

THE CITY AND BOROUGH OF JUNEAU, ALASKA

**Assembly Childcare Committee Meeting,
Assembly Chambers
Minutes February 15, 2019**

I. Call to Order

Chairman Loren Jones called the meeting to order at 12:14 pm

Members present: Loren Jones, Michelle Hale, Rob Edwardson, Bridget Weiss, Erik Eriksen, Blue Shibler

Other Assembly and School Board members present: School Board President Brian Holst

Staff present: Library Director Robert Barr

II. Approval of Agenda

No changes, agenda approved.

III. Approval of Minutes

Ms. Hale moved to approve the minutes and asked for unanimous consent. Hearing no objection, the minutes of the February 8, 2019 meeting were approved as presented.

IV. Agenda Topics

a. Best Starts Proposal

The Best Starts Proposal was given by Kevin Ritchie, Brian Holst, and Joy Lyon.

Mr. Ritchie began by showing a video from Child Care Aware of America that focused on the economics of running a childcare center. (<https://www.youtube.com/watch?v=krejcn2ivYU> retrieved 3/1/19).

Mr. Ritchie summarized the content of the video and spoke of the recruitment and retention challenges that childcare centers experience due to low wages. Mr. Ritchie spoke about how Best Starts works within the systems that already exist within Juneau rather than creating new systems that would be more expensive. Mr. Ritchie spoke about the Best Starts proposal enabling employers to start to pay a beginning living wage, \$15-17/hr, possibly with few benefits, but enough to result in higher job stability.

Mr. Edwardson asked about the group's definition of a living wage versus a hardship wage or professional wage. Mr. Edwardson said based on a report he had seen \$15/hr would be more in line with a hardship wage than a living wage.

Mr. Ritchie said that the Best Starts program does not get people to a middle class or teacher's wage, but that it is considerably better than where things are at right now.

Mr. Ritchie said that the Best Starts model is a modest attempt at moving the needle on childcare in Juneau and shared a chart containing information about how the Best Starts model provides supplemental financial assistance to centers based on their Quality Level in the State Learn & Grow framework.

Ms. Hale asked if the dollar amounts contained in the chart were on top of the dollars already provided from the State.

Mr. Ritchie answered in the affirmative.

Ms. Shibley said that Level 2 in the Learn & Grow framework is quality childcare and highlighted the differences between the various levels within the framework. Ms. Shibley noted one of the major differences between Level 2 and Levels 3/4/5 is the implementation of an evidenced based curriculum.

Mr. Ritchie agreed and said that one of the reasons for advancing within the framework is to address the turnover issue so that it is possible to keep staff members long enough so that they can be trained on things like implementing an evidenced based curriculum.

Ms. Hale asked if this model would also work for in-home licensed care providers.

Ms. Lyon said yes, it is a voluntary program and all care providers can participate.

Ms. Hale asked if the model requires licensure.

Ms. Lyon said yes, it does require licensure or that the program be part of Head Start or part of the School District.

Mr. Holst discussed the history of the Best Starts model, emphasizing the goals of expanding capacity and improving quality within the childcare systems that already exist within Juneau.

Mr. Holst said that Best Starts mechanism projects increased childcare slots from 412 to 818 over 5 years.

Mr. Holst said that increased capacity and increased quality are linked and that the market viability of the centers improves as their quality level improves.

Mr. Holst spoke about kindergarten readiness and the challenges that low kindergarten readiness the school district faces. Mr. Holst one of the goals behind improving quality is to increase kindergarten readiness as they relate to 13 dimensions of readiness (https://education.alaska.gov/tls/assessments/results/2018/2017-2018_suppressed_district-level_ADp_results.pdf retrieved 3/1/19).

Mr. Edwardson asked, of the number of children that are not ready in Juneau schools, how many of them come to Juneau at kindergarten age?

Mr. Holst said he isn't sure if that number is particularly large but that he would investigate.

