

May 27, 2010

## WHAT'S IN THE FY 2011 BUDGET FOR EARLY CARE AND EDUCATION?

Early education and child care services are provided in the District through three main sources. The Early Care and Education Administration supports services for children from birth through 12 years of age, and to age 19 for those with disabilities, including child care subsidies for low- and moderate-income families.<sup>1</sup> ECEA also supports out-of-school time programs. In addition to ECEA, the District began implementing the Pre-K for All initiative in 2009, an effort to create access to pre-K education for all young children in the District. It is funded through DC's Office of the State Superintendent of Education (OSSE). Finally, the District of Columbia Public Schools and Public Charter schools offer pre-school and pre-K programs in many of their schools.

Early education and care programs are important both because they enable parents with young children to go to work and because they support the cognitive and social development of young children.

Mayor proposed an \$86 million budget for the Early Care and Education Administration (ECEA) in FY 2011, including both local and federal sources. This represented a decrease of \$6 million or 7 percent, from the FY 2010 budget when adjusted for inflation. (Unless noted, all figures in this analysis are adjusted for inflation to equal 2011 dollars.) The Mayor's budget submission for FY 2011 also included a \$4 million cut from the approved child care budget for FY 2010. The proposed FY 2011 budget represented a decline even when compared with the modified FY 2010 budget.

### SUMMARY

#### MAYOR'S PROPOSED BUDGET

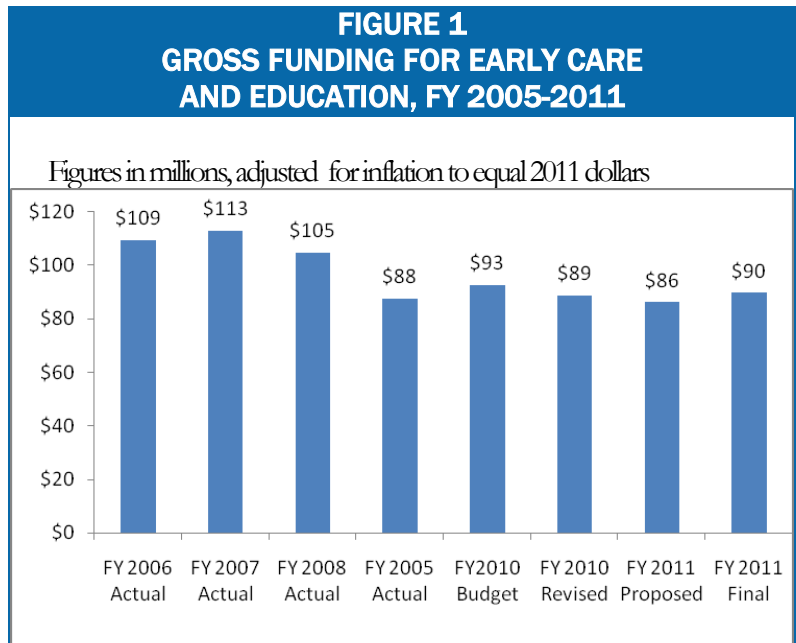
- The proposed FY 2011 budget for the Early Care and Education, including local and federal funds, is \$86 million, a 7 percent reduction from the approved FY 2010 budget, after adjusting for inflation.
- The proposal also included a \$4 million cut to the approved FY 2010 budget. The 2011 proposal represents a decline even when compared with the modified 2010 budget.
- The number of children served by child care programs in 2009 – 21,100 – is 1,300 lower than in FY 2007. The number of children expected to be served in FY 2010 or FY 2011 is not yet available.
- Proposed FY 2011 funding for the Pre-K for All initiative is \$7.2 million. This is roughly the same as the FY2010 funding level. It will not support a program expansion that had been planned when the program was created.
- The proposed DCPS budget for early childhood education – \$55 million – is \$13 million higher than in FY2010.

#### COUNCIL CHANGES & FINAL BUDGET

- The DC Council restored \$3.5 million to early care and education, bringing funding to \$90 million. The final budget for child care is \$3 million and 3 percent lower than budget approved for FY 2010.

<sup>1</sup> Until FY 2009, this program was called the Early Childhood Development program and was housed in the Department of Human Services (DHS). In fiscal year 2009, administration for this program, as well as funding, was transferred to the Office of the State Superintendent (OSSE).

The DC Council’s Committee of the Whole, which oversees both DC Public Schools and OSSE, restored \$3.5 million of the proposed FY 2011 child care reduction. (It did not restore any of the FY 2010 mid-year reduction.) The full Council accepted this change in the final budget vote on May 26. With this action, funding for child care in FY 2011 will be \$89.7 million. This is about \$3 million and 3 percent lower than the approved FY 2010 approved budget – and it is roughly equal to the revised FY 2010 budget after mid-year budget cuts are considered.



The FY 2011 budget for Pre-K for All is \$7.2 million. While this is \$1.2 million below the 2010 approved budget of level of \$8.4 million, the decline largely reflects a transfer of responsibility for administering training services for early childhood education workers to another agency. (It is not clear from the budget what agency will handle this function in 2011.) When this is taken into account, Pre-K for All funding in FY 2011 will be about the same as the FY 2010 level.

