



COLORADO CHILD CARE ASSISTANCE PROGRAM POLICY FORUM REPORT

INTRODUCTION

High quality child care is a valuable asset for many families, but especially for poor and low-income families. Access to quality child care allows parents to get and keep a job in order to support their families and achieve self-sufficiency, and gives children a positive environment to further their learning and development. Access to high quality child care is particularly important for poor and low-income children, who, as many research studies suggest, experience the greatest long-term benefit from high-quality early care and education opportunities.

It is important for low-income families seeking child care to receive sufficient child care subsidies that help defray most or all of the costs of child care for both the family and child care providers who contract with the child care subsidy program. Sufficient subsidies allow providers to accept poor families into their programs by ensuring that program costs are covered.

To ensure Colorado's ability to deliver high-quality child care to families needing such services, a variety of stakeholders in early care and education convened in 2007 to discuss issues associated with child care delivery.

CCCAP POLICY FORUM HISTORY

In 2006, the Colorado Early Childhood State System Team identified increasing reimbursement rates for child care and health care providers in order to increase access to poor and low-income families as one of its five policy priorities. A group of advocates, providers, county and state personnel and others interested in improving child care provider reimbursement rates through the Colorado Child Care Assistance Program (CCCAP) was convened and began meeting in January 2007. The scope of work was broadened to include the positive and negative aspects of the CCCAP program with the intention of developing a series of recommendations informed by a broad array of stakeholders to improve the delivery of subsidized child care to poor and low-income children and families.

Presentations were made by experts in the field in the following areas:

1. Federal perspectives
2. Colorado perspectives
3. Child care provider issues and concerns
4. Participating parent issues and concerns

The federal and state perspectives were provided by Oxana Golden, State TA Specialist for the National Child Care Information Center, and Leslie Bulicz, Colorado Department of Human Services Division of Child Care.

The group identified the following issues related to CCCAP as potential improvement areas for the program: family eligibility, provider reimbursement rates, payment policies, parental co-payments, and authorization policies and processes. All issues were examined at the federal and state levels. When identifying areas of change and making recommendations, three framing questions governed the discussions:

1. Is the proposed change allowed under federal law?
2. Is the proposed change politically feasible?
3. Is it efficient to be spending time on this solution?

As solutions were developed, they were placed into the following categories: 1) Funding Strategies; 2) Provider Payments and Processes; 3) Certificates and Processes; 4) Eligibility Levels and Parent Processes; and 5) Technical Assistance and Communication.

At the initial meeting, the group was asked to list the positive and non-positive aspects of the program. Below is a table of those comments:

| Positive CCCAP Policies | Non-Positive CCCAP Policies |
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| <p><u>FAMILY ELIGIBILITY:</u> CCCAP does assist some families in being able to afford child care</p> | <p><u>FAMILY ELIGIBILITY:</u> Income eligibility requirements are restrictive Because of county flexibility, eligibility is different from county to county and can impact families negatively if they move</p> |
| <p><u>CO-PAYMENTS:</u> Parent co-payments are affordable in most instances</p> | <p><u>CO-PAYMENTS:</u> Co-payments for families at poverty levels are not waived</p> |
| | <p><u>PAPERWORK:</u> The application and re-determination processes are difficult for families</p> |
| <p><u>PROVIDER REIMBURSEMENT RATES:</u></p> | <p><u>PROVIDER REIMBURSEMENT RATES:</u></p> |

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| Rate decision-making devolved to counties | Balancing rates vs. the number of families served is frustrating. One decision impacts the other. |
| <u>INFANT/TODDLER RATES:</u> Provider reimbursement rates recognize that Infant / Toddler child care costs are higher than preschool and school-age care | <u>INFANT/TODDLER RATES:</u> Reimbursement rates for infant toddler care are often lower than the cost to providers to provide care to that age group |
| <u>QUALITY:</u> Quality is reflected by tiered reimbursement rates in two counties Option of differential reimbursement tied to quality | <u>QUALITY:</u> The focus of CCCAP is unclear – is the focus quality or is the focus on supporting parents in eligible activities – or both? |
| <u>FUNDING:</u> CCCAP utilizes multiple funding sources (federal, general fund, county, TANF transfers, parental co-pays) | <u>FUNDING:</u> Insufficient funding to serve all eligible families and to pay providers at the market rate |
| <u>STATE/COUNTY:</u> Good partnership between the state and counties in policy making | |
| | <u>BILLING PAPERWORK:</u> The manual billing aspect of CHATS is burdensome |

