

**BOARD OF SUPERVISORS
BUSINESS MEETING
ACTION ITEM**

SUBJECT: **Proposed Revisions to the K-6 Distance Learning
Child Care Program**

ELECTION DISTRICTS: Countywide

CRITICAL ACTION DATE: At the pleasure of the Board

STAFF CONTACTS: Tim Hemstreet, County Administrator
Erin McLellan, County Administration
Steve Torpy, Parks, Recreation & Community Services

PURPOSE: Staff will provide the Board of Supervisors (Board) with an update on the Distance Learning Childcare Program to include current enrollment and site use details. Staff will also provide analysis of the structure and fees associated with the program and propose an alternate fee schedule that may increase participation in and access to the program.

BACKGROUND: Due to recent Loudoun County Public School (LCPS) implementation of 100 percent distance learning for the start of the 2020-2021 academic year, many students need a supervised, safe place to go during the day. The Board directed staff to establish a program with approximately 1,000 childcare seats available for children in Kindergarten through Sixth Grade. The Distance Learning (DL) Child Care Program prioritizes seats for children of Loudoun County Public Schools and Loudoun County Government staff as well as children who qualify for the free and reduced lunch program, but is open to all residents.

Loudoun County Government, in collaboration with LCPS, developed this K-6 DL Child Care Program to support employees and families in the community during a time when children would otherwise be in schools. The county identified a need for a child care program of this type through surveys of both staff of the County and LCPS as well as a survey of households with children currently registered in LCPS.

The county first considered use of school facilities for the program; however, LCPS buildings as a whole are not completely available for operating the child care program. LCPS intends to use many of its facilities during distance learning and the school system is working toward implementing a hybrid learning model as soon as possible, which will require use of the majority of the school space. Despite the planned uses for school facilities in the coming weeks and months,

LCPS was able to identify space for approximately 440 students in 11 elementary schools that the county could use to operate the child care program.

Staff evaluated all County facilities to identify sites that meet program and operational requirements. To accommodate a number of safety precautions, such as physical distancing, locations to separate children who may become ill during the school day, facility designs that enable staff to take participants' temperatures as they arrive at the child care sites and other COVID-19 prevention measures, the program required a significant amount of space—much more space than would be required to operate the same size program during pre-pandemic conditions.

In addition to the 11 elementary schools offered by LCPS, the County also identified five community centers, two recreation centers and two library branches that meet the requirements of the program. The PRCS community centers and recreation centers as well as the two library branches are currently not in use for the program but would accommodate the program should registration increase. The two library branches, Ashburn and Rust, were selected because they are located in areas of the county where a need for these services exists and because the buildings are owned by the county and are large enough to accommodate the program. To help the county reach its capacity goal, two additional sites were leased by Loudoun County.

When designing the program, staff developed several options and discussed these options individually with Board Members during the week of August 17-21. At the end of these discussions, individual Board Members indicated their preferences for providing the program, including general support for using two library buildings. The Board opened a dialogue with the Library Board of Trustees, who voted at their meeting of August 28, 2020 to affirm the use of the two library branches and to work to minimize the impact of re-purposing the two library branches on the operations of the library system. The Board discussed the program during their regular Board Meeting on September 1, 2020 and voted to approve the program, the use of the library buildings, and the associated fee schedule¹.

To date, registration has been low enough to allow the program to operate exclusively from schools and leased facilities. However, recreation centers, community centers, and libraries remain available and ready should registration for the program increase. As of September 10, 2020, 197 children are registered. Of these, approximately 25 percent are children of employees, 30 percent qualify for free and reduced meals, and the remaining 45 percent are children paying a standard rate.

ISSUES: The program has experienced lower than expected enrollment in the first week of operation. Staff have determined through anecdotal channels that there may be several reasons for this. First, because it has been several weeks since staff conducted the survey of parents which determined the estimated need for childcare alternatives, it is possible that families have since made other arrangements for either childcare or to parental work schedules that have lessened the

¹ [Item # 7: Acceptance of CARES Act Funding – Second Allocation](#), Board of Supervisors Business Meeting, September 1, 2020.

need that was previously expressed. Second, staff have also heard that some parents are taking additional time to determine whether childcare services will be needed or are preferable for their children. There appears to be a desire by some families to allow their children to experience the distance learning format and then determine how comfortable they may be with their children being able to handle distance learning in a daycare environment. This could result in a delayed decision to register for childcare and may lead to enrollment increasing over the next several weeks. Third, staff have heard directly from some parents that the current fee schedule for the Child Care Program is cost prohibitive. Many parents of school-age children were familiar with paying for after school care pre-COVID, but are now being faced with expenses that may be more than double what they previously paid. For families with multiple school-age children, this cost is sometimes more than they are able to or willing to pay.

