

Childcare Program Options

Assembly Committee of the Whole

December 2, 2019



Assembly Goal

- Economic Development
 - 2.D: Complete work of Child care Committee and act on Recommendations

Assembly Childcare Taskforce Recommendations

- Identify what, if any public facilities might be used to provide child care
- *Establish a revolving loan fund for use in start-up and on-going programs - Complete*
- *In FY20 fund existing child care and early education programs - Complete*
- Fund Best Starts model with some structural changes to clearly delineate how the program would prioritize increasing capacity until demand is fulfilled – and direct the Manager to present an implementation plan.

It's an economic problem

- The cost of providing childcare in Juneau exceeds parents' ability to pay.
- Demand exceeds supply, but providers cannot increase tuition enough to offset costs without pricing themselves out of the market.
- Childcare providers have 3 primary costs:
 - Facility space
 - Personnel costs
 - Admin/overhead

It's a workforce problem

- The only consistent ways to keep costs down are to pay lower wages and/or seek a facility that is subsidized (in home care or a space that is provided by another entity).
 - Average hourly wage - no facility subsidization : \$11.00
 - Average hourly wage - with facility subsidization: \$14.00
- Lower wages mean a lower quality applicant pool and higher turnover.
- Higher turnover means centers spend time training staff on basics rather than building on the basics to achieve a higher skill level.

It's a quality problem

- Less skilled workers translates to children not being as prepared as they should be for kindergarten.
- If children enter kindergarten trying to catch up, they generally stay behind academically. This has an overall adverse impact on the quality of instruction for all children in the system.

The greatest need is for infant and toddler care

- Staffing ratios for younger children are greater than older children making providing care to infants and toddlers more expensive.
- The McDowell group estimates that 74% of infants and 47% of toddlers in need of care do not have access to childcare. In contrast, the same report estimates that only 11% of preschoolers don't have access to care.
- There are many, lower cost options available for preschool programs including: Head Start, Kinder Ready, Integrated Preschool, and Cooperative preschools.

Staff Recommended Solution Parameters

- Address facility costs
- Incentivize Infant/Toddler care over pre K
- Require licensing
- Require full time, year round care
- Require a minimum of Level 2 Learn & Grow
- Must be eligible for State childcare grant (assures low income access)
- Not eligible if receiving direct funding from CBJ or federal block grant funds (e.g. Kinder Ready, Headstart, LEARN)
- Be simple to administer
- Provide a workforce development component to assure there is a trained workforce ready, and available to meet employment needs.

What Staff Recommendations have changed since last COW?

Additional discussions with providers resulted in the following changes:

- Eliminated Property Tax exemption
- Eliminated Provider Stipend Option in a favor of a simplified per child model
- Eliminated Quality Coach

Capacity and Staffing Projections*

- Economic Models were built on the following projections:

	FY21	FY22	FY23	FY24	FY25
Capacity Projections	487	587	687	787	887
Staffing Projections	98.9	123.7	148.4	173.2	197.9

- Capacity: Each year one additional childcare center serving 60 children, one group home serving 12 children, and three home care centers serving 24 children (8 in each home).
- Staffing: In order to meet an increased capacity of 100 children per year, an additional 25 childcare workers per year would be needed to be added to the workforce.

*Best starts has a slightly different capacity model but not significantly so.

Potential Facility Solutions

Facility Offsets	FY21	FY22	FY23	FY24	FY25
CBJ Controlled space					
FDMS Modular (60)	\$ 150,000				
MRCS Modular (40)		\$ 110,000			
Mt. Jumbo Gym (60)					
Facility Grants	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 125,000
# of new centers per year	1	2	3	4	5
Cost per child served	\$417	\$417	\$417	\$417	\$417
Total Facility Offsets	\$ 175,000	\$ 160,000	\$ 75,000	\$ 100,000	\$ 125,000

Best Starts vs Simplified

- Common elements:
 - Funding per child
 - Requires licensure
 - Requires L&G participation
- Differentiators:
 - Funding prioritization (infant/toddler – pre-k)
 - Eligibility of providers receiving other direct funding
 - Level of L&G participation

Per Child Financial Comparison

	Best Starts	Simplified
Infant/Toddler - Level 2	\$ 100	\$ 200
Infant/Toddler - Level 3	\$ 350	\$ 200
Preschool - Level 2	\$ 100	\$ 50
Preschool - Level 3	\$ 200	\$ 50
Low income, any age - Level 3 adds	\$ 50	required

Best Starts Solution

- Paid out on a per child basis.
- The higher the Learn & Grow level, the more earned per child.
- Provides an additional amount per child for Infants/Toddlers and for low income children and Learn and Grow level 3.

