

Response to Questions on the FY 2016 Budget

Request By: Supervisor Frey

Question: Please explain the SACC proposal for fee increases including data on market comparison to private providers.

Response: The School-Age Child Care (SACC) program supports working families and helps children to thrive by providing out-of-school time programs for children in kindergarten through sixth grade, as well as older children with multiple disabilities. In the fall of 1974, SACC programs opened their doors to children and families in eight FCPS elementary schools, serving 160 children daily. Today, SACC is available throughout the County in 137 schools, one recreation center, and one community center and serves approximately 10,000 children daily.

In response to Board of Supervisors budget guidance, the FY 2016 Advertised Budget Plan includes more than \$0.8 million in new revenue as a result of increasing the after school rate for the families paying the full rate by 8 percent as well as implementing an annual registration of \$45. An additional rate increase is anticipated in FY 2017. Furthermore, per the budget guidance, the sliding fee scale was reviewed, capacity analyzed, and a survey was conducted on the fees and policies in adjacent jurisdictions and private sector school age programs within Fairfax County. Each of these areas is discussed in greater detail below.

Proposed Rate

SACC fees are collected from parents as payment for child care services. The proposed full rate recovers the cost of the program which includes average Personnel Costs, Fringe Benefits and Operating Expenses for a typical SACC room as well as the County's \$1.0 million contribution to Fairfax County Public Schools. The full rate does not include capital costs (debt service). This is consistent with other County facilities (e.g. community centers) that do not include debt service calculations when setting program fees. It is proposed that families paying the full rate pay \$386 for After School SACC. This is an 8 percent increase over the current rate of \$357.

The County General Fund will continue to subsidize the program for those families paying on the sliding fee scale and costs associated with serving children with special needs. Parents paying the full rate are not subsidizing other families' participation. If the rate in FY 2016 is increased further, parents paying the full rate would be paying more than the cost of the program and thus subsidizing families on the sliding fee scale and children with special needs. This would be a departure from current Board policy. It is also possible that if fees are raised too high families paying the full rate may leave the program. If this happens then the County General Fund subsidy may actually increase since the program will not generate the same level of revenue.

Sliding fee scale

When staff reviewed the current sliding fee scale, it became apparent that fees on the sliding fee scale were not affordable for families. This was based on the following two areas of concern:

- There was a low participation rate for families in tiers 2 to 10 on the sliding fee scale. Overall, families in tiers 2 to 10 account for only 7.9 percent of the total children receiving after school SACC. The sliding fee scale has more tiers than what is captured in the Demographic Reports 2013 published by the Department of Neighborhood and Community Services; however, using this data as a proxy, the percent of families earning between \$25,000 and \$53,999 in Fairfax County is around 10 percent while the number of families being served on the sliding fee scale is 4.1 percent.

Staff does not collect income data for families in tier 1 (families paying the full rate); however, it is believed that since tier 2 families account for only 28 children or 0.3 percent of the total after school SACC program then there are probably few families in tier 1 with incomes on the lower end of the tier (e.g. \$54,000). If families in tier 2 earning \$47,000 to \$53,999 cannot afford SACC then families in tier 1 earning \$54,000 cannot afford SACC and thus the scale needed to be adjusted.

- The rate as a percent of income was higher for families paying on the sliding fee scale than for families paying the full rate. The rate as a percent of income for families paying the full rate is 6.6 percent for families earning \$54,000 (note, the rate as a percent of income decreases as income increases) while for families with incomes at tiers 2 to 10 on the sliding fee scale it ranges from 5.4 percent to 8.9 percent. Staff determined that as a percent of income, families paying on the sliding fee scale should not pay more than families paying the full rate.

The table below summarizes the current sliding fee scale.

After School Sliding Fee Scale-Current					
Tier	Household Income (Adjusted)	# Children Served After School ¹	Percent of Total Served	Current Rates (After-School)	Rate as Percent of Income
1	\$54,000 and above	6,988	81.5%	\$357	6.6%
2	\$47,000 - \$53,999	28	0.3%	\$337	7.2%
3	\$41,000 - \$46,999	35	0.4%	\$329	8.0%
4	\$36,000 - \$40,999	64	0.7%	\$297	8.3%
5	\$32,000 - \$35,999	67	0.8%	\$273	8.5%
6	\$28,000 - \$31,999	98	1.1%	\$246	8.8%
7	\$25,000 - \$27,999	66	0.8%	\$223	8.9%
8	\$22,000 - \$24,999	66	0.8%	\$174	7.9%
9	\$19,000 - \$21,999	97	1.1%	\$125	6.6%
10	\$16,000 - \$18,999	159	1.9%	\$86	5.4%
11	\$15,999 and below	907	10.6%	\$13	0.8%
Total		8,575	100.0%		

¹ Enrollment from the 2013-2014 school year

Based on these factors, staff determined that the current sliding fee scale was no longer adequately serving income eligible families. In order to increase participation both the tiers on the sliding fee scale, as well as the percent of income were adjusted. The table below summarizes the proposed sliding fee scale.

