



Department of Planning & Community & Economic Development Community Development Division

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DATE: July 9, 2009
TO: Early Childhood Care and Education Committee
FROM: Jolene Ibeling
RE: 2010 Community Resources Funding

On June 24, 2009 the ECCEC made a request of staff to gather information from Division funded agencies relative to any new revenue or increases in revenue from federal, state, county or other funding sources in 2010. The idea was to consider this information as the ECCEC enters the upcoming budget deliberations. While the Division staff would normally respond to such a request without hesitation, upon further consideration of this request, staff has identified the following issues which make a response problematic.

Interrelatedness of Funding - Often federal or state grants are awarded to support and sustain an existing funding package. To withdraw one strand of braided funding may jeopardize or destabilize other sources of funding and/or may be perceived as supplanting existing funds. Therefore, in a budget reduction scenario, the act of withdrawing City funds from an agency which has successfully competed for other resources, could put that new funding stream in jeopardy.

Recovery Act and Supplanting - The purpose of American Recovery and Reinvestment Act funds is to, among other things (1) preserve and create jobs/promote economic recovery; (2) assist those most impacted by the recession; (3) stabilize state and local government budgets in order to minimize and avoid reductions in essential services; (4) expand services to additional children and families facing economic circumstances. The ARRA provides supplemental targeted funding for investments to improve the quality of child care to support the health and well-being of children. ARRA funds, however, must be used to supplement, not supplant existing funding. Similarly, grantees of the 21st Century Community Learning Centers must use program funds to supplement and not supplant other federal, state, and local funds. In essence, the new funding has not, by definition, negated the original need for the City funding.

City Commitment to 2-Year Contract Cycle - Additional federal funding has allowed a small handful of agencies funded by the City to expand services/programming and/or increase staffing. However, information relative to revenue sources is gathered in the initial proposal/application. The Community Resources Committee, including the Early Childhood Care and Education Committee, have advised the Mayor's office and sought approval of City Council to commit to a 2-year funding contract. Barring any performance issues or further instruction from the Mayor, any budget adjustments are not usually implemented during the mid-point of a two-year funding cycle. It is our belief that by undertaking this approach, we would be changing the "rules" part way through the contract and potentially penalize service providers that are successfully securing other forms of funding in this very difficult economy.

We appreciate the intention behind the ECCEC's request and your desire to ensure City funds are allocated and expended efficiently with the highest return on investment.

If cuts to the Division budget need to be made, further discussion may be necessary.