the FY21 budget to the Assembly, the CBJ Administration present an implementation plan for Recommendation #4.

If the first three recommendations have been accomplished, then the committee recommends the CBJ look at the level of funding for Best Starts as in Recommendation #4. To that end the CBJ Administration would need to identify the level of funding and the actual program to be implemented.

In addition, policy support is required to identify the structure of that support and cost for that support. This should be included in the FY21 budget documents.

Cost: The committee recommends the Assembly direct the City Manager to make a budget request in FY20 to develop the FY21 implementation plan.



Terminology and References

SEA-AEYC – Southeast Alaska Association for the Education of Young Children. Often referred to as “AEYC.” This association serves as an umbrella organization for educators, families, and community members interested in the association’s mission of, “promoting high-quality learning for all children, birth through age 8, by supporting all who care for, educate, and work on behalf of young children.” SEA-AEYC is part of the thread Network in Alaska. SEA-AEYC is an affiliate association of the National Association for the Education of Young Children (NAEYC).

Hearts Initiative – This is a program of SEA-AEYC that was initially funded by the CBJ Assembly in 2012 and annually thereafter. It seeks to build a stronger workforce in licensed child care programs through recruitment and retention of qualified early childhood educators. It does so primarily through financial awards to early childhood educators working in licensed child care programs on a tiered system based on their individual level of training and education.

thread Network – The thread Network is composed of three organizations, SEA-AEYC (for Southeast Alaska), Thrivalaska (for Fairbanks and the Northern Interior region) and thread (for all other regions and Statewide coordination). This network and these organizations provide referral services between families and child care providers. They partner with the State of Alaska’s Child Care Program Office to connect families who qualify with child care assistance benefits which are primarily funded by the federal child care and development block grant.

Alaska’s Early Care and Learning Dashboard – Footnote 1. A web-based resource authored by the McDowell group and sponsored by the thread Network. Includes statewide information by census / borough area on 1) supply and demand for early care and learning services, 2) cost of licensed early care and learning services, 3) school readiness. Data is based on children ages birth through six.

https://public.tableau.com/profile/dan.lesh#!/vizhome/thread_1_2/AlaskasEarlyCareandLearningDataDashboard

Best Starts Economic Analysis – Footnote 2. A memo authored by the McDowell Group and sponsored by the Best Starts group to provide a Juneau specific economic analysis of the broader economic impact of implementation of the Best Starts proposal. This analysis found that investment in early care and learning would, dependent on the size of the investment, show returns in annual disposable household income, additional family spending on early care and learning services, additional local jobs, and new labor income.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2017-05-25-Best-Starts-Economic-Analysis.pdf>

Child Care Center Cost Estimates, Bright Horizons – Footnote 3. A cost estimate presented to SEA-AEYC by Bright Horizons, a national child care provider in 2014.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2014-01-29-AEYC-Southeast-Alaska-Center-Cost-Estimate.pdf>

Alaska Child Care Market Price Survey Report – A report authored by the State of Alaska, Department of Health and Social Services, Child Care Program Office in 2017. This report collects current provider prices for child care to evaluate the child care assistance rates provided by the State, through the federal block grant funding. This report also assists in understanding the child care markets throughout the State. A 2019 update is in process.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2017-Alaska-Child-Care-Market-Price-Survey-Report.pdf>

These and additional related resources are also available at:

<https://beta.juneau.org/assembly/assembly-childcare-committee>