After School Sliding Fee Scale-Proposed			
Tier	Adjusted Household Income	Rate as a Percent of Income	Proposed FY 2016 Rates
1	\$83,000 and above	4.6%	\$386
2	\$76,000 - \$82,999	4.6%	\$357
3	\$69,000 - \$75,999	4.6%	\$323
4	\$62,000 - \$68,999	4.6%	\$291
5	\$55,000 - \$61,999	4.6%	\$258
6	\$48,000 - \$54,999	4.6%	\$225
7	\$41,000 - \$47,999	4.6%	\$193
8	\$34,000 - \$40,999	4.6%	\$159
9	\$27,000 - \$33,999	4.6%	\$126
10	\$20,000 - \$26,999	4.6%	\$94
11	\$16,000 - \$19,999	3.6%	\$59
12	\$12,000 - \$15,999	2.3%	\$19
13	\$11,999 and below	2.3%	\$15

Families at these income levels will pay the same or more than the current rate of \$357

The proposed scale increases the top tier from \$54,000 to \$83,000 which is 66 percent of the Fairfax County median family income for a family of four. Children are only eligible to attend SACC when all adults living in the child's home meet one or more of the following criteria:

- Work 30 or more hours a week;
- Attend school full time;
- Attend a job training program 30 or more hours a week; and/or
- Are unable to work due to a disability.

This means that families on the sliding fee scale (dual income or single parent households) have adjusted incomes less than \$83,000 a year, and/or are attending school, a job training program or have a disability and are unable to work.

Families at income levels in proposed tiers 1 and 2 will be paying the same or more than the current rate of \$357. Additionally, the proposed fee scale establishes rates as a consistent percent of income for tiers 1 to 10 at 4.6 percent, with slightly lower percentages for the lowest income tiers (11 to 13). Adjusting the rates so they are proportionate to income results in a decrease to the rates in the middle of the scale with an intended result to serve more families. When determining how much families should pay as a percent of income, staff considered the following:

- Many families have more than one child in SACC and/or other child care settings,
- In addition to after school SACC families may be paying for before school SACC, winter or spring break SACC sessions, and/or summer camps.

As a reminder, the proposed \$386 rate is for after school SACC only. Families pay additional fees if a child is enrolled in before school SACC or if they participate in SACC's winter or spring break sessions as well as summer SACC. Therefore, a family paying the full rate with one child in SACC may pay almost 10 percent of their income on child care and if two children are in SACC, a family paying the full rate may pay up to 18.5 percent of their income on child care. The chart below details the costs of SACC for each program.

SACC Program	Child #1	Child #2¹	Total
Before School	\$1,750	\$1,575	\$3,325
After School	\$3,860	\$3,474	\$7,334
Christmas Break	\$248	\$223	\$471
Spring Break	\$248	\$223	\$471
Summer - 8 week program ²	\$1,984	\$1,784	\$3,768
Total	\$8,090	\$7,279	\$15,369
Percent of Income³	9.7%	8.8%	18.5%

¹ A 10 percent discount is applied to the second child

² Summer break is 11 weeks so families still need to cover 3 weeks of care

³ Full Rate Paying Family Earning \$83,000

Staff determined that given the high cost of living in Fairfax County, in particular, housing costs, families earning less than \$83,000 will have difficulty paying the full cost of child care. By providing subsidized child care to these families, it is hoped that they do not need to make a choice between other basic needs and child care or possibly forgoing child care altogether resulting in children in settings without adult supervision.

Capacity

SACC was designed to be one component of child care in the community and to complement center- and home-based child care options. The network of child care around the County is different from neighborhood to neighborhood. Similarly, the waiting list for SACC fluctuates across the County. There are 104 SACC centers, 74.8 percent, with either no waitlist or a waitlist with less than 25 children; 25 SACC centers, 18 percent, have between 25 and 74 children on the waitlist; only 10 SACC centers have larger waiting lists with 75 to 175 families requesting care. Though demand remains consistent, anecdotal information indicates that families on the SACC waiting list often have alternate arrangements in place and choose to remain on the waitlist for future placements. The table below summarizes the SACC waitlist as of March 2015.