One of the focuses of staff since last speaking with the Board regarding childcare has been continued communication and marketing of the program. Staff has communicated directly with families served previously in the CASA and YAS programs and specifically with free and reduced lunch qualifying families in these programs to ensure that they are aware of the full-day child care offerings and how to register. Additionally, county staff has worked with LCPS staff to distribute information through parent communication channels and through individual school communities using the network of Parent Liaisons as a conduit. These efforts will continue and there may be a discernable impact on registration over the next few weeks resulting from greater awareness of the program.

Currently, staff has perceived the biggest barrier for families wanting to register for the Child Care Program to be cost. Due to the low registration and the feedback regarding the level of fees for the Program, staff has done an analysis of ways in which the fees could be lowered and the program could be sized appropriately to address the level of need currently being expressed.

Revised Distance Learning Childcare Proposal

Staff is proposing the following changes to the DL Childcare Program. First, staff recommends that the DL Childcare Program be capped at approximately 600 child care slots using school and county leased locations, reduced from the current capacity of 1,000. With the recommended reduced capacity, library and community center locations would no longer be required for the program. Because the enrollment in the program is less than what was expected, staff feels comfortable that resizing the program capacity is appropriate. This resizing in capacity allows for maximization of resources needed for the administration of the program and also allows other county services that were previously going to be impacted to continue. Because resources can be managed more effectively and balanced with the CASA and YAS programs, there is also an opportunity to lower the monthly fees needed to offset costs of the program.

An important component of the revised proposal considers the amount of general fund subsidy that is set aside for the current program and ensuring that this subsidy is not exceeded. Due to the modified operations of LCPS, current after-school programs such as CASA and YAS are not operating at their normal capacity, which means that the staff hours that are budgeted for these

programs are not currently utilized. In the case of CASA, this program is normally at least a 100% fee offset due to the popularity of the service. Modified school operations have impacted this program and enrollment for both CASA and YAS are approximately 18% of normal.

Since the beginning of the pandemic, the County has made a conscious decision to retain our regular full-time and part-time employees as long as we have revenue to offset their salaries and benefits. For the CASA and YAS programs, this means that in FY 2021, the County is projected to be short approximately \$5.1 million in CASA and YAS fees versus the cost of the employees.

When staff originally created the DL Childcare Program, a key assumption was that CASA and YAS staff would be reallocated from these programs to the DL Childcare Program. However, since the number of hours of a full-day childcare program is more than double the number of hours for an afterschool program, this meant that the DL Childcare Program could not be offered at the same monthly rate to parents. Additionally, the restrictions of CARES Act funding limits its use to the time period of August 1 through December 30, 2020. In order to be able to offer a consistent monthly rate, we set the monthly rate at a level that would take advantage of the CARES Act funds to subsidize the program through December 30, 2020 and, after January 1, 2021, would set the general fund contribution equal to or below the \$5.1 million that the County was already going to incur due to low enrollment for the CASA and YAS programs.

For a program of 1,000 to 1,200 participants, the program fee worked out to \$1,005 per month for the standard rate, with all other costs being covered by CARES Act funds prior to December 30th and already allocated general funds after January 1st. In order to reduce the monthly rates substantively, and to remain within the general funds available, it is necessary to reduce enrollment in the program to approximately 600 enrollees.

The proposed reduced rates are summarized in Table 1. The reduced full-day monthly rate is approximately 70 percent of the current rates and the school day rate is approximately half of the current rate. This change aligns the costs of the school day with the after-school CASA fees many parents are already used to paying. Additionally, staff is responding to the need to offer a program for children 2, 3 or 5 days per week. The rate for that program would simply be set by a proration of the monthly fee, however, parents would need to register in advance as drop in could not be managed effectively given the current restrictions.

Table 1: Comparison of Current and Proposed DL Childcare Rates²

Childcare Rate Sheet - Existing Rates			Reduced Monthly Rates	
	Monthly Full-Day Rate	School Day (7:40a.m. - 2:30pm)	Monthly Full-Day Rate ~70% of Current	School Day (7:40a.m. - 2:30pm) ~50% of Current
Standard Rate	\$1,005	\$660	\$690	\$345
County/ LCPS Employee	\$900	\$594	\$621	\$311
Free/Reduced Lunch Rate	\$503	\$330	\$345	\$173

Table 2 summarizes the total costs for the recommended 600 students for the 10-month period, monthly revenue, and the balance per month for the current and reduced rate scenarios. For the purposes of estimating revenue, staff assume the following.

