

# A POLICY POSITION OF THE EARLY CHILDHOOD EDUCATION ASSOCIATION OF COLORADO

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## **SUBJECT: Tiered reimbursement rates for early childhood education centers who participate in the Colorado Child Care Assistance Program**

### **POLICY STATEMENT:**

Early childhood care and education programs are essential to our society, our economy and the success of welfare reform. In order that parents may have choice of programs, as federally mandated, that children receive the quality care and education that they need to succeed in school and in life, and that there be sufficient space for children of all ages and backgrounds, early childhood care and education centers must be of high quality and remain financially viable. The important mission of caring for and educating the children from Colorado's neediest families cannot be compromised. Under-funding and systemic problems in the delivery of subsidized early care and education create barriers to accessibility, availability and quality.

Quality early childhood education is an important determinant of later success both in school and society. The Early Childhood Education Association of Colorado believes that children should be cared for by a well trained and educated staff in safe and healthy environments that are developmentally appropriate and educationally enriching.

High quality early childhood education services require continuous staff training, facility maintenance, and staffing ratios that allow children to grow socially, emotionally, physically, as well as cognitively. Research has established compelling links between a child's social and emotional development and later school success.

This continuous process of training and provision of a quality environment is not sustained in the current county reimbursement structure. While the State Department of Human Services, Division of Child Care, adopts new licensing standards for providers, the county reimbursement structure pays only for minimum health and safety services which are not high quality early childhood education

Therefore, the Early Childhood Education Association of Colorado urges the State of Colorado to pursue policies that will support programmatic quality and encourage providers to improve quality.

1. Institute the federally recommended 75<sup>th</sup> percentile reimbursement rate in all counties
2. Institute a grant system to assist providers in achieving higher standards through increased staff training and facility improvements as a prelude to a tiered reimbursement system
3. Set as a goal an effective tiered reimbursement system that will encourage providers to improve quality. Such a system would include the following:

- a) A grant system to cover the cost of increased training and updated equipment
- b) A minimum of three levels of reimbursement rates:
  - The lowest level should be sufficient to reimburse providers at an amount that will allow them to comply with licensing rules and regulations. This amount is the 75<sup>th</sup> percentile of the county's market rate or the provider's private tuition rate whichever is lower.
  - The mid level should be adequate to reimburse providers for higher staff costs associated with increased training/education as well as for the cost of a quality rating.
  - The highest level should be at an amount that reimburses providers for increased expenses associated with accreditation or a quality rating including higher staff costs and the cost of accreditation or a quality rating.
- c) The highest level should include a menu of quality rating systems, including all nationally accepted accreditations and Qualistar.

**POLICY RATIONALE:**

The 75<sup>th</sup> percentile is a suggested rate by the Child Care Bureau, Administration for Child and Families, that allows states to demonstrate equal access for subsidized families. The 75<sup>th</sup> percentile allows providers to meet licensing requirements for child/staff ratio, group size, and basic qualifications. Rates lower than the 75<sup>th</sup> percentile cause providers to subsidize care from their private pay clients or to operate with serious licensing deficiencies. Rates lower than the 75<sup>th</sup> percentile give providers no financial resources to improve quality thus creating a system where providers who have no additional outside resources can never hope to improve.

Quality rating systems and national accreditation programs are extremely expensive; depending on which program is chosen, they can range from a few thousand dollars for an average size center to almost \$10,000. To encourage providers to improve quality, tiered reimbursement should be sufficient at the higher levels to cover the cost of the rating or accreditation as well as the increased staff costs due to higher educational/training levels and the increased cost associated with lower ratios.

There are several nationally recognized accreditation programs, and centers should be encouraged to use one that best fits their needs and their educational philosophy. Accreditation by the national accrediting bodies is a valuable identifier of high quality and should be accepted at the highest reimbursement level.

In addition to the cost of the quality rating or accreditation, there are significant costs to providers for updated equipment and increased education or training for staff. These costs cannot be covered by reimbursement rates which are at or below the 75<sup>th</sup> percentile. A grant process needs to be created that will assist providers with the cost of training and equipment. Implementation of a tiered reimbursement system should be preceded by the implementation of such a grant system that demonstrates Colorado's recognition of the importance of high quality early childhood education.