

Joint Committee on Children, Youth, and Families

Senator Nancy J. King, Senate Chair
Delegate Ariana B. Kelly, House Chair

Agenda

Wednesday, October 5, 2016, 10:00 a.m.
Room 120, House Office Building
Annapolis, Maryland

I. Call to Order and Chairs' Opening Remarks

II. Department of Legislative Services

- Kaitlyn S. Shulman, Senior Policy Analyst
- Kyle D. Siefering, Policy Analyst
- Jennifer B. Chasse, Principal Policy Analyst
- Jennifer K. Botts, Senior Policy Analyst

III. Maryland State Department of Education

- Elizabeth A. Kelley, Acting Assistant State Superintendent for Early Childhood
- Kristy L. Michel, Deputy Superintendent for Finance and Administration and Chief Operating Officer

IV. Providers

- Shaun M. Rose, Chair, Montgomery County Chapter, Maryland State Child Care Association
- Beth Myers, Director of Member Strength, Service Employees International Union Local 500

V. Closing Remarks and Adjournment

Maryland's Child Care Subsidy Program

**Presentation to the Joint Committee on
Children, Youth, and Families**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

October 5, 2016

Presentation Overview

- Introduction
- Overview of Child Care Subsidy Program
- Key Federal Benchmarks
- Comparison with Neighboring States
- Impact of Recent Re-authorization
- Summary and Observations

*Wolton-PRINCE
2016 Leavitt*

Introduction

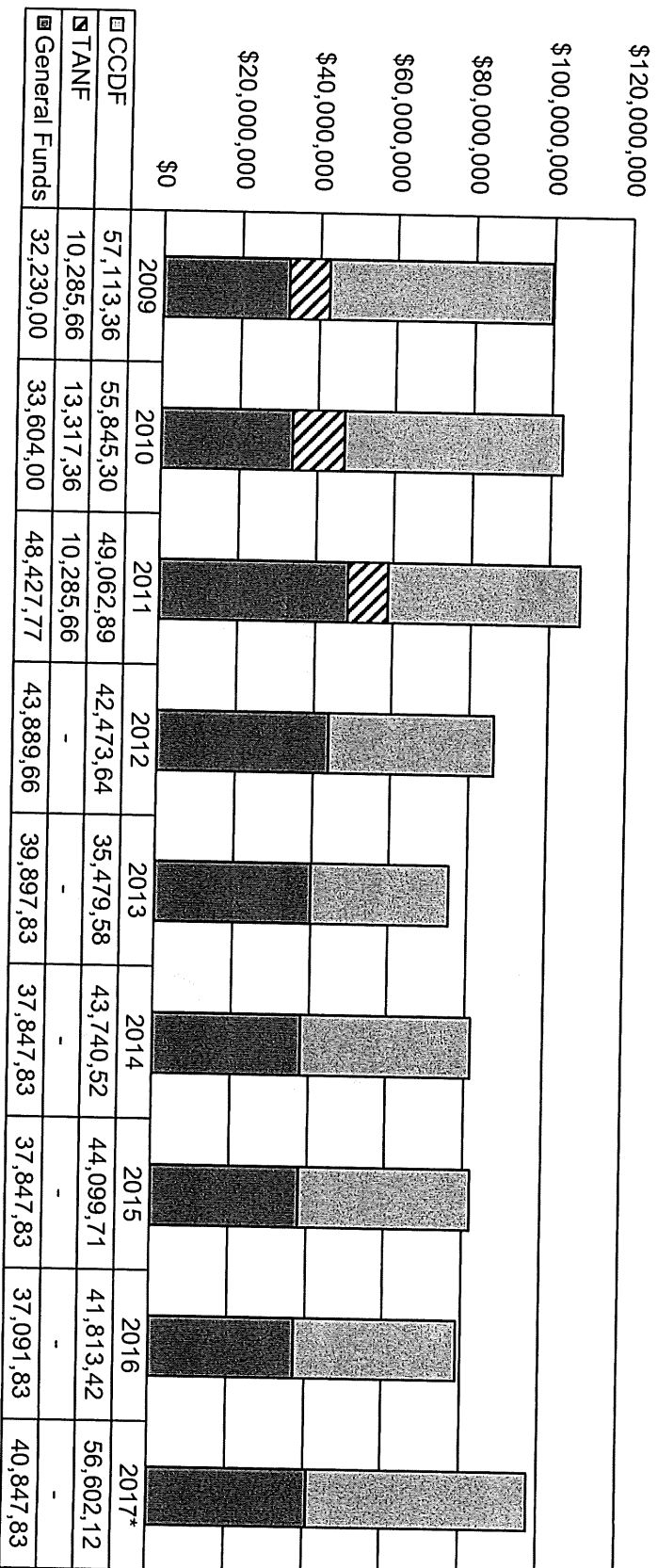
- The federal Child Care and Development Fund (CCDF) provides grants to states to help low-income families obtain child care
- All states receive funds to operate child care subsidy programs but have broad discretion in setting policies
- In federal fiscal 2013, \$5.2 billion in funds awarded; an average of 1.46 million children in subsidized child care each month

Overview of Child Care Subsidy Program

- Formerly Purchase of Care Program under the Department of Human Resources
- Transferred to the Maryland State Department of Education (MSDE) in 2006
- Families receive a voucher to purchase child care directly from the provider of choice
- State pays subsidy to provider
- Parent pays the required copayment and, in some cases, any additional fees (remaining balance between the market rate, subsidy, and copayment)

Program Expenditures

Child Care Subsidy Expenditures
Fiscal 2009-2017

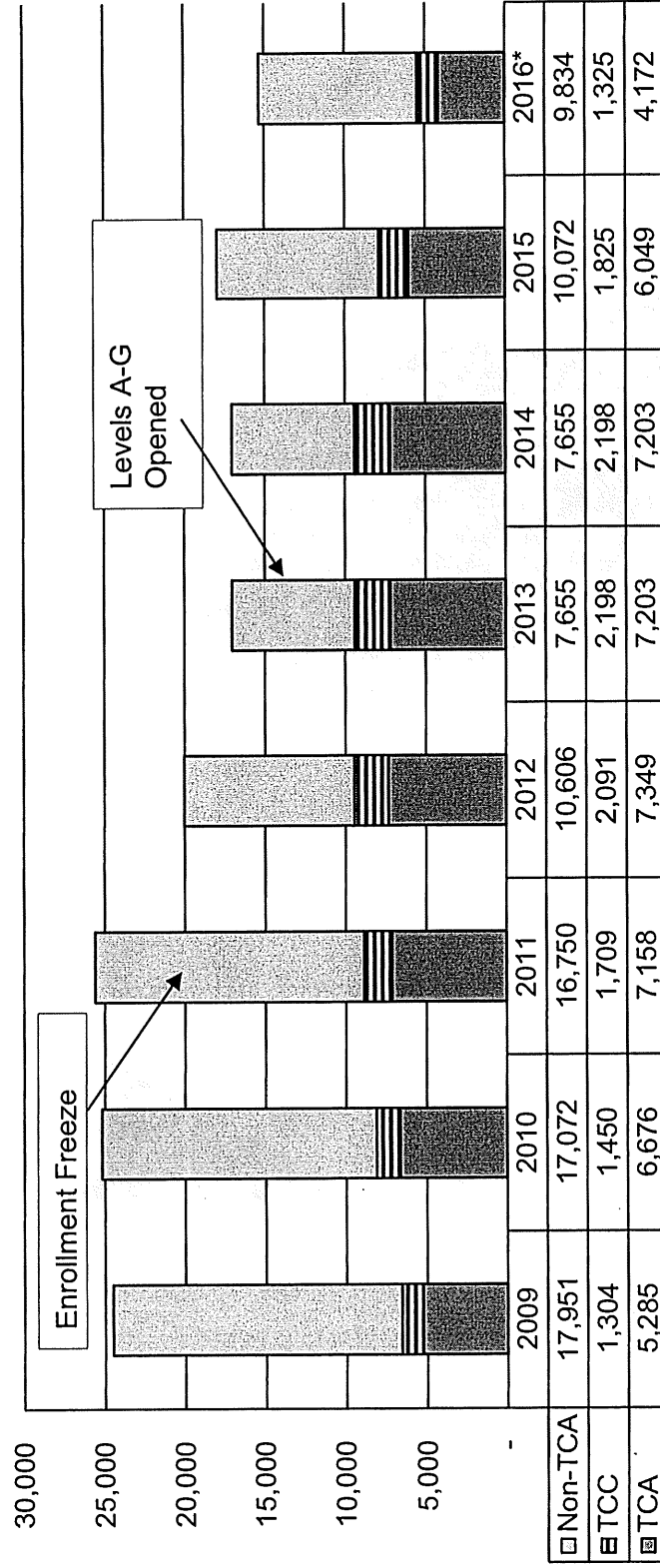


CCDF: Child Care and Development Fund
TANF: Temporary Assistance for Needy Families

*2017 Working Appropriation

Children Served by Category

Average Number of Children Served on a Monthly Basis
Fiscal 2009-2016



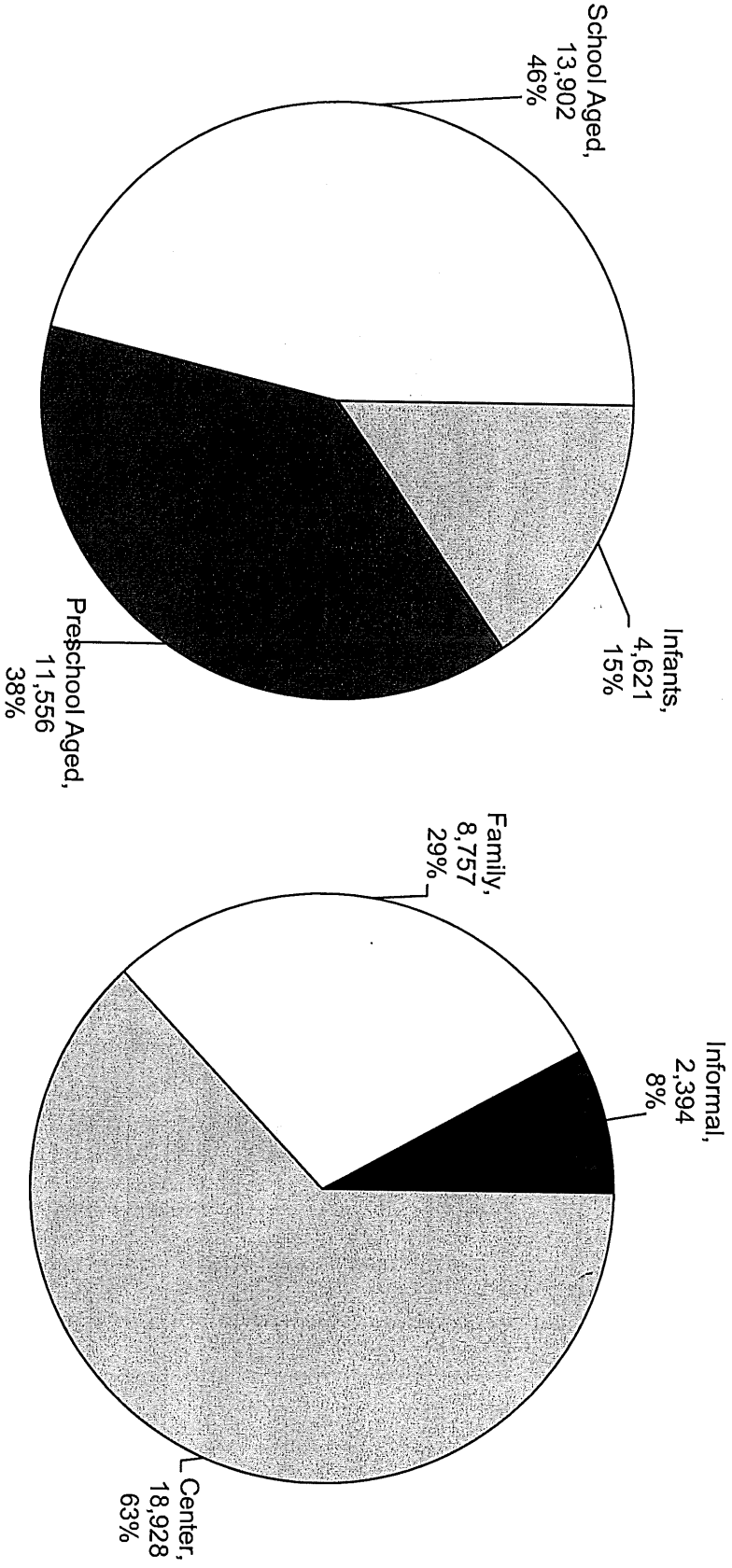
TCA: Temporary Cash Assistance
TCC: Transitional Child Care

* Fiscal 2016 reflects data through March 2016 only.

Source: Maryland State Department of Education; Department of Legislative Services

Children Served by Age and Provider Type

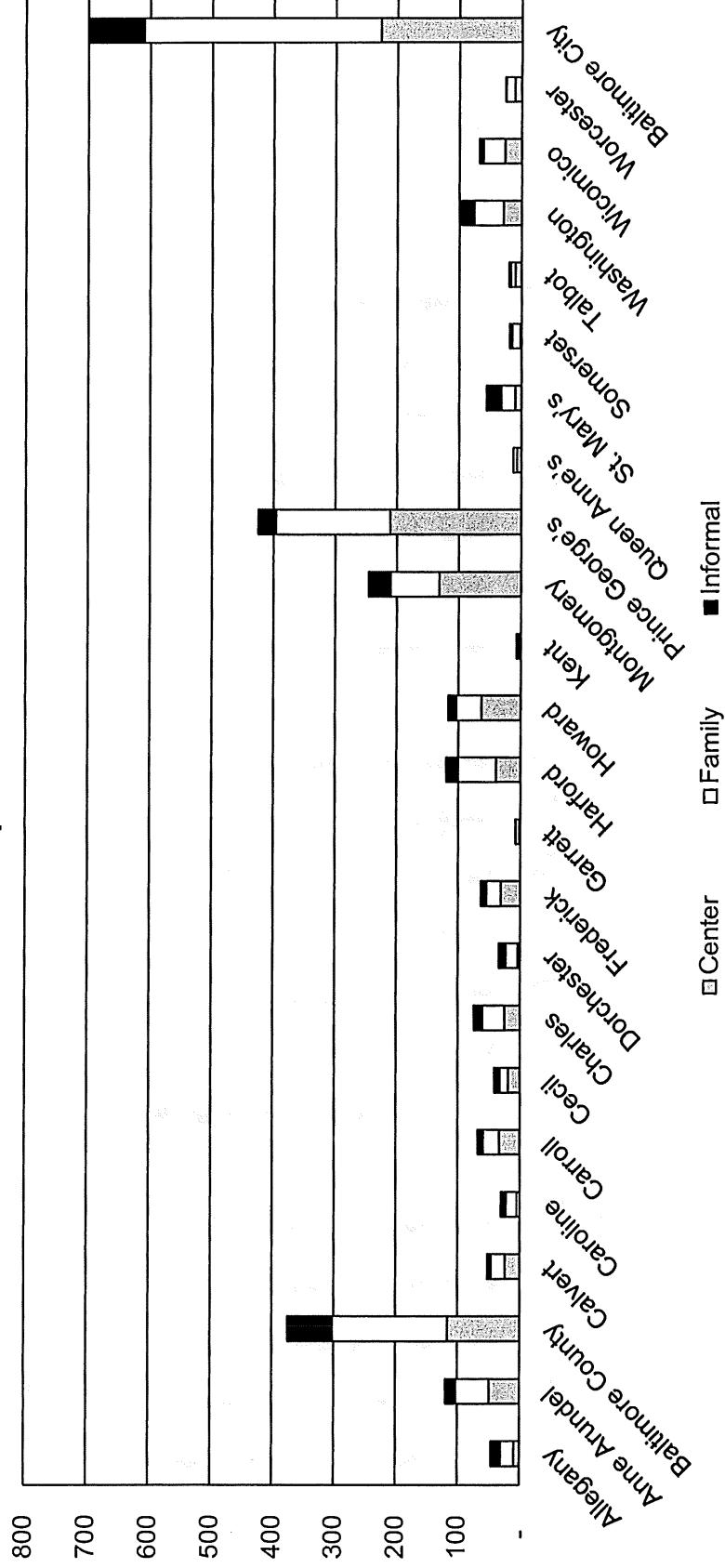
Fiscal 2015



Source: Maryland State Department of Education; Department of Legislative Services

Snapshot of Participating Providers

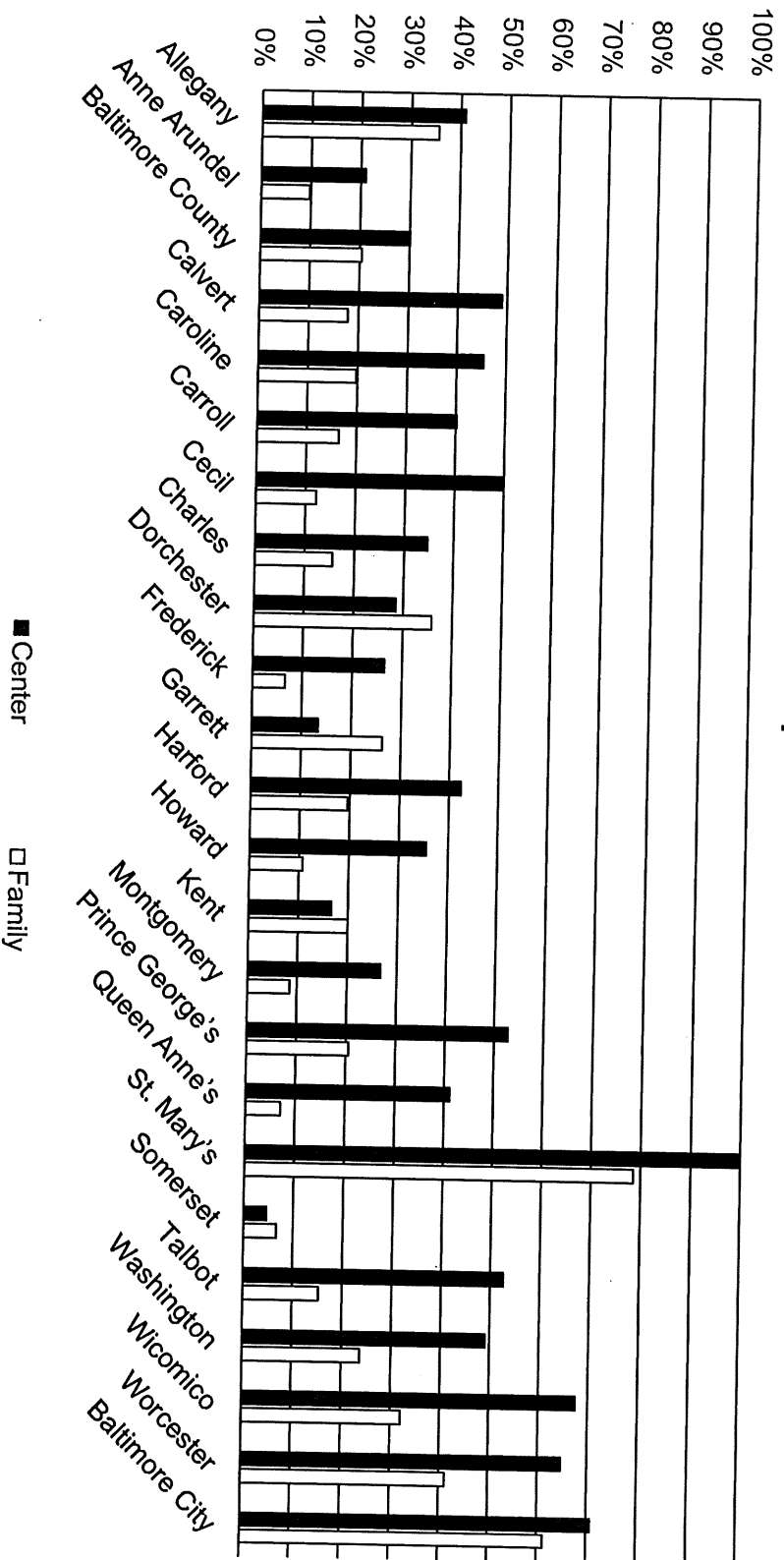
April 2016



Source: Maryland State Department of Education; Department of Legislative Services

Percentage of Active Providers Participating

April 2016



Source: Maryland State Department of Education; Department of Legislative Services

Weekly Provider Rates

	<u>Lowest Rate</u>	<u>Average Rate</u>	<u>Highest Rate</u>
Informal Care			
< Age 2	\$46.88	\$66.46	\$90.95
≥ Age 2	41.53	56.00	75.92
Family Child Care Home			
< Age 2	\$97.38	\$135.95	\$184.50
≥ Age 2	83.11	106.84	147.43
Child Care Center/ Large Family Child Care Home			
< Age 2	\$112.75	\$184.19	\$261.38
≥ Age 2	87.79	117.22	166.95

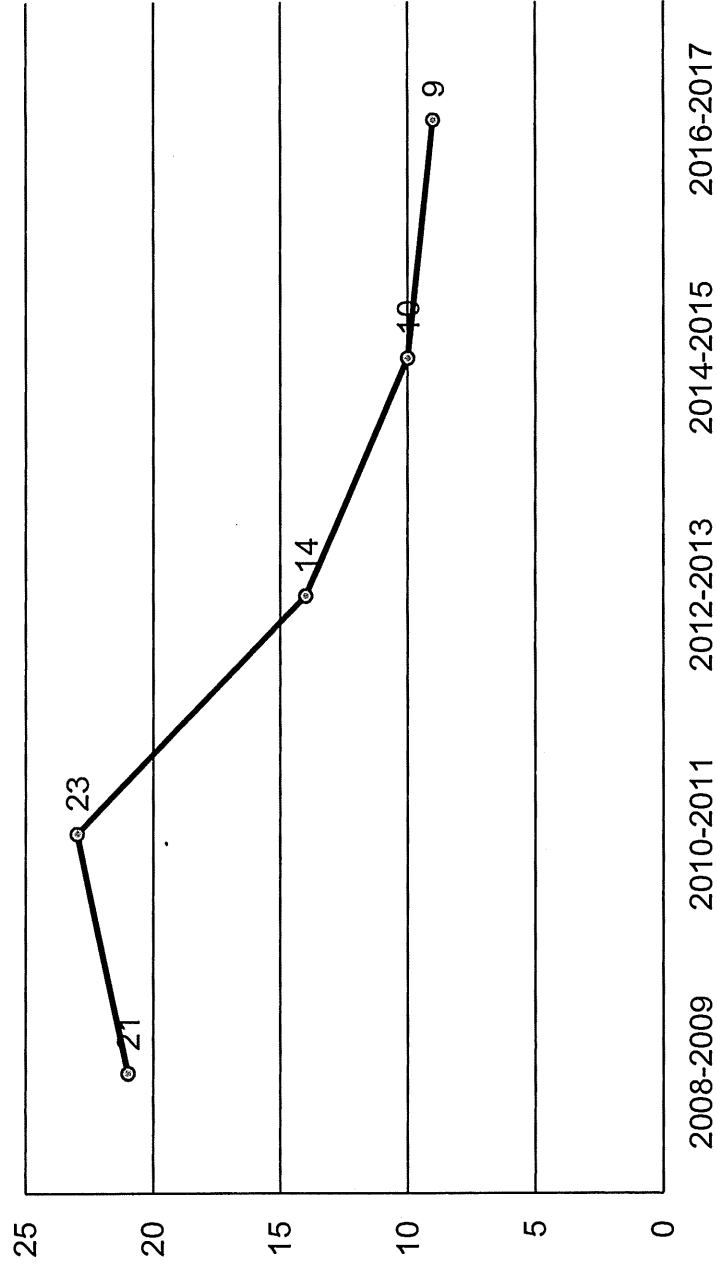
Note: Rates do not reflect potential tiered reimbursement under Maryland EXCELS. Average rate reflects the average of all seven child care service regions.

Source: COMAR 13A.14.06.11; Department of Legislative Services

Key Federal Benchmarks

- The federal government established several key benchmarks for states regarding CCDF funds
- Prior to recent re-authorization
 - Provider rates should ideally be set at the 75th percentile of market rates
 - Parent copayments should not exceed 10% of family income
 - Family income should not exceed 85% of State median income
 - A minimum of 4% of funds must be spent on quality

Rates as a Percentile of Market Rate Survey



Note: Federal benchmark recommends that rates be set at the 75th percentile of market rate survey. Percentiles based on a weighted average of rates across all ages and provider types.

