



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: First 5  
Department No.: 994  
For Agenda Of: March 15, 2016  
Placement: Departmental  
Estimated Time: 30 minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: No Vote Required

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**TO:** Board of Supervisors  
**FROM:** Department Ben Romo, 805-884-8087, 805-680-7623 (cell)  
Director(s)  
Contact Info: Same as above  
**SUBJECT:** Conceptual proposal for Pilot Program to provide preschool and child care scholarships for County employees with 0-5 year-olds

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: N/A

As to form: Select \_ Concurrence

**Auditor-Controller Concurrence**

As to form:

**Recommended Actions:**

That the Board of Supervisors:

- a) Consider recommendations regarding contribution to a child care scholarship fund for County employees as follows:
  - a. Receive and file the presentation on the need for child care in Santa Barbara County; and,
  - b. Provide input and direction on a conceptual model proposed by First 5 for the investment of \$200,000 in General Funds to support 100 preschool and child care scholarships for income-qualified County employees; and,
  - c. Determine that the above action is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the action is a creation of a government funding mechanism or other government fiscal activity, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption (Attachment B).

**Summary Text:**

In September 2015, the Board of Supervisors requested a special hearing regarding the needs of children age 0-5 and the especially the need for child care in Santa Barbara County. The Board asked for a focus on actions the County can take to support employees and residents in this area. The need for additional

child care for 0-5 year olds is significant throughout the County. A survey conducted by First 5 in April 2015 confirmed the need for additional child care options among County employees. The need reported throughout the community and among County employees is based on the availability of care that is both of a high quality and also affordable.

First 5 proposes that the Board invest \$200,000 in General Funds to support a one-year pilot program to provide 100 scholarships (\$2,000 each) to County employees. The scholarships would be available through First 5, on a first-come, first-served basis. Scholarships would be available to families whose household income does not exceed 100% of the County's Median Family Income. Either First 5 or an outside contractor would administer the scholarship program, including the process of qualifying employees for eligibility and also working with providers to ensure proof of attendance. Scholarships would be paid directly to the provider upon submittal of required proof of attendance. The First 5 Commission has expressed *conceptual* interest in covering the cost of administering the scholarship program at no cost to the County. Program administration costs are estimated to be between 15% and 20%.

The business case for the County to pursue this proposal is that child care challenges directly affect the attendance, productivity, and retention of employees. The goal is to develop a program model that supports the needs of families, but that also makes business sense for the County.

County Human Resources indicates that this matter is not a substantive change in terms and conditions of employment under the Meyers-Milias-Brown Act. As such, providing the scholarships to employees is not a benefit that is subject to negotiation.

At this juncture, First 5 is seeking input and direction on what model might work best to meet the County's needs. With input and direction from the Board, First 5 staff would further consider the viability of the program and work to develop a more detailed proposal for the Board's consideration during the regular budget process in June. Assuming viability of the pilot program and interest among Board members in the concept, First 5 would also issue a request for proposals (RFP) for an outside entity with expertise in scholarship programs to administer the program.

**Background:**

The need for preschool and child care services for 0-5 year olds in Santa Barbara County is significant. Most working families, the majority of whom are priced out of subsidized programs for low-income families, cannot afford the price of quality care.

The average cost of care ranges from more than \$1,100 per month for a center based program and \$830 per month for an in-home family child care program serving infants, and between \$550 and \$880 for preschool aged children (4-5 year-olds). A family with an infant and a preschooler would be paying between \$1,380 and \$1,980 monthly for care in a licensed program, and the cost of care often increases relative to the level of quality in the program. Given the fact that the County's Median Family Income is \$73,636 for a family of four, this cost of care presents a significant burden to local parents, and many County employees report facing the same challenges in their lives as well.

Because there is a lack of families who can afford care, the number of programs serving parents is also low. According to the Santa Barbara County Child Care Planning Council, 19,401 children age 0-5 are

in need of care but only 10,177 licensed spaces exist. The need for infant/toddler care is especially severe with only 1,495 spaces available to serve an estimated 6,528 infants and toddlers in need of care.

Many County employees struggle with child care options, and especially affordability, as shown in a survey of County employees conducted in April 2015. Key results from that survey include:

- Affordability is the number one concern County employees report in relation to their care.
- 38% of county employees with children 0-5 reported seriously considering quitting their job due to child care problems/responsibilities.
- 65% of employees with children age 0-5 reported missing at least one day at work due to problems with child care over the last year. The average number of missed days was 3.69 among 288 employees for a total of 1,062 days.
- Calculating these missed days, averaging for the daily cost of employees making less than \$100K, the total lost time for the County from these employees equals \$353,000 for the year.
- More than half of County employees with children age 0-5 who responded to the survey are paying a weekly amount for child care that generates insufficient revenue to run a quality program. Less than half of parents have their children in licensed programs. Among parents reporting household income of less than \$80K, 2/3 have their children in unlicensed care.
- Among *all* County employees responding to the survey (including 671 who do not have children age 0-5) 56% reported that their work is “Sometimes” or “Often” negatively impacted by the child care responsibilities of other employees.

First 5 has piloted a small scholarship program serving parents from low, low-moderate, and middle-income families. In coming months, First 5 staff plan on approaching local employers with a request for them to invest in scholarships for their employees. This request to the Board is an important first step in highlighting the importance of such an investment among employers in the both the public and private sector.

The conceptual model envisioned at this time is to designate the County’s scholarships to employees with a household income that is lower than the County’s Median Family Income (2014 = \$73K for family of 4). Parents needing full-time care would be served on a priority basis. If additional scholarships are available after parents in that income bracket are served, scholarships can be provided to parents with higher incomes. The scholarships would be available on a first-come, first-served basis. Payment of the scholarships would be provided directly to the child care provider on a monthly basis and only upon delivery, by the provider, of records showing the student had an attendance rate of at least 70% of their schedule.

The intention is to contract for services with an outside agency for program administration. Initial estimates are that administrative costs will not exceed 20%, depending on the complexity of the model. The First 5 Commission is willing to consider covering the cost of administering the pilot program in this first year of its operation, and perhaps in subsequent years. However, the Commission is waiting to see the final model being proposed to the Board before it considers that investment. The Commission places a priority on serving families in need. The degree to which the Commission is willing to invest the up-to-\$40,000 in matching funds to cover administrative costs will depend on the Board targeting scholarships to employees with a higher level of need.

With Board direction and input, First 5 will further explore the viability of the program, including seeking approval from the First 5 Commission for matching funds. First 5 staff would then return

during the County budget process in June with a complete model and a prospective contractor in place to manage it.

**Performance Measure:**

First 5 will be the recipient of funds and will handle contracting, oversight, evaluation and reporting to ensure that the goals of the program are achieved.

A survey, and selected focused interviews of recipients and wait-listed employees, will be conducted toward the end of the program to measure the effectiveness of the program and the impact on workforce retention and stability.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			\$ 200,000.00
State			
Federal			
Fees			
Other: First 5			\$ 40,000.00
<b>Total</b>	\$ -	\$ -	\$ 240,000.00

**Narrative:**

Assuming interest and support from the Board of Supervisors, the First 5 Commission will consider covering the administrative costs of the program which are not expected to exceed 20% of the initial investment in scholarships.

**Key Contract Risks:**

**Staffing Impacts:**

Not applicable as First 5 intends to contract for services to an outside agency for the management of the scholarship program.

**Legal Positions:**

**FTEs:**

NONE

**Special Instructions:**

**Attachments:**

**Authored by:** Ben Romo

**CC:**