The Mayor’s proposed FY 2011 budget for DC Public Schools included an increase in funding for early childhood education – which covers pre-school programs, pre-K programs, and Head Start. This proposal was included by the DC Council when it approved the final budget. Funding will increase from \$42 million in FY 2010 to \$55 million in FY 2011, mostly due to an increase in local funding. The total number of children in these classes will increase by 900. The number of children in pre-school or pre-K classes in public charter schools is expected to grow by 300.<sup>2</sup>

### **Analysis of the FY 2011 Early Care Budget**

The approved FY 2011 budget for services provided by the Early Care and Education Administration is \$90 million. This includes \$41 million in local funds and \$48 million in federal funds, including the federal child care block grant and federal TANF funds.<sup>3</sup>

This represents a decrease of \$3 million or 3percent, from the approved FY 2010 budget when adjusted for inflation. The FY 2011 budget also indicates that roughly \$4 million was cut mid-year in FY 2010 from the approved budget. The approved FY 2011 budget is about the same as the revised FY 2010 budget after the mid-year cuts are considered.

<sup>2</sup> These figures are based on a comparison of enrollment projections in the FY 2010 budget and in the FY 2011 budget. The text of the FY 2011 budget for DCPS refers to an increase of 184 pre-K classrooms.

<sup>3</sup> These figures include proposed funding for the “early childhood education” program, other than Pre-K expansion, in the budget of the Office of the State Superintendent of Education.

Local funding for early care and education in FY 2011 will be modestly higher than the \$38 million included in the approved FY 2010 budget, while federal funding will be \$5 million lower than in FY 2010.

Looking over a longer period, funding for child care in the District has been falling since FY 2007. The decline totals \$23 million, or 21 percent, after adjusting for inflation.

The full impact of these reductions is not clear. According information provided by the Office of the State Superintendent of Education, the number of children served in the city's child care programs — which include a child care voucher program, the DC Public School After School for All program, and other smaller programs — fell from 22,400 in 2007 to 20,000 in 2009. The FY 2011 budget and OSSE performance documents do not provide similar information for 2010 or 2011.

Moreover, the FY 2011 budget document states that the funding reduction reflects “current year spending trends and detailed historic utilization data” and that the reduction will be made “without reducing childcare slots.”<sup>4</sup> This seems to suggest that the reduction funding reflects a reduction in demand for child care has fallen.

Yet child care advocates and analysts have highlighted significant unmet demand for certain kinds of child care, including infant care, children with special needs, and care during non-traditional work hours. For example, nearly 10,000 children under age 3 across the city were on a waiting list with a child care provider. (This includes both families with child care subsidies and families seeking market-rate child care.) In addition, reimbursement rates for child care providers have not been adjusted since 2004 and lag far behind market rates. A report last year on the market rates for child care in DC noted that low reimbursement rates create a risk that “more [child care] providers, particularly those with higher quality programs, may opt out of the system.”<sup>5</sup>

## **Budget Detail and Performance Measures for Early Care and Education**

In recent years, child care has been listed in the DC budget as just two activities — Early Care/Education, and Childcare Program Development. This limited detail on spending made it hard to understand how child care funds were being used. The proposed budget for FY 2011 breaks this portion of the budget into five line items, providing some additional detail. Those line items are: early care and education, Assistant Superintendent's office; child care subsidy program; out of school time program; early childhood support services; and professional development assistance.

The budget for each government agency includes a number of performance measures tied to specific agency objectives. In addition, each agency develops a performance plan each year, and it completes a “performance accountability report” at the end of the year. The performance measures are intended to provide an indication of how well the agencies are using funds to meet their goals.

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<sup>4</sup> See [OSSE's budget chapter](#), page D-47.

<sup>5</sup> University of the District of Columbia Center for Applied Research and Urban Policy, [2008 District of Columbia Child Care Market Rates and Capacity Utilization](#), 2009.

Unfortunately, the quality of performance measures in the District's uneven. In many cases, performance measures are unclear or cover aspects of an agency's functions that do not seem tied to the agency's core functions.<sup>6</sup>

A review of the early care and education performance measures listed in the FY 2011 budget reveals the following.

- **Percentage of Pre-K programs meeting high-quality requirements.** The goal for 2011 is 40 percent. The budget does not explain in detail why the share of pre-K programs meeting high quality standards is relatively low.
- **Percentage of Pre-K teachers who meet revised early childhood teacher qualifications.** The goal for 2011 is 60 percent
- **Percentage of Licensed child care centers improving at least one rating level.** The goal is for 5 percent of centers to improve their quality rating. It is not clear how the budget will support this goal or why this seemingly modest goal is reasonable. Moreover, the budget provides no information on the current ratings of the centers.
- **Percentage of Licensed child care providers participating in Quality Rating System.** The goal is a 5 percent increase.
- **Percentage of grant funds paid to providers in a timely way.** The goal is 85 percent. There is no historical data that this goal can be measured against.

The Office of the State Superintendent for Education's performance accountability report for FY 2009 and performance plan for FY 2010 focus largely on efforts to improve the curriculum used by early care providers, to increase the skills of early care workers, and to improve monitoring of the quality of these providers. The OSSE reports are available at [www.track.dc.gov](http://www.track.dc.gov).

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<sup>6</sup> The issues related to DC's performance measurement are discussed further in a DCFPI 2009 report, [Ten Ways to Improve the Transparency of the DC Budget](#).