

THE CITY AND BOROUGH OF JUNEAU, ALASKA

APPROVED

Assembly Childcare Committee
Meeting Minutes January 11, 2019

I. CALL TO ORDER

Jones called the meeting, held in City Hall Assembly Chambers, to order at 12:15 pm

Members present: Loren Jones, Chair, Bridget Weiss, Vice Chair, Eric Eriksen, Rob Edwardson, Blue Shibler, Wade Bryson, Michelle Hale

Other Assembly members present:

Staff present: Robert Barr, Library Director, Beth McEwen, City Clerk, Jordan Nigro, Zach Gordon Youth Center Manager

II. APPROVAL OF AGENDA

Agenda approved

III. APPROVAL OF MINUTES

Minutes approved

IV. AGENDA TOPICS

- a. PANEL TESTIMONY & QUESTIONS** – Panel comprised of local childcare business owners/operators and others involved in the provision of childcare services in Juneau

Joy Lyon, Executive Director for the Association of the Education of Young Children (AEYC) introduced herself and the panel, including: Amber Frommherz, Tlingit & Haida Head Start Director, Kueni Maake, owner/director of ABC Childcare, Barbara Mitchell of Aurora Lights Childcare, and Samantha Adams, previous owner/operator of TLC Childcare.

Maake introduced herself and described her involvement in the childcare industry, noting that she began in 1986 and over the years has reduced the number of children her center has been able to care for from 99 down to 30 over the years. Maake cited staffing turnover as her biggest challenge and noted that her longest term staff were family members. Maake cited reasons for staff turnover including low pay and no health care. Maake noted her business could not afford support roles (e.g. janitorial, building maintenance, HR, regulatory compliance, and administrative assistance) and that she had to fill those roles in addition to providing care. Maake said childcare costs to parents are very high and yet those costs

(revenues) do not cover the true cost (expenses) of the services. Maake noted that her center takes the most children on assistance. She noted that payment for children on assistance comes through the State and that those payments present cashflow issues as they often don't arrive in a timely manner. Maake said she regularly has parents calling for a childcare spot that she doesn't have, particularly for children under 18 months.

Mitchell introduced herself and read a prepared statement. Mitchell noted administrative pay at her center (Aldersgate United Methodist) began at \$22/hr and has been cut down to \$18/hr due to financial challenges at the center.

Lyon described the purpose of thread, the statewide training and education childcare program which AEYC administers for Southeast, and outlined that there are 8 childcare centers in Juneau and 21 family care licensed programs.

Adams introduced herself and provided a document and outlined her history in the childcare industry starting in 2006. Adams described how she had to reduce enrollment over the years, despite having a waiting list of children, due to the challenges associated with retaining staff, citing low pay and the lack of benefits. Adams noted that while her business provided a modest profit in the early years (lower enrollment, group home), it was not financially viable and required subsidization from 2011-2018. Adams noted she stayed with it due to her spouse's job/benefits and ability to support the work. Adams noted the business was never financially lucrative and that recruiting staff after staff turnover was a major challenge. Adams said she had to reduce enrollment spaces due to the inability to recruit and retain staff.

Frommherz introduced herself and noted that she works with 8 other colleagues at T&H, all who administer parts of the Head Start program. Frommherz said Head Start is federally funded and serves 262 families throughout Southeast. Programs exist in 10 communities, including Juneau, and serves 3-4 year olds for 128 days a year, 3.5 hours a day. She noted the program prioritizes lower income families and that 11% of students are on an IEP. She noted that her program currently has two classrooms in JSD facilities – Gastineau and Mendenhall River – and three others in Juneau. Frommherz said they have a goal to increase services to 6 hours a day and that the barrier to reaching this goal is funding for staff.

Brian Holst, Executive Director of the Juneau Economic Development Council (JEDC) introduced himself and noted that in 1940, 10% of families had two wage earners, compared to today in Juneau 70% of households have two wage earners. Holst said poverty is also growing – more families are lower income. Holst said that of those families that have two potential wage earners, one cannot go to work due to childcare 70% of the time. Holst noted from an educational perspective, the societal expectations for having a skilled workforce out of high school are higher than they ever have been and that we know the better prepared children are going into school, the better their outcomes. Holst said

childcare is both an education and a workforce issue and that the business model continues to not be profitable.

