

FUNDING OPTIONS for Child Care

6/12/2014

1. Fund all co-pays for WI Shares families in City accredited programs
\$4,856,696 697 families

2. Co-pays for families on WI Shares in Accredited Programs
Pay 50% co-pay
Current \$ 40,000 serves 20 families, 30 children
Add **\$50,000** serves 24 families, 35 children

3. Fully fund all of our clients –NO Co-pay **\$236,600**

4. Raise all City Accredited staff to median wage **\$693,541**

5. Raise 50% of staff in City Accredited programs to median wage - **\$346,771**

6. Raise basic center to higher level of quality- **\$105,840**

Child Care 2015 Budget Increase Options

Option 1

Note: Each of these proposals is designed to make high quality child care available to more of the City's low income families. They are attempts to provide funding for initiatives that will expand the impact of current Child Care Assistance funding.

Option 1: Projected cost to support all children funded by Wisconsin Shares enrolled in City Accredited Center Based Non-Profit Programs

This proposal addresses the objective of making high quality Accredited care available to Madison Low Income families and their children. At present approximately 712 children funded through Wisconsin Shares are enrolled in our Accredited center based programs. Wisconsin shares families face an average co-pay per family of \$134 per week. In many cases the co-pay is not collected by Accredited programs and forms a budget loss.

It is estimated that in order to fully fund all projected co-pays for these children it would require an annual increase in the Child Care City Budget totaling \$4,856,696.

Child Care Cost for Families on WI Shares Child Care Subsidy Attending 3 Star Rated Center

An average family size of 4 was used for calculations

Not Considered

Average cost to support all children funded by WI Shares enrolled in City Accredited Programs:

March 2013 children funded by WI Shares attending City Accredited prog	697
Average co-pay per family	\$134
Average cost to support families per week	\$93,398
Average cost to support families per year	\$4,856,696

Cost for Families on WI Shares Child Care Subsidy Attending City Accredited Care

An average family size of 4 was used for calculations

Option 2: Projected cost to support a portion of the children funded by Wisconsin Shares enrolled in City Accredited Center Based Non-Profit Programs

This proposal attempts to make it possible for Accredited centers to serve Wisconsin Shares enrollments without the severe budget impact of lost co-pays. At present approximately 150 children are served annually through our Tuition Assistance Program. Currently \$40,000 is used as Stabilization Funding for centers serving 20% or more funded children. Under this new proposal centers would become eligible if they serve 5% or more funded children.

The proposed design would utilize the current \$40,000 in a different approach. These funds could pay 50% of the co-pays for Wisconsin Shares children, approximately 20 families with 30 children. By adding \$50,000 it would be possible to cover 50% of the co-pays for an additional 35 children. Approximately a total of 65 children could be served bringing the total impact of the Tuition Assistance funding to over 200 children.

The Child Care City Budget impact would be an additional **\$50,000**.

Age of Child	Cost of Accredited Child Care (Weekly Average)		Maximum WI Shares Reimbursement Rates (5 Star)		Difference (before co-pay is applied)	Assigned Copay at FPL (100 %)	Assigned Copay at 185% FPL	Family Cost		
	Weekly Average	Weekly Average	Reimbursement Rates (5 Star)	Weekly Range				Weekly Average	Family Average pay	
Infant (0-2)	\$ 282.00	\$ 282.00	\$ 290.06	\$ 8.06	\$ (4.00)	\$ 52.00	\$ 114.00	\$44-\$106	\$ 75.00	
Toddler (2-3)	\$ 256.00	\$ 256.00	\$ 252.00	\$ (4.00)	\$ (19.13)	\$ 52.00	\$ 114.00	\$56-\$118	\$ 87.00	
Preschool (4-5)	\$ 244.00	\$ 244.00	\$ 224.88	\$ (19.13)	\$ 6.75	\$ 52.00	\$ 114.00	\$71-\$133	\$ 102.00	
School Age (6+)	\$ 212.00	\$ 212.00	\$ 218.75	\$ 6.75	\$	\$ 52.00	\$ 114.00	\$59-\$121	\$ 70.00	
Total								\$ 334.00	= \$83.5 avg	

Note: This table takes into account the additional 25% reimbursement for 5 Star rated programs; however, as noted by the County, programs are not required to credit this additional payment to families as they can use it for program quality improvement and to maintain their 5 star rating.