Source: Child Care Development Fund State Plans

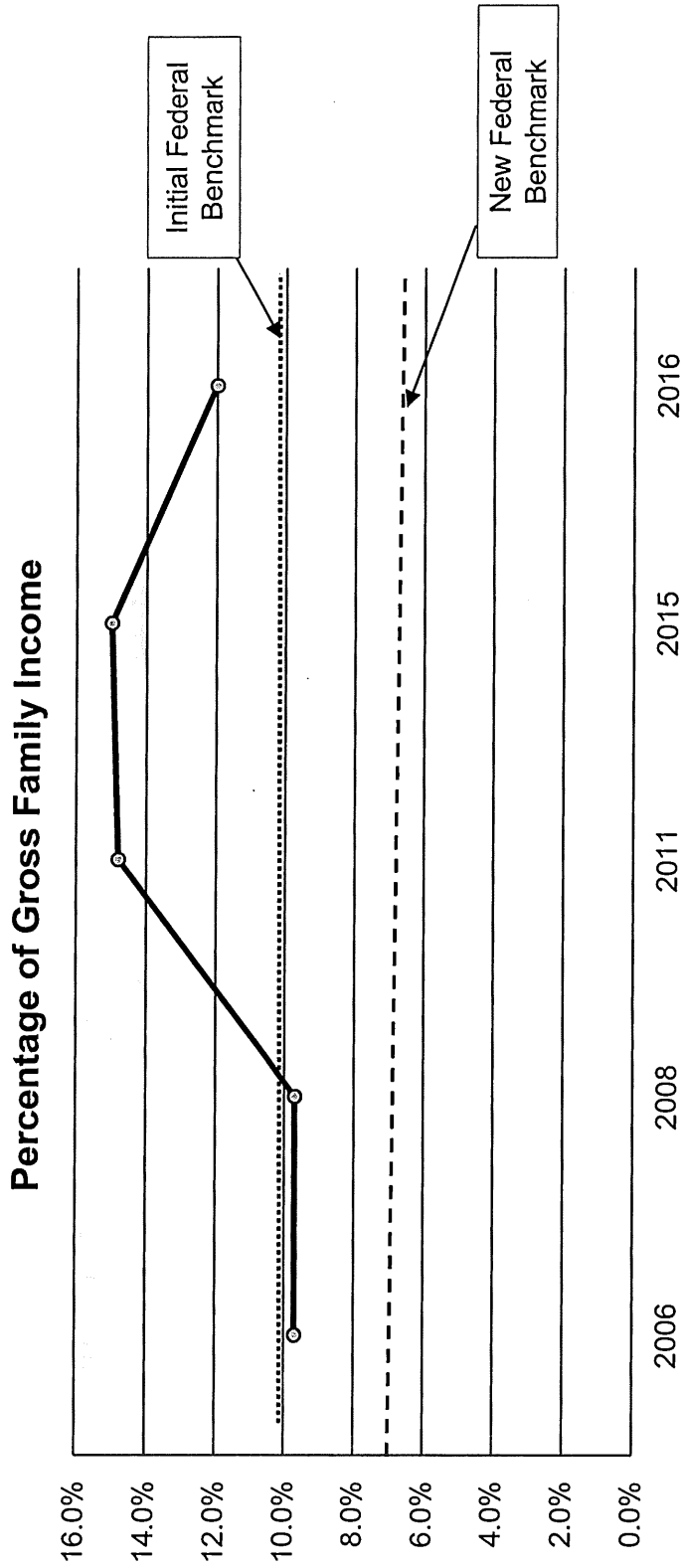
Maryland EXCELS

Weekly Reimbursement	Region W				Region Z			
	Family		Center		Family		Center	
	0-23 mo.	24-59 mo.	0-23 mo.	24-59 mo.	0-23 mo.	24-59 mo.	0-23 mo.	24-59 mo.
Level 3	\$156.71	\$115.97	\$199.88	\$126.00	\$97.38	\$85.46	\$112.75	\$87.79
Level 4	173.95	127.57	243.85	138.60	108.09	94.01	137.56	96.57
Level 5	212.22	154.36	334.08	164.93	131.87	113.75	188.45	114.92
50 th Percentile	273.76	197.58	481.07	207.82	170.11	145.60	271.37	144.80
75 th Percentile	180.00	160.00	255.00	180.00	125.00	100.00	165.00	120.00
	200.00	175.00	295.75	205.67	140.00	120.00	195.00	130.00

Region W: Anne Arundel, Calvert, Carroll, Charles, and Prince George's counties
 Region Z: Allegany, Garrett, and Worcester counties

Source: Department of Legislative Services

Copayments as a Percentage of Gross Family Income



*For fiscal 2016, total copayments per family are capped at 12.0% of family income.

Note: Federal benchmark stated that family copayments should not exceed 10%; by 2018, should not exceed 7%. Data represent the State average of copayments per family.

Source: Child Care Development Fund State Plans

Income Eligibility

<u>Family Size</u>	Maximum Annual <u>Income</u>	% of State Median <u>Income</u>	% of Federal Poverty <u>Guidelines</u>
Family of 2	\$24,277	33%	152%
Family of 3	29,990	41%	149%
Family of 4	35,702	48%	147%
Family of 5	41,414	56%	146%
Family of 6	47,127	64%	145%
Family of 7	48,198	65%	131%
Family of 8	49,269	67%	120%

Note: State Median Income was \$73,971 in 2014. Federal poverty guidelines as of January 2016.

Source: Department of Legislative Services

Enrollment Freezes and Waitlists

- Enrollment freezes and waitlists have been imposed due to anticipated funding shortfalls:
 - January 1993 to July 1996;
 - January 2003 to November 2005; and
 - February 2011 to present
- 2011 enrollment freeze applied to all applicants except those receiving Temporary Cash Assistance
- In November 2012, waitlist totaled nearly 23,000 children
- Program opened to eligibility levels D through H in March 2013
- Current waitlist is 3,648
- Estimated cost to fully open enrollment (eligibility levels I and J), \$5.2 million in fiscal 2017

Comparison with Neighboring States

- Urban Institute compiles Child Care Development Fund policies for the states and issues an annual report
- Most recent data (2014) shows how Maryland compares with other states
 - Lower income eligibility threshold
 - Higher copayments
 - Lower reimbursement rates

Maximum Monthly Income to Qualify for Subsidy

State	Family Size				
	1	2	3	4	5
Delaware	\$1,945	\$2,622	\$3,299	\$3,975	\$4,652
District of Columbia	2,256	3,035	3,815	4,594	5,373
Maryland	1,547	2,023	2,499	2,975	3,451
Pennsylvania	1,945	2,622	3,298	3,975	4,652
Virginia	1,772	2,392	3,011	3,631	4,251
West Virginia	1,396	1,891	2,386	2,881	3,376

Source: *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2014*, Urban Institute, October 2015

Maximum Copayment, Single Parent, Two Children Over Age 2

<u>State</u>	Annual Income of Parent			
	<u>\$15,000</u>	<u>\$20,000</u>	<u>\$25,000</u>	<u>\$30,000</u>
Delaware	\$138	\$241	\$367	\$528
District of Columbia	48	77	131	206
Maryland	103	313	384	Not eligible
Pennsylvania	74	134	169	230
Virginia	63	100	146	200
West Virginia	108	152	195	Not eligible

Note: Maryland rates reflect children receiving care in a child care center in Baltimore City.

Source: *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2014*, Urban Institute, October 2015

Maximum Monthly Reimbursement Rates Child Care Centers

<u>State</u>	<u>Infant (11 months)</u>		<u>Toddler (35 months)</u>		<u>School Age (7 years)</u>	
	<u>Base Rate</u>	<u>Highest Rate</u>	<u>Base Rate</u>	<u>Highest Rate</u>	<u>Base Rate</u>	<u>Highest Rate</u>
Delaware	\$708	\$708	\$574	\$574	\$275	\$275
District of Columbia	1,014	1,356	992	1,267	265	416
Maryland¹	794	1,143	474	597	316	398
Pennsylvania	902	1,011	772	881	494	523
Virginia	1,365	1,365	1,148	1,148	715	715
West Virginia	560	640	480	560	190	230

¹Base rates are unaccredited center reimbursement rates for Baltimore City. Highest rates are level four center reimbursement rates for Baltimore City.

Note: Highest rate reflects the highest tiered or accredited rates available. Rates for the largest, most populous area are provided for states in which rates vary at a substate level. Maximum rates may be higher for special needs children or for care during nontraditional hours. Rates based on care provided for 8 hours per day, 5 days per week, or 4 hours per day for before and after care. Reflects 4.333 weeks per month.

Source: *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2014*, Urban Institute, October 2015

Re-authorization of the Child Care Development Fund

- Re-authorized in 2014 (first time since 1996)
- Final rules issued September 23, 2016
- Key shift from primary focus of enabling low-income parents to work to emphasis on promoting positive child development through greater child care quality, safety, and access requirements
- Maryland meets many requirements of re-authorization, but many provisions impact child care subsidy program

Impact of Re-authorization

- Minimum 12-month eligibility period for families receiving child care subsidies
- Income eligibility (initial income below 85% of State median income, higher exit level income)
- New copayment benchmark – no more than 7% of family income
- Tracking and justification of additional fees
- Rates should allow for equal access

Minimum 12-month Eligibility

- Minimum 12-month eligibility period for families receiving child care subsidies
 - Regardless of changes in income or temporary changes in participation in work/training/education
 - Intended to reduce “churn,” allow children to benefit from continuous care, and lower administrative burden
 - States cannot increase copayments within the 12-month eligibility period
 - MSDE has estimated this to cost \$24.4 million in fiscal 2017 and \$43.3 million in fiscal 2018

Income Eligibility

- Asset Test
- Initial income eligibility must be below 85% of State Median Income (SMI)
 - Maryland’s current maximum eligibility level for a family of three is 41% SMI
- States must have two-tiered eligibility
 - Initial, entry-level income threshold and a higher, exit-level income
 - Intended to support long-term family economic stability by allowing “tapered” transition from subsidy program
 - As of 2014, only 16 states nationwide (including the District of Columbia and West Virginia) have two-tiered eligibility in place

New Copayment Benchmark

- Previously recommended to be no more than 10% of family income
- New benchmark of no more than 7% of family income
- In 2016, copayments capped at no more than 12% of family income

Additional Fees

- Parents currently responsible for copayment but may also pay additional fees (*i.e.*, balance of provider's rate after subsidy and copayment)
- Twelve states prohibit charging additional fees; three states limit
- Final rule rejected outright prohibition on charging additional fees; instead, states must
 - Provide rationale for policy on additional fees
 - Demonstrate that policy promotes affordability and access
 - Track size and frequency of additional fees by providers

Rates Should Allow for Equal Access

- Nearly all states set rate ceilings below the benchmark (75th percentile of market rates)
- Federal government concerned that low rates undermine equal access and parental choice
- Review of payment rates will be a priority for implementation monitoring visits
- Maryland's rates are 9th percentile of market rates
- Fiscal 2017 cost to raise rates estimated by MSDE as:
 - 50th percentile: \$42.3 million
 - 60th percentile: \$52.2 million
 - 75th percentile: \$68.3 million

Increase in Minimum Quality Spending

- Currently, states must spend at least 4% of CCDF funds on quality activities (quality set-aside)
- Must increase to 9% by federal fiscal 2020 and fund one specified activity:
 - Enhance a tiered quality rating system;
 - Establish or expanding child care resource and referral services; or
 - Support development or adoption of high-quality program standards
- Must spend at least 3% of CCDF funds on quality of infant and toddler care
- MSDE plans to increase the number of providers with higher EXCELS ratings and increase individuals participating in the child care credential

Summary and Conclusions

- Child Care Subsidy Program serves about 18,000 low-income children and will cost \$97.5 million in fiscal 2017
- Provider rates have been low and family copayments high relative to federal benchmarks and neighboring states
 - Lower rates shift financial burden to parents through copayments and additional fees
- Recent re-authorization of federal program will require action
 - Establishment of 12-month eligibility (estimated \$24.4 million in fiscal 2017, \$43.3 million in fiscal 2018)
 - Establishment of two-tiered eligibility
 - Reduction in family copayments from current 12% to no more than 7% of family income
 - Ensure rates allow for equal access (estimated \$42.3 million to increase to 50th percentile, \$68.3 million to increase to 75th percentile)
 - Increase CCDF funds spent on quality from 4% to 9%

Maryland State Department of Education

Child Care Subsidy Program

Presentation to the Joint Committee for
Children, Youth and Families

October 5, 2016

What is the Child Care Subsidy Program (CCSP)?

- Provides financial assistance with child care costs to eligible families
- Income and need determines eligibility
- Assistance provided through vouchers
- Funding:
 - Federal Child Care Development Block Grant: \$95 M
 - \$54M in state match required in FY2017

CCSP Voucher Process

- ❑ Parents submit applications and documentation via fax, email or mail
- ❑ Vouchers sent to the parent via U.S. mail
- ❑ Families take voucher to provider of choice
- ❑ Completed voucher is returned so provider may be paid



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CCSP Changes & Challenges

1. Federal Reauthorization of Child Care Development Block Grant (Published as final September 30, 2016)
2. Enrollment Freeze
3. CCSP Priorities



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Block Grant Reauthorization Imposed Changes

□ Requirement:

- Provider monitoring – including care provided in the child's own home by a non-relative and summer camps

□ MSDE Response:

- Modify regulations
- Hiring staff to monitor previously unmonitored facilities
- Health and safety checklist



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Block Grant Reauthorization Imposed Changes

□ Requirement:

- Voucher eligibility determination period changed to 12-month cycle
- Current practice has been 30 days, 6 months, or 12 months

□ MSDE Response:

- 12 month voucher cycle will be phased in beginning Oct. 1, 2016 and completed October 1, 2017



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Block Grant Reauthorization Imposed Changes

- **Requirement:**
 - States must provide a phase out of benefits for families under 85% of State Median Income (\$64,470 – 2015 source Maryland Manual on Line)
- **MSDE Response:**
 - Additional guidance for states on phase out provisions and implementation is forthcoming



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Block Grant Changes with Potential Fiscal Impact

- 12 month voucher issuance
- Phase out provisions



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CCSP Enrollment Freezes

- 2010 – All income levels frozen for intake
- In FY13-FY14, all but two income levels re-opened
- Fiscal impact of re-opening last two eligibility brackets on 12-month voucher cycle is significant



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CCSP Priorities

- Priorities are determined by Federal law and State policy
- Federal law requires states to:
 - Serve families of low income
 - Allow for family choice of type of care
 - Set criteria that is fair and equitable
 - Set rates that provide access to a variety of care choices



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CCSP Priorities

- State Policy
 - States have flexibility in how they administer the program by setting criteria for:
 - Eligibility
 - Parent co-pay levels
 - Payment rates
 - Maryland has chosen to provide services to as many families of low income as possible given the resources available



More Information

- Child Care Subsidy Program
<http://earlychildhood.marylandpublicschools.org/child-care-providers/child-care-subsidy-program>
- State Data and Reports
<http://earlychildhood.marylandpublicschools.org/data>
- Federal CCDF Information and Rules
http://www.acf.hhs.gov/occ/ccdf-reauthorization?utm_source=twitter&utm_medium=social&utm_campaign=childcarerule



Child Care Subsidy - Income Eligibility Scale

Family Size	Gross Income	Copayment Level
1	\$ 0—6,797	A
	6,797—8,496	B
	8,496—9,346	C
	9,346—10,195	D
	10,195—11,045	E
	11,045—11,895	F
	11,895—12,745	G
	12,745—14,656	H
	14,656—16,568	I
	16,568—18,565	J
2	\$ 0—8,889	A
	8,889—11,111	B
	11,111—12,222	C
	12,222—13,332	D
	13,332—14,444	E
	14,444—15,555	F
	15,555—16,666	G
	16,666—19,166	H
	19,166—21,666	I
	21,666—24,277	J
3	\$ 0—10,980	A
	10,980—13,725	B
	13,725—15,098	C
	15,098—16,470	D
	16,470—17,842	E
	17,842—19,215	F
	19,215—20,588	G
	20,588—23,676	H
	23,676—26,764	I
	26,764—29,990	J
4	\$ 0—13,072	A
	13,072—16,339	B
	16,339—17,974	C
	17,974—19,607	D
	19,607—21,241	E
	21,241—22,875	F
	22,875—24,509	G
	24,509—28,185	H
	28,185—31,861	I
	31,861—35,702	J
5	\$ 0—15,163	A
	15,163—18,954	B
	18,954—20,849	C
	20,849—22,744	D
	22,744—24,639	E
	24,639—26,535	F
	26,535—28,431	G
	28,431—32,695	H
	32,695—36,959	I
	36,959—41,414	J

Family Size	Gross Income	Copayment Level
6	\$ 0—17,255	A
	17,255—21,568	B
	21,568—23,725	C
	23,725—25,881	D
	25,881—28,038	E
	28,038—30,195	F
	30,195—32,352	G
	32,352—37,205	H
	37,205—42,057	I
	42,057—47,127	J
7	\$ 0—17,647	A
	17,647—22,058	B
	22,058—24,264	C
	24,264—26,469	D
	26,469—28,675	E
	28,675—30,881	F
	30,881—33,088	G
	33,088—38,050	H
	38,050—43,013	I
	43,013—48,198	J
8	\$ 0—18,039	A
	18,039—22,548	B
	22,548—24,803	C
	24,803—27,057	D
	27,057—29,312	E
	29,312—31,568	F
	31,568—33,823	G
	33,823—38,896	H
	38,896—43,969	I
	43,969—49,269	J
9	\$ 0—18,431	A
	18,431—23,038	B
	23,038—25,343	C
	25,343—27,645	D
	27,645—29,950	E
	29,950—32,254	F
	32,254—34,558	G
	34,558—39,741	H
	39,741—44,924	I
	44,924—50,340	J
10	\$ 0—18,823	A
	18,823—23,528	B
	23,528—25,882	C
	25,882—28,234	D
	28,234—30,587	E
	30,587—32,940	F
	32,940—35,294	G
	35,294—40,587	H
	40,587—45,880	I
	45,880—51,411	J

Child Care Subsidy - Copayment Amounts

Infants and Toddlers (Younger than 24 Months Old)

For First (Youngest) Child in Care

Copayment Level	Region U	Region V	Region W	Region X	Region Y	Region Z	Region BC
A	\$5.82	\$4.88	\$7.62	\$9.05	\$7.17	\$4.53	\$6.84
B	9.31	7.81	12.20	14.48	11.47	7.25	10.95
C	15.13	12.70	19.82	23.53	18.63	11.79	17.80
D	22.12	18.56	28.97	34.39	27.23	17.23	26.01
E	29.10	24.42	38.12	45.25	35.83	22.67	33.69
F	37.25	31.25	48.79	57.92	45.86	29.01	42.46
G	45.40	38.09	59.46	70.59	55.89	35.36	51.46
H	52.38	43.95	68.61	81.45	64.49	40.80	59.08
I	55.87	46.88	73.18	86.88	68.79	43.52	62.77
J	58.20	48.83	76.23	90.46	71.66	45.34	65.31

For Second and Third Children in Care

Copayment Level	Region U	Region V	Region W	Region X	Region Y	Region Z	Region BC
A	\$3.49	\$2.93	\$4.57	\$5.43	\$4.30	\$2.72	\$4.11
B	6.98	5.86	9.15	10.86	8.60	5.44	8.21
C	11.64	9.77	15.25	18.10	14.33	9.07	13.69
D	16.30	13.67	21.35	25.34	20.06	12.69	19.17
E	23.28	19.53	30.49	36.20	28.66	18.13	27.38
F	29.10	24.42	38.12	45.25	35.83	22.67	33.69
G	36.09	30.28	47.26	56.11	44.43	28.11	41.31
H	40.74	34.18	53.36	63.35	50.16	31.73	46.38
I	44.23	37.11	57.94	68.78	54.46	34.46	50.08
J	46.56	39.07	60.99	72.40	57.33	36.27	52.62

Preschool & School-Age (Age 2 and Older)

For First (Youngest) Child in Care

Copayment Level	Region U	Region V	Region W	Region X	Region Y	Region Z	Region BC
A	\$4.56	\$4.03	\$5.60	\$7.22	\$5.54	\$4.12	\$5.15
B	7.29	6.45	8.95	11.55	8.77	6.59	8.24
C	11.85	10.49	14.55	18.77	14.31	10.71	13.40
D	17.32	15.33	21.26	27.44	21.00	15.65	19.58
E	22.79	20.17	27.98	36.10	27.69	20.59	25.76
F	29.18	25.82	35.81	46.21	35.31	26.36	32.98
G	35.56	31.47	43.64	56.32	43.15	32.12	40.19
H	41.03	36.31	50.36	64.99	49.85	37.06	46.37
I	43.77	38.73	53.54	69.32	53.08	39.54	49.46
J	45.59	40.34	55.61	72.21	55.38	41.18	51.52

For Second and Third Children in Care

Copayment Level	Region U	Region V	Region W	Region X	Region Y	Region Z	Region BC
A	\$2.74	\$2.42	\$3.36	\$4.33	\$3.23	\$2.47	\$3.09
B	5.47	4.84	6.71	8.66	6.69	4.94	6.18
C	9.12	8.07	11.19	14.44	11.08	8.24	10.30
D	12.76	11.30	15.67	20.22	15.46	11.53	14.43
E	18.24	16.14	22.38	28.88	22.15	16.47	20.61
F	22.79	20.17	27.98	36.10	27.69	20.59	25.79
G	28.27	25.01	34.69	44.77	34.15	25.53	31.94
H	31.91	28.24	39.17	50.54	38.77	28.83	36.07
I	34.65	30.66	42.52	54.88	42.00	31.30	39.16
J	36.47	32.27	44.76	57.76	44.31	32.95	41.22

KEY:

- Region U - Cecil, Queen Anne's, St. Mary's, Talbot, and Washington
- Region V - Caroline, Dorchester, Kent, Somerset, and Wicomico
- Region W - Anne Arundel, Calvert, Carroll, Charles, and Prince George's
- Region X - Howard and Montgomery
- Region Y - Baltimore, Frederick, and Harford
- Region Z - Allegany, Garrett, and Worcester
- Region BC - Baltimore City

State Subsidy Rate and Copay by Region and Income Level

Family of 3 - Weekly Rate for One Child

	Voucher Amount				
	(Represents State amount & State assigned Co-pay)				
	Infant/Toddler		2 yrs and older		
	Family	Center	Family	Center	Center
Region U	\$123.00	\$172.42	\$93.63	\$108.24	\$108.24
Region V	\$100.34	\$146.79	\$83.11	\$91.25	\$91.25
Region W	\$156.71	\$199.88	\$115.97	\$126.00	\$126.00
Region X	\$184.50	\$261.38	\$147.43	\$166.95	\$166.95
Region Y	\$148.63	\$208.29	\$115.91	\$128.19	\$128.19
Region Z	\$97.38	\$112.75	\$85.46	\$87.79	\$87.79
Region BC	\$141.08	\$187.79	\$106.35	\$112.16	\$112.16

	A - \$0-\$10,980				
	State Assigned Co-Pay (Amount Parent is required to pay provider)				
	Inf/Tod	2 yrs and older		State Amount (The amount the State pays on behalf of the parent)	
	Family	Center	Family	Center	Center
Region U	\$5.82	\$4.56	\$117.18	\$166.60	\$103.68
Region V	\$4.88	\$4.03	\$95.46	\$141.91	\$87.22
Region W	\$7.62	\$5.60	\$149.09	\$192.26	\$120.40
Region X	\$9.05	\$7.22	\$175.45	\$252.33	\$159.73
Region Y	\$7.17	\$5.54	\$141.46	\$201.12	\$122.65
Region Z	\$4.53	\$4.12	\$92.85	\$108.22	\$83.67
Region BC	\$6.84	\$5.15	\$134.24	\$180.95	\$107.01

