

Planning for the Saint Paul Early Childhood Initiative: Executive Summary

Developed for the Saint Paul Children's Collaborative by MetrixIQ and Emmy Liss Strategies, April 2024

In November 2024, the voters of Saint Paul will vote on a levy to provide new public funding dedicated to child care initiatives for children under the age of five. In support of planning for this ballot measure, the Saint Paul Children's Collaborative contracted with MetrixIQ to build a pro forma cost model based on the anticipated funds and provide scenarios for the different potential options to implement and administer the new program.

The output of this effort, conducted from January through April 2024, includes a budget model, an analysis of the potential impact, and detailed design considerations for planning including perspectives from other municipalities that have implemented similar programs. These materials build upon the recommendations from the [Early Learning Legislative Advisory Committee](#) that this new initiative be dedicated to early learning for all children from birth through five in Saint Paul.

These materials are based upon publicly-available data, analysis completed by Rob Grunewald, consultants' knowledge of other early childhood initiatives, and other assumptions outlined within the analysis. This work has been heavily influenced by the recommendations of the Legislative Advisory Committee and the input of City Councilmembers Noecker and Yang. This is a predecisional, advisory document – not a formal implementation plan – and is intended as a tool for leaders in Saint Paul to further their own planning work.

- **Budget model:** Levy funding - the core revenue source for the initiative - is projected to scale over 10 years, with \$2M in the first year and \$20M once at full scale. In designing a budget for this program, the goal was to maximize spending on direct service for children and minimize spend for administration. At scale, indirect costs should be about 10% of the overall budget, though the share spent on administration during the pilot years will be higher given start-up investments required. Some indirect costs are fixed (e.g. evaluation) while others scale (e.g. customer service) with the program.
- **Projection of children served:** The total number of children to be served by the initiative is a direct function of the cost of care per child and variation among the population served, including the mix of infants/toddlers versus preschoolers and the share of children who already receive some funding through other programs. Cost of care is benchmarked to the 75th percentile of market rate in this analysis. Based on this and other detailed assumptions, the analysis projects serving 2,556 children annually by year 10, which would represent close to 7,000 unique children cumulatively over the first decade of the program. This means that by year 10, the program will annually reach most preschoolers and about a third of infants/toddlers in need (<185% FPL). Reaching all children in need and expanding to the overall population will require additional state funding for CCAP and ELS and/or further investment in the new Saint Paul early childhood initiative.
- **Key design decisions:** There are a set of design decisions that will drive program implementation. Based on the recommendations of the Legislative Advisory Committee, input from City Councilmembers, and best practice from other municipalities, these materials include an initial design proposal for each of eight major topic areas. These initial proposals should be refined through community engagement, support the City Council in making key design decisions ahead of the ballot measure, and inform future implementation planning.
 1. **Financing and cost:** The Saint Paul Early Childhood Initiative will be funded through a dedicated levy with new funding layered on top of existing public investments. Other revenue sources will be limited: the initiative will be free for the lowest-income families; any potential philanthropic

contributions will not be used for core program functions

2. **Governance and administration:** The city's Office of Financial Empowerment will oversee the initiative and either administer it in-house or contract out some or all functions. An advisory board will be established to provide ongoing input and create external accountability. In the long term, there may be benefit to consolidating oversight of all ECE services in the city into a single entity
3. **Service delivery:** Any licensed or legal-non-licensed provider that signs a basic agreement with the Saint Paul Early Childhood Initiative can receive funds to provide care. In the first several years, the Saint Paul Early Childhood Initiative will not contract for slots with any provider or guarantee funding to any provider
4. **Eligibility and pace of scale:** In the long term, the program will be open to all children 0-5 in Saint Paul. In the near term, families must be under 185% FPL to qualify and will be prioritized if they meet specific risk factors. Participation in other programs (CCAP, ELS) will not impact how children are prioritized for the Saint Paul Early Childhood Initiative, though families will be encouraged to first apply for other funds
5. **Outreach and enrollment:** Critical investments will include development of a 'find child care' portal that should include all providers in the city, targeted community outreach to drive awareness and enrollment among the most vulnerable families, some 'customer service' for families to help them navigate the enrollment process, and creation of data systems. Saint Paul may consider seeking out partners to support the back-end processes. Detailed design decisions on the program application process should be made with further input from families and providers
6. **Program features and standards:** Providers will sign an agreement that sets minimal requirements for them to receive funding, including meeting basic health and safety standards and keeping enrollment and financial information up to date. There will be no programmatic requirements beyond what is already required under licensing requirements. Program quality standards and related supports may be introduced at a later date. The initiative will support multilingual families in accessing care and ensure children with disabilities are referred to services that meet their needs, though will be uninvolved in specific program choices
7. **Data and evaluation:** Data collection will be more manual in the first few years; processes will become more complex and automated as the initiative invests in data management systems. The program will be rigorously evaluated from day one, potentially in partnership with a research institution, to improve efficacy of implementation, demonstrate impact, and ultimately make the case for further investment
8. **Workforce:** There will be no new, dedicated investments in the workforce in the early years, especially given the state's recent investments; the initiative reimbursement rate should be sufficient for providers to pay a living wage. There is funding set aside in later years for the initiative to make investments in workforce with specifics to be determined based on program data