Mr. Holst spoke of quality in childcare and used a car analogy, noting that from a quality perspective the goal is to act like a smart car as opposed to a basic car or luxury car. Mr. Holst said the Best Starts proposal is enough to improve Kindergarten readiness into the 60% range, but not 90%.

Mr. Eriksen said it sounds like there is funding provided based on the quality level of services in existing facilities and that it seems there is funding support that may incentivize centers to push the needle upwards. Mr. Eriksen referred to the video that spoke about 7% being an appropriate amount of family income to spend on childcare, and that Juneau was much higher than that, perhaps 21%. Mr. Eriksen said it seems like Juneau's need is more dramatic than the national need and questioned why we wouldn't want to focus our funds on capacity first.

Mr. Ritchie said it is largely about economics and the first thing to do is stabilize the workforce. Mr. Ritchie said we would simultaneously ask the workforce to do things to positively impact quality, like implement a standard curriculum.

Mr. Eriksen said he's seeing different levels of funding in the Best Starts proposal and asked if the Level 1 facilities would not get funding.

Ms. Lyon said it ties to accountability and that capacity and quality are connected. Ms. Lyon said incentivizing quality results in stability due to parental desire to patronize the business as well as the increased funding levels resulting in better wages and lower turnover.

Ms. Weiss spoke about earlier panel presentations from care providers and said that quality and capacity work in tandem.

Mr. Eriksen said he agrees and sees how these two things work in tandem and questions whether or not it is right to address moving upward in quality before solving the capacity issue.

Mr. Holst spoke about the Learn & Grow levels and level 1/2 being very basic. Mr. Holst said there is nothing that would require providers to go from 1 to 2 or 3, but that it was desirable to incentivize providers to move up in quality. Mr. Holst said the money flows to the operator, not the family and that from a funding perspective, there are only two levels – Level 2, and Level 3. Mr. Holst said that the goal of the program is to get just enough funding in the system to get things going in the right direction.

Ms. Hale said the funding model seems to encourage more people to enter the system as quality increases. Ms. Hale said we have heard from people who were in the system and left or who have decided not to enter the system due to quality concerns.

Mr. Ritchie said the model aims to incentivize the private and non-profit sectors to enter the market and that the \$100 month / Level 2 amount is enough to enter the market, but likely insufficient long term. Mr. Ritchie said the next level up hopefully is sufficient to address the long term workforce stabilization issues.

Mr. Eriksen asked, given the projected increases in capacity that were part of the proposal, if the Best Starts model envisions the expansion of existing facilities or whether new facilities would open.

Mr. Ritchie and Ms. Lyon said yes, both.

Mr. Ritchie said a sweet spot for childcare centers from a financial perspective is 75-80 children. Mr. Ritchie said in Juneau what he has seen is the opposite – centers reducing their capacity – due to the challenges associated with keeping employees.

Mr. Eriksen said in some of the panels / presentations the committee has heard, some of the barriers cited were facility / startup cost related and asked how this model helps address those issues.

Ms. Lyon gave examples of average rent costs and shared that the funds provided through this model can be utilized for facility costs if necessary. Ms. Lyon also noted the thread start-up cost grant that currently exists @ \$2000. Ms. Lyon spoke about the similarities between the Learn & Grow framework and other State childcare quality frameworks. Ms. Lyon said the city funding that would come via the Best Starts proposal is the keystone between what the parents can afford and what the providers can afford in the current environment.

Mr. Ritchie referred to a regulatory issue that the committee heard before. Mr. Ritchie said the proposal is attempting to help solve problems without proscribing solutions so that they do not restrict creative or innovation solutions. Mr. Ritchie gave an example of one such model run by Catholic Community Services in the basement of a church that had to shut down due to being unable to keep staff. Mr. Ritchie said they would be able to re-open with the Best Starts model in place.

Mr. Eriksen shared his appreciation and respect for the group's work. Mr. Eriksen asked, if we're funding a program for 5 years, and the goal is to double capacity, how we are going to evaluate, measure, and drive capacity.