	B - 10,980—13,725				
	State Assigned Co-Pay				
	Inf/Tod	2 yrs and older		State Amount	
	Family	Center	Family	Center	Center
Region U	\$9.31	\$7.29	\$113.69	\$163.11	\$100.95
Region V	\$7.81	\$6.45	\$92.53	\$138.98	\$84.80
Region W	\$12.20	\$8.95	\$144.51	\$187.68	\$117.05
Region X	\$14.48	\$11.55	\$170.02	\$246.90	\$155.40
Region Y	\$11.47	\$8.77	\$137.16	\$196.82	\$119.42
Region Z	\$7.25	\$6.59	\$90.13	\$105.50	\$81.20
Region BC	\$10.95	\$8.24	\$130.13	\$176.84	\$103.92

Region U - Cecil, Queen Anne's, St. Mary's, Talbot, and Washington counties

Region V - Caroline, Dorchester, Kent, Somerset, and Wicomico counties

Region W - Anne Arundel, Calvert, Carroll, Charles, and Prince George's counties

Region X - Howard and Montgomery counties

Region Y - Baltimore, Frederick, and Harford counties

Region Z - Allegany, Garrett, and Worcester counties

Region BC - Baltimore City

C - 13,725—15,098						
Region	State Assigned Co-Pay (Amount Parent is required to pay provider)			State Amount (The amount the State pays on behalf of the parent)		
	Inf/Tod	2 yrs and older	Family	Infant/Toddler		Center
				Family	Center	
Region U	\$15.13	\$11.85	\$107.87	\$157.29	\$81.78	\$96.39
Region V	\$12.70	\$10.49	\$87.64	\$134.09	\$72.62	\$80.76
Region W	\$19.82	\$14.55	\$136.89	\$180.06	\$101.42	\$111.45
Region X	\$23.53	\$18.77	\$160.97	\$237.85	\$128.66	\$148.18
Region Y	\$18.63	\$14.31	\$130.00	\$189.66	\$101.60	\$113.88
Region Z	\$11.79	\$10.71	\$85.59	\$100.96	\$74.75	\$77.08
Region BC	\$17.80	\$13.40	\$123.28	\$169.99	\$92.95	\$98.76

E - 16,470—17,842						
Region	State Assigned Co-Pay (Amount Parent is required to pay provider)			State Amount (The amount the State pays on behalf of the parent)		
	Inf/Tod	2 yrs and older	Family	Infant/Toddler		Center
				Family	Center	
Region U	\$29.10	\$22.79	\$93.90	\$143.32	\$70.84	\$85.45
Region V	\$24.42	\$20.17	\$75.92	\$122.37	\$62.94	\$71.08
Region W	\$38.12	\$27.98	\$118.59	\$161.76	\$87.99	\$98.02
Region X	\$45.25	\$36.10	\$139.25	\$216.13	\$111.33	\$130.85
Region Y	\$35.83	\$27.69	\$112.80	\$172.46	\$88.22	\$100.50
Region Z	\$22.67	\$20.59	\$74.71	\$90.08	\$64.87	\$67.20
Region BC	\$33.69	\$25.76	\$107.39	\$154.10	\$80.59	\$86.40

D - 15,098—16,470						
Region	State Assigned Co-Pay			State Amount		
	Inf/Tod	2 yrs and older	Family	Infant/Toddler		Center
				Family	Center	
Region U	\$22.12	\$17.32	\$100.88	\$150.30	\$76.31	\$90.92
Region V	\$18.56	\$15.33	\$81.78	\$128.23	\$67.78	\$75.92
Region W	\$28.97	\$21.26	\$127.74	\$170.91	\$94.71	\$104.74
Region X	\$34.39	\$27.44	\$150.11	\$226.99	\$119.99	\$139.51
Region Y	\$27.23	\$21.00	\$121.40	\$181.06	\$94.91	\$107.19
Region Z	\$17.23	\$15.65	\$80.15	\$95.52	\$69.81	\$72.14
Region BC	\$26.01	\$19.58	\$115.07	\$161.78	\$86.77	\$92.58

F - 17,842—19,215						
Region	State Assigned Co-Pay			State Amount		
	Inf/Tod	2 yrs and older	Family	Infant/Toddler		Center
				Family	Center	
Region U	\$37.25	\$29.18	\$85.75	\$135.17	\$64.45	\$79.06
Region V	\$31.25	\$25.82	\$69.09	\$115.54	\$57.29	\$65.43
Region W	\$48.79	\$35.81	\$107.92	\$151.09	\$80.16	\$90.19
Region X	\$57.92	\$46.21	\$126.58	\$203.46	\$101.22	\$120.74
Region Y	\$45.86	\$35.31	\$102.77	\$162.43	\$80.60	\$92.88
Region Z	\$29.01	\$26.36	\$68.37	\$83.74	\$59.10	\$61.43
Region BC	\$42.46	\$32.98	\$98.62	\$145.33	\$73.37	\$79.18

- Region U - Cecil, Queen Anne's, St. Mary's, Talbot, and Washington counties
- Region V - Caroline, Dorchester, Kent, Somerset, and Wicomico counties
- Region W - Anne Arundel, Calvert, Carroll, Charles, and Prince George's counties
- Region X - Howard and Montgomery counties
- Region Y - Baltimore, Frederick, and Harford counties
- Region Z - Allegany, Garrett, and Worcester counties
- Region BC - Baltimore City

G - 19,215—20,588						
	State Assigned Co-Pay (Amount Parent is required to pay provider)			State Amount (The amount the State pays on behalf of the parent)		
	Inf/Tod	2 yrs and older		Infant/Toddler Family	Center	2 yrs and older Family
Region U	\$45.40	\$35.56		\$77.60	\$127.02	\$58.07
Region V	\$38.09	\$31.47		\$62.25	\$108.70	\$51.64
Region W	\$59.46	\$43.64		\$97.25	\$140.42	\$72.33
Region X	\$70.59	\$56.32		\$113.91	\$190.79	\$91.11
Region Y	\$55.89	\$43.15		\$92.74	\$152.40	\$72.76
Region Z	\$35.36	\$32.12		\$62.02	\$77.39	\$53.34
Region BC	\$51.46	\$40.19		\$89.62	\$136.33	\$66.16

I - 23,676—26,764						
	State Assigned Co-Pay (Amount Parent is required to pay provider)			State Amount (The amount the State pays on behalf of the parent)		
	Under 2 yrs	2 yrs and older		Infant/Toddler Family	Center	2 yrs and older Family
Region U	\$55.87	\$43.77		\$67.13	\$116.55	\$49.86
Region V	\$46.88	\$38.73		\$53.46	\$99.91	\$44.38
Region W	\$73.18	\$53.54		\$83.53	\$126.70	\$62.43
Region X	\$86.88	\$69.32		\$97.62	\$174.50	\$78.11
Region Y	\$68.79	\$53.08		\$79.84	\$139.50	\$62.83
Region Z	\$43.52	\$39.54		\$53.86	\$69.23	\$45.92
Region BC	\$62.77	\$49.46		\$78.31	\$125.02	\$56.89

H - 20,588—23,676						
	State Assigned Co-Pay			State Amount		
	Inf/Tod	2 yrs and older		Infant/Toddler Family	Center	2 yrs and older Family
Region U	\$52.38	\$41.03		\$70.62	\$120.04	\$52.60
Region V	\$43.95	\$36.31		\$56.39	\$102.84	\$46.80
Region W	\$68.61	\$50.36		\$88.10	\$131.27	\$65.61
Region X	\$81.45	\$64.99		\$103.05	\$179.93	\$82.44
Region Y	\$64.49	\$49.85		\$84.14	\$143.80	\$66.06
Region Z	\$40.80	\$37.06		\$56.58	\$71.95	\$48.40
Region BC	\$59.08	\$46.37		\$82.00	\$128.71	\$59.98

J - 26,764—29,990						
	State Assigned Co-Pay			State Amount		
	Under 2 yrs	2 yrs and older		Infant/Toddler Family	Center	2 yrs and older Family
Region U	\$58.20	\$45.59		\$64.80	\$114.22	\$48.04
Region V	\$48.83	\$40.34		\$51.51	\$97.96	\$42.77
Region W	\$76.23	\$55.61		\$46.77	\$123.65	\$60.36
Region X	\$90.46	\$72.21		\$94.04	\$170.92	\$75.22
Region Y	\$71.66	\$55.38		\$76.97	\$136.63	\$60.53
Region Z	\$45.34	\$41.18		\$52.04	\$67.41	\$44.28
Region BC	\$65.31	\$51.52		\$75.77	\$122.48	\$54.83

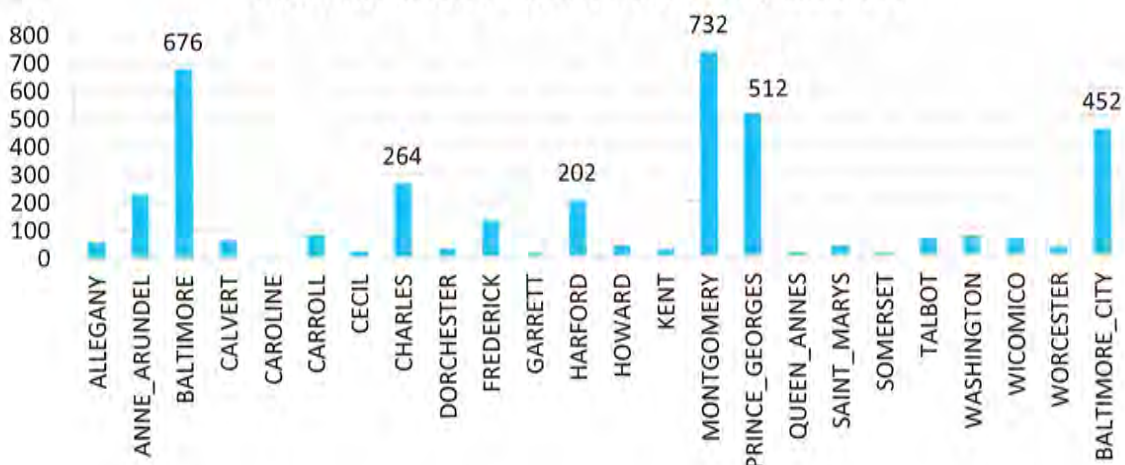
- Region U - Cecil, Queen Anne's, St. Mary's, Talbot, and Washington counties
- Region V - Caroline, Dorchester, Kent, Somerset, and Wicomico counties
- Region W - Anne Arundel, Calvert, Carroll, Charles, and Prince George's counties
- Region X - Howard and Montgomery counties
- Region Y - Baltimore, Frederick, and Harford counties
- Region Z - Allegany, Garrett, and Worcester counties
- Region BC - Baltimore City

Child Care Subsidy Frozen Status Report thru 9/30/2016*

Jurisdiction	Total Cases	Infants	Regular	School Age	Total Children
1 ALLEGANY	41	21	17	18	56
2 ANNE_ARUNDEL	175	63	84	83	230
3 BALTIMORE	545	200	298	178	676
4 CALVERT	39	3	57	3	63
5 CAROLINE	22	0	3	0	3
6 CARROLL	62	39	16	27	82
7 CECIL	76	5	11	7	23
8 CHARLES	137	44	138	82	264
9 DORCHESTER	20	7	13	10	30
10 FREDERICK	119	25	43	63	131
11 GARRETT	10	3	2	7	12
12 HARFORD	142	39	83	80	202
13 HOWARD	80	7	19	14	40
14 KENT	18	2	11	10	23
15 MONTGOMERY	358	200	356	176	732
16 PRINCE_GEORGES	537	110	256	146	512
17 QUEEN_ANNES	39	5	7	1	13
18 SAINT_MARYS	30	9	15	14	38
19 SOMERSET	23	3	4	5	12
20 TALBOT	52	15	24	24	63
21 WASHINGTON	11	14	32	24	70
22 WICOMICO	88	16	18	24	58
23 WORCESTER	29	5	14	12	31
30 BALTIMORE_CITY	365	129	182	141	452
Totals	3,018	964	1,703	1,149	3,816

*Frozen Status children added since 3/11/13.
Includes only I and J Income Levels.

Children with Frozen Status by County



Child Care Subsidy Program Children and Families Served - Monthly Liability, March 2016

County	CHILDREN				FAMILIES				MONTHLY LIABILITY			
	TCA	TCC	Non-TCA	Total	TCA	TCC	Non-TCA	Total	TCA	TCC	Non-TCA	Total
1 Allegany	36	18	134	188	21	10	75	106	\$ 9,820	\$ 5,359	\$ 31,223	\$ 46,403
2 Anne Arundel	73	18	344	435	39	11	196	246	\$ 29,565	\$ 7,051	\$ 115,456	\$ 152,073
3 Baltimore Co	721	220	1,918	2,859	409	121	1,158	1,688	\$ 331,094	\$ 91,053	\$ 736,170	\$ 1,158,318
4 Calvert	18	15	119	152	12	7	69	88	\$ 6,030	\$ 5,625	\$ 36,965	\$ 48,620
5 Caroline	16	6	97	119	7	4	63	74	\$ 4,855	\$ 976	\$ 23,711	\$ 29,542
6 Carroll	21	5	233	259	15	5	148	168	\$ 10,307	\$ 2,627	\$ 76,188	\$ 89,122
7 Cecil	6	30	167	203	4	18	103	125	\$ 1,745	\$ 8,712	\$ 51,613	\$ 62,070
8 Charles	24	16	294	334	10	10	178	198	\$ 13,776	\$ 5,729	\$ 112,459	\$ 131,964
9 Dorchester	10	7	144	161	7	5	89	101	\$ 3,801	\$ 1,588	\$ 33,599	\$ 38,989
10 Frederick	41	18	169	228	26	11	98	135	\$ 16,073	\$ 6,611	\$ 58,506	\$ 81,189
11 Garrett	6	-	17	23	4	-	11	15	\$ 1,904	\$ -	\$ 3,339	\$ 5,243
12 Harford	100	28	314	442	54	19	188	261	\$ 47,106	\$ 10,823	\$ 95,853	\$ 153,781
13 Howard	92	14	434	540	60	9	244	313	\$ 54,559	\$ 7,624	\$ 199,238	\$ 261,421
14 Kent	8	-	30	38	4	-	16	20	\$ 2,165	\$ -	\$ 6,053	\$ 8,218
15 Montgomery	200	96	854	1,150	109	54	505	668	\$ 114,130	\$ 43,769	\$ 377,977	\$ 535,876
16 Prince George's	520	143	1,546	2,209	271	70	888	1,229	\$ 244,830	\$ 53,649	\$ 585,019	\$ 883,499
17 Queen Anne's	7	4	32	43	4	2	21	27	\$ 3,100	\$ 1,740	\$ 9,988	\$ 14,827
18 St. Mary's	50	24	132	206	21	12	70	103	\$ 14,799	\$ 8,282	\$ 31,465	\$ 54,546
19 Somerset	25	19	151	195	15	11	81	107	\$ 6,693	\$ 4,883	\$ 40,118	\$ 51,694
20 Talbot	2	2	105	109	2	1	77	80	\$ 1,379	\$ 121	\$ 35,254	\$ 36,755
21 Washington	46	15	289	350	24	10	173	207	\$ 11,040	\$ 3,877	\$ 79,087	\$ 94,005
22 Wicomico	12	7	311	330	8	4	188	200	\$ 4,459	\$ 2,274	\$ 76,813	\$ 83,546
23 Worcester	20	2	113	135	11	1	70	82	\$ 7,039	\$ 837	\$ 28,074	\$ 35,949
30 Baltimore City	1,507	330	1,660	3,497	881	194	995	2,070	\$ 647,904	\$ 115,365	\$ 615,026	\$ 1,378,295
Total	3,561	1,037	9,607	14,205	2,018	589	5,704	8,311	\$ 1,588,173	\$ 388,577	\$ 3,459,196	\$ 5,435,946

KEY: TCA - Temporary Cash Assistance (TANF)

TCC - Transitioning Child Care (Received TANF and is transitioning to Non-TCA)

Non-TCA - Non-Temporary Cash Assistance (Did not receive TANF immediately prior to determination)

Reports for 2009 to present are available at: <http://earlychildhood.marylandpublicschools.org/data>

Child Care Subsidy Program Children and Families Served - Monthly Liability, April 2016

County	CHILDREN				FAMILIES				MONTHLY LIABILITY			
	TCA	TCC	Non-TCA	Total	TCA	TCC	Non-TCA	Total	TCA	TCC	Non-TCA	Total
1 Allegany	33	19	130	182	20	11	72	103	\$ 8,768	\$ 5,537	\$ 30,487	\$ 44,792
2 Anne Arundel	71	17	346	434	36	10	196	242	\$ 25,092	\$ 6,888	\$ 118,788	\$ 150,768
3 Baltimore Co	844	208	1,967	3,019	478	117	1,195	1,790	\$ 388,464	\$ 86,245	\$ 752,167	\$ 1,226,876
4 Calvert	17	13	118	148	12	6	69	87	\$ 6,621	\$ 5,828	\$ 38,155	\$ 50,605
5 Caroline	17	3	98	118	10	2	64	76	\$ 4,313	\$ 491	\$ 26,195	\$ 30,999
6 Carroll	28	5	214	247	18	4	137	159	\$ 10,551	\$ 3,052	\$ 73,430	\$ 87,033
7 Cecil	4	25	171	200	3	15	105	123	\$ 1,032	\$ 7,218	\$ 50,266	\$ 58,517
8 Charles	25	16	320	361	10	10	196	216	\$ 14,213	\$ 5,647	\$ 117,351	\$ 137,211
9 Dorchester	15	5	140	160	9	4	88	101	\$ 4,865	\$ 1,225	\$ 33,085	\$ 39,175
10 Frederick	51	18	171	240	36	12	95	143	\$ 22,956	\$ 7,279	\$ 61,612	\$ 91,847
11 Garrett	6	-	15	21	4	-	10	14	\$ 1,793	\$ -	\$ 3,006	\$ 4,799
12 Harford	114	30	315	459	62	19	188	269	\$ 47,259	\$ 11,566	\$ 103,417	\$ 162,242
13 Howard	102	13	416	531	60	8	241	309	\$ 61,185	\$ 6,788	\$ 184,888	\$ 252,861
14 Kent	8	-	23	31	4	-	13	17	\$ 1,551	\$ -	\$ 5,051	\$ 6,602
15 Montgomery	191	95	866	1,152	103	56	509	668	\$ 111,149	\$ 43,146	\$ 383,006	\$ 537,301
16 Prince George's	526	155	1,599	2,280	287	75	928	1,290	\$ 261,344	\$ 59,490	\$ 612,027	\$ 932,861
17 Queen Anne's	11	4	31	46	6	2	20	28	\$ 4,032	\$ 697	\$ 9,042	\$ 13,771
18 St. Mary's	56	21	125	202	23	9	68	100	\$ 16,892	\$ 5,176	\$ 30,271	\$ 52,339
19 Somerset	34	12	140	186	18	8	76	102	\$ 8,827	\$ 3,158	\$ 40,857	\$ 52,842
20 Talbot	3	2	102	107	3	1	75	79	\$ 1,510	\$ 309	\$ 34,230	\$ 36,049
21 Washington	50	13	278	341	25	10	168	203	\$ 12,503	\$ 3,824	\$ 76,735	\$ 93,062
22 Wicomico	18	9	306	333	11	5	181	197	\$ 5,399	\$ 2,500	\$ 74,810	\$ 82,709
23 Worcester	21	1	106	128	11	1	67	79	\$ 8,733	\$ 208	\$ 28,143	\$ 37,084
30 Baltimore City	1,628	293	1,687	3,608	947	170	1,012	2,129	\$ 707,863	\$ 101,922	\$ 615,226	\$ 1,425,011
Total	3,873	977	9,684	14,534	2,196	555	5,773	8,524	\$ 1,736,916	\$ 368,193	\$ 3,502,247	\$ 5,607,357

KEY: TCA - Temporary Cash Assistance (TANF)

TCC - Transitioning Child Care (Received TANF and is transitioning to Non-TCA)

Non-TCA - Non-Temporary Cash Assistance (Did not receive TANF immediately prior to determination)

Reports for 2009 to present are available at: <http://earlychildhood.marylandpublicschools.org/data>



**Maryland Association for the Education of Young Children
Flora Gee, Public Policy Co-Chair
Director, Greenbelt Children's Center
7600 Hanover Parkway, Suite 100
Greenbelt, MD 20770**

**Testimony on Child Care Subsidy for the
Joint Committee on Children, Youth and Families**

Thank you, Senator King, Delegate Kelly and other members of the Joint Committee. I represent over 1700 professionals who care for and about young children in Maryland. For decades we have served as advocates for children, families and the profession of early care and education. Today we are insisting that our legislators make child care a top priority for increased state funding. It is time to take action.

Child care is a basic necessity that benefits children, families and communities. Children enrolled in high quality child care develop the critical skills they need to be successful in school and life. Child care also benefits state economies by investing in the future of the state.

Tim Bartik makes a very persuasive case for why states should want to invest in child care to benefit the state economy for all citizens-not just those with children, in his Ted Talk at https://www.ted.com/talks/timothy_bartik_the_economic_case_for_preschool. Yet even though child care is vastly important to our state, it is greatly underfunded.

There are several asks presented here:

- 1. Open up all levels of eligibility levels for all families and raise the subsidy income eligibility amounts that a family meets to be the same as Free And Reduced Meal (FARM) Rates that would qualify a school age child for free meals at schools***
- 2. Raise the reimbursement rates to the 75th percentile of current market rates of all Level 5 providers as the baseline so it will help all centers and families afford high quality best practices***
- 3. Align subsidy rates to pay more for the ratio of the enrolled child so that the subsidy will pay more for a lower staff to child ratio in one of these five values- 1;3; 1:4; 1:6; 1:10 or 1:15 (staff to children)***
- 4. Require the state to give a provider a ten business day notice if family is going to lose the subsidy (a five day notice is inadequate and unfair)***
- 5. Dedicate 5% of casino revenue to supplement (not supplant) funds the child care subsidy program for birth to five years old in child care programs enrolled in Maryland Excels***

The families that can least afford child care are suffering greatly because of several factors. Congress has not adequately provided funds for the Child Care Subsidy Program in Maryland and Maryland has done little to help these families and the providers who are personally

sacrificing compensation for their families as they try to survive accepting these meager funds at their programs, thus becoming the charity for the state. Please understand that child care “is” education-whether it is good education or bad education, matters very much to the outcomes of young children. It is truly difficult for the professionals that are invested in providing high quality programs that attract higher educated teachers by providing higher wages and benefits, implement best practices that include feeding children more whole grain foods, fresh fruits and vegetables but be able to **accept child care vouchers that the state has set at the 9th percentile of current market rates for reimbursement, meaning 125.99 per week to pay at a Level 5 center that costs \$242.00 per week.** Maryland has not raised up to the 75th percentile of current market rate values of the child care subsidy since 2002, fourteen years ago. Shame on Maryland for being at the bottom of all states in paying for child care. Shame on Maryland for forcing either families or providers to have to foot the bill for the difference between what the state is offering and the actual cost of quality care.

Investment in education at birth is very low compared to the funding available when a child enters college, yet birth to age five is when children are the most vulnerable, brains are being developed that will affect a child’s ability to be prepared for kindergarten, third grade assessments and college and career, when the parents are young and at the lower spectrum of earnings.

The cost of child care is very high mostly due to the fact that child care is a **labor intensive** industry. It is important that children have the time and attention of a competent educated professional based on established ratios that have been determined as baseline for minimum standards of health and safety. This is our definition of licensed care in Maryland. Going above and beyond that is what the quality initiatives based on research shown important to child outcomes. High quality child care is what it takes to reduce the achievement gap for children from economically disadvantaged families.