March 2015		
Children on Waitlist	Number of Centers	Percent of Total
0	76	54.7%
1-24	28	20.1%
25-49	13	9.4%
50-74	12	8.6%
75-175	10	7.2%
Total	139	100.0%

In neighborhoods where the supply of child care options do not meet the full needs of the community, SACC has worked with community groups and child care providers to support their capacity to meet the child care needs of working families.

Fee Study

Staff reviewed fees and policies in adjacent jurisdictions and private sector school age programs within Fairfax County. Staff only reviewed center-based programs that were licensed and/or licensed-exempt.

Surrounding Jurisdictions

Looking at rates alone, SACC charges the second highest fee compared to the surrounding jurisdictions. This is true for both the current rate and the proposed new rate. Only the City of Alexandria has a higher rate at \$405 and they offer a sliding fee scale for any family earning less than \$165,000. The table below summarizes the rates and income requirements for the surrounding jurisdictions, as well as the current and proposed Fairfax County rates and income requirements.

Jurisdiction	Prince William County	Arlington County	City of Falls Church	Loudoun County	Current Fairfax County	Proposed Fairfax County	City of Alexandria
Monthly After-School Fees	\$279.50	\$270-\$362	\$312	\$325	\$357	\$386	\$405
Sliding Fee Scale	Scholarships	Yes	Yes	No	Yes	Yes	Yes
Income Levels-Full Fee	Free/Reduced Lunches	\$65,000	\$80,000	NA	\$54,000	\$83,000	\$165,000

Community Providers

Staff conducted a random sample phone survey of 50 percent of the 186 licensed and/or licensed exempt private sector community programs providing school age child care services in Fairfax County. The 50 percent random sample yielded 93 responses; however, only 86 of the respondents had a distinct after school program rate. Therefore, this analysis is based on the 86 respondents who had distinct after school rates.

Looking at all respondents who provide after school care, the monthly after school fees in Fairfax County range from \$125 to \$830, with an average monthly fee of \$509. The range of fees reflect the variety of program policies and services provided, such as hours and transportation, and providing care for infants, toddlers, and preschool age children. Excluding actual program design which was not included in the fee study, there are several reasons why the SACC rates remain lower than the monthly average for all community providers. They are:

- Transportation – SACC does not provide transportation, most community providers do. Providers must follow transportation licensing requirements, as well as bear the additional costs associated with vehicles, insurance, and maintenance that SACC does not incur.
- Staffing Ratios – It is typically more expensive to provide care to infants, toddlers and preschoolers because of the lower mandated staffing ratios; therefore, some of these costs are spread across all age groups. SACC staffing ratios start at 1:18 while community providers who serve infants must maintain a 1:4 ratio in those classrooms. The table below illustrates the staffing ratios.

Birth to 16 months	16 months to 2 years	2 years	3 to 5 years	5 to 9 years	10 to 12 years
1:4	1:5	1:8	1:10	1:18	1:20

- Infrastructure – In order to meet licensing standards, community providers have to maintain more physical infrastructure than the SACC program. A good example is the use of bathrooms. Toddler and preschool rooms often have multiple bathrooms since a staff member otherwise would need to accompany a child to a common area bathroom outside the classroom. While some SACC rooms do have one bathroom, the SACC program is also able to use the common area girls and boys bathrooms already in place at schools.
- Playgrounds – In order to meet licensing standards, community providers must maintain playgrounds/outdoor space, SACC has the benefit of utilizing school playgrounds/outdoor space.
- Hours of Operation – Program rates reflect program hours of operation. There is a wide variation of the hours of operation for all community providers with some opening as early as 6:00am and closing as late as 7:30pm. The core hours of SACC are 7:00am until school begins and end of the school day until 6:15pm.

The two areas that significantly impact the rates are transportation and the ages of children served by the program. The County’s proposed rate of \$386 for the family paying the full rate is slightly higher than those community providers who do not provide transportation, average monthly rate of \$379 and for those providers who only provide school-age care, average monthly rate of \$378. The table below details the average monthly rate for all community providers and then breaks out transportation and ages of children served.

	Providers Reporting After School Rates Only	
	Number of Providers	Average Monthly Rate
Community Providers		
All Community Providers	86	\$509
Transportation Break-out		
Transportation Provided	64	\$554
Transportation Not Provided	22	\$379
Level of Care Break-out		
School-Age Only	5	\$378
Preschool, School-Age	26	\$397
Toddler, Preschool, School-Age	30	\$401
Infant, Toddler, Preschool, School-Age	86	\$509
SACC Proposed Rate		\$386

Since these two components most closely align to the SACC program, staff believes the SACC proposed rate is consistent with community providers offering similar services.