Mr. Ritchie spoke about there needing to be a governance group that provides ongoing evaluation of the model. Mr. Ritchie said capacity has always been the primary focus of the group and that if capacity goals are not being hit changes would be needed. Mr. Ritchie says he believes the program will hit the capacity goals, but if it does not, then something is wrong and will need to be fixed.

Ms. Shibley said that historically there have been 1-2 centers/programs in town that despite the capacity crisis, have remained under-enrolled due to parents not choosing them due to quality concerns.

Mr. Eriksen said he would agree, and added that the committee has also heard examples of providers setting their rates lower for the people who would not be able to afford full-cost rates. Mr. Eriksen said this is admirable, but that there are families out there who could afford to pay full-cost rates if they could find a space available.

Ms. Lyon said that with the Best Starts model in place, there wouldn't be an excuse for a provider not to be at Level 2 in the Learn & Grow framework and she summarized what Level 2 requires of providers.

Ms. Lyon said that Best Starts provides equal access for low income families and spoke about the gap between what low income parents can pay and what the State Childcare Assistance

(SCCA) provides. Ms. Lyon said Best Starts bridges that gap and will enable more parents to enter the workforce. Ms. Lyon said that on average, Juneau has had fewer children enrolled in SCCA than you would expect and that that is partly due to families who would qualify not enrolling due to the gap and costs they cannot pay.

Ms. Hale asked, given the current flux in the State budget, if the SCCA or other childcare assistance funds might be at risk.

Ms. Lyon said that she has not yet heard of any cuts yet as most of the funds come from Federal sources rather than State. Ms. Lyon said most other States invest more money in childcare than our State does, so when there are State cuts, the impact is low.

Ms. Weiss said in the current budget, early childhood dollars have been zeroed out, which could increase the capacity demand if the programs associated with those dollars within the school district end.

Mr. Edwardson said that the State match may also impact the Tlingit & Haida programs, which might also increase the capacity demand.

Ms. Lyon said that Head Start has been zeroed out in the current budget proposal.

Ms. Lyon said the administrative pieces of Best Starts are already in place, including training, the fund disbursement system, and outcome measures. Ms. Lyon said there is not much necessary from an administrative time point of view to implement the Best Starts model. Ms. Lyon said the fiscal agent would be the JSD finance department.

Mr. Ritchie said it's a rare opportunity to have a program that doesn't come with a building, executive director, and a lot of staff. Mr. Ritchie said Best Starts is an idea that can choose to be adopted, and if it doesn't work, it's easy to change. Mr. Ritchie outlined the expectations the Best Starts group has, including capacity targets and potential savings to the school district via a reduction in special education expenses by having more children ready for kindergarten. Mr. Ritchie said from a more long term perspective, another outcome should be better academic results later in school in both state measured academic skills and in high school graduation rates.

Ms. Lyon said one other benefit of having the city implement this program would mean the city would have a voice in the advocacy process at the State and could play a role in the regulatory and administrative processes. She also discussed how Best Starts would help a variety of programs increase their internal scholarship programs, keep rates as low as possible, and introduce some competition.

Ms. Hale asked if the task force envisioned for oversight of Best Starts would be a CBJ Assembly task force.

Mr. Ritchie said yes, it would be an Assembly appointed group.

Ms. Hale said perhaps that would include mixed representation like the current Childcare Committee has, including a community seat.

Mr. Ritchie said yes, one seat he had in mind would be a Tlingit & Haida Central Council seat.

Mr. Holst spoke about the economic impact that the Best Starts model would have on Juneau more broadly, including on jobs, lower business absenteeism, lower special education costs, and generally increasing the attractiveness of Juneau as a place to live. Mr. Holst cited a study from the Federal Reserve Bank of Minneapolis demonstrating a high return on investment in early childhood development (<https://www.minneapolisfed.org/publications/fedgazette/early-childhood-development-economic-development-with-a-high-public-return> retrieved 3/1/19).