In March 2016, a very interesting report called “Modeling the Cost of Child Care in the District of Columbia” was published. It shows the “Provider Cost of Quality” and the effects of increased requirements on child care providers. It further shows the effects on programs who are not fully enrolled (because parents can’t afford to pay for high quality) and the significant revenue losses that are contributing to Maryland centers closing and the numbers of family providers continuing to drop significantly. **Subsidy rates need to align with licensing ratios so that child care vouchers pay more based on the ratio of the program the child is enrolled in, so higher ratios mean higher value for the subsidy to support higher quality.**

Making child care more affordable is not in the power of those working in the field. Programs may not take in extra children to reduce the rates parents pay because they are bound by ratios and capacities that they may not exceed, and for very good reasons. Teachers can’t afford to work for less. Parents who are eligible for the child care subsidy cannot access high quality programs because the **differential between the value of the subsidy and the cost of quality care is a huge gap in Maryland.**

There is a huge workforce problem in our field. For every dollar that our center in Greenbelt receives from families, about 80% goes back out in wages and benefits. This compensation

includes hourly wages, substitutes, health insurance, sick and vacation leave, trainings, retirement plans, flexible spending accounts, health reimbursement accounts and more. The cost for the required pre-service trainings, background checks and pre-employment medical exams are a barrier to attracting new candidates to pay to enter the field. New staff need to move up to higher levels of credentialing because high quality programs need highly credentialed staff, in the MD EXCELS system. Many teachers working in child care qualify for state social services, including the child care subsidy. Our teachers range from those with a Child Development Associate Credential, those with an Associate's Degree working toward a Bachelor's Degree to those with four year degrees and certification. The salary range is \$12-22.00 per hour, with \$15 per hour as the entry wage for a Bachelor Degreed teacher, not even above the proposed \$15.00 minimum wage. ***When minimum wage rises it will affect our wages and the cost of care for families will increase.*** Attracting and retaining competent experienced teachers in our programs is daunting. Yet after compensation, the rest of the program's income must pay for overhead including mortgage or lease, utilities, food, insurance, supplies, maintenance/upkeep, professional services and equipment.

This year, our program which had been full with a waiting list for the past year, made the decision to raise tuition 5% instead of the meager 1-2% increases taken over the last ten years, so that we could reward the teachers with a 5% increase in compensation for the very hard work that went into becoming nationally accredited by the National Association for the Education of Young Children and becoming a Level 5 Center in Maryland EXCELS. Unfortunately, many parents decided to look for cheaper, child care at lower Maryland EXCELS levels or left the state for free programs in nearby Washington DC using what may well be an illegal address. Last week, I attended a meeting of the Local Early Childhood Advisory Council, being held in a local Department of Social Services building. In the lobby of the building, I saw a parent who recently left my program one month ago, without giving a required two weeks' notice to our program. She owes \$862 for child care given to her that we cannot repossess. She gave me 2 hugs and lots of compliments of how great our program was for her child and lots of promises to pay us what is owed but said she placed her child in a free program for three year olds in DC. This parent works for County government and is probably above income levels for a child care subsidy. Our high quality program can't compete with free. We have still not been paid.

Families are calling almost daily to ask if our center accepts the child care subsidy and we are delighted to answer that we do. However, when they ask the price and I have to explain the amount out of pocket that they will be required to pay, I can hear the hope draining from their voice because they can't afford to the differential of \$116.01 per week from their income. Their children need high quality the most to overcome the effects of coming from an economically disadvantaged family and our center needs to operate at capacity or we will not be able to sustain out high quality program.

Many parents who are eligible and obtain a child care subsidy will leave owing over a thousand dollars to the provider because they are unable to sustain paying the difference between the subsidy value and the actual cost of care and eventually they will get very behind in payments owed. They don't have reserves and often over tap extended family. Providers are left with thousands of bad debt every year. Add to this the cost of the time and effort for providers to do the paperwork and accounting that comes with accepting the subsidy. Too many times there are

problems encountered that cause a provider to receive ***a completely inadequate five-day notice*** that the state intends to terminate a voucher and the provider is left holding the bag. Even if there is a wait list, the next family will need a full two weeks to 30-day notice to whoever is caring for their child before they will be able to come to the next program. Many times the parent will be able to turn in a missing document and will be able to get recertified for the subsidy program and so may continue at the provider but ***there is no guarantee by the state and no information to the provider to know if the problem with the subsidy is serious or not.*** Often, payment will be skipped for weeks or months while the paperwork is sorted out and then the accounting is an absolute nightmare for the provider who has to back track and figure out what the state has paid or not. The Comptroller website is not very user friendly and it is extremely time consuming trying to figure out who owes what when time flies by and providers have so many responsibilities. Programs with more than a few children with subsidy often have to hire a full time staff person just to handle the accounting that comes with the subsidy program. It can take hours to tackle the paperwork for just two children when there is a problem. When things go well, the program does get paid on time and efficiently.

Meanwhile, our lease in Greenbelt is going up effective October 1st and my insurance broker has informed me that our health care plan with Care First is increasing 5%. I can't tell my landlord or Care First that I won't be able to pay them their increased amounts because parents can't afford to pay me for the cost of the program. However, I have to tell my teachers that the proposed raises we intended to give them in their paychecks will not be coming. ***Somebody has to take less and the only ones left holding the bag are those of us working in the program.***

Maryland needs to fund the child care subsidy so that parents will be given vouchers that are at least at the 75th percentile of the current market rate for a Level 5 EXCELS Program. We need to fund the subsidy program so that every family who is income eligible can access the program at all levels-open the top levels, please. Maryland must ***raise the income eligibility levels from 149% of 2015 federal poverty levels to at least 185% for 2016.***

It is time for legislators in Maryland to take the steps required to improve the ability of low income families to access high quality child care for all children in Maryland. Let's do the right thing to prepare Maryland's children for success in school and life and erase the achievement gap.

Maryland needs to ***follow the model of the investment of the Department of Defense*** in supporting the quality of early childhood education. Efforts need to be made to use whatever means necessary to support the family's ability to pay for the cost of high quality care. ***Use the casino funds to dedicate 5% to increase the child care subsidy fund*** and increase the value of the subsidy for each eligible family. The reports by economist, James Heckman show that ***for every dollar invested in Early Childhood Education, our state could save \$8.00 later in societal costs.*** This is worth your attention and time.

Sincerely,
Flora L. Gee, M.Ed.

To empower those who care for and educate young children

www.mdaeyc.com



Joint Committee on Children Youth and Families
Senator Nancy J. King and Delegate Ariana B. Kelly, Chairs
General Assembly of Maryland
223 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

October 5, 2016

Dear Joint Committee Members,

Thank you for the opportunity to speak with you today. My name is Shaun Rose and I am the president of Rock Spring Children's Center, a non-profit child care center for 176 children, infants to pre-k, in Montgomery County. For 6 years, I served our County on our Commission on Child Care and was Chair of the Commission when child care subsidy was one of our primary issues. I am the chair of our County Chapter of the Maryland State Child Care Association and a board member of the Organization of Child Care Directors of Montgomery County.

I wanted to start by commenting on the topic of quality that was discussed at the last hearing and give you the perspective of a provider who has spent almost 10 years committed to a high quality program that serves the families our community. The testimony that I heard at the last hearing seemed to indicate that we have a problem with quality. I disagree. **The vast majority of our programs in Maryland are not low quality. They are low resourced.** The majority of our quality issues are a symptom of the problem that parents, from our poorest parents, our middle income parents, and our parents making well into the 6 figures, struggle to afford child care. **We need to stop conflating our achievable levels of high quality with our aspirational goals of even higher quality.** Our system of child care is heavily subsidized, but not by government child care subsidies. **Our biggest subsidy comes from the child care professionals who sacrifice each and every day, through working for low pay, through working extra hours, through taking on the stress and responsibility of creating the best environments possible, with whatever resources they can cobble together, to serve families and children.**

When you go into most child care programs, and when you see what child care providers and teachers are trying to do in their communities, you do not walk away thinking, they are deficient or that a degree would somehow magically make things better. You walk away thinking that most would jump at the chance to provide even higher quality if they had the resources to do so. In fact, you would walk away seeing **what true quality looks like and where it comes from – the commitment that early childhood professionals have for the children in their care and the families they serve.**

Doing what was suggested at the last hearing and **requiring all child care teachers to get degrees would exclude many of the people who have formed the backbone of our system and who have been considered high quality child care teachers for many years.** These are not ignorant people. Our current child care professionals have taken countless hours of coursework and training and have years of experience. But the skill set for academic performance and getting degrees does not always overlap with the skill set of being a patient, loving, and engaging teacher of infants, toddlers and preschoolers.

Requiring degrees would also increase the costs for our system of child care by two to three times what it needs to be. **Our child care system is already teetering on the brink of collapse.** We have been on an unsustainable path for years, and every year that goes by, more and more families get cut out of the system as

they are unable to afford the cost of care. More and more families make bad choices because that's all they are left with, exiting the work force and limiting their financial future, or putting their children in unreliable, unstimulating and unsafe situations. This ends up costing all of us much, much more in the long run.

SUBSIDIES

So how do we address the subsidy issue? In the second half of the 20th Century, as our society shifted more and more to one where almost all parents worked outside of the home, we correctly recognized that we needed supports in place for the care of our young children. We've had a number of different national programs, including a system of universal child care that was terminated because of fears that having both parents in the workforce would destroy the family. Instead, we moved to a system of child care subsidies for the poorest families and small tax credits for everyone else. For a while, these supports were enough to bolster the system. **These supports were not handouts. They were investments in working parents so they could be more productive. They were investments in our children so they were in safe and nurturing environments.**

At the time, child care was relatively inexpensive. Child care workers made minimum wage. There weren't as many regulations or recommended practices and the work was often simply babysitting or "daycare", ie, minimal effort of keeping kids busy all day. However, this began to change as we learned more and more about child development. "Daycare" became a pejorative term and shifted to "child care" and then to "early childhood care and education." More regulations were imposed. The permissible group size of children was reduced and it was required that each group was overseen by an early childhood teacher at all times. More trainings were required. Now, child care teachers need to complete a 90-hour course to become recognized as an infant or preschool teacher by MSDE. In addition, our regulations require 12 hours of continuing training each year, plus a number of preservice trainings, one time trainings, and follow up trainings. Programs now use a curriculum and the child's day follows a much more consistent structure. The administration of programs has gotten significantly more complex and more teachers are needed for fewer kids. Even though early childhood teachers make far less than their value, and are one of the lowest paid professions, they are no longer easily replaceable minimum wage workers. All of this means that child care has gotten significantly more expensive.

As expenses have grown, the financial supports we had in place fell way behind. There was a time when a low income family receiving child care subsidies could use that subsidy at almost any program they chose and not have to pay additional amounts. However, as subsidies have fallen further and further behind, providers had to begin to require families to pay to make up the difference. Families who qualify for child care subsidies are our lowest paid workers and cannot afford to pay more.

This is why, I am sorry to report, that it has been over 10 years since we have enrolled a family on the state subsidy program at my school. In Montgomery County, as the cost of living is higher, we have a County funded Working Parents Assistance Program, created over two decades ago, that augments the State and Federal subsidies with County money so that more low income families can receive child care subsidies. But this program has also not kept pace and I am sorry to report that it has been over 5 years since my School has been able to enroll a family on the County subsidy program.

My school is an independent nonprofit. We began as a mission of a church and had additional financial supports. About 15 years ago, the church decided it could not continue to support the child care operation and the parents and staff took over. About 10 years ago, we moved to the bottom floor of an office building. We pay rent for our space at market prices for commercial real estate in our area. In order to meet our budget, we have to have nearly all of our spaces filled with children who attend our school full time, all year. Our budget is \$3.7 million but we leave ourselves a margin for error of only about \$30,000, which is less than 1%. This means if our enrollment is off by just 2 kids for the year, we lose money. We need a sustainable financial model for our school, but our goal is to do little more than break even.

There used to be a time when we had a lot more flexibility. We used to be able to take a family on child care subsidies and make up the difference by charging slightly higher tuition to our other families. We fundraise, but that only allows us to over a couple of \$400 per month scholarships each year. This was not enough to allow families on subsidies to afford care. And as tuition has increased, our families can no longer afford to pay higher tuition to subsidize families on subsidy. In addition, **the State and County no longer allow subsidies to be used in programs who do not participate in EXCELS, a State program that is supposed to push child care providers to higher levels of quality, but that also increases costs.** Our parent Board has seen no reason to have us engage in an effort that takes our teachers and administrators time away from our children and our families, and we have declined to participate. Instead our board chose to address the fact that **child care teachers cannot afford child care for their own kids.** Even though they are one of the lowest paid professions, they often have a family income that puts them just out of qualifying range for subsidies.

The Federally recommended affordable percentage of a family's income for child care is 10%. Our school has been able to be high quality by treating our teachers as well as we could with wages and benefits, and having very low turnover, so that our teachers stay for 5, 10, even 20+ years. We also have better staff/child ratios than the minimum requirements so that our teachers don't burn out and can better interact with the children. But as regulations, trainings and employment expenses have soared, so has our tuition. Our infant tuition is not the highest in our area, but is almost \$2300 per month and Preschool is about \$1800. This means child care costs for a family with two kids would be almost \$50,000 per year. **The statewide annual average for an infant and a preschooler in full time care exceeds \$20,000¹, which would require an income higher than \$200,000 in order to be able to reach the Federal affordability recommendation. Most families, especially families with young children who are most often at the start of their careers and earning potential, do not make this much money.** This may be why we are starting to see polling numbers that show strong bi-partisan support for more public funding of child care. Families at most income levels are struggling to afford the cost of care and that struggle gets worse each year.

Our school's administration team runs a \$3.7 million dollar business, with almost 50 employees, and has responsibility for a school with over 150 children, and we all make less than public school teachers. My teachers make an average of about \$28,000 per year. We have squeezed everything we possible can out of our staff. Our parents are paying significantly more than they can afford.

Some programs have been able to be cheaper by finding less than ideal space for their programs and/or by cutting their staffing levels to the minimum allowed by the State regulations. High turnover is a big problem in our field, and is not good for our kids, but it also helps keep staffing costs down as entry level pay is cheaper than paying for raises. With these pressures, I can understand why some have raised quality concerns. I hope that as you appreciate the financial realities, you will see why I contend that **most quality issues are a symptom of low resources.**

SOLUTIONS

So what do we do about this? The answer is very clear straightforward. **We need to make child care and early childhood education one of our top funding priorities.** If we created our budget and realized we forgot to fund police and fire departments, we wouldn't say, "oh well, I guess we have to do without this year." We would go back and put our necessary priorities right at the top. Early Childhood Care and Education needs to be considered a necessity. **It's not a handout. It's not a social service. It's an investment.** It's an investment in our parents in our current workforce: their reliability, their prosperity, their social mobility. It's an investment in our children: their brain development, their safety, their future prosperity. It's an investment in our society: the effectiveness of our schools, the demand on our social service system, the safety of our communities

¹ Maryland Family Network annually provides excellent data on this at <http://www.marylandfamilynetwork.org/resources/child-care-demographics/>

We know that **most of our children's brain development occurs during the 0-5 years and that when they aren't in proper environments, it negatively impacts the rest of their lives.** We know that the more words they are exposed to, the more they are with adults who speak with them and interact with them, the more developed their brains become and the greater their chance for success in life. We know that when they miss out on these opportunities, it results in costly, often unsuccessful, remediation attempts in K-12 education. It costs us more when these children are not as economically productive in life. It costs us more when contacts with the criminal justice system are increased. Economists who studied this issue, such as James Heckman (HeckmanEquation.org), estimate that **every dollar spent on child care and early education yields a return on investment of between \$7 and \$12 in terms of higher economic productivity and reduced burden on our education system, criminal justice system and other social services.**

To make this investment, **we need significant increases in child care subsidies combined with much greater tax benefits to assist families in affording child care.** We can't keep doing what we have done in the past when we have tied so many strings and conditions to inadequate Federal and State money that it economically damaged providers who participated. We can't take a piecemeal approach and think "universal pre-k" is a solution when it would only address a small part of the issue, would further push our child care system towards economic collapse by taking the 4-year-olds out of the system, and would put children in an elementary school setting that is not developmentally appropriate. What we need to do is to look at this issue like going to the moon or other large scale civic endeavor and make huge funding increases to our system of child care and early education.

I understand that the Legislature does not control the budget. When I served on our County's Commission on Child Care, we wrestled with these subsidy and budget issues frequently. We had many discussions about whether we should be helping as many families as possible with inadequate support, or helping a smaller number of families with subsidy amounts that would actually make it possible for them to afford quality child care. Our County had been trying to help as many as possible. As a result, we had no waitlist. We had masked the problem. Many people wouldn't even bother applying for subsidies as it would not actually help them afford care.

Our County created a task force and changed this. The subsidy amount was increased. We also revised the income qualification levels. The qualification levels are still significantly too low and the subsidy amounts are still too small, but our County has started moving in the right direction. We are starting to grow a waitlist and our County has been incrementally increasing funding now that the problem is no longer hidden.

The State should follow a similar course of action. **Even if we do not yet have additional funding, we can at least increase the award amounts and add more income levels to the program.** We also need to update our subsidy tables using the most current data and have a mechanism in place so that income levels and average cost of care numbers on which qualifications and awards are based are automatically updated each year. We heard in previous testimony that Maryland ranks near the bottom of all of the states how much it is putting towards subsidies. We are currently doing the minimum we can do to receive Federal money. We can't keep hiding this issue. We need to be doing more.

Another solution to explore is to make our tax dollars go further by creating a **match program.** Businesses should be encouraged to put money towards their employees' child care costs by having their effort matched at some level by a tax credit and or a partial subsidy for an employee who would not otherwise qualify. The amount of the credit or subsidy could be scaled based on the income level of the employee. Child Care programs should be matched at the highest levels to ensure child care teachers can afford quality child care for their own children.

Other things to explore are **designating certain revenue streams exclusively to supporting child care subsidies and tax credits**. When gambling was legalized, there was a “slots for tots” campaign that promised that money from gambling would go to support our youngest children. Is there legislation that could be passed to **ensure that all of the State’s gambling revenue go exclusively to support child care**? Are there other possible revenue streams that could be similarly designated?

We also need to **review the structure and administration of our subsidy system so that it is reliable and serves parents and providers well**. When we recognize how delicate the child care business is, we cannot expect providers to accept children on subsidies when they cannot be confident that the subsidy money will come each month. Last year, we had a delay of several months which left providers and families in severe economic distress as providers had to go months with no income.

In addition to reliability, the administrative burdens are immense. Some Centers have had to hire people just to administer subsidy paperwork. Tracking payments to make sure you got paid is near impossible because of the way that the payments are issued. We have outsourced the application and administration process to Xerox. While this may be an economical way to administer the bulk of the cases, dealing with Xerox is like dealing with the phone company or cable company. If a family falls outside of the normal parameters, it becomes incredibly difficult to get assistance. **We need more high level subsidy case workers who can address special cases and circumstances and do so in a timely way**. There are too many stories of providers and families having to deal with a maddeningly frustrating system that does not meet their needs.

To further explore solutions and develop proposed details for implementation, the Committee could approach this like Montgomery County did and **create a Child Care Subsidy Task Force** (and include members of the provider and parent communities) charged with:

- 1) **revising the subsidy income qualification levels and award amounts using current data on state income levels and average cost of care which are over 10 years out of date**
- 2) **establishing a schedule or mechanism to ensure that the qualification levels and award amounts are automatically updated each year**
- 3) **recommending higher income qualification levels for the program,**
- 4) **proposing ways to maximize subsidies through matching contributions from employers**
- 5) **ensuring the subsidy processes are efficient and streamlined and that there are adequate levels of customer support with case workers who can engage directly with parents and providers**

I know some will ask, how can we afford to do this. How can we afford not to? This is as close to a “magic bullet” as you ever see in public policy. Spend money now, save much more later. Put money towards children and families. Have a stronger workforce and increased productivity now, and children who grow into more productive adults later. Improve the success of our school system, reduce the criminal justice and social service burden. **Child care and early education is an area with such fertile ground for investment and the rewards are so great**. We need you, our elected leaders, to see that this is a legacy issue which can serve as the foundation for Maryland’s future prosperity.



**Caring For Maryland's Most
Important Natural Resource™**

Maryland State Child Care Association

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October 5, 2016

Joint Committee on Children, Youth and Families
Nancy J. King, Senate Chair
Ariana B. Kelly, House Chair
House Office Building
6 Bladen Street, Room 120
Annapolis, MD 21401

Senator Nancy King, Delegate Kelly and Esteemed Committee Members:

The Maryland State Child Care Association (MSCCA) is a non-profit, statewide, professional association incorporated in 1984 to promote the growth and development of child care and learning centers in Maryland. We have 10 Chapters in Maryland and represent membership in Baltimore City, as well as 23 counties. MSCCA has over 2500 members and our members provide care and learning for more than 12,000 children therefore assisting over 20,000 working parents. We believe children are our most important natural resource and work hard to advocate for children, families and for professionalism within the child care provider community.

MSCCA appreciates the opportunity to share our written comments on the child care subsidy system in Maryland with the Joint Committee. A collaborative effort has been made to allow providers from a number of geographic areas across the state to address the child care subsidy issues and share concerns, as well as recommendations.

Maryland has the highest income per capita in the nation and touts leading the country in education yet our state investment in early care and education is one of the lowest in the nation. Research shows education begins at birth. The brain develops most significantly from birth to age 3 and the brain's capacity is 90% developed by age 5. Even with this knowledge, tax dollars are only being invested in Kindergarten through grade 12 leaving working parents with children under age 5 with little or no resources to access quality care.

Children in quality child care programs demonstrate better school outcomes, including higher vocabulary scores, math and language abilities and overall school success. It is incumbent upon states to ensure resources to children and families to access early care and education in order to facilitate this learning and development.

The public perception may be that our taxes are supporting and funding education. That may be true of Kindergarten to grade 12, but funding is not inclusive of early childhood.

The child care subsidy system in Maryland needs your immediate attention! Child Care Providers are frustrated and concerned about the future of their businesses. Providers are losing money when participating in the current subsidy system in Maryland and many quality programs are choosing not to participate in the broken subsidy system because they are subsidizing the subsidy system when most qualify for subsidy!

The child care provider community is concerned about the future of ALL children and the plight of ALL families who need safe, quality programs for their children while they work and contribute to Maryland's economy. The future of our small businesses and the success of our most at risk population of children is in danger without serious investments necessary to raise eligibility levels and reimbursement rates in our state.

The facts are clear:

Eligibility for child care subsidies is based on parent income level. The parent income eligibility scale has not changed in Maryland in 14 years. The income eligibility was adjusted in Maryland in 2002, when it was set at 50% of the State Median Income (SMI). Our subsidy eligibility for families has steadily declined and in 2016 is under 35% of the State Median Income.

The current Child Care Subsidy waiting list number stands at 3,684 reflective only of those children who may be eligible in Levels I and J, which serves income levels of \$23,676 - \$29,990 for a family of three who applied for child care vouchers between March 11, 2013 and July 31, 2016.

Parents cannot afford the differential of the cost of high quality care and education. The average cost of child care and the face value of a voucher are vastly different. Parent co-pays are higher than the federal recommendations in Maryland.

Child Care Providers are either accepting a voucher from a needy family and not charging the differential because the parent cannot afford to pay (basically providers who make on average \$20,000 per year are subsidizing the child care subsidy system by accepting the devalued voucher, accepting low wages and minimal, if any benefits) or they are not accepting children and families with vouchers because they cannot afford to stay in business at the rates of current reimbursement from the state. (which can force parents into unsafe, unlicensed care situations)

The Reimbursement rates are embarrassing in Maryland. We are ranked at the bottom nationally at the 9th for reimbursement rates. The federal government recommends a minimum of a 75% reimbursement rate, meaning a parent could find 75% of providers who would accept a subsidy voucher at face value. At 9% reimbursement, 91% of providers would not accept the child care voucher at face value.

In addition to these distressing issues, the administrative paperwork and burdensome bureaucratic processes for parents and providers are a deterrent for participation. There are associated costs that are never recouped. For example, the FDA food program costs more to administer than it pays out in the financial reimbursement. Parents are turning to more and more to illegal child care, which has a direct impact on our legal, tax paying, important for the economy and workforce, child care businesses throughout the state.

MSDE and DSS are both facilitating child care subsidy vouchers. We have received complaints that the DSS offices are telling parents to contact their local Resource and Referral Agencies to assist them with their vouchers. This is not acceptable for a state agency. Parents and providers are confused and frustrated.

What can we do?

Recommendations:

Investments are required!

Increase the eligibility and reimbursement rates to align with the national recommendations.

Slots for Tots- Earmark at least 5% of revenue for child care subsidy funding through the casino money that was originally intended for education and never materialized to best serve Maryland's children and families who need it most.

Invest in early childhood! Begin the process of closing the achievement gap and adding money to subsidy system for providers to be paid a living wage and INCREASE the state match. Many states go above the required state match, but Maryland does not. Maryland can do better! We recommend Maryland contribute a higher amount like other states to make the necessary investment to fix the broken subsidy system.

