



Memo

TO: Councilmembers, Executive Sidhu
FROM: Erika Lautenbach, Health and Community Services Director
RE: Subsidy and Rate Augmentation Follow-Up Discussion on 11/19
DATE: **NOVEMBER 15, 2024**

One of the key priorities in the Healthy Children's Fund ordinance and implementation plan is to stabilize the childcare market by both making it more affordable for families and by helping businesses reach a more sustainable financial state and build potential for growth.

On Wednesday, November 6th you received a briefing from Healthy Children's Fund program staff and our Childcare Consultant regarding subsidy and rate augmentation, the two strategies to address childcare stabilization. The goal of the discussion on November 19th is to receive council direction on the proposed plan to serve families with children 0-5 from 75%-85% SMI with a child care tuition discount and providers with rate augmentation for each Working Connection's enrolled child they serve age 0-3.

Based on feedback received from Councilmembers on November 6th, staff will provide the below recommendation for subsidies and rate augmentation for years 1 and 2. Council direction on staff recommendations and funding priorities are requested at this briefing. Please contact Sarah Simpson with questions or information requests prior to the Council briefing on Tuesday November 19th, 2024.

Activity	Year One Cost	Year Two Cost
Tuition Discount to families at \$300 per month children age 0-5	\$1,366,000.00 *includes 6 months of 65%-75% SMI families*	\$772,200 *includes 10% increase*
Rate Augmentation to providers at \$300 per month for each enrolled WCCC child age 0-3	\$1,465,200.00	\$1,611,720.00
Subsidy and Rate Aug. Administration	\$300,000 *set up and admin*	\$240,000 *10% of funds distributed*
WCCC Campaign to increase state subsidy enrollment	\$200,000.00	\$50,000.00
TOTAL	\$3,331,200	\$2,673,920