- Student participants will be comprised of: 50% Employee, 40% General Public (“Standard”), and 10% Free/Reduced Price Lunch. This is consistent with the participant projections presented to the Board on September 1, 2020.
- The amount of estimated CARES Act Applied (September - December) for reimbursement increases from \$2 million with the existing rate structure to \$2.4 million in the reduced rate scenario. Should fee revenue be lower during the September-December period due to a different makeup of program participants than projected, there is the potential for more CARES Act CRF funds to be applied.
- The General Fund Subsidy is the difference between estimated costs and revenue (fees and CRF reimbursement) specific to the DL Childcare Program.
- The \$5.1 million CASA and YAS personnel reallocation amount shown is the estimated cost of personnel that would have been incurred by the general fund if no childcare program occurs. CASA and YAS personnel are reallocated as necessary for 600 students in the DL Childcare Program. Any gap in staffing needs will likely be filled with temporary, part-time staff.
- Impact on General Fund Including Reallocated Staff demonstrates the difference between the General Fund Subsidy and the value of personnel dollars which would have otherwise been incurred for staff members placed on leave with pay due to the current and projected

² This table is based on the rates for usage five days a week. Program participants who attend less than five days per week would be charged a pro-rated amount based on actual days used.

limited enrollment in CASA and YAS during FY 2021. There is a savings in the general fund when these staff are reallocated to the DL Childcare program and associate program fees are paid.

For example, in the reduced rate scenario, because the DL Child Care program is in operation and staff are re-allocated, approximately \$1.5 million of projected savings in the reduced rate scenario is realized versus if the DL Child Care program did not exist.

Table 2: Revised Program Summary

600 Students				
	Existing Rates		Reduced Rate	
	Monthly	Annual	Monthly	Annual
Program Costs	\$1,000,000	\$10,000,000	\$1,000,000	\$10,000,000
Revenue (40% standard, 50% employee, 10% Free Lunch)	\$500,000	\$5,000,000	\$400,000	\$4,000,000
Balance	\$500,000		\$600,000	
Estimated CARES Act Applied (Sep-Dec)		\$2,000,000		\$2,400,000
General Fund Subsidy		\$3,000,000		\$3,600,000
CASA/YAS Staff Value - Personnel Reallocation		\$5,100,000		\$5,100,000
Impact on the General Fund Including Reallocated Staff (Savings)		(\$2,100,000)		(\$1,500,000)

FISCAL IMPACT: The total cost of the DL Child Care Program for the recommended 600 student capacity is estimated to be approximately \$10 million. At the reduced rate, a total of \$2.4 million in CRF funds is estimated to be applied to this program for the September through December eligibility period. Although staff considered spending as much as \$9.85 million in CRF funds, only \$2.4 million in eligible expenditures are projected to be incurred by December 30, 2020, in keeping with the CRF requirements. Following December 30, 2020 program fees is the only projected revenue source. Staff estimates the County will recover approximately 64 percent of program costs net of CRF funds described above with a cap on enrollment at 600, leaving a projected General Fund subsidy of approximately \$3.6 million. This estimate could vary

depending on the mix of participants at the different rates offered. However, when accounting for the planned reallocation of PCRS staff due to limited CASA and YAS enrollment for the 2020-21 school year, the County's General Fund is projected to be better by approximately \$1.5 million versus not operating the DL Child Care program. This is due to the ability to recover some costs for this existing PCRS staff through DL Child Care program fees and revenues. The projected loss for PCRS fee-offset programs like CASA and YAS are a subset of the County's overall planned COVID-19 related revenue loss.

ALTERNATIVES: The Board could choose to retain the current fee structure and capacity of the DL Child Care Program or the Board could direct staff to return with another proposal.

DRAFT MOTIONS:

1. I move that the Board of Supervisors adopt the revised Distance Learning Childcare Program Fee schedule as found in Table 1 of the September 15, 2020, Board of Supervisors Business Meeting Action Item and direct staff to cap the program capacity at 600 available seats and utilize only elementary school sites and county-leased childcare sites for the program.

I further move that the Board of Supervisors release the Ashburn and Rust Libraries back to full use and programming by the Loudoun County Library Board of Trustees.

OR

2. I move an alternative motion.