Require a Task Force or create a Commission on Child Care Issues to include stakeholders at every level, both public and private sectors to report and recommend action on subsidy and other related child care and early education issues.

Serve fewer families at a higher subsidy rates to drive up the waiting list and provide the statistics needed to increase funding.

Child care subsidy is not an ENTITLEMENT nor a handout. It is an INVESTMENT!

It is an investment that has been proven to yield a very high rate of return. You as lawmakers must act to invest in our children We must all do our part to investment in closing the achievement gap for children, give Maryland's children the best start in life which impacts their development, mental health and success in most aspects of their adult life. The investments in early years will support our workforce because parents are earning or going to school while children are in safe, quality care and education environments.

Investments in early care and education promotes economic development and growth.

The question is ...Why aren't we doing more?

Joint Committee on Children, Youth, and Families
October 2016
Testimony on Child Care Subsidy Programs

Submitted by Lisa Henkel, COO, Celebree Learning Centers

In support of the Celebree mission, we support of subsidy programs and believe in an overall subsidy program for families that supports low income families and children in their pursuit of high quality childcare and early childhood education programs. We believe high quality childcare and ECE programs are the foundation for the continued K-12 success Maryland has as a national educational leader in education.

We do find opportunity for improvement within the subsidy framework as is currently available to Maryland families. We find:

- **The current programs are bureaucratically burdensome to providers**
- **In reality, programs subsidize the cost of care through low wages and minimal benefits provided to staff**
- **Program quality and staff compensation are directly tied to available subsidy programs**
- **The current programs are underfunded**
- **There are some easily identifiable “broken” pieces of the system:**
- **The consequence of our current path is to serve fewer children in minimally higher quality programs**

- **The current programs are bureaucratically burdensome to providers**

At Celebree we currently serve over 2000 children each day across 22 Maryland locations. We have less than 25 children who currently participate in the Maryland child care subsidy program (accounting for less than 2% of our overall enrollment). Even with minimal numbers we have found it necessary to retain an additional person within our finance department who has responsibility for oversight and maintenance of the subsidy administration. The process to obtain, assist parents through the process, plus monitor for expiration and updates was too great a burden at the local center level. As a company, our focus remains on allowing those within our centers to focus on the care and education of children- the administration of the subsidy programs was a distraction. We believe making care available to all, including those participating in subsidy programs is part of our greater mission but it comes at a cost.

The direct administrative costs of personnel and the opportunity cost associated with the man hours to oversee the program are in addition to the cost of participation in state “voluntary” quality initiatives. As these programs are now required in order to continue making quality programs available to those

receiving subsidy, we have additional administrative and materials compliance costs in this area as well.

- **In reality, all programs subsidize the cost of care through low wages and minimal benefits provided to staff**

The true cost of implementing quality programs is not passed through to the families and parents. The full costs would prove too burdensome to all families—those participating and not participating in child care subsidy programs. Under the current Maryland system there is a voucher amount and parents who choose programs that cost more than the stated voucher reimbursement take on the personal financial accountability for the differential between the child care centers market rate and the rate of subsidy reimbursement. Many families struggle to pay the differential rate. If the child care and ECE teachers were compensated with the salaries and benefits paid to comparable public school educators, the cost of tuition would preclude many more families from the educational advantages of quality child care and the ability to fully participate in the workforce.

- **Program quality and staff compensation are directly tied to available subsidy programs**

In order to provide a sustainable service to parents, providers must find ways to minimize expenses. Often times this means cutting quality corners in teacher pre-service qualification and degree attainment in order to hire affordable staff. Additionally providers find themselves faced with difficult choices around cutting expenses in classroom materials and amenities to make ends meet. Available subsidy programs would allow for additional financial resources to be better used where needed.

- **The current programs are underfunded**

The current program is underfunded and therefore under serving the population that is most in need. There is a false public perception that child care and ECE programs are funded because K-12 “education” is funded. They do not understand that ECE is different and falls into a different budget area within MSDE. Maryland enjoys the highest income per capita in the nation and yet we fall at the bottom in terms of state budget allocation to child care subsidy.

- **There are some easily identifiable “broken” pieces of the system**

The requirements and thresholds for eligibility need to be reviewed, updated and revised to reflect the current economic status. Under federal guidelines those who are eligible for child care subsidy can meet a threshold as high as 50% of state median income; Maryland is currently at about a 35% threshold because we are utilizing outdated median income reporting from 2004. The Maryland eligibility levels have not changed since 2001.

In terms of the parent co-pay and the differential payments as mentioned above the federal recommendation is that 10% of the family income toward childcare is considered "affordable". The Maryland average is currently 12% when the assigned co-pay and the differential are taken into account.

The federal guidelines recommend that subsidy acceptance should be around the 75th percentile, meaning parent could find 75% of providers in their local area who would accept a subsidy voucher at face value without charging and differential. Currently Maryland ranks in the 9th percentile meaning 91% of providers are not accepting the "face value" of the voucher and need to charge the differential to recoup basic costs.

- **Consequence of our current path is to serve fewer children in minimally higher quality programs**

Quality care comes at a cost. We can continue to minimize affordability and accessibility to quality care which means we will serve fewer children. The unfortunate reality of that situation is research shows us the children who would most benefit from high quality programs are those who would be left behind.

A World of Friends Learning Center



I have a single parent that has a child that is four years old. This child has been enrolled in my center for almost two years. During that time, the child received subsidy. The mom went out on maternity leave and the voucher was discontinued. The mom has a full time job and she provided documentation stating that she would be going back to work after the doctor released her for full duty. One week prior to going back to work, the mom provided the documentation from her doctor giving the exact date of return to employment. She was told by DSS that needed to submit everything as if she had never had voucher in the past. She submitted all of her paperwork as she was told. They said it would take 60 days to process the information. She needed to return to work in one week and now she had two children in care. She went back to DSS where she was given a voucher that day through a special program. Six weeks passed after I had faxed the new voucher three times. I called CCS and received no help. I finally sent an email to Liz Kelley and she immediately called me to tell me that the voucher had been cancelled. I received no notification that this voucher would not be honored. I notified the parent when I received the news. The parent went to DSS and was given a two week back voucher as well as a two week extension until the end of the month. They gave her two weeks to straighten out the confusion with the voucher. At this point the children are in car and she does not have a current voucher again. This process should have been seamless however as you can see was not. The parent's situation only change because she had a baby. Her employment has been the same for more than two years and documentation was provided saying that her employment would continue when she was released from the doctor.

Jennifer Dorsey

October 4, 2016

Ladies and Gentleman of the Joint Committee for Children and Families,

Today's testimony will address the child care subsidy program, and how the current operation of this program impacts both childcare providers and the needy families that they serve. The basic premise of the subsidy program is honorable. The program was designed to offer needy families assistance in paying for childcare enabling them to work to improve their own situations. Providing a subsidy payment that can be applied to most providers offers the parents a choice for their child's care and linking subsidy payments to the Excels program helps to direct needy families to higher quality programs. There are issues, however, with the way our subsidy program operates in Maryland. Subsidy vouchers in Maryland are woefully underfunded. The voucher reimbursement rates that are given to providers reflect the market rate for childcare in 2002, and rarely cover the actual current costs of providing care to the child.

Funding subsidy vouchers is a major area of concern in Maryland. Currently Maryland is only funding the first few tiers of the subsidy program, meaning that a family of three making more than \$23,676 annually is not eligible for assistance because their income is too great. When families can't afford to work, they go back on Temporary Cash Assistance and become full welfare dependent, burdening a system that already cannot afford to fund its welfare programs. Maryland does offer subsidized employment, through which a parent can still qualify for TCA, food stamps, and childcare vouchers for one year while working. After a year, the family is re-evaluated to determine eligibility for vouchers, TCA and food stamps. If we can't offer low-income working parents vouchers to afford childcare, they can't continue to work. This becomes a vicious welfare cycle, particularly since the families with the youngest children are likely at the start of their working careers making less money than they will at any other point in their lives. To support these young families and set them up for success, we need to enable them to work, and we need to help them afford childcare. Getting these parents into jobs where they can earn income to support their families will help them move past welfare assistance.

Another issue with poorly funded subsidy programs is the issue of achievement gap. Much research has been done to examine the achievement gap that exists between middle and high income children starting kindergarten and children from low income families. Research has found that children who begin kindergarten behind their peers rarely catch up later in their educational career. The Perry Preschool Project was a famous longitudinal research study that examined the effects of providing high quality early education experiences to children in low-income areas. They found that having a high quality preschool experience raised this group's overall achievement not only in school but in life. These children had less retention rates, less teen pregnancy, higher graduation rates, more job stability, less incarcerations, and better health. Economic professor James Heckman has done extensive research on the benefits to society for investing in early childhood education. In his analysis of the Chicago Child-Parent Center study, he found a \$7 return on investment for every dollar invested in quality early education programs for low-income children.

The federal government recommends that states set their subsidy reimbursement rates at the 75th percentile, meaning that a parent could use their subsidy voucher to pay the full cost of childcare in 75% of the childcare programs in their state. Currently Maryland's reimbursement rate is 9%, meaning that most families will not be able to fully fund their childcare using the vouchers they have been assigned. Families are assigned a co-payment to cover the difference in cost, but in Maryland the co-payment rates are based on outdated market rates for childcare and rarely cover the actual cost to the center for

providing care to the child. Either the parent will need to pay a differential amount to cover the additional cost of care or the childcare provider will take a loss to provide the child with care. Very often, the burden of these differential costs fall on the childcare providers. In my own center, I have found that most families with subsidy vouchers often cannot afford their co-payments or the differential amount that would bring the child up to a fully funded tuition. Often I forgive the difference or offer the family a discounted rate and take a loss to be able to still provide the child with a quality early education experience, knowing that it will make a difference for the child in the long run. My program pays for these losses through lower teacher salaries and less funding for the programs we provide. Sometimes parents will rack up debts to a center for unpaid tuition co-payments and differentials, and then move the child to a different center, where they will once again rack up debt and leave, creating a cycle of transience that does little to help the child experience any kind of quality preschool experience, and leaving the childcare centers they attend with unpaid balances.

All of our preschool children in Maryland deserve a high quality early education experience. As a state, we have invested deeply in improving the quality of our programs. The Ready at Five initiative is based on the idea that with a focus on quality, we can ensure that all of our children are ready to learn when they enter kindergarten, effectively we can help to eliminate the achievement gap that exists between children who start kindergarten ready and those who do not. Maryland Excels and Accreditation programs define quality initiatives for childcare programs, and these quality initiatives need to be funded by the program. When parents cannot pay the tuition, childcare providers cannot continue to offer high quality programs. Many programs choose not to accept subsidy vouchers, knowing that it is likely they will lose money from enrolling those students. The fact remains that to give our neediest students a better chance for success, these children need to have access to quality early education programs. With partially funded vouchers, parents will choose the lowest cost for care rather than the highest quality, or they will move children frequently to avoid consequences for not paying balances due.

Maryland needs to revisit our subsidy funding. We need to use current market rates to calculate voucher amounts so that vouchers better reflect the cost of providing care to children, helping to eliminate differential payments that are often too much for parents to afford. We need to fund higher tiers of the subsidy program, making funding available for low-income working families and not only for families on temporary cash assistance. We need to encourage our young low-income families to work by providing them with the vouchers they need to afford childcare. We need to fund vouchers so that our children from low-income families can attend high quality preschool programs, giving them the advantage they need to beat the achievement gap before they start kindergarten. An investment in the subsidy voucher program is an investment in Maryland's neediest children. I urge you to work toward providing the funding needed to make this program accessible to the families who need it and to increase voucher amounts so that providers can use the payments to cover the actual cost of care.

Thank you for taking the time to consider these important issues, and for choosing to support our neediest children and the childcare providers who are working hard to give them the care and support that will help them succeed.

Lavonne Taylor
Owner/Director Forest Hill Nature Preschool



Modeling the Cost of Child Care in the District of Columbia

March 11, 2016



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Introduction

The Office of the State Superintendent of Education (OSSE) is committed to building a high-quality early care and education system in the District of Columbia (the District or DC) that ensures all children start school ready for success. As noted by the National Institute for Early Education Research, the District exceeds national norms for quality standards, financing, and access to pre-K education.¹ Nevertheless, as evidenced by this cost modeling report, the District's shift to universal pre-Kindergarten for 3- and 4-year-old children, largely delivered in public school settings, has created financial challenges for community-based child development organizations and child development homes that serve infants and toddlers, the most expensive type of care to provide.

Traditionally, subsidy rates have been determined using a statistically valid and reliable survey of the market rates; however, the child care market is one in which natural market forces generally fail. Although consumers typically pay what they can afford and the market responds in turn with a range of options, the cost of high-quality child care exceeds most families' ability to pay. Many market-based child care programs—especially those that serve infants and toddlers—have to establish prices that are below the true cost of delivering quality services. In order to better understand the actual cost of providing child care in the District of Columbia, OSSE, with the assistance of national financing experts, took the opportunity to develop an interactive model of the actual cost of delivering child care services in the District at each quality tier level for both centers and homes.

This innovative approach to cost modeling is supported by the reauthorized federal Child Care and Development Block Grant Act of 2014 (CCDBG Act of 2014) (Pub.L. 113-186), which provides states with an option to develop and use a statistically valid and reliable alternative methodology for setting payment rates, such as a cost estimation model. The law also requires states to consult with its State Advisory Council, and on March 24, 2015, OSSE consulted with the District's State Early Childhood Development Coordinating Council (SECDCC). Pursuant to the Pre-k Enhancement and Expansion Act of 2008, the SECDCC was legislatively created in March 2011 to improve collaboration and coordination among entities carrying out federally-funded and District-funded pre-K and other early childhood programs to improve school readiness and assist in the planning and development of a comprehensive early care and education (ECE) system that serves children ages birth to 8 years of age.

The CCDBG Act of 2014 also requires states to provide a detailed report on the results of its cost estimation model and make it widely available to the public. The results provided in this report fulfill this federal obligation and will be used by OSSE to inform rate-setting and other ECE policies in the District.

¹ Barnett, W.S., Carolan, M.E., Squires, J.H., Clarke Brown, K., & Horowitz, M. (2015). *The state of preschool 2014: State preschool yearbook*. New Brunswick, NJ: National Institute for Early Education Research.

Definitions

Child Development Center: A child development facility located on premises other than a dwelling occupied by the operator of the facility.

Child Development Home: A child development facility located in a private dwelling occupied by the operator of the facility. "Child Development Home" also includes those facilities classified as "Expanded Child Development Home."

Extended Day Full-time: Six (6) to fourteen (14) hours where at least one hour of care is in the morning before 7:00 a.m. or in the afternoon after 6:00 p.m. and the majority of hours are between 7:00 a.m. and 6:00 p.m., Monday through Friday.

Extended Day Part-time: Less than six (6) hours where at least one hour of care is in the morning before 7:00 a.m. or in the afternoon after 6:00 p.m. and the majority of hours are between 7:00 a.m. and 6:00 p.m., Monday through Friday.

Full-time Traditional: Six (6) to eleven (11) hours between 7:00 a.m. and 6:00 p.m., Monday through Friday.

Level II Center: A child development facility that is authorized by OSSE to determine initial eligibility and to re-determine eligibility of families and children for subsidized child care services.

Non-traditional Full-time: Six (6) to eleven (11) hours between 6:00 p.m. and 7:00 a.m., Monday through Friday; or six (6) to eleven (11) hours on Saturday or Sunday, regardless of the time of day.

Non-traditional Part-time: Less than six (6) hours between 6:00 p.m. and 7:00 a.m., Monday through Friday; or less than six (6) hours on Saturday or Sunday, regardless of the time of day.

Part-time Traditional: Less than six (6) hours of care between 7:00 a.m. and 6:00 p.m., Monday through Friday.

Subsidized Child Care Provider: Licensed child development facilities that have a contract with the Office of the State Superintendent of Education to provide care for eligible children under the Subsidized Child Care Program; however, all children enrolled at these facilities are not necessarily participants in the subsidy program.

Quality Rating and Improvement System: The District's Going for the Gold system establishes criteria at three different levels for early care and education providers that participate in the subsidy program. Each level (Bronze, Silver, and Gold) has criteria associated with it that must be met to receive that tier's reimbursement rate. The levels are

determined by national accreditation status (i.e., not accredited, candidacy or equivalent, or fully accredited) and compliance with licensing regulations.

Pre-K Center: A Gold-level rated center that meets the requirements and high quality standards as outlined in the Pre-k Enhancement and Expansion Funding regulations. These centers receive funding at the uniform per student funding formula (UPSFF) for eligible 3- and 4-year old children.

Early Care and Education Landscape in the District

Passage of the historic Pre-k Enhancement and Expansion Act of 2008 (Pre-k Act of 2008) elevated early learning as a centerpiece of the District's education reform agenda.² This legislation set forth a pivotal goal to make pre-Kindergarten universally available to all 3- and 4-year-old children who reside in the District by 2014. In fiscal year 2015 (FY15), 12,612 or 78 percent of 3- and 4-year-olds in the District were enrolled in public pre-K programs. Although DC does have a three-sector pre-K delivery system (District of Columbia Public Schools, public charter schools, and community-based organizations), the majority of 3- and 4-year-old children are served in public schools.

Table 1. Licensed Capacity by Age and Ward

Ward	Infant	Toddler	Pre-school	School Age ³	Total Capacity by Ward	Percentage
1	426	134	746	585	1891	8%
2	1205	210	1856	784	4055	16%
3	255	117	1782	363	2517	10%
4	680	485	1081	1452	3698	15%
5	669	253	922	1421	3265	13%
6	467	200	1027	543	2237	9%
7	450	305	1318	1128	3201	13%
8	705	389	1504	1729	4327	17%
Total	4857	2093	10236	8005	25191	100%

As of January 2016, the District has 356 licensed child development centers and 128 child development homes, of which 280 (58 percent) provide subsidized early care and education services to children across the District. In FY15, subsidized child care was provided to 5,093 infants and toddlers and 5,498 children 3- to 5-years of age in all eight

² Pre-k Enhancement and Expansion Amendment Act of 2008, D.C. Law 17-202, D.C. Official Code §§ 38-271.02.

³ A child who is between 5 years of age on or before September 30 of the current school year or 15 years, unless a child has special needs.

wards of the District. Table 1 illustrates the licensed capacity in the District by age of the child and ward.

Methodology

OSSE and Otero Strategy Group LLC worked with Louise Stoney and Libbie Poppick, nationally recognized early childhood finance experts, to model the cost of delivering services at each level of the District’s current Quality Rating and Improvement System (QRIS) at both center- and home-based settings. The objectives of this work were to 1) identify the fiscal impact of the District’s QRIS standards on centers and homes; 2) identify key cost drivers that cut across all QRIS levels; 3) explore differential costs between programs that serve primarily (or exclusively) infants and toddlers and those that serve primarily (or exclusively) 3- and 4-year-old children; 4) create greater transparency on how the child care market operates; and 5) provide information that will allow key stakeholders and policymakers in the District to test a range of alternative rate-setting and subsidy policy recommendations with a clear understanding of the fiscal impact of these decisions.

The District used a cost modeling approach that was developed and tested by national experts Anne Mitchell, from the Alliance for Early Childhood Finance, Andrew Brodsky, from Brodsky Research, and Augenblick, Palaich and Associates (APA), a firm with extensive experience analyzing public education systems and policies. These leaders worked collaboratively with the federal Office of Child Care, through the support of the National Center on Child Care Quality Improvement and the Child Care State Systems Specialist Network, to build the Provider Cost of Quality Calculator (PCQC). The PCQC is a dynamic, web-based tool that calculates the cost of quality based on site-level provider data. However, because the DC child care system has so many levels and funding variations, it was necessary to understand the potential impact of rates and policy on a range of options. To facilitate comparisons across multiple sites and options, OSSE chose to develop and use a set of interactive Excel spreadsheets that embedded the PCQC principles rather than use the online tool.

Lessons from Cost Modeling in DC

- The gap between costs and revenue is largest for programs that serve infants, toddlers, and children with special needs.
- The gap between costs and revenues is greatest in Gold-level programs due to increased requirements for credentialed staff and the need for more staff to cover planning and professional development time.
- Some child care centers and many family child care homes are not fully enrolled and as a result have significant revenue losses.
- Larger centers (or a network of centers linked by a shared administration) can be more financially stable depending on the age distribution of children served and the quality level.
- Subsidy rates need to align with licensing ratios. Rates for children 12 to 30 months old are lower than for children birth to 12 months old, but the adult to child ratios are the same.

Careful attention was paid to ensuring that the data used to inform cost assumptions in the model accurately reflected the DC provider experience. OSSE and its consultants looked carefully at available data on ECE programs throughout the District and, in some cases, conducted targeted surveys to gather specific data (e.g., enrollment data in child development homes). Group and individual interviews with the sector were also conducted to gather and vet information. Additionally, District staff collaborated with the DC Fiscal Policy Institute and DC Appleseed on an interview protocol to identify the cost of care in Silver-level and Gold-level centers. DC Child Care Connections staff helped conduct telephone interviews with child development home providers. The results of these surveys helped inform assumptions used in the model.

Cost modeling enabled OSSE to explore the likely cost of delivering services at each level of the District's current QRIS, as well as to compare the net revenue of a program that 1) primarily serves infants and toddlers compared to one that serves a mix of ages and receives pre-K funding; 2) serves a significant number of children with special needs; 3) includes classrooms for school-age children; and 4) offers services in child development homes. The assumptions used in each of these scenarios varied based on cost drivers such as adult to child ratios, teacher wages and benefits (as a proxy for the level of education and training), facility requirements, vacancy rate, fee collection (i.e., level of bad debt), and others. Use of the cost modeling spreadsheets also makes it possible to include a range of revenue sources, including child care subsidy (with tiered reimbursement), parent fees, the Child and Adult Care Food Program (CACFP), and District pre-K funding.

The cost estimation model will help OSSE and other key stakeholders more precisely understand the gap between the cost of providing quality services in a range of settings and scenarios and the revenue sources available to support ECE programs.

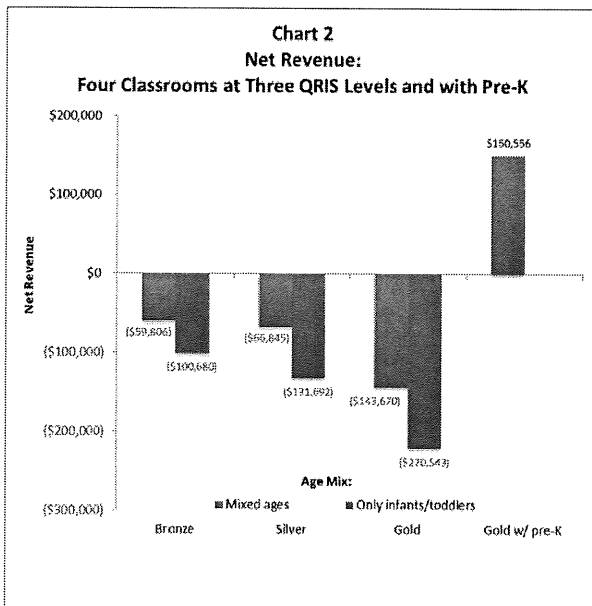
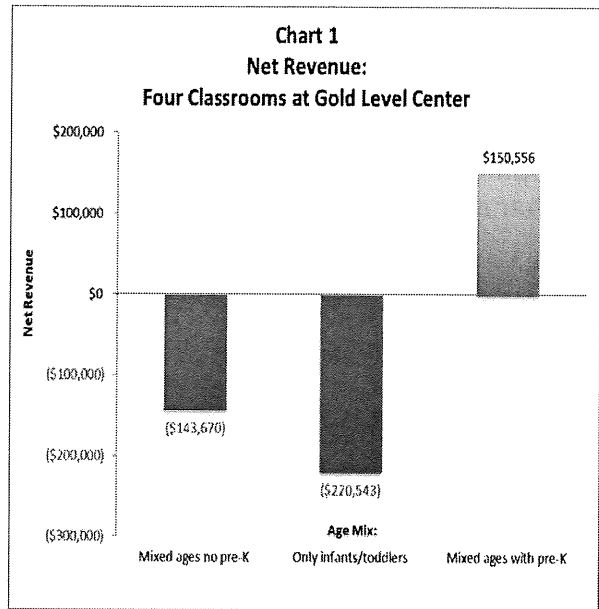
Results in Child Development Centers

Cost modeling revealed that the likely cost of delivering services exceeds available public revenues in most cases as discussed in more detail below. Modeling also indicated that although the tiered reimbursement levels currently established by the District help to narrow the gap between costs and revenues, most community-based organizations need to tap other funding streams, increase program size, and maintain full enrollment to break even. The most significant gaps are in infant and toddler care. Programs that are at the highest quality level (i.e., Gold-level) and are also able to tap pre-K funding appear to have the revenues needed to attain and maintain high-quality standards, including lower child to teacher ratios and higher-credentialed teachers. Organizations that have attained scale by establishing multi-site programs linked by a central administration are also more likely to reach the size and age mix to break even or profit.