FEDERAL PERSPECTIVES

A major source of funding for child care assistance for low-income families is the federal Child Care and Development Fund (CCDF).

Goals:

The five goals of the federal Child Care and Development Fund (CCDF) are to:

1. Allow each state maximum flexibility in developing program and policies;
2. Promote parental choice to empower working parents to make their own decisions;
3. Encourage states to provide consumer education information to help parents make informed decisions;
4. Assist states to provide child care to parents trying to achieve independence from public assistance; and
5. Assist states in implementing the health, safety, licensing, and registration standards established in state regulations.

Purpose:

The purpose of the CCDF is to increase the availability, affordability and quality of child care services by:

1. Providing low-income families with the financial resources to find and afford quality child care for their children;
2. Enhancing the quality and increase the supply of child care for all families, including those who receive no direct assistance under the CCDF;
3. Providing parents with a broad range of options in addressing their child care needs;
4. Strengthening the role of the family;
5. Improving the quality of, and coordination among child care programs and early childhood development programs; and
6. Increasing the availability of early childhood development and before and after school care services.

Federal Regulations:

The federal regulations provide that states:

1. Maximize parental choice through certificates and grants and contracts;
2. Include a broad range of child care providers, including centers, family child care, in-home care, relative care, and sectarian providers;
3. Provide quality child care;
4. Coordinate planning and delivery of services at all levels;
5. Design flexible programs that provide for the changing needs of families
6. Administer the CCDF responsibly; and
7. Design programs that provide uninterrupted service to families and providers.

Co-Payments:

Families that receive child care assistance typically pay something toward the cost of care. Federal regulations require sliding fee scales to be based on the family income and size; however, states may waive co-payments for families at or below federal poverty levels. States may include other factors as well such as the cost of care. Co-payment policies are important: if co-payments are too high, families may have difficulty covering the co-payment or may be discouraged from participating in the child care assistance program altogether. States must provide facts that show how co-payments are affordable for families.

Reimbursement :

Adequate child care provider reimbursement rates are essential to ensuring that parents have the same range of child care choices as non-subsidy families and providers have the resources to support high quality child care. Low rates make it difficult for parents receiving assistance to find a provider who will accept subsidies because fewer providers are willing to contract with the program. Rates that are below current market prices also deprive child care programs of the resources needed to pay competitive wages for highly qualified teachers, purchase an adequate supply of toys, books, and supplies and maintain their facilities.

The benchmark used to assess state reimbursement rates and the level recommended in federal regulations is the 75th percentile of current market rates. This is a rate that allows families to have access to 75 percent of the providers in their communities. While states are required to conduct surveys every two years to determine providers' current market rates, states are not required to regularly update their rates based on the survey or set their rates at any particular level.

States are required to prove equal access and parental choice by:

1. Certifying that payment rates are sufficient to ensure equal access of subsidized families to child care services comparable to those of non-subsidized families, and
2. Providing facts showing how subsidized families have available choices from the full range of providers – centers, family homes, group homes, in-home, relatives.

COLORADO PERSPECTIVES

Funding:

There are five sources of funding for the CCCAP in Colorado: federal CCDF, state General Fund, local county match, transfers of TANF, and parent co-payment fees.