Mr. Holst spoke about Best Starts only focuses on capacity, kindergarten readiness, and tracking low-income children and their families and not on the specifics of operating the childcare businesses, leaving those up to the operators.

Mr. Edwardson said, considering the State budget, what is the potential loss of jobs going to do the number of kids in the school district and to the childcare capacity issue?

Mr. Ritchie spoke about the speculative nature of the Governor's budget. Mr. Ritchie spoke about the reality of quality childcare for children 0-5 being critical regardless of the budget outcome.

Ms. Lyon said that it is clear we can't wait for the State to solve this problem and that a local investment and solution is needed.

Mr. Edwardson said that if we can make predictions here, that would be useful, as it would impact how much this program will cost going forward. Mr. Edwardson said the planning that we do needs to address what is going on right now.

Mr. Ritchie agreed and said that cities have always led the way in the US in terms of innovation and expressed appreciation for the committees' work.

Mr. Eriksen expressed appreciation for the group's efforts and asked the group to speak to how they came to this particular model as opposed to any other model. Mr. Eriksen also asked how the group is making the link between the amount of funding and the outcomes listed as goals.

Mr. Holst spoke about the history of childcare work in Juneau, including other programs such as the hearts initiative. Mr. Holst also spoke about the Best Starts model and how the group analyzed existing private sector involvement and then gave thought to what the model may need to be to incentivize increased involvement. Mr. Holst said the model trusts those businesses to manage the details of running their business well and that it adds the missing piece – the resource. Mr. Holst said they looked at every childcare operator in Juneau to understand the status quo and then applied the model at varying levels to try and understand what results increased resources would have. Mr. Holst said the model can be adjusted after some actual numbers are available and that it likely will change.

Mr. Ritchie said the model shows the \$250-\$300 amount will make it just barely reasonable to operate the business. Mr. Ritchie spoke about the vast majority of the dollars here going directly to the family/services. Mr. Ritchie said there are very few administrative costs and that 90-95% of the funding goes to the programs.

Ms. Lyon spoke about research they did with Bright Horizons, which helped to verify the numbers.

Ms. Weiss said one strength of local control, is that we have opportunity to do the progress monitoring and be more nimble as we go. Ms. Weiss said the committee had a good conversation around the quality/capacity need and how those intersect and are both important. Ms. Weiss said that if we did some monitoring a year in that indicated we needed to shift to address either quality or capacity, that we could do so. Ms. Weiss asked if that was what the group had in mind.

Mr. Ritchie said yes, the model gives you the ability to see the current outcomes and make adjustments.

Ms. Weiss said the group had done analysis based on the best numbers they have right now, and that after implementation happens, they will be able to re-frame the model based on actual numbers. Ms. Weiss said the group could then decide if they were comfortable with those outcomes, or make adjustments to the outcomes where they want them to be.

Ms. Shibler said the State is saying they will be directing extra federal funding into the Learn & Grow program. Ms. Shibler asked if the State increased its funding to providers participating in Learn & Grow, would those dollars not come to Juneau if the need wasn't there due to implementation of Best Starts?

Ms. Lyon said it would be in addition.

Ms. Shibler said it was her hope that any additional funding would enable providers to pay a truly livable wage. Ms. Shibler asked if there was anything in the Learn & Grow mechanism that would prevent those dollars coming to us.

Ms. Lyon said no, and cited a variety of larger employers outside of government supporting childcare in other areas of the State who would also benefit from increased Learn & Grow funding.

Ms. Hale said she has been reading some articles that make the point that the U.S. lags other industrialized nations in this area, and that it's worth noting that if the nation catches up, it may reduce the local need.

b. Committee Q&A

c. Next meetings – March 1, March 15, March 22

Mr. Jones said the next meeting is on March 1 and will get something out this weekend on the topic of that meeting.

V. Adjournment

There being no further business, the meeting was adjourned at 1:36p.m.