Infant and Toddler Care is the Most Expensive

The biggest gap between costs and available revenues occurs in small centers that primarily serve infants and toddlers. Chart 1, which models a four classroom Gold-level center, indicates the difference in profit/loss based on the ages of children served and the ability to tap District pre-K funding. High-quality child care that focuses on serving infants and toddlers needs additional sources of revenue to break even or profit.

The District has established tiered reimbursement rates through its Quality Rating and Improvement System – “Going for the Gold” – that help narrow the gap between costs and available revenues by increasing the subsidy reimbursement rate as program quality increases. Chart 2 indicates that although tiered reimbursement helps to narrow the funding gap, serious challenges persist. Programs that serve mixed ages and receive District pre-K funding for 3- and 4-year-old children are better able to break even or profit and also meet quality standards (see “Gold w/ pre-K” scenario in Chart 2).



Program Size Matters

It is important to note that the scenarios cited above are based on a small center with only four classrooms. Assuming that the center focused on infants and toddlers, this means that it would serve no more than 40 children or a total of 56 children if multiple ages were included. The cost modeling methodology makes it possible to test a range of ways ECE programs can break even or profit. One such strategy is to increase the number of children served so that overhead, including the cost of business and pedagogical leadership and administration, is spread over a larger number of classrooms (i.e., economies of scale).

Chart 3 looks more closely at the impact of scale at a Gold-level center. To better understand how big and what age and income mix is required for a Gold-level center to break even or profit, various scenarios are tested. The deficit was reduced significantly when the center reached a size of 204 children of mixed ages with 20 percent private pay families; however, a positive revenue stream was not realized until the program served almost 245 children and included two out-of-school-time classrooms. The scenario includes an assistant director, receptionist, and office manager for centers serving more than 100 children.

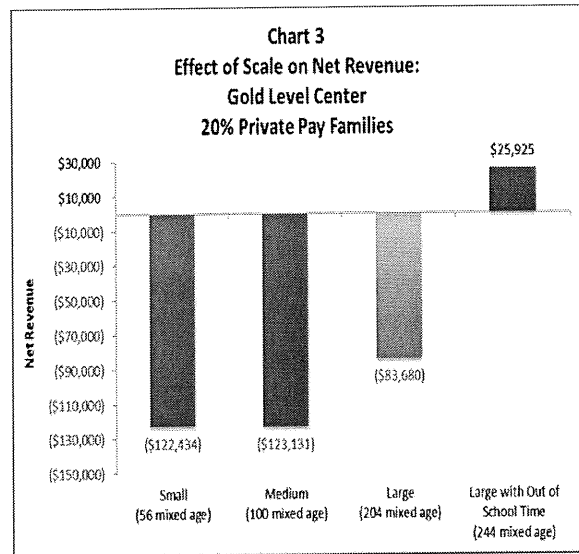


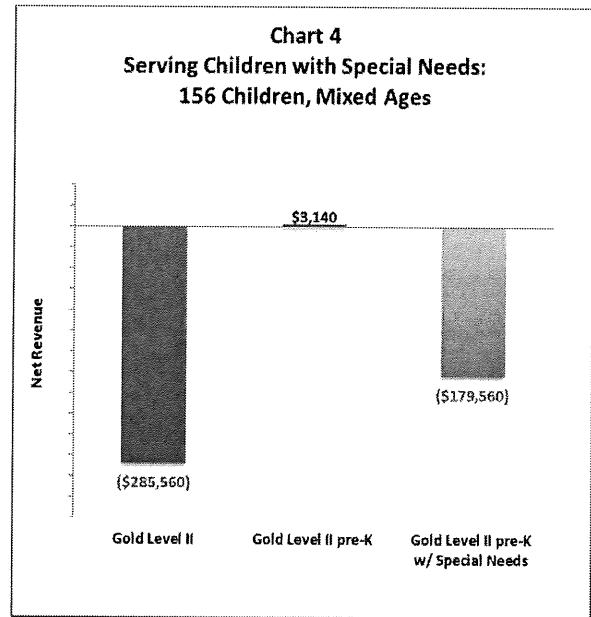
Table 2 provides an analysis of the size and tier level of the District's child development centers. The majority of the Gold-level child development facilities in the District are serving less than 100 children. Serving 250 children in a single location is highly unlikely in the DC Metropolitan area; however, it is possible to create a multi-site ECE business, or a shared services alliance, that includes many classrooms linked by a central administration. ECE organizations in other parts of the United States have used a shared-services framework to achieve this end. Two examples include Sound Child Care Solutions, a Seattle-based nonprofit that created a shared back office that supports nearly 30 classrooms in diverse neighborhoods across the city and offers high quality care. Chambliss Center, a nonprofit in Chattanooga, uses a similar framework to Sound Child Care Solutions and includes classrooms located at local public schools that are managed and supervised by staff in the Chambliss central office. In short, District cost modeling suggests that looking more closely at how to incentivize shared ECE management could be a promising strategy. The District's Quality Improvement Network, which launched in 2015, is an example of a shared-services framework that supports comprehensive services, coaching, and professional development for a network of centers and homes. This initiative can serve as a platform for exploring other components of a shared-services framework.

Table 2. Child Development Centers by Size and Quality Tier

Licensed Capacity	Gold	Silver	Bronze	Total
Under 60	35	26	47	108
60-99	30	11	15	56
100-149	14	5	4	23
150+	17	6	8	31
Total	96	48	74	218

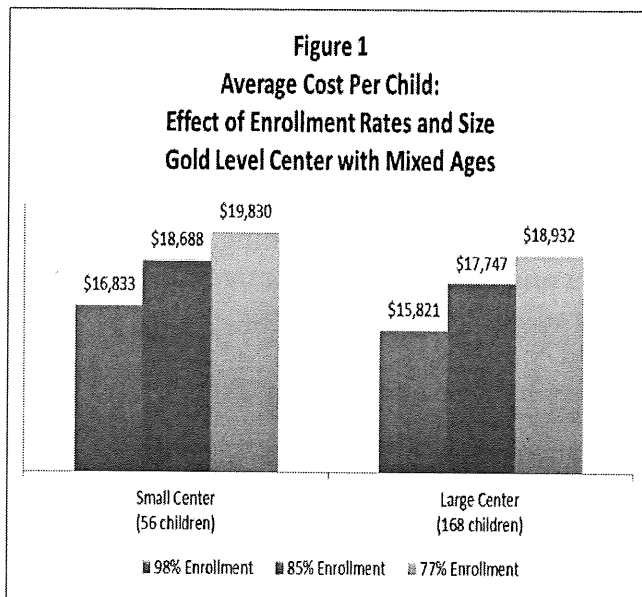
Children with Special Needs Require Additional Staff

Child development centers that serve large numbers of infants and toddlers with special needs incur higher costs due to the need for additional staff and staff with specialized credentials. When the additional staffing needed to serve infants and toddlers with special needs is included in the model, there is a revenue gap. Chart 4 adjusts for the scale challenges noted above and compares the revenue gap in a large child care center that serves 156 typically developing children of mixed ages, compared with a center of the same size and age mix that serves children with special needs.⁴



Full Enrollment Improves Bottom Line

All of the scenarios modeled and discussed thus far assume full enrollment and little to no bad debt, which means that the center is able to collect tuition for every available space, every day. However, given that OSSE currently pays providers on the basis of a child's enrollment and attendance, this assumption may not be true for all centers and homes.



Helping ECE programs maintain full enrollment is a key financing strategy.

If enrollment in child development centers is lowered to 85 percent (the industry standard), none of the centers break even (Figure 1). It is clear that helping ECE programs maintain full enrollment is a key financing strategy and one that will be carefully considered. To this end, OSSE will further research the feasibility of contracting for slots in high-quality child

⁴ This example also assumes that centers rely primarily on subsidy dollars (in other words, additional funding from other third-party sources such as Head Start or Part C of the Individuals with Disabilities Education Act are not included).

development facilities, with a special emphasis on those that serve infants and toddlers and children with special needs.

Tapping Multiple Funding Streams, an Important Provider Strategy

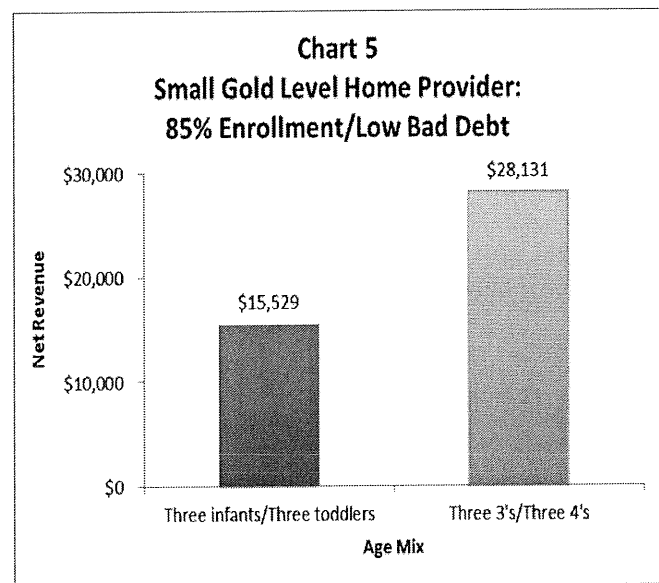
Cost modeling underscores that high-quality child care programs that are able to tap all available funding streams have a stronger business model. The net benefit of layered funding from third-party sources such as pre-K and Head Start is clear. However, one funding stream available to all child care providers that serve low-income children that is often overlooked is the Child and Adult Care Food Program (CACFP). Revenues from this federal funding stream were included in all of the scenarios modeled, and results indicate that these dollars can make a significant difference even in very small programs. For example, a small child-care center that serves about 56 children (four classrooms), half of whom are from families with incomes at or below 130 percent of the federal poverty level, would receive an additional \$65,000 per year in CACFP subsidy. DC’s implementation of the Healthy Tots Act in 2015, which requires child development facilities that serve more than 50 percent subsidy-eligible children to participate in the CACFP program, will ensure child development centers access CACFP funding and additional local reimbursement beyond the federal funding.

A small child-care center that serves about 56 low-income children could receive an additional \$65,000 per year in CACFP subsidy.

Results in Child Development Homes

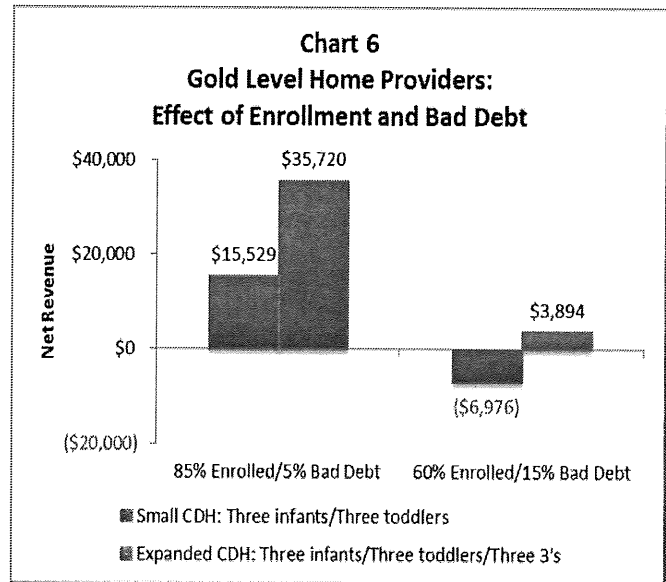
Modeling was also used to test the cost and revenue gap in child development homes, including homes that serve 6 children, as well as expanded child development homes that may serve up to 12 children. Findings were similar to those for center-based care; infants and toddlers are the most expensive children to serve due to lower staff to child ratios. Limiting the number of infants and toddlers increases net revenue in home-based care, especially for child development homes that serve six children.

Full enrollment appears to be the most salient factor when modeling the cost of family child care. Chart 5 shows likely net revenue in a child development home with enrollment levels at 85 percent, which is the industry



standard. Assuming the provider is able to collect the full tuition for every child (resulting in a bad debt of only 5 percent), net revenue is positive in both cases but significantly higher in a home that serves only 3- and 4-year-old children.

However, basing family child care revenue projections on full enrollment and low bad debt is challenging. A telephone survey of child development home providers indicated that current enrollment is on average only about 60 percent of licensed capacity. Additionally, given the frequent gaps in subsidy eligibility and the financial challenges faced by many families, bad debt is more likely around 15 percent. When these factors are taken into consideration, the economic impact is significant, as Chart 6 indicates.



Next Steps: Explore Policy, Practice, and Alternative Rate-Setting Solutions

The cost model allows for a deeper analysis of the impact of regulations, standards, and likely revenues and takes into consideration additional factors that impact costs – such as enrollment levels, program size, gaps in subsidy eligibility, and fee collection. The findings in the cost model will be used by OSSE, in partnership with the SECDCC, and other key stakeholders to inform and guide subsidy policy, innovative practices, and alternative rate-setting solutions in early care in education. OSSE will help facilitate strategic discussions with the SECDCC’s Finance and Policy Committee and the Public and Private Partnerships Committee with the goal to provide a set of concrete recommendations to the SECDCC by October 2016. These recommendations will move the District forward in ensuring that our youngest and most vulnerable children have access to the highest quality early care and education services and supports.

Appendix 1

The tool used to model costs is based on a set of assumptions about the cost of delivering services, and likely revenues, for programs of varying sizes. The assumptions are summarized below.

Staffing Assumptions in Child Development Centers

- The number of teachers per classroom is based on the staff to child ratios required by District child care licensing regulations.
- Lead teacher wages were increased as the programs' quality level increased. We assumed a base wage of 120 percent of the Bureau of Labor Statistics (BLS) wage for a Child Care Worker at Bronze-level (\$31,764), 125 percent at Silver-level (\$33,088), and 135 percent at Gold level (\$35,735). Teacher aides were assumed in Bronze classrooms at \$21,528. Assistant teacher wages increased from \$26,470 at Silver-level to \$29,117 at Gold-level.
- Classroom staffing was further adjusted to allow for increased coverage during opening and closing (assuming a 10-hour day), daily breaks, and annual leave. As the program's quality level increased, the amount of coverage was increased to cover the cost of additional staff time "off the floor" to engage in planning, reflective supervision, child assessment, and other activities related to strengthening teaching to improve child outcomes. Paid time to attend training was also included in the model, based on DC's licensing requirements. All of these adjustments resulted in higher personnel costs as the quality level increased.
- A full-time director was included in all models; however, the wages of the director increased as the programs' quality level increased. We assumed a base wage of 80 percent of the BLS average wage for a preschool administrator at Bronze-level (\$44,336), 100 percent of the BLS average wage for a preschool administrator at Silver-level (\$55,420), 120 percent at Gold-level (\$66,504); and 140 percent (\$77,588) for a preschool administrator at Gold-level with special needs.
- Gold level II sites included an eligibility coordinator. Gold level II with special needs also included a disability coordinator.
- We assumed additional staffing for security and reception, based on program size, and also increased this investment as revenues and quality levels increased.

Non-Personnel Cost Assumptions in Child Development Centers

Non-personnel costs were based on the national industry norms embedded in the Provider Cost of Quality Calculator, adjusted by data provided by the DC Fiscal Policy Institute and DC Appleseed. The cost of ECE is determined largely by personnel costs; thus, the percentage of total cost derived from non-personnel cost varies significantly as the program quality level increases. Economies of scale also play a role in non-personnel costs, resulting in lower expenditures, as a percentage of overall cost, as program size increases.

**Non-Personnel Cost Assumptions, Child Development Center
(Four classrooms, 56 children)**

Annual costs per classroom (e.g., rent, utilities, maintenance)	\$42,188.50
Annual costs per child (e.g., food, supplies, education equipment)	\$1,749
Annual costs per center (e.g., telephone, Internet, audit)	\$11,750
Total costs	\$278,448

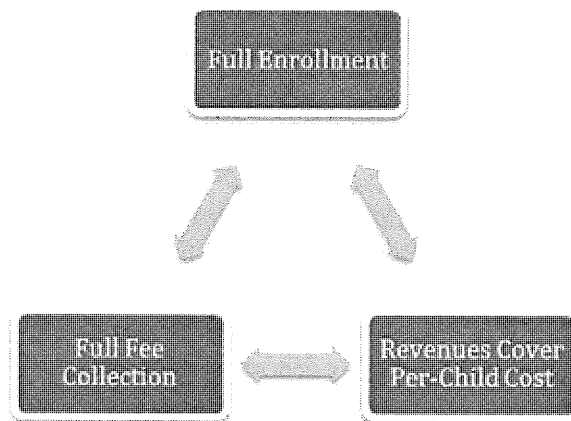
Child and Adult Care Food Program Participation

The United States Department of Agriculture’s Child and Adult Care Food Program (CACFP) provides financial reimbursement for meals served to children at nonprofit programs or for-profit centers, in which at least 25 percent of the children enrolled are from low-income families. All of the budgets we modeled assumed that the provider participated in the CACFP and that 10 percent of the children served were from families whose income was greater than 300 percent of the federal poverty level (FPL); 10 percent were between 186 percent and 300 percent of the FPL; 20 percent were between 130 percent and 185 percent of the FPL; and 60 percent were below 130 percent of the FPL. These assumptions were informed by current participation in the District’s child care assistance program administered by OSSE.

Enrollment Efficiency

Financial sustainability in a child development center is largely determined by three factors, which Stoney and Mitchell refer to as the “Iron Triangle” of early care and education finance. To be financially viable, it is essential that child care centers are fully enrolled – every day, in every classroom – and also collect tuition and fees in full and on time, and ensure that the per-child tuition will cover costs or that they are able to raise third-party funding to fill the gap.

The Iron Triangle of Early Care and Education Finance



District cost modeling underscored the power of the Iron Triangle, especially full enrollment. Most industry leaders suggest that a center director budget for 85 percent

enrollment, which is the industry standard. This level of enrollment allows for typical revenue losses due to gaps in service (e.g., a child drops out or becomes ineligible for child care subsidy and it takes time to fill the slot with another eligible child), and enrollment lags during the summer, excessive absences, etc. However, the cost models we ran for District child development centers all showed significant losses at the 85 percent industry standard. Most programs were able to break even, or realize positive net income, only when we boosted enrollment to 98 percent. Enrollment levels this high may require the District to enter into contracts to purchase slots or base subsidy payments on enrollment instead of attendance as it is currently done.

Bad Debt

Bad debt is the proportion of revenue (tuition, fees and copayments) that is uncollectable. The industry standard is to limit bad debt to less than 3 percent of revenue. We chose to use the industry standard in the District models, largely due to the fact that our budgets were focused on child development centers that primarily serve subsidized children and the District co-payments appear to be affordable for families. If, however, the model is adjusted to include a larger percentage of private, fee-paying families, the level of bad debt may need to be increased (although revenues also may increase, based on the possibility of charging higher prices to tuition-paying families).

Program Size and Ages of Children Served

The net revenue of a child development program can vary widely, based on the size of the program as well as the age mix of children served and whether or not the children have special needs. We modeled a range of options and presented charts of our findings. Below are tables that show the detail underneath each of these charts, including the number and ages of children served, number of staff employed, wage and non-personnel expenses, likely revenue, and net profit/loss.

Chart 1
Net Revenue:
Four Classrooms at Gold Level Center

	Mixed Ages with no pre-K \$	Only Infants and Toddlers	Mixed Ages with pre-K \$
Infant Classrooms	1	2	1
Infant Staffed Capacity	8	16	8
Toddler Classrooms	1	2	1
Toddler Staffed Capacity	12	24	12
3's Classrooms	1		1
3's Staffed Capacity	16		16
4's Classrooms	1		1
4's Staffed Capacity	20		20
Total Classrooms	4	4	4
Total Staffed Capacity	56	40	56
Total Staff	16	16	16
Personnel Expense	\$647,409	\$644,165	\$681,248
Non-Personnel Expense	<u>\$279,284</u>	<u>\$251,060</u>	<u>\$279,284</u>
Total Expense	\$926,693	\$895,225	\$960,532
Tuition Revenue (90% subsidy)	\$719,070	\$629,000	\$605,837
CACFP Revenue	<u>\$63,953</u>	<u>\$45,681</u>	\$63,953
PreK Revenue			<u>\$441,298</u>
Total Revenue	\$783,023	\$674,681	\$1,111,088
Net Revenue	(\$143,670)	(\$220,543)	\$150,556

Chart 2
Net Revenue:
Four Classrooms at Three QRIS Levels and with Pre-K

	Bronze		Silver		Gold		Gold
	Mixed Ages with no pre-K \$	Only Infants and Toddlers	Mixed Ages with no pre-K \$	Only Infants and Toddlers	Mixed Ages with no pre-K \$	Only Infants and Toddlers	Mixed ages with pre-K \$
Infant Classrooms	1	2	1	2	1	2	1
Infant Staffed Capacity	8	16	8	16	8	16	8
Toddler Classrooms	1	2	1	2	1	2	1
Toddler Staffed Capacity	12	24	12	24	12	24	12
3's Classrooms	1		1		1		1
3's Staffed Capacity	16		16		16		16
4's Classrooms	1		1		1		1
4's Staffed Capacity	20		20		20		20
Total Classrooms	4	4	4	4	4	4	4
Total Staffed Capacity	56	40	56	40	56	40	56
Total Staff	12	12.5	13.5	14	16	16	16
Personnel Expense	\$371,190	\$378,603	\$478,231	\$488,378	\$647,409	\$644,165	\$681,248
Non-Personnel Expense	\$279,284	\$251,060	\$279,284	\$251,060	\$279,284	\$251,060	\$279,284
Total Expense	\$650,474	\$629,663	\$757,515	\$739,438	\$926,693	\$895,225	\$960,532
Tuition Revenue (90% subsid)	\$526,714	\$483,302	\$626,717	\$562,066	\$719,070	\$629,000	\$605,837
CACFP Revenue	\$63,953	\$45,681	\$63,953	\$45,681	\$63,953	\$45,681	\$63,953
PreK Revenue							\$441,298
Total Revenue	\$590,667	\$528,983	\$690,670	\$607,746	\$783,023	\$674,681	\$1,111,088
Net Revenue	(\$59,806)	(\$100,680)	(\$66,845)	(\$131,692)	(\$143,670)	(\$220,543)	\$150,556

Chart 3
Effect of Scale on Net Revenue:
Gold Level Center
20% Private Pay Families

	Small	Medium	Large	Large with Out of School Time
Infant Classrooms	1	3	5	5
Infant Staffed Capacity	8	24	40	40
Toddler Classrooms	1	2	5	5
Toddler Staffed Capacity	12	24	60	60
3's Classrooms	1	2	4	4
3's Staffed Capacity	16	32	64	64
4's Classrooms	1	1	2	2
4's Staffed Capacity	20	20	40	40
OST Classrooms				2
OST Staffed Capacity				40
Total Classrooms	4	8	16	18
Total Staffed Capacity	56	100	204	244
Total Staff	16	28	54	55.3
Personnel Expense	\$647,409	\$1,093,939	\$2,086,416	\$2,116,068
Non-Personnel Expense	\$279,284	\$525,650	\$1,046,606	\$1,177,055
Total Expense	\$926,693	\$1,619,589	\$3,133,022	\$3,293,123
Tuition Revenue (80% subsidy)	\$747,626	\$1,395,328	\$2,843,036	\$3,096,930
CACFP Revenue	\$56,633	\$101,130	\$206,306	\$222,118
Total Revenue	\$804,259	\$1,496,458	\$3,049,342	\$3,319,048
Net Revenue	(\$122,434)	(\$123,131)	(\$83,680)	\$25,925

Children with Special Needs

Cost modeling reveals that even when the higher child care subsidy reimbursement rate for children with special needs is included, child development centers still incur losses. The table below provides more detail on the cost drivers of those losses. Note that the tuition revenue included in this table represents only child care subsidy. Centers may potentially fill the gap with additional early intervention subsidy; however, these dollars are typically not available for infants and toddlers.

