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TO: Deputy Mayor Gladyszewski and Assembly Committee of the Whole  
DATE: October 29, 2021  
FROM: Robert Barr, Deputy City Manager  
RE: Childcare Funding

As part of its FY22 budget, the Assembly appropriated \$625,000 for Childcare Grants. In early August we finalized a MOA<sup>1</sup> with the Association for the Education of Young Children (AEYC) to administer two programs using these funds:

- 1) To provide workforce development trainings in conjunction with other community partners, and
- 2) To provide per-child stipends to childcare providers who meet certain operator eligibility requirements

The bulk of the funding (\$552,500) is directed towards the per-child stipend program. The per-child stipend program is one of the long-term outcomes of the Assembly's Child Care Committee<sup>2</sup>, which concluded its work in April of 2019. The primary objective of the per-child stipend is to increase the availability of childcare in Juneau with infant and toddler care being particularly targeted due to the Committee's assessment that demand for infant/toddler care (and to a lesser extent preschool) was significantly higher than supply. The per-child stipend program offers eligible<sup>3</sup> childcare providers \$200/month per full-time infant/toddler, \$50/month per full-time preschooler, and an additional \$50/month per full-time child eligible for low-income assistance.

The general ideal is that the typical revenue from childcare programs does not enable providers to pay competitive salaries. By providing this stipend, the Assembly augments the ability of providers to compete for labor.

In the first quarter of FY22, AEYC expended 52% of the quarterly budget allocated to this program. AEYC requests, on behalf of childcare providers, a one-time modification to the MOA to permit the allocation of the remainder of these funds to providers based on their licensed capacity. The traditional childcare sector labor shortages have been compounded by the COVID-19 pandemic. Childcare programs are operating significantly under their licensed capacity, detrimentally impacting their economic sustainability. This additional funding would at a minimum support the retention of existing employees and ideally enable providers to attract additional staff and expand up to their licensed capacity.

A substantial amount of funding will potentially become available to childcare programs in the coming months; however, at this point, it is all uncertain. The federal Build Back Better framework (under negotiation) includes an affordable childcare provision which would limit costs to families to no more than

<sup>1</sup> A separate MOA covers the HEARTS awards

<sup>2</sup> The agendas, minutes, documents, and final report of the Assembly Childcare Committee are available at: <https://juneau.org/assembly/assembly-childcare-committee>

<sup>3</sup> To be eligible, a provider must: offer full-time care, be licensed by the State of Alaska, and be eligible to receive State of Alaska or Tribal Child Care assistance payments. Providers that receive 20% or more of their operating funds from federal, state, or city funding other than assistance payments are not eligible.

7% of their income for families earning up to 250% of the state median income as well as a universal preschool program. The State of Alaska also holds approximately \$91M from the Federal CRRSA and ARPA legislation that has not yet been distributed.

**Recommendation:**

Discuss whether the Committee supports a modification to the per-child stipend program to release additional funds to providers for FY22 based on the amount of available funding and the licensed capacity of eligible providers.

It is likely this issue will need to come back to the Assembly in some form before the end of the fiscal year due to the uncertain nature of federal/state childcare funding and the future impacts of COVID-19 on our childcare sector.