Aprox \$80 per week
 50%=\$40/wkfor 52 wks=\$2080
 20 families/30 children=\$40,000
 24 families/35 children=\$50,000

Cost to fully fund current city clients

Current average weekly assigned family share is \$130

Note: 54% of currently enrolled families have an assigned weekly family share: 46% do not have a family share (i.e. \$0 copay)

Option 3

Option 3: Fully fund all children currently receiving City Tuition Assistance

This proposal would remove any co-pay obligation based on the maximum rate covered under Tuition Assistance, this rate is based on an average of rates at City Accredited programs. Approximately 35 families are assigned a co-pay averaging \$130 per family per week. In addition some families pay more for care at centers charging more than our maximum rate. Under this proposal no additional children could be served but the financial impact of serving these children would be minimized.

This proposal would eliminate any lost revenue to our centers that is tied to the rate our office pays, but would not cover additional costs beyond the maximum rate Tuition Assistance allows.

The Child Care City Budget impact would be an additional \$236,600.

Current Average weekly family share (05/21/14)	Billing period is 4 wks	13 billing periods per year	Average cost per year per family	Number of families with assigned family share (05/21/14)	Average additional annual cost to fully fund families (35 families)
\$ 130.00	4	13	\$ 6,760.00	35	\$ 236,600

**Community Development Division
Child Care Section
2015 Budget**

Option 4 and Option 5

City Accredited centers reported staff turnover rate increasing from 14% in 2012 to 22% in 2013. Anecdotal information supports a continued rise in staff turnover in 2014. City Accredited centers need to stem turnover, attract the most qualified staff and retain staff in order to insure continued program excellence. In 2013, with the exception of Directors, all position minimum pay fell below the City Living Wage. In 2013 the City of Madison Living Wage was \$12.19 and in 2014 it is \$12.45.

In order to support this ongoing effort it is recommended that the Department seek an increase in its Annual Child Care budget to create a fund that will be used to enhance salary scales at City of Madison Accredited Centers. With the exception of some centers receiving considerable support from the University and Madison College or a range of outside grants, any salary increases must be created through tuition increases. Funding through City Grants can serve the dual purpose of directly enhancing salaries while allowing centers to use their modest tuition increases to support additional quality measures. Calculations were completed using a representative budget for a small City Accredited Center serving 44 children 2 to 5 years of age and 12 school age children. To raise salaries to the target levels a 12% budget increase was required which would result in a 7% tuition increase.

The requested funds would be made available to non-profit City Accredited Centers serving a minimum of 20% children receiving tuition assistance through the County or City. The amount of support would be tied directly to levels of enhancement required to raise reported 2014 salaries to the median levels of 2013.

Total Target Amount: \$350,000 based on analysis cited below which would raise ¼ of staff at each level falling below the median wage in 2013 to the median. With essentially ¾ of staff at each level then falling at or above the median wage..

Data from 2013 4C Rates and Wages Survey:

Title	Median Hr Rate (range)	Number Below Median	Option 4	Option 5
			Raise all to Median Rate	Raise ½ to Median Rate
Director	\$24.53/hour (\$16 - \$34)	13	\$205,233	\$102,617
Program Director	\$18.71/hour (\$10 - \$26)	10	\$175,136	\$87,568
Lead Teacher	\$16.68/hour (\$12 - \$27)	16	\$143,769	\$71,884
Teacher	\$15.54/hour (\$9 - \$27)	132	\$169,403	\$84,702
Total		171	\$693,541	\$346,771

Option 6

Estimated Cost of Raising a Basic Center to Higher Level of Quality

Assumptions About the Basic Center:

- Configuration of classrooms:
 - 1 classroom of 6 infants
 - 1 classroom of one to two year olds
 - 2 classrooms of two to three year olds
 - 1 classroom of three to four year olds
 - 1 4K classroom
- Total number of children served: 61 FTE
- Staffing:
 - 1 Administrator
 - 7 Teachers
 - 1 Float Teacher
- Salaries: All staff salaries are currently at the minimum level for City Accredited Centers as reported in 2013

Financial Implications of Changes to the Budget:

- Salary Increases:
 - Administrator at \$16.00/hour increasing to Median Wage of \$24.00/hour = **\$16,640** per year increase
 - 10 Teachers at \$11.00/hour increasing each to Median Wage of \$15.00/hour = **\$83,200** per year
- Basic cost of classroom enhancements of supplies and durable equipment at \$1000.00/room = **\$6,000.00**

Total Budget Implications: \$105,840