Lyon described the federal/state funding mechanisms and noted that our state does not contribute as much of a match as other states do – we’re dependent on federal funds. Lyon said across the nation, local communities have been filling the gap and she cited San Francisco, Seattle, Washington DC, Boston, NYC, and Chattanooga TN. Lyon noted the Hearts initiative began in 2012 with 1 in 7 childcare teachers having a 12 credit credential, which is the minimum requirement to be alone with children. Lyon said that now we’re at 1 in 3 having that credential due to the CBJ \$90k investment in the Hearts initiative. Lyon said of the 8 different center directors in Juneau, they would all have similar stories to these three present. Lyon said employer support via facility assistance helps significantly although she noted we don’t have large employers in Juneau providing facility or administrative support.

The committee moved to committee member questions.

Edwardson: What needs to be done from your perspective to increase the availability of childcare? What needs to be done to make childcare more affordable to families?

Adams said that addressing the workforce issue would rectify the availability/capacity/quality issues. She noted lots of centers have had to scale back their capacity due to the lack of a qualified workforce, and a solutions to availability, capacity, and quality issues are byproducts of having a qualified workforce.

Maake said that qualified staffing is necessary. She noted facility/space assistance may also help. Maake also noted that if there was a way for staff/centers to participate in insurance plans, that would help with staff turnover. Maake highlighted the importance of quality care and described how it gives children social skills necessary to be ready for kindergarten.

Frommherz said space is a significant issue as well as licensing timeliness and having childcare spaces together for efficiency – campus style. She also said subsidized rent or subsidized space can result in her shifting money around to spend more on staffing.

Jones: Given the Head Start program is open 3.5 hours per day with a goal of expanding to 6, of the children currently enrolled in Head Start, what do they do before you’re open and what do they do after you close – where are those kids?

Frommherz said with their families and some may go to a different daycare before or after. She gave the example of parents splitting their days – one dropping off, one picking up.

Weiss said a combination of things happen – some do what Frommherz described, some at common site @ Mendenhall River Kinder Ready / Head Start and do part of the day with one

program and the other part with the other. Weiss said that also some kids at Kinder Ready will spend the other half of the day at a community preschool.

Lyon added that some Head Start children will also go to the longer-day childcare centers.

Maake concurred, saying that she has kids in her childcare that participate in each of these programs in addition to coming to hers before or after the fact.

Lyon said that one strength of having more pre-k investment & high quality is that it can save transitions for kids from program to program and have more full day programs.

Bryson asked, to Adams, to describe what being a legally exempt childcare provider means.

Adams said one is legally exempt from having childcare licensing if your group size is 4 and under for a specific window of time.

Bryson noted that two figures were thrown out – Adams \$25k startup costs, and Mitchell \$45k startup costs. Bryson asked if either or both could expand on what those costs went towards.

Mitchell said that they had a space that used to be filled by a daycare center, but when the center left, their stuff went with them. She said they needed to buy cribs, rocking chairs, shelving units, toys, cupboards, and other furniture/equipment. Mitchell said their main cost was payroll – they had to have people on staff, write policies, and have everything set up prior to having children enrolled and revenue coming in.

Adams described her facility's renovation needs, including 2200 sq ft carpet, painting, plumbing for a 2nd toilet (1 toilet per 15 occupants, including those not potty trained). She said they received a variance to walk kids to a nearby church and later added fencing to the outdoor play space at the center itself. Adams said they didn't have to include much in the way of equipment and materials due to having had all of that before in group homes.

Hale asked if there is help that could be provided with set up, perhaps including policy writing, and is there a way where we could encourage the State to provide more help with that sort of thing?

Adams said if that were to happen, it would come through some sort of liaison program – not, usefully, directly from the State. She said it would require an unbiased person to provide support services to a program starting up.

Mitchell said it seems like State wants the children to live in a bubble of safety for the time they're at the program. She said she has 36 pages of items the State expects to have in her center's equipment, personnel, and policies and at year anniversary she needs to prove regulatory compliance. Mitchell said staff spend a great deal of time cleaning and logging

information (e.g. when children start/stop naps, diaper changes, etc). She said staff can't do all of the paperwork and still have time to interact/engage with the children. Mitchell noted it has been hard to on one hand learn how important these years are in a child's life and on the other see regular cuts to education. She spoke about how expense for parents is high – and gave an example of a parent of 3 spending \$2400/month.

Frommherz asked what were the consequences of not meeting the 36 page document?

Mitchell said they would be shut down.

Frommherz said she thinks there may be fines to centers that fail to meet regulations. She spoke about how fines don't work to improve a child's experience and that there may be a better alternative in the licensing model, e.g. additional required training hours for staff. She said this would result in more of a partnership between the center & regulating agency and less of a potentially punitive relationship. She said for her program to increase from 3.5 hours to 6 hours per day, it would cost approximately and conservatively \$500,000 for 9 months of service. She gave an example of how one of her locations receives subsidized rent in Craig.

