

Budget Advocacy

accountability \$ collaboration \$ revenue maximization

UPDATED: April 4, 2007

Project

Analysis of the Proposed FY 2008 Budget for the Early Childhood Development Program, DHS

Budget analysis

- The mayor's proposed budget for the Early Childhood Development Program in the Department of Human Services is \$100,845,668 million. The FY 2008 proposed funding is \$2.6 million less than the FY 2007 approved budget of \$103.4 million largely resulting from two big changes -- a reduction in the Child Care Services Activity and an increase in the Child Development Provider Services Activity. The Office of the City Administrator and the Department of Human Services report that there is an additional investment in early care and education beyond what is in the Early Childhood Development Program budget specifically \$2 million State Education Office budget for "adult education." Further, \$800,000 was moved from the operating budget to the capital budget, thereby reducing the budget but making it, and rightly so, a capital expenditure. This is for IT.
- There is a cut of \$6.2 million to the Child Care Services Activity (this funds the Child Care Subsidy Program).

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DC ACT's assessment: This cut is bad for kids and we are disappointed that the budget does not reflect Mayor Fenty's interest in and commitment to this issue.

The \$6.2 million cut in funding for the Child Care Services Activity is expected to reduce the percentage of children served by subsidies. The goal for Key Result Measure 1.1 (percentage of eligible children served by the subsidy program) is 70%. ECEA served about 69%, or 21,806, of the 31,500 eligible children in FY 2006. With less money for the Child Care Subsidy Program, it is not clear how the city can achieve the 70% goal. The city insists that services to children will not be cut.

It is also unclear how the Early Childhood Development Program can achieve Key Result Measure 1.2, Percent of licensed provider sites with national accreditation, when there is a funding cut. Higher quality providers get reimbursed at higher rates than do lesser quality providers. The budget cannot simultaneously pay providers more and maintain the current service level.

The city's leadership insists that the proposed budget does not cut funds for services, that the funds in the Child Development Provider Services Activity can be used to serve children. While this may be true, we have been told historically that the services, largely the subsidy program, are funded out of the Child Care Services Activity.

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- The Child Development Provider Services Activity gets \$4.3 million more in FY 2007 than in 2008.
- Other changes include an increase of \$122,000 for eligibility determination and a decrease of 143,000 in case management.



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Expected program/policy changes

- *Child development facilities regulations:* The new regulations will necessitate increased funding for supports and quality efforts such as professional development, background checks and higher education services (and the costs associated with substitute teachers). While providers have five years to fulfill the regulations, expected to be final by summer, some efforts must begin in FY 2008 and the proposed budget makes no reference to the regulations or the cost of implementing them.
- *Reauthorization of TANF:* The Income Maintenance Program has historically transferred \$29 million in TANF block grants to support child care services. As indicated above, \$11 million is the "TANF direct payment." The remaining \$18 million is transferred to the Child Care and Development Fund (CCDF), the federal block grant financing a variety of early learning. The TANF funds directed to child care could be in jeopardy if the city's welfare program were penalized for failing to achieve the required work goals delineated in the reauthorization, part of the Deficit Reduction Act. Given the link between child care and the ability of parents to work, unfettered access to child care for those on TANF is a necessity. All this means that at the same time that early care and education policy staff and providers pay attention to early learning, we must also stay on top of TANF issues.

Outstanding issues

- *Poor transparency in the budget:* One of the most vexing issues about the child care budget is the lack of consistent and credible budget numbers. The budget proposed by this mayor and mayors before him has differed significantly from budget information prepared by the DHS budget office and/or the human services cluster chief financial officer. This makes understanding the budget and advocating on the budget extraordinarily difficult and fraught with minefields on the order of, "Which budget presentation do we believe?", "Why are there various versions of a prior year budget?", etc. The challenge of understanding the budget is profound and affects the government and public alike. For once and for all, the city must get a grip on its budget and ensure that agencies are not reporting different information than is the executive.

Early Childhood Development Program (DHS) Budgets, FYs 2006 - 2008

Activity	Actual FY 2006	Proposed FY 2007	Approved FY 2007	Proposed FY 2008	Change 2007 Approved - 2008 Proposed
Eligibility Determination Services OECD (4010)	1,004	0	0	0	0
Child Care Services (4020)	74,235	76,492	82,951	76,742	-6,209
Child Development Provider Services (4030)	21,532	15,807	15,775	20,040	4,265
Early Intervention Services (4040)	1,936	3,160	3,160	2,504	-656
Case Management Services (4050)	153	178	178	35	-143
Quality Assurance (4060)	92	303	303	357	53
OECD: Eligibility Determination (4070)	0	1,047	1,047	1,169	122
Total (4000)	98,953	96,987	103,414	100,846	-2,568

Sources: DC Action for Children, 2006; Mayor Adrian Fenty, 2007.