	FY21	FY22	FY23	FY24	FY25
Best Starts 2.0	\$ 573,000	\$ 1,010,880	\$ 1,736,760	\$ 1,971,360	\$ 2,180,160
Children Served	427	536	680	698	752
Cost per child served	\$ 1,341.92	\$ 1,884.56	\$ 2,552.56	\$ 2,822.68	\$ 2,897.61

- Note: Full Best Starts Model includes additional staffing costs and support to AEYC's HEARTS initiative. Those elements have been pulled out to assure a more accurate comparison with other options.

Simplified Per Child Solution

- This option pays out on a per child basis, but simplifies the calculation. \$200 per child for Infant and Toddlers. \$50 per child for 3 – 5 year olds.
- Must meet Learn & Grow Level 2 to qualify.

	FY21	FY22	FY23	FY24	FY25
Simplified Per Child	\$ 618,000	\$ 786,000	\$ 954,000	\$ 1,122,000	\$ 1,290,000
Children Served	487	587	687	787	887
Cost per Child	\$ 1,268.99	\$ 1,339.01	\$ 1,388.65	\$ 1,425.67	\$ 1,454.34

Comparative Impact

Type	Mixed Center		Licensed Home		Center PK only		Center I/T only	
Quality	LG2	LG3	LG2	LG3	LG2	LG3	LG2	LG3
# of children								
Infants	10	10	3	3	0	0	20	20
Toddlers	12	12	4	4	0	0	40	40
Pre-K	24	24	5	5	60	60	0	0

	Dollars per month	
	After ramp up phase, if any	
	Best Starts	Simplified
Mixed LG2	\$4,600	\$5,600
Mixed LG3	\$12,500	\$5,600
Home LG2	\$1,200	\$2,400
Home LG3	\$3,450	\$2,400
PK Center LG2	\$6,000	\$3,000
PK Center LG3	\$12,000	\$3,000
I/T Center LG2	\$6,000	\$12,000
I/T Center LG3	\$21,000	\$12,000

Workforce Stabilization

Workforce Stabilization	FY21	FY22	FY23	FY24	FY25
Expand HEARTS funding	\$ 91,000	\$ 169,000	\$ 247,000	\$ 325,000	\$ 403,000
Current funding	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
# of Provider awards	75	100	125	150	175
Cost per child served	\$ 556.47	\$ 594.55	\$ 621.54	\$ 641.68	\$ 657.27
Training Offsets	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Training Grants	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total New Funding	\$ 191,000	\$ 269,000	\$ 347,000	\$ 425,000	\$ 503,000

	Best Starts Solution					Simplified Per Child Solution				
	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
	\$ 573,000	\$ 1,010,880	\$ 1,736,760	\$ 1,971,360	\$ 2,180,160	\$ 618,000	\$ 786,000	\$ 954,000	\$ 1,122,000	\$ 1,290,000
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Training Offsets	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Training Grants	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Facility Grants	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 125,000
# of new centers per year	1	2	3	4	5	1	2	3	4	5
Cost per child served	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Total New Funding	\$ 789,000	\$ 1,329,880	\$ 2,158,760	\$ 2,496,360	\$ 2,808,160	\$ 834,000	\$ 1,105,000	\$ 1,376,000	\$ 1,647,000	\$ 1,918,000
Anticipated CBJ Funding	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
based on current programs	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Total Program Funding	\$ 1,269,000	\$ 1,809,880	\$ 2,638,760	\$ 2,976,360	\$ 3,288,160	\$ 1,314,000	\$ 1,585,000	\$ 1,856,000	\$ 2,127,000	\$ 2,398,000
Total cost per child	\$ 2,315	\$ 2,896	\$ 3,591	\$ 3,881	\$ 3,972	\$ 2,242	\$ 2,350	\$ 2,427	\$ 2,484	\$ 2,528

Next Steps

- Work with the School District to modify the modular units
- Conduct an RFP for providers interested in operating a new center in the modular units.
- Develop Program Parameters for economic offsets
- Develop metrics for measuring program impacts.

Requested Assembly Action

- Direct staff to preferred model and infrastructure options (Simplified or Best Starts)
- During the budget process, determine amount of funding available for ongoing programs.
- Appropriate funds in FY20 for infrastructure needs.
- Consider appropriating funds in FY20 for workforce development grants.