Administration and Implementation:

The Colorado Department of Human Services, Division of Child Care is responsible for the supervision of the 64 Colorado counties and their administration of CCCAP. Under the CCCAP umbrella, CCDF funds are used to provide direct services. Annually, CCDF funds along with state funds are allocated to counties for TANF and low –income child care. Every two years counties must report to the State utilizing the approved county plan for the administrator of those funds and agree to comply with both state and federal laws and regulations.

Appropriations and Authority:

The General Assembly has the authority to appropriate the CCDF. Subject to available appropriations, the appropriation for CCCAP provides a block grant to each county to administer the program;. Each county is required to spend, as maintenance of effort, an amount of its own funds that is equal to the county's proportionate share of the total county funds reflected in the current year's Long Bill.

In determining how to allocate available state and federal funds among counties, the Department is to consider the following factors for each county:

- Number of children in the county ages 0-12
- Number of county children in the Food Stamp program
- The previous year's CCCAP utilization

Under Colorado Revised Statute (CRS) 26-2-805 the counties have the authority to set eligibility levels for CCCAP participation, reimbursement rates to providers, and whether participants are eligible while engaged in training/study activities.

Eligibility Levels:

In Colorado, the income eligibility limit is set by each county as mandated under CRS 26-2-805. Counties are required to provide child care assistance subsidies to any person or family whose income is less than 130% of the federal poverty level and may not serve families whose incomes exceed 85 percent of the state median income.

Child Care Provider Reimbursement Rates:

Based on Colorado statute, counties are given authority to set their reimbursement rates for all types of care based on guidance provided by the state market rate survey. Counties are provided the results of the state market rate survey to be used a guide to set payment rates that will afford families equal access. The state monitors this through the county child care assistance plan submitted to the state every two years and amended by counties at time of any changes.

Parental Co-Payments:

Parent co-payment fees are set by the State Department of Human services through rules promulgated by the State Board of Human Services TANF families who are in training and educational activities are not required to pay parental fees. Low-income (non-TANF) teen parents attending high school are also exempt. In Colorado 73% of families pay 10% or less for co-payments

CHILD CARE PROVIDER PERSPECTIVES

Child care providers were invited to attend a meeting and to provide input on the following three questions:

1. What works in CCCAP?
2. What doesn't work in CCCAP?
3. What are your recommended solutions?

| What Works | What Doesn't Work |
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| Payments to providers for child care services are timely in some counties | In some counties, payments to providers for child care services are not prompt nor accurate |
| There is a good relationship between providers and county caseworkers | It is very time consuming to address accuracy of payment issues with caseworkers when there is a problem. |
| Caseworkers have good follow through with enforcement of parental co-pays | Rates do not compensate for extended hours such as evening/night time hours or weekend care. |
| Direct deposit works well | |
| Flexible federal and state policies | CCCAP policies do not require families |

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| | to give a two week notice of termination when leaving care. |
| Prompt responses from State on policy questions | When parents drop off children but do not go to work or school, County policies differ as to who is responsible for payment if services. |
| In Denver, the income eligibility of 225% of Federal Poverty Level works well | Providers don't get paid until parents' work timesheets are turned in putting the control for payment in the hands of the parents not the contractual obligations of the county (|
| Differential rates for special needs children | Combination of below market rates coupled with payment inconsistencies has a negative impact on providers and deters providers from accepting CCCAP families. |
| Tiered reimbursements – Denver, Adams, and Weld | Policies such as rolling activity and registration fees into the daily rate and not paying for holidays that fall on the weekend have a negative impact on providers |
| Positive interactions between Denver and State Department | Licensing changes such as the increased group leader requirements and the proposed reduction in infant/staff ratios Increase cost of care which is not covered by CCCAP reimbursement rates |
| Establishing trust/relationships to work on Head Start and child care issues | Manual paper billing system is burdensome to both providers and county workers |
| | Certificates indicating a change in benefits are often backdated causing loss of revenues to providers |
| | Low reimbursement rates reduce parents' choices for child care |
| | Policy on paid absence days differs among the counties and can have a negative impact on providers and deter providers from accepting CCCAP families |
| | Re-determination, which is typically every 6 months, should be less frequent |