Mitchell said she attended a workshop in Ohio on this topic and referenced the Perry study that included a high return for public investment in childcare [nb: this study is linked on the Childcare Committee's website].

Shibler said the State is not known to be provider friendly and that most providers do not enjoy good relationships with that office. Shibler said the federal block grant that the State receives was doubled under the current administration and that the State has had those funds since June and none of those dollars, to date, have made their way to providers. Shibler said that solving this problem at the municipal level is where the focus should be.

Adams added that if the city is in any way able to provide incentives to businesses in the community to major employers for them to provide childcare in some manner that may be an alternative strategy.

Shibler asked what conditions could change that would bring Adams back into the industry?

Adams said she can't settle for mediocrity from staff. She said she would get back in if we could solve the workforce issue to get great staff.

Shibler asked, to Maake, what is your capacity?

Maake said 30 and that she is in a residence that is also a center. She said she previously operated at the adult daycare/bridge location.

Shibler asked what the main reason was for her reducing her capacity?

Maake said it was licensing – the landlord needed to fix up the building, rent was going up, but the landlord was unable to make the building compliant with the State licensing requirements. She said it was due to this issue that she had to move her center (and reduce capacity) back to her residence.

Shibler said it is important to note that investments into physical space did not result in equity in the business. She asked to Mitchell: have you considered changing your age ranges, to focus on infants, and what would that take?

Mitchell described the space available in her facility. She said she probably wouldn't have to make a whole lot of changes if they gave up preschool aged children and focused more on infants and toddlers. She said coordinating the extra naps would be an administrative challenge, but doable, and that some extra equipment would be necessary. She said the largest extra expense would be staffing – the teacher/child ratio is significantly lower for infants. She said their annual budget for current staffing level (8 people) is \$216,000. Everything non-payroll is \$10-12k and they're not able to pay a living wage. Mitchell said she also anticipates upcoming turnover and having significant challenges with recruiting new staff.

Eriksen expressed appreciation and thanks to the panelists for their work. He asked, from the customers' perspective, what is the experience like for the parents who are unable to get into your facility? He also asked, given the parent/customer perspective on cost sensitivity, what would happen if you charged the rates necessary to pay higher wages, provide benefits, etc?

Maake said self-pay customers will pay more and those parents on assistance will be unable to pay the difference between the true cost and the assistance.

Mitchell said parents would dearly love not to pay so much. She said it is very emotionally difficult to turn families away who believe they will have assistance soon but don't have it yet. She said parents appreciate that their children are getting good care – socialization, learning how to listen, share, respect one another – and that the cost is very prohibitive.

Adams said that in regard to childcare quality, you don't know what you don't know. She noted that families that are in low quality care situations don't necessarily know that. She said the Learn & Grow standards/quality rating initiative will help with this. Question for Weiss: on the cost sensitivity question, how many students of the group not coming ready to Kindergarten, what is their socioeconomic background? Adams said she would speculate that self-pay families are coming to school ready to learn as they probably have more support. She asked, when you do kindergarten pre-assessments, do you know their socioeconomic status?

Weiss said incoming F&R lunch varies by school and that Kinder Ready does target low economic. She said 43-63% of kids participating in Kinder Ready fall into socioeconomic categories that qualify for scholarships.

Shibler asked, to Mitchell, what information did she use to come up with her rates when she first started, and when she looks back at your budget now, what were the miscalculations?

Mitchell said that when she opened, numerous people told her she would be inundated with kids as there were waiting lists all over town. She said that they were not inundated with requests, probably due to paperwork delays that delayed their opening date until the summer (June 1st), which is a slower time. Mitchell said that now they are experiencing more of a waiting list. She said looking at the next year, funding is more focused on staffing due to having already purchased many durable commodities. On deciding how much to charge, they called around to see how much other centers charge and set a price somewhat on the higher side of average. Mitchell said paying a living wage is important to them and that they are constantly evaluating their financials. She said that just recently have they started getting the sense that they will be able to make payroll regularly.

Jones expressed appreciation for everyone's attendance and said that the next meeting is on 25th. He said that the Learn & Grow director from Anchorage will be here to talk about those standards. Jones said he will follow up with Lyon and Holst on some details from today and said he appreciates all of the stories the panelists shared today.

V. ADJOURNMENT

Adjourned 1:51 pm

Note: Agenda packets are available to review online at <https://juneau.org>

ADA accommodations available upon request: Please contact the City Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape of the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, email: city.clerk@juneau.org.