



**FY21 Community Development Block Grant
Funding Request**

Organization	City of Lakewood, Department of Human Services/ Division of Early Childhood
Organization Type	Municipal Government
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Federal Tax ID #	34-6001633
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Project/Program Name	Childcare Scholarship Assistance
Total FY21 Project Budget	\$ 60,740.73
FY21 CDBG Funding Request	\$ 50,000.00

**Lakewood Department of Human Services
Division of Early Childhood**

Childcare Scholarship Assistance Program

CDBG Eligibility Criteria

Lakewood Department of Human Services/Division of Early Childhood's **Childcare Scholarship Assistance Program** satisfies the following CDBG eligibility criteria and therefore is suitable for funding consideration.

CDBG National Objective

Low-Moderate Income Limited Clientele (LMC): Activities that benefit either a specific group of persons, at least 51% of who are documented as low moderate-income or a clientele presumed by HUD to be principally low moderate-income (e.g. battered spouses, senior citizens).

CDBG-Eligible Activity Category

Public Services: The provision of public services including labor, supplies, materials, and the pro rata share of the facilities where these services are provided.

HUD-Designated Performance Objective

Create Suitable Living Environments

HUD-Designated Performance Outcomes

Availability & Accessibility

I. ABSTRACT

The City of Lakewood's Department of Human Services/Division of Early Childhood respectfully requests \$50,000.00 in Fiscal Year 2021 CDBG funding to support the costs of its Childcare Scholarship Assistance Program ("Scholarship Program"). Under the Scholarship Program, the City's Division of Early Childhood will provide financial assistance to parents located within Lakewood on behalf of 30-35 qualifying children. To be eligible, parents must meet the following qualifications:

- Family must reside within the City of Lakewood for at least one year
- Family has a household income that makes them ineligible to participate in Cuyahoga County's day care voucher program
- Family has a household income that is below HUD's moderate-income guideline
- Parents must be either working or attending school (high school or beyond)

Parents are enrolled into the program on a first come-first served basis, with the number of families served each year determined by the available amount of CDBG funding. Families are eligible for a 50% scholarship if they meet these requirements. The Division of Early Childhood's Program Manager is responsible for marketing the program, responding to inquiries, screening applicants for eligibility, enrolling clients into the program, and monitoring for income eligibility and day care enrollment status of the children. Program participants must use a Lakewood childcare provider that is licensed by the State of Ohio. The Program Manager works directly with each childcare provider to explain the program and establish the monthly invoicing procedure for each family's scholarship funds and conducts regular audits of center records to verify attendance and billing.

Among parents, the Scholarship Program promotes positive self-esteem; nurtures personal productivity and responsibility; and instills pride and self-worth. Participants are empowered to continue to move forward, either professionally or educationally. The program also ensures that children are placed in safe and developmentally appropriate environments, preparing them for greater school and community success. There are also spillover benefits to the community. The funds are directed to Lakewood childcare centers and as Lakewood parents maintain employment, the household's participation in the local economy increases, as do local income tax revenues.

II. PROJECT NARRATIVE

1. Community Needs Addressed

Child care subsidies, or vouchers, are distributed through the Cuyahoga County Department of Jobs and Family Services. Eligibility and reimbursement rates are set by the state and both present significant challenges to providing children with safe, high quality child care.

Families must earn less than 130% of the Federal Poverty Level to initially qualify for county vouchers. A single parent with one child making \$11/hour (\$22,800/annually) would not qualify for assistance at this level. The average annual cost of childcare for a preschool aged child in Lakewood is around \$10,000. For an infant it is more than \$12,000 per year. This puts childcare at over 50% of that single parent's entire household budget which is far beyond the 10% that the U. S. Department of Health and Human Services has deemed affordable. Once a family has initially qualified, their income can increase up to 300% of poverty and still receive some assistance, however, if a family has any interruption in work, they must return to the initial qualification level of 130%. Families can also be denied vouchers if they have work that fluctuates. Rather than average for the year, one paycheck with extra pay in the form of overtime or commission can end up disqualifying a family. Families that earn just over this 130% threshold are left without assistance and often face a tough decision. Is work worth it?