PARENT PERSPECTIVES

Parents were invited to attend a meeting and were asked for their input using the same three questions:

1. What works in CCCAP?
2. What doesn't work in CCCAP?
3. What are your recommended solutions?

| What Works | What Doesn't Work |
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| The availability of CCCAP is good | Initial enrollment is slow |
| It is fairly easy to get on CCCAP initially | After initial eligibility is determined, workers do not return phone calls |
| CCCAP is a life saver –keeps parents off welfare and enables them to work | Certificates are difficult to read and are confusing |
| Re-determination every 6 months is good | Removing children from care when work status changes is difficult for the parent to maintain steady employment and impacts children negatively |
| Parent's son is getting an enriched experience in child care | Cliff effect: if parent makes \$1 over eligibility level, she loses the subsidy. No incentive for career advancement |
| Parent was thankful to have an option to choose a Montessori program | Parents are not aware of changes to eligibility level made by their counties |
| The re-determination process is positive | It's costly to do re-determination every time the work status is changed |
| Parental co-pays are reasonable | Within the parental fee schedule, there are big jumps in the parental fees between income levels. |
| | There is a misunderstanding about special needs policies in CCCAP |
| | Special needs children need policies that are consistent with age limits for education (21 years old) |
| | Different counties have different policies. Moving can cause a parent to lose the subsidy resulting in loss of child care which impacts work stability |
| | Lowering eligibility caused many families to lose the subsidy and created a hardship for providers in finding affordable care |
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RECOMMENDATIONS

At the conclusion of the forum meetings, the group agreed to a list of recommendations aimed at improving CCCAP funding strategies, provider payments and processes, certification processes, parent processes and technical assistance and communication.

1. Require the Colorado Department of Human Services set a statewide minimum or floor for CCCAP reimbursement rates by county or region that ensures access to quality care for all CCCAP children based on a percentile of market rates. As part of setting minimum reimbursement rates, the state department will:
 - Align CCCAP reimbursement rate age categories with age ranges in child care licensing rules and regulations: infants, toddlers, preschool and school age;
 - Establish a state definition of alternative hour child care;
 - Stipulate that all tiered-reimbursement programs established at the county level will not go below the state floor for the bottom tier;
 - Include minimum rates for alternative care and care for children with special needs in addition to care for infants, toddlers, preschool, and school-age; and
 - Require each county or region to provide evidence to the state department that its method of ensuring access to quality care is effective.
2. Improve the CCCAP application process by accepting applications at locations that more convenient for parents, such as local child care centers. It is recommended that the Colorado State Department of Human Services establish an 18-month pilot project through the network of early childhood councils to evaluate the feasibility of taking CCCAP applications at local child care centers.
3. Simplify the CCAPP redetermination process and requirements related to the changes in the work status and income parents must report such that:
 - Unnecessary burdens are not created for families whose schedules change frequently;
 - Disruption in child care due to small changes in parents work activity is minimized; and
 - The CCCAP redetermination process is coordinated with the redetermination of other public assistance programs.
4. Minimize opportunities for CCCAP fraud or misuse by using other public assistance records to verify employment, income and household composition.
5. Reduce frequency of redetermination to once every 12 months. Implement a policy of six-month self-report checks to be completed by CCCAP families.
6. Require counties to print current county eligibility and income limit per family size on certificates. Communicate eligibility and income limits to child care providers.

7. Require counties to give CCCAP families and child care providers a 45-day notice when county eligibility levels are changed.
8. Educate County Commissioners about how quality subsidy programs and reimbursement rates make a difference for families and communities using early childhood councils and local child care resource and referral agencies.
9. Recommend CDHS develop a brief on issues and best practices for administering a local CCCAP program and make it available to counties, along with technical assistance. Ask CDHS to include parent orientation as one of the best practices in the brief for counties.
10. Develop an information packet on the child care subsidy program targeted to child care providers that covers information on contracting, eligibility, reimbursement rates, and other basic facts about the program.