**Chart 4
Serving Children with Special Needs:
156 Children, Mixed Ages**

	Gold Level II	Gold Level II with pre-K \$	Gold Level II with Special Needs and pre-K \$
Infant Classrooms	6	6	6
Infant Staffed Capacity	48	48	48
Toddler Classrooms	6	6	6
Toddler Staffed Capacity	72	72	72
3's Classrooms	1	1	1
3's Staffed Capacity	16	16	16
4's Classrooms	1	1	1
4's Staffed Capacity	20	20	20
Total Classrooms	14	14	14
Total Staffed Capacity	156	156	156
Total Staff	51	51	55
Personnel Expense	\$1,974,263	\$2,005,844	\$2,179,544
Non-Personnel Expense	\$877,559	\$877,559	\$886,559
Total Expense	\$2,851,822	\$2,883,403	\$3,066,103
Tuition Revenue (90% low income)	\$2,388,108	\$2,258,085	\$2,258,085
PreK Revenue	\$0	\$450,304	\$450,304
CACFP Revenue	\$178,154	\$178,154	\$178,154
Total Revenue	\$2,566,262	\$2,886,543	\$2,886,543
Net Revenue	(\$285,560)	\$3,140	(\$179,560)

Child Development Homes

The tables below provide more detailed information regarding likely costs and potential revenues in child development homes.

**Chart 5
Small Gold Level Home Provider:
85% Enrollment/Low Bad Debt**

	Infants/ Toddlers	3's/4's
Staffed Capacity: Infants	3	
Toddlers	3	
3's		3
4's		3
Total Staffed Capacity	6	6
Personnel Expense	\$25,918	\$1,525
Non-Personnel Expense	\$21,670	\$21,670
Total Expense	\$47,588	\$23,194
Tuition Revenue (63% subsidy)	\$58,376	\$46,584
CACFP Revenue	\$4,741	\$4,741
Total Revenue	\$63,117	\$51,325
Net Revenue	\$15,529	\$28,131

*Personnel expense does not include the child development home caregiver.

Chart 6
Gold Level Home Providers:
Effect of Enrollment and Bad Debt

	85% Enrollment/ 5% Bad Debt		60% Enrollment/ 15% Bad Debt	
	Small CDH	Expanded CDH	Small CDH	Expanded CDH
Staffed Capacity: Infants	3	3	3	3
Toddlers	3	3	3	3
3's		3		3
4's				
Total Staffed Capacity	6	9	6	9
Personnel Expense	\$25,918	\$25,918	\$25,918	\$25,918
Non-Personnel Expense	<u>\$21,670</u>	<u>\$27,025</u>	<u>\$21,670</u>	<u>\$27,025</u>
Total Expense	\$47,588	\$52,943	\$47,588	\$52,943
Tuition Revenue (63% subsidy)	\$58,376	\$81,551	\$37,265	\$51,817
CACFP Revenue	<u>\$4,741</u>	<u>\$7,111</u>	<u>\$3,347</u>	<u>\$5,020</u>
Total Revenue	\$63,117	\$88,662	\$40,612	\$56,837
Net Revenue	\$15,529	\$35,720	(\$6,976)	\$3,894

*Personnel expense does not include the child development home caregiver.

Appendix 2

Current Provider Rates: Effective October 1, 2013

GOLD TIER CENTER RATES

CHILD DEVELOPMENT CENTER GOLD RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$62.57	\$37.55	\$68.83	\$43.80	\$78.21	\$46.93
Toddler	\$58.50	\$35.10	\$64.35	\$40.95	\$73.13	\$43.87
Preschool	\$42.00	\$25.20	\$46.20	\$29.40	\$52.50	\$31.50
Preschool Before and After	\$42.00	\$25.20				
School Age Before and After	\$32.00	\$19.20	\$35.20	\$21.12	\$38.91	\$23.35
School Age Before or After	\$32.00	\$14.40				

CHILD DEVELOPMENT HOME GOLD RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$40.25	\$24.15	\$44.28	\$28.18	\$50.31	\$30.19
Toddler	\$39.10	\$23.46	\$43.01	\$25.81	\$47.44	\$28.46
Preschool	\$28.00	\$16.80	\$30.80	\$19.60	\$35.00	\$21.00
Preschool Before and After	\$28.00	\$16.80				
School Age Before and After	\$25.80	\$15.48	\$28.38	\$17.03	\$30.51	\$18.31
School Age Before or After	\$25.80	\$11.61				

SILVER TIER CENTER RATES

CHILD DEVELOPMENT CENTER SILVER RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$54.34	\$32.60	\$59.78	\$38.04	\$67.92	\$40.76
Toddler	\$53.16	\$31.90	\$58.58	\$37.21	\$65.19	\$39.11
Preschool	\$35.60	\$21.36	\$39.16	\$24.92	\$44.50	\$26.70
Preschool Before and After	\$35.60	\$21.36				
School Age Before and After	\$25.43	\$15.26	\$27.97	\$16.79	\$30.92	\$18.55
School Age Before or After	\$25.43	\$11.45				

CHILD DEVELOPMENT HOME SILVER RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$35.73	\$21.44	\$39.31	\$25.01	\$44.67	\$26.80
Toddler	\$33.61	\$20.17	\$37.38	\$23.53	\$42.02	\$25.21
Preschool	\$24.53	\$14.72	\$26.98	\$17.17	\$30.66	\$18.40
Preschool Before and After	\$24.53	\$14.72				
School Age Before and After	\$22.90	\$13.74	\$25.19	\$15.11	\$27.08	\$16.25
School Age Before or After	\$22.90	\$10.31				

BRONZE TIER CENTER RATES

CHILD DEVELOPMENT CENTER BRONZE RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$46.81	\$28.08	\$51.49	\$32.76	\$58.49	\$35.11
Toddler	\$45.80	\$27.59	\$50.38	\$32.06	\$57.26	\$34.35
Preschool	\$29.21	\$17.53	\$32.13	\$20.45	\$36.51	\$21.91
Preschool Before and After	\$29.21	\$17.53				
School Age Before and After	\$19.85	\$12.25	\$21.84	\$13.10	\$24.59	\$14.75
School Age Before or After	\$19.85	\$9.19				

CHILD DEVELOPMENT HOME BRONZE RATES						
Age Group	Full-time traditional	Part-time traditional	Extended Day Full-time	Extended Day Part-time	Non-traditional Full-time	Non-traditional Part-time
Infant	\$32.76	\$19.65	\$36.01	\$22.93	\$40.95	\$24.58
Toddler	\$31.21	\$18.72	\$34.33	\$21.85	\$39.02	\$23.91
Preschool	\$22.03	\$13.22	\$24.23	\$15.42	\$27.53	\$16.52
Preschool Before and After	\$22.03	\$13.22				
School Age Before and After	\$20.00	\$12.00	\$22.00	\$13.20	\$23.66	\$14.19
School Age Before or After	\$20.00	\$9.00				



Comments Concerning the Child Care Subsidy Program
From the Maryland State Family Child Care Association
Presented to the Joint Committee on Children, Youth and Families
October 5, 2016

We would like to once again thank the committee for giving the Maryland State Family Child Care Association the opportunity to bring to you the concerns of Registered Family Child Care Providers in Maryland. This testimony is given on behalf of the members of MSFCCA in regards to the child Care Subsidy Program (CCSP).

There is a common misconception that family child care providers are basically stay-at-home mothers that watch children as it allows them to stay home with their own children. To the contrary, most family providers are in this field because they have a strong desire to work with children and make a difference for families. The work of educating and meeting the physical and emotional needs of young children is rewarding but also a substantial responsibility. The family providers that we represent enjoy their jobs and value the opportunity they've been given to make an impact on the lives of children, and it is a task that is *chosen* and embraced.

We are small business owners that have operating expenses the same as large traditional child care centers. Increases in utility costs, liability insurance, food, curriculum, advertising, professional development and training have to be absorbed by the businesses and affect our incomes. We incur these expenses and much more as a result of operating child care programs out of our homes. Unlike large child care centers, we do not have many of the business advantages like writing off uncollected fees or bulk purchasing for lower costs, etc. We provide our services based on an agreement with parents/guardians and a governmental agency that we will be paid a certain amount for our services. In most cases, the Subsidy clients we serve cannot afford the standard security deposit or registration fees that private paying clients pay; these fees help guard against loss if payments are not made. In addition, the CCSP pays the provider after services have been rendered, not in advance as private clients traditionally do. Because of this, providers routinely incur loss of income for services rendered from clients whose circumstances may hinder them from fulfilling their obligation as agreed or the child care subsidy is terminated and the provider is not notified.

Some of the reasons that child care providers have encountered default of payment include:

- 1) A parent's situation changes and their subsidy payment has to be adjusted or temporarily terminated – example: single mother is a full time student but is off of school for a holiday. The subsidy program will not pay the provider for the time the mother is not in school. To the provider it should not matter if the mother is off of school, we are open and have a limited number of spaces for children. If a child does not attend, a provider does not get paid. We cannot immediately find another child who could fill that space. Therefore, this regularly reduces the income for the provider.
- 2) When the subsidy fee is temporarily terminated because of a failure of the parent to submit required documents to the agency in a timely manner. Providers are given a five-day notice through the postal service system that the voucher has been terminated. Usually this is after care has been provided. Sometimes we never receive the letter and parents do not notify us that their vouchers are terminated, so again, a provider cannot take on another child while the issue is being resolved.
- 3) There is a lack of adequate customer service provided by CCSP. Child care providers cannot call and receive information on the status of a client's voucher because of privacy issues, yet all we need to know is whether or not the vouchers are received and being processed. In some cases, the child care provider has to assist the parents by helping to complete the application and even fax it to CCSP because of literacy issues and language barriers or parents cannot afford to fax the document to CCSP. We are expected to assist the parents in completing this process, yet we cannot get the information that we need. Note that from experience dealing with CCSP, vouchers are typically retroactive and so it is not uncommon to admit a child to care before the voucher is in the provider's possession.

Roadblocks for parents and providers with the Child Care Subsidy Program:

- 1) CCSP is a main source of income for some providers residing in lower income areas or title one school districts. Over the years there has been little or no increase in the subsidy rate across the state of Maryland. For providers living in these areas, it is a constant struggle to maintain a business with the increased cost of living and increases in operating expenses due to requirements that are ever-changing to keep up with quality initiatives and regulatory changes. These cost increases leave many providers with no alternative but to close their doors. If you consider factual trends in child care across Maryland over the years, you will also see that we may be headed for a child care crisis due to a shortage of qualified programs. Parents could end up with no child care options in their area and with a compounded problem of no transportation they would be left out of the work force or school could no longer be a possibility for them.
- 2) Many quality providers see the drawbacks of the subsidy program and opt not to participate. One major deterrent is the rate of return compared to the going market rate, but choosing not to participate in the Child Care Subsidy Program is a choice only to some providers; those that live in areas with a high volume of private pay clients. This

limits parents' options to quality childcare and is not in the interest of the thousands of children that need care. Providers have an obligation to the children in their care, but they are also in a dilemma because childcare is their business and their livelihood. That is why it is imperative that reimbursement rates be universal throughout the state or at least, comparable to the going market rate in each county.

- 3) Lastly many providers have chosen not to participate in the subsidy program because they are mandated to participate in the Maryland EXCELS program if they do. The EXCELS program has many problems with its administration and has in what some consider unrealistic requirements; therefore, it is the catalyst to many providers not serving subsidy families. These providers feel that what they are paid from the subsidy program is not worth the frustration of participation in EXCELS.

We all agree that the child care subsidy program offers an invaluable service and support to children and families by providing access to quality early education and if operating efficiently can help parents to maintain stable employment. Unfortunately, the numerous problems with the program keep many children, families and providers from receiving the intended benefits.

This letter was written based on the concerns gathered from a recent survey of our members regarding the Child Care Subsidy Program as well as attached testimonies from individual providers who also felt it was important you know the problems they have experienced. Family Child Care Providers are small business owners that need to be sufficiently compensated for the services they provide. We hope this letter gives you a clear picture of the flaws in a system that is so vital to many Maryland families and that you will recommend the necessary improvements.

Respectfully,

Jacqueline Grant
President, MSFCCA

Kathy Embly
Vice President of Public Policy
Chairperson, MSFCCA Regulations Review & Public Policy Committee

cc: Members, MSFCCA Regulations Review & Public Policy Committee
Valerie Lavala
Dawn Mowell
Madie Green
Linda Church

MSFCCA SUBSIDY SURVEY 9/27/16

RESPONDENTS: 65 of 65 Export All Share All

[Question Summaries](#) [Data Trends](#) [Individual Responses](#)

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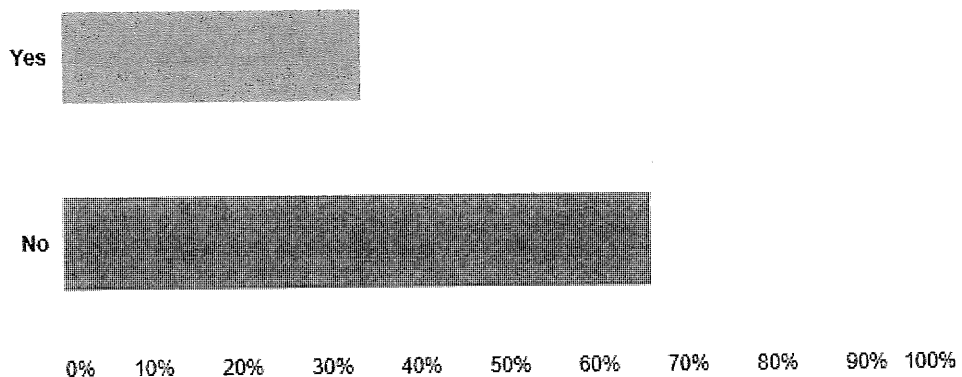
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Do you currently care for Subsidy Children?

Answered: 65 Skipped: 0



Answer Choices	Responses	
Yes	33.85%	22
No	66.15%	43
Total		65

COMMENTS

I have always stated I would take them, never had anyone with a subsidy, a couple of times folks started paperwork but never finished. I recently learned that since I do not have certain training I may not be eligible to take them.

9/27/2016 8:18 AM [View respondent's answers](#)

it takes to long to receive payments. I don't want to wait to be paid for services I've already rendered. My bills won't wait nor will the late fees be waived because the state hasn't paid me.

9/26/2016 6:06 PM [View respondent's answers](#)

To much hassle and risk of not getting paid. Also as an Accredited provider my rate are at the top of what providers charge in this area, so parents tend to chose other providers. They don't want to pay what I charge.

9/25/2016 7:21 PM [View respondent's answers](#)

Over 10 years ago I did. I have been full for years and already have my 2 spaces which will become available June 2017 filled.

9/23/2016 6:18 PM [View respondent's answers](#)

I currently have a child in care whose mom is eligible for vouchers but I'm not enrolled into subsidy program.

9/23/2016 1:34 PM View respondent's answers

have not had any children the subsidy pan

9/23/2016 12:27 PM View respondent's answers

the person that did have the vouchers, but they expired. The mom and child is in my care for only two days per week. Will try to have mom fill out the needed forms. I am a level 5 excels.

9/22/2016 9:01 PM View respondent's answers

No Calls

9/22/2016 4:58 PM View respondent's answers

Only because at the time when we had to get MD exceeded I several poc children.

9/22/2016 4:23 PM View respondent's answers

I do not accept child care subsidy vouchers because I lose money every time. The state checks are frequently late and unlike my other clients, I get paid after the service has been provided. I might add WELL after the service has been provided. From a business point a view it is not a good business choice. Furthermore I am very frustrated that the state requires small family providers to undergo the EXACT same training and follow the same regulations as Large Family programs and centers yet they do not believe we are worth the same pay as evident in the voucher payment forms I have seen. WE get paid on an average \$20 less per week than large family programs and centers. Voucher clients tend to be in the situation they are in due to poor choices and mishandling money. That deal not stop once they begin receiving vouchers and are required to pay the balance of their tuition. These clients in general drive new cars, wear designer clothes, carry designer purses and arrive late to pick up their child/children with fresh professional manicures. Why in the world would I settle for getting paid less and much later when these people can't make sacrifices for themselves. Most of them play the system and get a way with it. I don't like getting played and refuse to be used by them or the system.

9/22/2016 3:14 PM View respondent's answers

i have in the past

9/22/2016 3:11 PM View respondent's answers

Too difficult to keep up with

9/22/2016 2:42 PM View respondent's answers

I had one subsidy care child for 3 yrs and he moved on to public school Pre K

9/22/2016 1:22 PM View respondent's answers

Between the parents co pay and the subsidy reimbursement rate, I can't make a livable wage.

9/22/2016 7:26 AM View respondent's answers

The tier reimbursement gave the incentive

9/21/2016 7:25 PM View respondent's answers

I currently don't participate in Maryland Excel and I am not interested in doing so.

9/21/2016 7:11 PM View respondent's answers

Currently, I haven't had any inquiries for children on subsidy

9/21/2016 5:02 PM View respondent's answers

Do not have any children on subsidy currently in care

9/21/2016 3:52 PM View respondent's answers

Many families need help to pay for child care and providers can't always lower their cost we need to our money to take care our bills and needs too.

9/21/2016 1:59 PM View respondent's answers

I also do not get any calls for it.

9/20/2016 10:44 AM View respondent's answers

Have not taken care of children using the subsidy program for many years now.

9/19/2016 8:46 PM View respondent's answers

I had a child on subsidy yo until 2 weeks ago when school Started.

9/19/2016 7:10 AM View respondent's answers

I have interviewed parents with vouchers, but I have not had too many parents with vouchers contact me.

9/18/2016 10:34 AM View respondent's answers

Most of my parents have Poc

9/16/2016 1:55 PM View respondent's answers

I have had very few calls for subsidy children and when I have received a call I have been full and cannot take on any more children.

9/16/2016 8:51 AM View respondent's answers

The only subsidy child I was serving moved to another state. I did not get any other children with a CCS voucher. I am an accredited facility and has a hard time finding subsidy children.

9/16/2016 8:26 AM View respondent's answers

I do not have any in my area

9/16/2016 6:47 AM View respondent's answers

I currently have three subsidized children enrolled in my program.

9/15/2016 10:06 PM View respondent's answers

No, I stopped taken subsidy. I had difficulty getting my contract approved through EXCELS and had to keep making changes.

9/15/2016 10:06 PM View respondent's answers

I will not take POC children as we have to go through too much hassle to get paid and then it is weeks behind. Not to mention all this stuff with Credentialing and excels to take POC children just make it harder and a pain in the behind for us providers

9/15/2016 9:58 PM [View respondent's answers](#)

I'd like to care for families, who receive vouchers. But, previous experience was horrible.

9/15/2016 8:48 PM [View respondent's answers](#)

If you did previously take Subsidy children and no longer do, please explain why?

Having to join a union

9/26/2016 6:06 PM [View respondent's answers](#)

Yes. Explained above

9/25/2016 7:21 PM [View respondent's answers](#)

The parents don't pay their co-pay without a hassle. They take advantage of the provider and feel that all should be paid. I feel they should appreciate getting even a little bit paid. You wait too long for payment from the system and the parent never seems to turn in the paper work like they are suppose to.

9/23/2016 6:18 PM [View respondent's answers](#)

Took too long to get into the system to get paid. Have to be in the Excels program which I have no desire to be. Also don't agree with having to join a union that doesn't benefit Washington County providers. There was also a requirement that since there was a change in who was handling the payment a percentage was to be donated to a charity if you did not join the Union. Seemed like coercion to me.

9/22/2016 9:49 PM [View respondent's answers](#)

Don't have any at this time needing it.

9/22/2016 9:05 PM [View respondent's answers](#)

I just started my family child care and I am trying to add my family child care to be subsidy children but I don't know how to do it.

9/22/2016 8:58 PM [View respondent's answers](#)

They outgrew child care and no parent since then has asked for subsidy care.

9/22/2016 8:54 PM [View respondent's answers](#)

Aged out, no calls

9/22/2016 4:58 PM [View respondent's answers](#)

See above

9/22/2016 3:14 PM [View respondent's answers](#)

no calls or I did not have the space at the time

9/22/2016 3:11 PM [View respondent's answers](#)

Left for public school and at capacity.

9/22/2016 1:22 PM [View respondent's answers](#)

I do not accept subsidy because what the parent pays and what subsidy pays doesn't pay me my full weekly wage. Also got tired of having to listen to some parents, not all, gripe about the small amount they paid me out of pocket each week, while I wasn't even getting my full weekly fee. I also had others not paying on time.

9/22/2016 7:26 AM [View respondent's answers](#)

haven't interview any parents with them

9/22/2016 6:26 AM [View respondent's answers](#)

No calls

9/21/2016 5:36 PM [View respondent's answers](#)

They are no longer in the program

9/21/2016 5:02 PM [View respondent's answers](#)

none of my current children need subsidy

9/21/2016 3:52 PM [View respondent's answers](#)

I have not have anyone who called with Subsidy

9/20/2016 10:41 PM [View respondent's answers](#)

The families I had never turned out to be a good fit for my business philosophies.

9/20/2016 10:44 AM [View respondent's answers](#)

Have not received inquiries from families using subsidy care in a long time.

9/19/2016 8:46 PM [View respondent's answers](#)

to much to explain

9/19/2016 9:20 AM [View respondent's answers](#)

I don't have any parents requesting POC in my area and out of twenty two years. I have only had 2 parents approach me, but never followed through with placing their child in care.

9/18/2016 10:34 AM [View respondent's answers](#)

Heard that it is difficult to get paid.

9/16/2016 1:24 PM [View respondent's answers](#)

Haven't received calls from parents looking for care.

9/16/2016 8:51 AM [View respondent's answers](#)

no one is applying

9/16/2016 8:26 AM [View respondent's answers](#)

I am still serving subsidy children

9/16/2016 6:58 AM [View respondent's answers](#)

I do not have any in my area right now and that parent moved away

9/16/2016 6:47 AM [View respondent's answers](#)

Dropped EXCELS. difficulty getting paperwork accepted

9/15/2016 10:06 PM [View respondent's answers](#)

See above, too many parents out here who are willing to pay my rate ON TIME

9/15/2016 9:58 PM [View respondent's answers](#)

The processing of the paperwork takes too long. Even after the family is qualified. When you call to speak to Caseworker, you can never speak to them. You leave messages, and they don't return your call. Had to speak to person in the finance/operator.

9/15/2016 8:48 PM [View respondent's answers](#)

no calls from subsidy children. Would take them, if I had an opening when they called.

9/15/2016 7:46 PM [View respondent's answers](#)

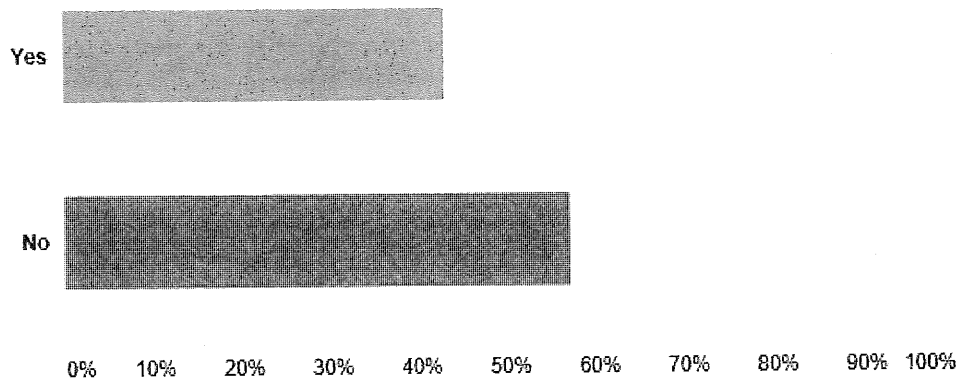
Q3

Customize

Export ▾

Do you get calls inquiring whether or not you take Subsidy children?

Answered: 65 Skipped: 0



Answer Choices	Responses	
Yes	43.08%	28
No	56.92%	37
Total		65

COMMENTS

Yes I have even don't interviews. But they chose a cheaper provider

9/25/2016 7:21 PM View respondent's answers

I could not take the child because I did not take Excel.