If a family does qualify for assistance, the childcare provider is paid at a reimbursement rate set by the state. Ohio's payment rates are far below the current market rate. Operating a safe, high quality childcare program is expensive and has been made significantly more expensive due to COVID – 19. The Center for American Progress has estimated that the cost of providing care that meets pandemic-related guidelines has led to a 47% increase in operating costs with even higher increases for programs serving preschoolers due to the reduced ratios recommended by the state. This increase can be attributed to three factors: cost of PPE and sanitation supplies, reduced class sizes to maintain social distancing and higher personnel costs. Increased safety measures such as meeting parents at the entrance of the school, not utilizing "floaters" to maintain ratios and no combining of groups at the beginning or end of the day can mean extra staff. While this program primarily exists to aid families, the spillover benefits are to these businesses. The National Association for the Education of Young Children reports that 48% of Ohio's childcare programs are certain that without additional federal funding they will close permanently.

This year and for the foreseeable future, families are facing even greater hardships due to the pandemic. They may have seen work hours reduced or eliminated as the state went into lockdown. School aged children who once needed care only for a few hours a day are now learning remotely, and parents face a weekly care cost that is over two and a half times what they normally pay during the school year. The scholarship seeks to ease this burden, allowing families to direct that money towards other household expenses.

2. Primary Goals & Objectives

- a) To support lower-income Lakewood parents in their effort to maintain stable employment and/or complete their education by subsidizing the cost of childcare.
- b) To provide Lakewood children of lower-income parents who are working or completing their education with high quality, developmentally appropriate childcare that improves their literacy skills, preschool readiness and school success.
- c) To ensure that Lakewood childcare centers receive fair, market rate payment for their services from families that cannot afford the full cost on their own.

3. Program Design, Uniqueness & Innovation

According to Policy Matters Ohio, the public sector must step in to address the three main problems with childcare in our nation:

1. Childcare is expensive.
2. Childcare is often low quality.
3. The childcare system is complicated to navigate.

The Lakewood Childcare Scholarship seeks to address these needs by not only reducing the cost of care for parents, but also providing childcare centers with guaranteed and fair compensation and assistance that can help improve and/or maintain quality programs in our city. The third challenge is faced by providing resources and referrals to the parents that contact the Division either by phone or in person at one of our programs.

The Scholarship program serves those families who are just above the 130% of poverty income level and thus denied childcare subsidies from the county. All approved applicants are still within CDBG low-moderate income guidelines and, therefore, are still greatly in need of financial assistance to enroll their child(ren) in childcare in order to maintain employment or complete their education. With this program, a single mother with two children can earn up to \$44,841/year and receive a 50% scholarship. It effectively enables low- and moderate-income Lakewood parents to stay employed by maintaining the affordability of childcare. Without this assistance, parents are at risk of losing their jobs and falling further into poverty and children are at risk of receiving low quality care, being shuffled from center to center when parents can no longer afford the bill, or worse being left alone. This concern is particularly acute now when schools are closed due to the pandemic, eliminating the largest childcare provider in the city.

The average hourly wage of parents approved for the scholarship hovers around \$16/hour. The typical family served is a single mother with one or two children. Let's look at her budget. Working full time, her gross rate is \$2,773/month. Not only does this mother not qualify for childcare assistance, but she will not qualify for any housing assistance or SNAP (food stamps). If this mother needs to pay the full rate for her infant, she will spend over \$1000/month or 36% of her gross pay. With assistance from the childcare scholarship she is expected to pay 50% of the bill to the center while CDBG funds pay the remainder. Her burden is now reduced to 18% of her gross pay. Still far exceeding the 10% guideline of the U.S. Department of Health & Human Services, but a huge step in the right direction.

This "work support" approach to engaged empowerment with financial support contributes to families moving out of poverty and into a more stable middle class. Employers of both the parents and childcare workers see less turnover and the community benefits from children who are prepared to enter Kindergarten and beyond. Research shows that children benefit greatly from a high-quality early childhood environment. According to economist Tim Bartik of the W.E. Upjohn Institute for Employment Research, "If you want to increase the average skills of your workers 20 years from now, one of the most cost-effective ways of doing that is investing in early childhood education."

