

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 12, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 13 : IMPACT OF POTENTIAL CHANGES IN THE VIRGINIA PRESCHOOL INITIATIVE IN THE HOUSE OF DELEGATES VERSION OF THE STATE BUDGET

The purpose of this memorandum is to provide background information on the Virginia Preschool Initiative and a review of the impact of potential changes in the context of the 2011 state budget process.

Background: The Alexandria Department of Human Services is the local project manager for the Virginia Preschool Initiative (VPI) which provides lottery funds, through the Virginia Department of Education (VDOE), to localities for programs for unserved, at-risk four-year-old children. The programs must include a quality preschool education, health services, social services, parent involvement and pupil transportation. In Alexandria, educational services are provided by private providers.

Prior to Fiscal Year 2010, the state only provided a 20 percent match. Alexandria partnered with private providers to identify the 80 percent local match in foundation funds and city grants. In 2010, the local match was reduced to 50 percent. Available local funds allowed Alexandria to draw down \$738,000 in 2010 versus \$252,000 in 2009.

Eligible children must meet requirements based on a matrix developed for the program including low income and developmental and family issues. Programs must either be accredited through the National Association for the Education of Young Children or actively working toward accreditation and must participate in the QRIS Star Quality rating system. There is a cash match requirement.

Issue: Both the Governor's Budget and the Senate version of the 2011 Budget essentially leave the Virginia Preschool Initiative as is, with no changes. The projections based on the Governor's Budget and the Senate's version would maintain Alexandria's allocation at \$2.6 million and the favorable 50 percent local match. This would result in Alexandria being able to draw down \$738,000 in Fiscal Year 2011 (assuming the number of children participating remains the same).

The House version would make significant changes, including:

- Reducing the funding level of VPI by 16 percent or \$51 million over the biennium;
- Altering the funding formula so distribution is based on the number of children in the district instead of the number of disadvantaged children in the district. Preliminary analysis indicates that because of the high percentage of low-income children in Alexandria schools, the City's VPI allocation would be cut;
- Rolling back the 50 percent cap on the local match requirement to an 80 percent local match. For the same number of qualifying children, instead of \$738,000 which the City received in 2010, the City would receive only \$295,200 in 2011;
- Establishing a lottery proceeds block grant to the schools which could then decide to use the dollars for one or more of the following: Virginia Preschool Initiative, At-Risk Add-On or Early Reading Intervention program (each of these would require an 80 percent local match). If grant funds are transferred to the schools through this proposal these grant funds would no longer be appropriated in the DHS budget.

The amount that will be available for VPI depends on whether the House or Senate version of the budget is approved. The VDOE website projects that the state funds available to Alexandria in the lottery funds block grant based on the House proposal amendments would be \$480,655 and would require a local match at 80 percent match or \$1.9 million. These changes would significantly jeopardize Alexandria's ability to provide preschool services to the 246 children currently eligible for the VPI program.