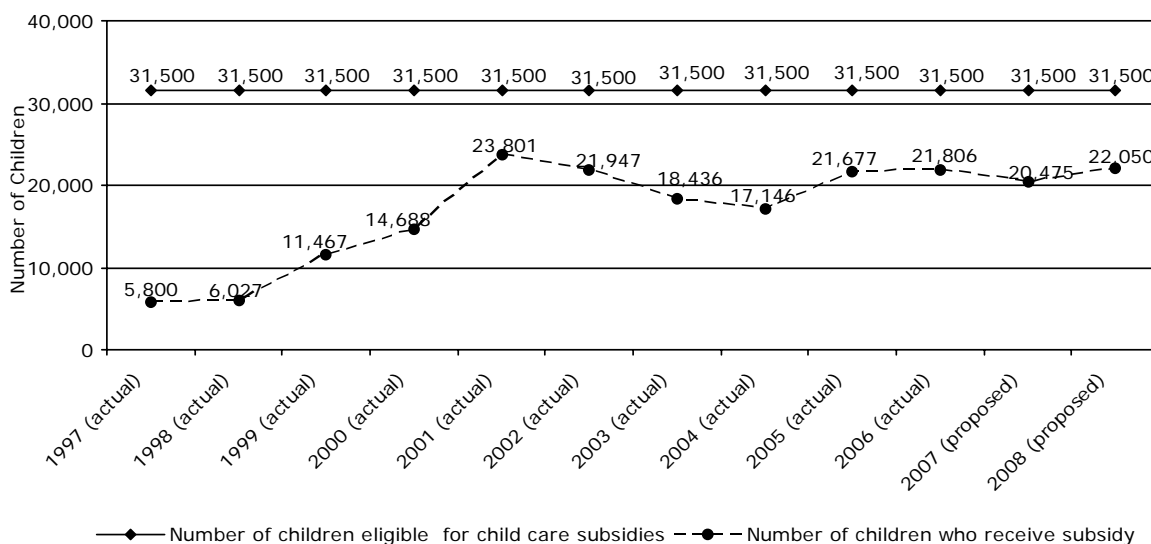
- *Developing sound public policies for early care and education:* The Office of the Deputy Mayor for Education has focused some attention on developing a comprehensive system of high quality early care and education services and it is expected that this will continue. However, the Early Care and Education Administration has little to no public policy capacity and this is holding back progress. To move the agenda proscribed in the *Road Map to Universal School Readiness* and other reports and plans, the city -- via the Deputy Mayor for Education and ECEA -- must rapidly develop capacity.
- *Funding a stable system:* The city has at its disposal two funding sources it has done little to maximize. The first is the business community; other states and jurisdictions have a solid track record of partnering with business so that big and small companies fund quality and educational functions of the systems, such as providing scholarships to providers so they can improve their skills. The second is the use of economic development models, such as developer exaction fees and the like to fund early learning. The city's budget for early care and education as it stands now simply cannot fund a high quality system with universal access for low-income children, let alone a complete universal access system. Additional resources and strategies must be brought to bear to make the vision a reality.

Is the government honoring . . .

- *Promise #4 Government Accountability* -- The government will spend public money well and in the best interest of children and youth (go to <http://www.dckids.org/getinvolved/promise4.php>)
- *Promise #5 School Readiness* -- Children will enter school ready to learn (go to <http://www.dckids.org/getinvolved/promise5.php>)
- The commitments made in *100 Days and Beyond*, including ensuring that no parent will be unable to keep a job due to the unavailability of affordable child care and develop a strategy to create a system of the current programs Head Start, pre-k programs in and out of schools and early care and education programs. (go to http://www.dc.gov/mayor/100dayPlan/index.asp?portal_link=cc)

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Child Care Subsidy Program Participation, FYs 1997 - 2008



Sources: DC Action for Children; Office of Early Childhood Development, 2005; Early Care and Education Administration, 2006; Mayor Adrian Fenty, 2007.

Advocacy on the issue

- The **Department of Human Services** budget hearing will be held on **April 23 at 3:00 pm** in the Council Chamber, 5th floor, 1350 Pennsylvania Ave NW. *To register to testify at the hearing, call the Committee on Human Services, 724-8191 or e-mail amaier@dccouncil.us.*
- Parents and providers who want to join an on-going effort related to early care and education funding should consider joining the Child Care for All Campaign, a project of Empower DC. For information on what the Campaign is doing (to succeed in their goal of achieving full funding for the Child Care Subsidy Program), contact Parisa at Empower DC -- 234-9119, parisa@empowerdc.org.

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Contact for the issue

- Susie Cambria, MSW, Deputy Director/Public Policy: 234-9404, scambria@dckids.org

Clearing up some of the confusion

Aside from the typical confusion we experience when reading the budget, the FY 2008 proposed budget for the Department of Human Services is especially vexing.

- The following appears on page E-4: "Program reductions: A net decrease of \$8,912,096 in the remaining agency programs prior to the Mayoral Policy Initiatives. Among the net changes, \$ 10 million was transferred from the Early Care and Education program to the Income Maintenance Administration program to ensure the programs comply with Maintenance of Effort (MOE) requirements and TANF regulations mandated by the Deficit Reduction Act (DRA)."

DC ACT explanation: Child care advocates should not be concerned with the \$10 million transfer from ECEA to IMA. What is described has no net effect -- services will not be impacted. IMA gives \$10 million in Federal funds and ECEA gives \$10 million in Local funds to IMA. This ensures that IMA has maximum flexibility in using the budget to support families. The administrative financing strategy behind the swap is intended to mitigate potential federal penalties which might limit funds available for TANF and/or child care services. Again, this isn't game playing, we're protecting what we can provide to our customers in the face of onerous new federal requirements.

- The following appears on page E-5: "A net increase of \$11,447,009 in Early Childhood Education Administration due to an increase of TANF funds to comply with the new TANF regulations mandated by the Deficit Reduction Act, and an increase in Food Stamp funds for Employment and Training."

DC ACT explanation: First, \$11 million is transferred from IMA to ECEA each year and is referred to as the "TANF Direct" payment. The funds originate from the federal TANF block grant. Child care, as one of the "allowable" spending categories, has benefitted from this allocation since TANF was implemented in the District in the late 1990s. The balance of the funds, \$447,009, is a transfer from IMA to ECEA. This money is from the Food Stamp program and ECEA matches the Federal funds with the same amount in Local funds. The funding pays the child care expenses of parents who participate in the Food Stamp Employment and Training Program. While the budget language suggests that this funding is new, in fact it is not. ECEA has been receiving FSET funds for a few years. This is the first year that the budget book discusses the payment; this has resulted in confusion and panic.
