

EXHIBIT NO. 1

20.1
1-9-07

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 4, 2007
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: CONSIDERATION OF THE ADDITION OF CITY FUNDING TO THE HUMAN SERVICES FY 2007 CHILD DAY CARE BUDGET

ISSUE: Proposed Addition of City Funding to the Human Services FY 2007 Child Care Budget.

RECOMMENDATION: That City Council consider whether or not it wishes to add \$75,000 to the Department of Human Services Child Day Care Fee System (Fee System) budget for the balance of FY 2007. If Council approves such funding, the funds need to be allocated from the FY 2007 Council contingent reserve account.

DISCUSSION: On May 10, 2006, the Department of Human Services (DHS) was notified that there would be a \$1.1 million cut to the City in the Day Care Fee System federal pass-through allocation, effective June 1, 2006. This would have left a Fee System budget of \$2.9 million for FY 2007, which is \$0.6 million less than what was spent in FY 2006. On May 19, DHS limited new program entries and initiated a waiting list. At the end of November, the waiting list consisted of 250 families and 357 children. DHS estimates that approximately one-half (179) of those children will actually be eligible for financial assistance for child care, based on past experience with processing potential child care applicants. In November, Governor Kaine in a move to soften the impact of the lost federal child care funds made available an additional allocation of \$249,487 in State pass-through dollars, which with normal attrition, should allow DHS to continue to serve the current children in the DHS caseload through the end of the fiscal year without closing current cases. In the meantime, the Tenants and Workers United representing family child care providers has asked the City to add \$150,000 to the Fee System budget in FY 2008, and a pro-rata share to the FY 2007 budget to begin to reduce the waiting list. Mayor Euille asked staff to analyze the impact of adding City funds to the child care budget for the Day Care Fee System in FY 2007.

The addition of \$75,000 for the remainder of FY 2007 would allow DHS to take approximately 15 to 25 children off the waiting list, using the current average cost per child, allowing for expected attrition of current enrollees. The fee system is based upon serving households with incomes up to 250% of the poverty level (with the household incomes adjusted for family size).

Despite the fact that federal pass-through funds are not expected to be available in FY 2008, DHS would be able to support a caseload of approximately 423 children at the current cost per child, if State and federal funds are not cut further and if City General Funds are appropriated in the FY 2008 child care budget at the same level of \$0.7 million as they are in the FY 2007 budget. The current Fee System caseload stands at 466 children but continues to decrease with attrition.

FISCAL IMPACT: Allocating \$75,000 from contingent reserves to the FY 2007 Fee System budget would allow DHS to serve approximately 15 to 25 children for six months. In order to fund this \$75,000, it would be necessary to use part of the \$149,673 previously designed for a possible new roving leader program in FY 2007. Those contingent reserve funds no longer need to be designated for the roving leader program. The cost in FY 2008 to serve 15 to 25 children would be \$150,000. This request will be considered during the formulation of the proposed FY 2008 budget.

STAFF:

Mark Jinks, Deputy City Manager

Debra R. Collins, Director, DHS

Carol Farrell, Director, Office for Early Childhood Development, DHS

Bruce Johnson, Director, OMB

Kendel Taylor, Budget Analyst, OMB