Under this request, approximately 30-35 Lakewood children who receive childcare in either a type B family home day care or a licensed childcare center would receive assistance through the Lakewood Childcare Scholarship. These families are unable to afford the full cost of childcare without this assistance, and as explained, do not qualify for assistance under the County's program. While fewer children were served this year as a result of the pandemic closures, we anticipate a greater need in the coming year and are increasing outreach efforts to increase awareness of the program.

As stated, eligible families must meet HUD's low-moderate income guidelines and are registered in the program on a "first-come, first-served" basis. One hundred percent of these families are working, in school, or in job training that will enable them to enhance the quality of their own lives. As part of the registration process, the family selects the childcare facility in Lakewood of their choice. Options include: eleven licensed childcare centers (including their school aged programs) and family home child care providers who are affiliated with Cuyahoga County or a USDA Family Child Care Home program. CDBG dollars are paid directly to the provider each month on behalf of the participating family.

In order to monitor for eligibility, the recipient's financial status is evaluated annually, in person, and scholarships are adjusted accordingly. A current file of this information is kept for each scholarship client. The Program Manager makes periodic, random site visits to participating daycare centers to cross check and verify child attendance records.

This scholarship project is an innovation of Lakewood leadership. Community Early Childhood Professionals recognized that there were often families who "fell between the cracks" and did not qualify for County assistance. And yet, these were also families who worked every day at jobs that may have been stable, sometimes offering health care, but with a wage that made it very difficult to afford all the monthly bills, particularly the rising costs associated with childcare. Since its inception this program has assisted hundreds of children, allowing parents to remain in stable employment or further their education while keeping their children in high quality, regulated childcare that prepares them for greater school success. Among parents, this program promotes positive self-esteem, nurtures personal productivity and responsibility and instills pride and self-worth. Lakewood childcare centers benefit from regular payment through the CDBG scholarship and less classroom turnover. In turn, the benefits spillover to the community through these centers and the continued employment of Lakewood parents whose participation in the local economy increases, as do local income tax revenues.

4. Target Population(s)

This program is targeted toward any Lakewood family that meets the minimum requirements of residency, uses a licensed Lakewood childcare center or type B family day care home while they work or attend school, and whose income qualifies as low to low-moderate according to HUD guidelines.

5. Geographic Service Area

City of Lakewood.

6. Services Provided & Delivery Strategy

- a) Market the program to the community through local print media, childcare providers, City of Lakewood website, social media and both branches of the Lakewood Public Library.
- b) Respond to inquiries about the program via phone, e-mail or in person.
- c) Conduct initial screening of each potential applicant to verify residency, income and employment/student status. Based on results, the application process is initiated, a referral is made to County, or ineligibility is determined.
- d) Coordinate with childcare providers on behalf of individual scholarship recipients to set up scholarship and establish monthly billing process.
- e) Maintain all required client documentation (proof of residency, tax returns, current employment verification, and demographic data).
- f) Contact recipients and conduct reverification process annually.
- g) Prepare and submit monthly accomplishment report on number of clients served and demographics of client base to City's Development Officer.

7. Outreach Strategy & Efforts

Outreach efforts are primarily made through the Lakewood Family Room (both in person and through social media outlets), childcare centers, and elementary schools. Additional outreaches this year have been through the Lakewood water bill and city social media.

8. Community Partnerships & Stakeholders

Staff will continue to partner with Lakewood childcare centers to promote the scholarship program and help parents with the application process. Regular contact with the centers is maintained through the monthly Lakewood Early Childhood Professionals meeting which is mandatory for those centers receiving the scholarship and attended by most of the centers and preschools in Lakewood.

9. Staffing

Title	Hours/Week Devoted to Program	% CDBG Funded	Qualifications & Responsibilities
Program Manager	12	84% (of dedicated hours)	Screens applicants and verifies annual income, prepares monthly reports, schedules parent meetings, refers to appropriate greater community resources, evaluates worthiness of scholarship program, makes recommendations for program guidelines revisions as needed.

10. Implementation Schedule

Milestone	Completion Deadline
Respond to inquiries and accept applications for scholarship assistance	Ongoing
Contact childcare providers to set up scholarship process	Ongoing/As Needed
Invoice for services provided	Monthly
Prepare CDBG reports and submit to Development Officer	Monthly, Quarterly & Annually
Gather data and prepare annual CDBG grant application/present to CAC	September/October

11. Projected Beneficiaries (January 1 – December 31, 2021)

	Persons	Households
Total Unduplicated Persons & Households to be Served	30-35	25-35
Unduplicated Low-Moderate Income* Persons & Households to be Served	30-35	25-35

*<80% Area Median Income

12. Program Evaluation

(data collection & analysis, outcome measurement procedures & methodology)

The number of participants in the program, as tracked by staff, serves as a measure of the number of children and their respective households for which childcare services were made more affordable, and therefore accessible. Achievement of the goal of helping lower-income Lakewood parents to maintain employment or continue their education will be measured through an annual survey administered to participating parents. This survey, as well as annual proof of income, will help determine:

- Employment status and length of employment
- Changes in salary/wages
- Status of childcare
- Overall satisfaction with the program

13. Additional Data and/or Information Not Previously Requested That Strengthens the Organization's Case for CDBG Funding Support

III. FY21 PROGRAM BUDGET

1. Expenses

Expense Category	Total Project (A)	CDBG Funds(B)	CDBG % of Total (B/A)
Personnel			
Salaries	17,965.12	8,661.76	48%
Fringe Benefits	2,775.61	1,338.24	48%
Sub-Total Personnel	20,740.73	10,000.00	48%
Overhead & Operations			
Rent/Lease			
Insurance			
Materials & Supplies			
Professional Services			
Postage			
Travel			
Utilities/Telephone			
Insurance			
Equipment			
<i>Other: Child Care Costs</i>	40,000.00	40,000.00	100%
Sub-Total Overhead & Ops	40,000.00	40,000.00	100%
Total Project Costs	60,740.73	50,000.00	82%

2. Funding Sources

Source	Requested	Committed	Total
Department Funds	10,740.73	10,740.73	10,740.73
CDBG FY20-FY21 CDBG Carry Forward Funds (Est)			
Other (Non-CDBG) Federal			
State			
Local			
County			
Private (Foundations, Individuals, Other)			
Earned Revenue/Fees			
In-Kind/Volunteer (@ \$15/Hour)			
<i>Other</i>			
FY21 City of Lakewood CDBG Funding Request	50,000.00		50,000.00
Total Funding Sources	60,740.73	10,740.73	60,740.73

IV. FY21 BUDGET NARRATIVE

1. Describe how CDBG funds will be utilized to support the proposed program.

The Lakewood Childcare Scholarship program is funded 100% by CDBG funds. The majority of the funding goes directly to paying for the care of children in licensed, high quality childcare settings.

2. Describe how the proposed program would function if it does not receive full amount of requested funding.

This year we have reduced our ask due to a large carryover from 2020. In March 2020, all childcare centers were closed per the governor's orders due to COVID – 19. Many centers were closed for months and even after opening, many of the participating families have not yet returned. As more parents return to work in 2021 and children go back to full time childcare, we anticipate that the need will return to the pre-pandemic levels that have been the normal for the over 25 year history of this program. Any reduction in funding directly results in less families being served and/or a reduction in the percentage of cost the scholarship can pay.

3. Describe the department's efforts to develop/leverage other sources of funding to support the proposed program.

In these unprecedented times, the Department of Human Services is turning to partners to leverage funds to assist families who struggle with the cost of childcare even with incomes above the CDBG restrictions. We are working to establish a program with the Healthy Lakewood Foundation that may be able to assist families who earn up to 400% of the FPL, a precedent set by the county's Universal Pre-K (UPK) program that offsets the cost of preschool for children enrolled in certified UPK centers.