9/23/2016 7:54 PM View respondent's answers

Yes I get a few calls but I have to pass along because I'm not in program.

9/23/2016 1:34 PM View respondent's answers

Twice, 1st- they went to a center BECAUSE the amount paid to the center was a greater dollar amount. 2nd- the vouchers expired and the mom did not want to fill out the paperwork again. This family does need the states help. the 1st-???? These have been the only two calls since 2013.

9/22/2016 9:01 PM View respondent's answers

I explained to the parents that I don't how the subsidy children do. I need help from someone how to accept the subsidy children program.

9/22/2016 8:58 PM View respondent's answers

yes-but at the time I did not have any openings it was for two children

9/22/2016 3:11 PM View respondent's answers

Occasionally. I am in a more suburban/rural area of county and not much public transportation for close to many businesses

9/22/2016 1:22 PM View respondent's answers

I've had very few calls for subsidy in the last several years.

9/22/2016 7:26 AM View respondent's answers

They have decreased a lot since I first started

9/21/2016 7:25 PM View respondent's answers

I have in the past had families inquire. It none at this moment

9/21/2016 5:02 PM View respondent's answers

Not all the time but sometimes. I also share with families that they can get help with child care if they don't think they can pay my prices.

9/21/2016 1:59 PM View respondent's answers

I do receive calls on inquiry if I accept "vouchers"

9/21/2016 11:59 AM View respondent's answers

1 to 2 calls a month

9/20/2016 2:00 PM View respondent's answers

Not in a long time.

9/19/2016 8:46 PM View respondent's answers

But only a few

9/16/2016 8:51 AM View respondent's answers

Not often

9/15/2016 10:06 PM View respondent's answers

I rarely have openings

9/15/2016 9:58 PM View respondent's answers

Not that much.

9/15/2016 8:48 PM View respondent's answers

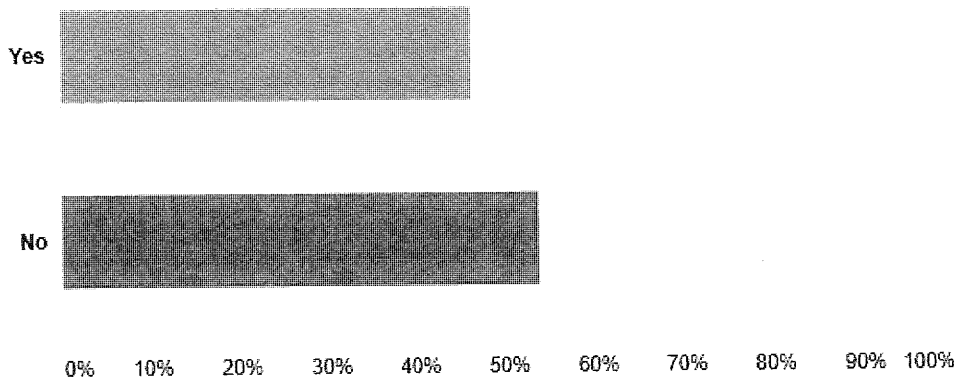
Q4

Customize

Export ▾

Has the processing of vouchers and invoices been improved since MSDE started processing?

Answered: 41 Skipped: 24



Answer Choices	Responses	
Yes	46.34%	19
No	53.66%	22
Total		41

COMMENTS

It seems like it takes longer. Sometimes I forget I'm expecting a check.

9/26/2016 6:06 PM View respondent's answers

I have no idea as I am a newbie to the process. But I will say that it doesn't seem as if it benefits the provider.

9/24/2016 8:25 PM View respondent's answers

I am not sure since I do not currently have children on vouchers.

9/24/2016 12:38 PM View respondent's answers

I can't answer that since I really don't have POC children.

9/23/2016 6:18 PM View respondent's answers

unknown

9/23/2016 12:27 PM View respondent's answers

MSDE is losing my vouchers that I fax from Staples, after they claim there must be something wrong with my fax machine. They still lose my vouchers. They claim there are only two fax machines and one is usually broken or not working or jammed. The voucher system takes just as much time as before for new parents to receive their vouchers. I have kept children for 2 weeks while parents are waiting on vouchers and it still takes two more weeks before I receive payment for the child, after we send in the vouchers. Sometimes parents will leave my care before I get the paid by the vouchers.

9/23/2016 7:07 AM View respondent's answers

See above

9/22/2016 9:49 PM View respondent's answers

Based on my very limited experience, I would state no.

9/22/2016 9:01 PM View respondent's answers

I don't know how it looks like.

9/22/2016 8:58 PM View respondent's answers

N/A--It has been at least 8 years since I had any subsidy children

9/22/2016 8:54 PM View respondent's answers

I don't know because I do not participate.

9/22/2016 3:14 PM View respondent's answers

no clue it has been over 4 years

9/22/2016 3:11 PM View respondent's answers

Completely opposite

9/22/2016 2:42 PM View respondent's answers

Since I don't have subsidy any longer I can't say how well they process.

9/22/2016 7:26 AM View respondent's answers

don't know

9/22/2016 6:26 AM View respondent's answers

It became easier once Xerox took over

9/21/2016 7:25 PM View respondent's answers

Can't answer the question since I didn't participate in the program.

9/21/2016 7:11 PM View respondent's answers

It takes forever to get my money for my services! Its been 8 weeks and i still have not been paid by the state for my services!

Makes me have second thoughts about doing this service!

9/21/2016 7:00 PM View respondent's answers

N/A

9/21/2016 5:36 PM View respondent's answers

I have heard good things. I have not had anyone ask since the changeover.

9/21/2016 5:02 PM View respondent's answers

Have not used since MSDE has taken over

9/21/2016 3:52 PM View respondent's answers

Things are better then they were a long time ago.

9/21/2016 1:59 PM View respondent's answers

I am not aware

9/20/2016 10:41 PM View respondent's answers

I have no recent experience

9/20/2016 10:44 AM View respondent's answers

I don't know.

9/19/2016 8:46 PM View respondent's answers

Even though I don't have vouchers, I will state that on the blogs and forums, a lot of providers are frustrated with the process. Most complaints are not getting their checks on time. Parents leaving at a moments notice, leaving providers high and dry, not knowing if the child(ren) are ever going to show back up.

9/18/2016 10:34 AM View respondent's answers

I really don't know as I have never had to deal with parents with childcare subsidy

9/17/2016 5:58 PM View respondent's answers

Don't know - haven't had any experience with the new system.

9/16/2016 8:51 AM View respondent's answers

On many occasions , I've had to fax my invoices more than three times, then phone the DSS to find out whether or not my invoices have been received.

9/15/2016 10:06 PM View respondent's answers

It's always been a hassle

9/15/2016 9:58 PM View respondent's answers

N/A

9/15/2016 8:48 PM View respondent's answers

I don't know, I haven't had an subsidy children since they took over.

9/15/2016 7:46 PM View respondent's answers

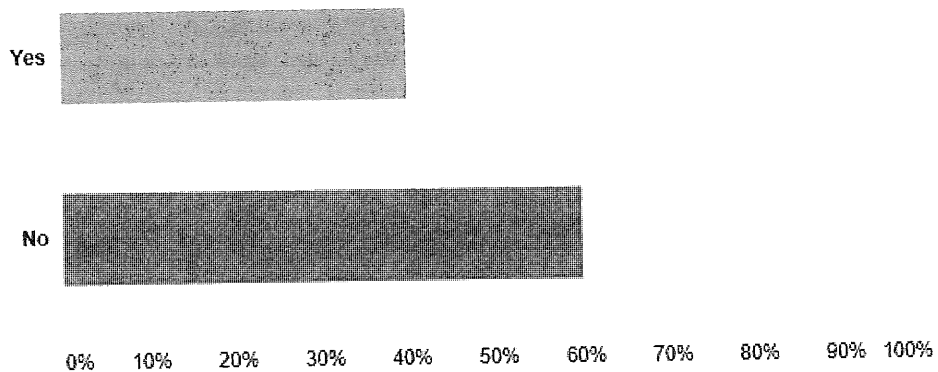
Q5

Customize

Export

Is the overall Subsidy system Parent/Provider user friendly?

Answered: 40 Skipped: 25



Answer Choices	Responses	
Yes	40.00%	16
No	60.00%	24
Total		40

Providers have to take a parents word that they filled out the appropriate paperwork

9/25/2016 7:21 PM View respondent's answers

It's hard to say, but based on my current experience I will say no. I did however speak to my parent and she informed me that there has been an improvement since CCATS has taken over the process.

9/24/2016 8:25 PM View respondent's answers

I am not sure since I have not used it recently.

9/24/2016 12:38 PM View respondent's answers

Don't know

9/23/2016 6:18 PM View respondent's answers

unknown

9/23/2016 12:27 PM View respondent's answers

Since I no longer take vouchers I can't answer this.

9/22/2016 9:49 PM View respondent's answers

Based on my limited personal experience and the feedback from my 2nd parent - the answer is "no".

9/22/2016 9:01 PM View respondent's answers

I still don't know how it works!

9/22/2016 8:58 PM View respondent's answers

N/A

9/22/2016 8:54 PM View respondent's answers

no clue

9/22/2016 3:11 PM View respondent's answers

Need more local assistance for both

9/22/2016 2:42 PM View respondent's answers

na

9/22/2016 6:26 AM View respondent's answers

If I need to our any information about a voucher I have to speak slot of time advising that I am not asking for parents info but my money that I earned.

9/21/2016 7:25 PM [View respondent's answers](#)

N/A

9/21/2016 7:11 PM [View respondent's answers](#)

No communication

9/21/2016 7:00 PM [View respondent's answers](#)

Once the vouchers begin things go smooth. Takes a long time to get things started.

9/21/2016 5:36 PM [View respondent's answers](#)

My understanding is that it is much more user friendly

9/21/2016 5:02 PM [View respondent's answers](#)

n/a

9/21/2016 3:52 PM [View respondent's answers](#)

Sometimes it takes to long for paper work to go through. If parents knew how long it will take for vouchers to be approved.

Also it will help if everyone knows sooner when a voucher will end.

9/21/2016 1:59 PM [View respondent's answers](#)

No experience

9/20/2016 10:44 AM [View respondent's answers](#)

No idea!

9/19/2016 8:46 PM [View respondent's answers](#)

Can't answer as I am not part of this subsidy system.

9/18/2016 10:34 AM [View respondent's answers](#)

Again I don't know.

9/16/2016 8:51 AM [View respondent's answers](#)

not sure, I did not use the website

9/16/2016 8:26 AM [View respondent's answers](#)

Parents can no longer pick up application at local social services unless they are on cash assistance. Some parent might not have access to a computer. One parent i had cost them over \$40 to fax application. Parents are on limited income.

9/15/2016 10:06 PM [View respondent's answers](#)

Automated system can't give the looking for & it takes forever to get someone on the line.

9/15/2016 9:04 PM [View respondent's answers](#)

N/A

9/15/2016 8:48 PM [View respondent's answers](#)

I'm really not sure of the current program. I didn't have a problem with the old program.

9/15/2016 7:46 PM [View respondent's answers](#)

How could the Subsidy system better serve the Parents/Providers?

Seems like extensive paperwork, embarrassed parents may be reluctant to go thru it all

9/27/2016 8:18 AM [View respondent's answers](#)

Process the invoices faster.

9/26/2016 6:06 PM [View respondent's answers](#)

Providers need to be able to find out if a parent has turned in paper work

9/25/2016 7:21 PM [View respondent's answers](#)

For one it shouldn't take 2 weeks to process and send an invoice to the provider, which further delays the receipt of payment. Which then affects the providers source of income. Basically a child or children are in a providers care for practically or more before a provider is compensated for the service they have provided.

9/24/2016 8:25 PM [View respondent's answers](#)

Be don't electronicly and in a quicker fashion

9/23/2016 10:44 PM [View respondent's answers](#)

I think it serves the parents very well but providers wait to long for their money.

9/23/2016 6:18 PM [View respondent's answers](#)

unknown

9/23/2016 12:27 PM [View respondent's answers](#)

Let the provider know if the parent needs to send something else in, such as check stubs, proof they are in daycare. No personal information just simple information that might help both parent and provider. Sometimes the parent does not get the messages.

9/23/2016 7:07 AM [View respondent's answers](#)

Drop the above listed requirements

9/22/2016 9:49 PM [View respondent's answers](#)

The Subsidy system must provide parents the same amount of monetary support for family providers as centers. The money difference is a major factor for the parent/guardian. Centers are wonderful as a transition for the child to get use to a larger group setting before entering into kindergarten.

9/22/2016 9:01 PM [View respondent's answers](#)

I don't know???

9/22/2016 8:58 PM [View respondent's answers](#)

I don't know

9/22/2016 8:54 PM [View respondent's answers](#)

Provide payment prior to service provided or at least speed the payment process up.

9/22/2016 3:14 PM [View respondent's answers](#)

More people to process claims on time. Less crap to go through to keep Excell's rating.

9/22/2016 2:42 PM [View respondent's answers](#)

Have a easier connection for questions, instead of waiting through all the recorded options

9/22/2016 1:22 PM [View respondent's answers](#)

Begin with paying my FULL weekly fee just like my regular paying parents do. And if subsidy doesn't make up the difference between what the parent's co pay is and the subsidy amount paid, then the parent must make up the difference.

9/22/2016 7:26 AM [View respondent's answers](#)

Communication when changes happen we are not notified example when they started extending vouchers the notice the parents gets states CC provider but we never get a notice nor did anyone tell us this was a new practice

9/21/2016 7:25 PM [View respondent's answers](#)

Communicate

9/21/2016 7:00 PM [View respondent's answers](#)

Serve higher paid parents. Parents it serves make minimum wage and it isn't worth it for them to work.

9/21/2016 5:36 PM [View respondent's answers](#)

n/a

9/21/2016 3:52 PM [View respondent's answers](#)

Little better turn around time for vouchers to go through.

9/21/2016 1:59 PM [View respondent's answers](#)

so far I dont have complaints

9/21/2016 11:59 AM [View respondent's answers](#)

Help Parents/ Provider when they call with questions

9/20/2016 10:41 PM [View respondent's answers](#)

I don't have any knowledge of how does it work now.i haven't had a child under the program for MANY years.

9/19/2016 8:46 PM [View respondent's answers](#)

Return phone calls

9/19/2016 11:19 AM [View respondent's answers](#)

I wish we as a provider could calm to verify a parent before they start in our program.

9/19/2016 7:10 AM [View respondent's answers](#)

Process payments quicker

9/16/2016 8:54 PM [View respondent's answers](#)

Better communication

9/16/2016 5:57 PM [View respondent's answers](#)

They should explain things to us about the parents because we are the ones caring for the children .

9/16/2016 1:55 PM [View respondent's answers](#)

Stop putting parents through so much trouble to get there vouchers. Extend vouchers instead of making providers income fall behind because they take there time processing vouchers

9/16/2016 1:38 PM [View respondent's answers](#)

Not better in parents side

9/16/2016 6:58 AM [View respondent's answers](#)

By cutting off the red tape

9/16/2016 6:47 AM [View respondent's answers](#)

They could return to the old system where invoices were emailed. That seemed to work much better than the new system,

9/15/2016 10:06 PM [View respondent's answers](#)

Applications available at social services or local libraries in more than one language.

9/15/2016 10:06 PM [View respondent's answers](#)

Pay on time and think of the providers!!!!

9/15/2016 9:58 PM [View respondent's answers](#)

Return calls promptly, to answer questions, only they can answer, as it relates to the family.

9/15/2016 8:48 PM [View respondent's answers](#)

Increase

9/15/2016 8:41 PM [View respondent's answers](#)

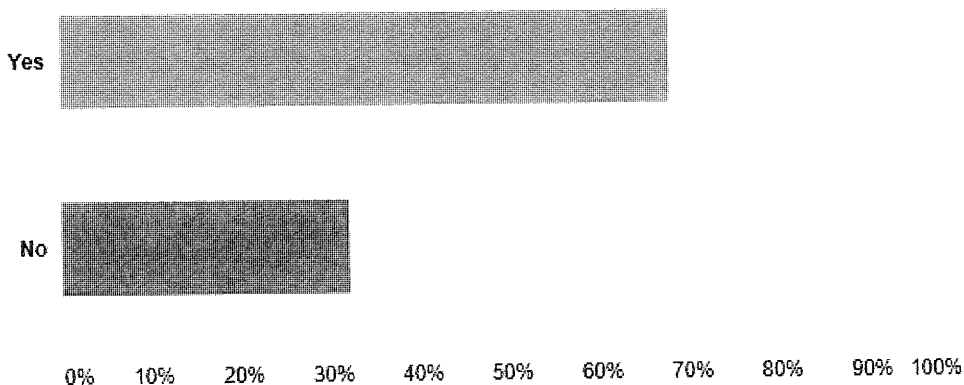
Q7

[Customize](#)

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Do you feel you have a clear understanding of how the Subsidy System works for both Providers and Parents alike?

Answered: 56 Skipped: 9



Answer Choices	Responses	
Yes	67.86%	38
No	32.14%	18
Total		56

I would still want parent to pay the difference in my rates from subsidy, my impression is that is not clear to parents, that some providers still want regular pay. Why should I earn less?

9/27/2016 8:18 AM [View respondent's answers](#)

Contact info keeps changing

9/25/2016 7:21 PM [View respondent's answers](#)

I think Child Care Providers do but not the parents.

9/23/2016 6:18 PM [View respondent's answers](#)

Information is hard to find for new providers.

9/23/2016 1:34 PM [View respondent's answers](#)

when I had children under the program several years ago, it worked fine.

9/23/2016 12:27 PM [View respondent's answers](#)

I think

9/23/2016 7:07 AM [View respondent's answers](#)

Based on my limited experience, the Subsidy System discriminates against the licensed family provider by issuing a larger money value for the center versus the home environment making a parent/guardian choose a center over a provider.

9/22/2016 9:01 PM View respondent's answers
somewhat unclear just because I have not used it in such a long time.

9/22/2016 8:54 PM View respondent's answers
have not haven't to use the system in years

9/22/2016 6:26 AM View respondent's answers

If a parent comes to from another county I can't find out what the new rate would be until after it is process so this practice places a parent in s bad situation if it turns out to be more than she can afford. Also parents don't understand why we are not just excepting the copay I wish they would take it off it serves no purpose to either parent nor provider

9/21/2016 7:25 PM View respondent's answers

I have taken children on subsidy. I would take a family on subsidy over a child without because they are they children that enjoy learning and enjoy attention.

9/21/2016 5:36 PM View respondent's answers

N/a

9/21/2016 3:52 PM View respondent's answers

No, even though I am not part of it, I have no idea how to do it, who to speak with, etc. This is not part of my training as a child care provider.

9/18/2016 10:34 AM View respondent's answers

You need to teach the parents or give them a class on Poc they think they are untitled to special privileges

9/16/2016 1:55 PM View respondent's answers

No because I haven't used it.

9/16/2016 8:51 AM View respondent's answers

Because I don't have any kids right now I haven't taken the time to figure out what the program is like now. Back when I did have subsidy kids, I understood the program.

9/15/2016 7:46 PM View respondent's answers

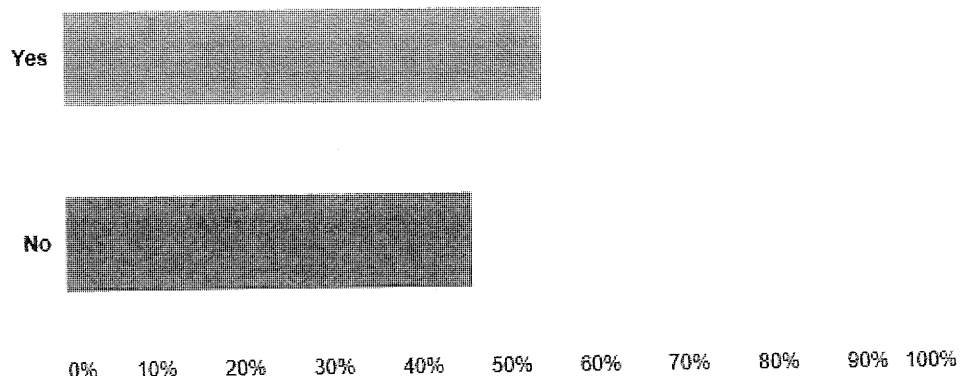
Q8

Customize

Export ▾

Have you had problems with the processing system for submitting vouchers or invoices?

Answered: 48 Skipped: 17



Answer Choices	Responses	
Yes	54.17%	26
No	45.83%	22
Total		48

I HAD TO FAX SEVERAL TIMES AND VERY FRUSTRATING.

9/27/2016 5:17 PM View respondent's answers

Explained in question 4

9/27/2016 3:50 PM View respondent's answers

It takes a long time to process.

9/26/2016 6:06 PM View respondent's answers

It can take months to get paid!

9/25/2016 7:21 PM View respondent's answers

I believe there is a problem if I am submitting the invoices via one of the methods, I receive a confirmation email and when I follow up I am told that my vouchers weren't received. As a result I have to start the process over again which further delays my receipt of payment.

9/24/2016 8:25 PM View respondent's answers

Can't answer that since I have not had POC children in care in forever.

9/23/2016 6:18 PM View respondent's answers

N/a

9/23/2016 1:34 PM View respondent's answers

Just continue to lose the voucher when they are fax.

9/23/2016 7:07 AM View respondent's answers

Getting in the system takes to long

9/22/2016 9:49 PM View respondent's answers

Have not had the opportunity to actually use the system.

9/22/2016 9:01 PM View respondent's answers

I don't know about the processing system works!

9/22/2016 8:58 PM View respondent's answers

N/A

9/22/2016 8:54 PM View respondent's answers

I cared for a child for more than 6 weeks and stopped receiving invoices. When I called to inquire about them I was told her vouchers had been revoked but no one bothered to tell me. I lost over \$600. I could have filled that position with a client that paid on time before the service. Fool me once...never again!!

9/22/2016 3:14 PM View respondent's answers

Claims get lost after several emails and faxes.

9/22/2016 2:42 PM View respondent's answers

na

9/22/2016 6:26 AM View respondent's answers

The system adds in the tier reimbursment and advide the parents of the adjustment this causes issues between provider and parent because they feel we are over charging them in copay

9/21/2016 7:25 PM View respondent's answers

N/A

9/21/2016 7:11 PM View respondent's answers

Took 3 months to get paid when a family started.

9/21/2016 5:36 PM View respondent's answers

In the past, processing was long and unwieldy. Much better now

9/21/2016 5:02 PM View respondent's answers

n/a

9/21/2016 3:52 PM View respondent's answers

However it can just take a long time sometimes.

9/21/2016 1:59 PM View respondent's answers

Have not done vouchers in two years. When I did. I could not say when exactly I would get my money.

9/20/2016 10:41 PM View respondent's answers

Back when I took them, yes

9/20/2016 10:44 AM View respondent's answers

I had an invoice be returned to me and not paid. I submitted it 5 days after the cut off date for submissions. I thought the 60 days was work days and didn't include weekends. Aparently the 60 days includes holidays and weekends. I lost an entire week pay for that child because of this oversight. I wish there was an online submission form instead of the paper forms. It would make tracking payments and which week was submitted much easier.

9/19/2016 7:10 AM View respondent's answers

Some providers are indicating that they have had difficulty and their vouchers or invoices having been declined due to problems with the invoice. No one calls the provider. They are just in limbo wondering what happened and why they haven't been reimbursed. If a voucher comes in and is incomplete or not legible, then it should be sent to an area for review with phone calls made stating that their is a problem. Bureaucracy!

9/18/2016 10:34 AM View respondent's answers

Previously my invoices would be missing

9/16/2016 8:54 PM View respondent's answers

Sometimes they don't process them when they get them after a holiday

9/16/2016 1:55 PM View respondent's answers

They take forever to process and I get audited once a month and that cause me to have to wait longer

9/16/2016 1:38 PM View respondent's answers

Haven't used it.

9/16/2016 8:51 AM View respondent's answers

As stated above, I often have to fax invoices in more than once, then phone to make sure they have been received.

9/15/2016 10:06 PM View respondent's answers

I have during change over from DSS to MSDE. Then when i finally got someone on the phone they acted like i must not know how to fax. I use to take vouchers for over 10 years. I know how to operate a fax machine.

9/15/2016 10:06 PM View respondent's answers

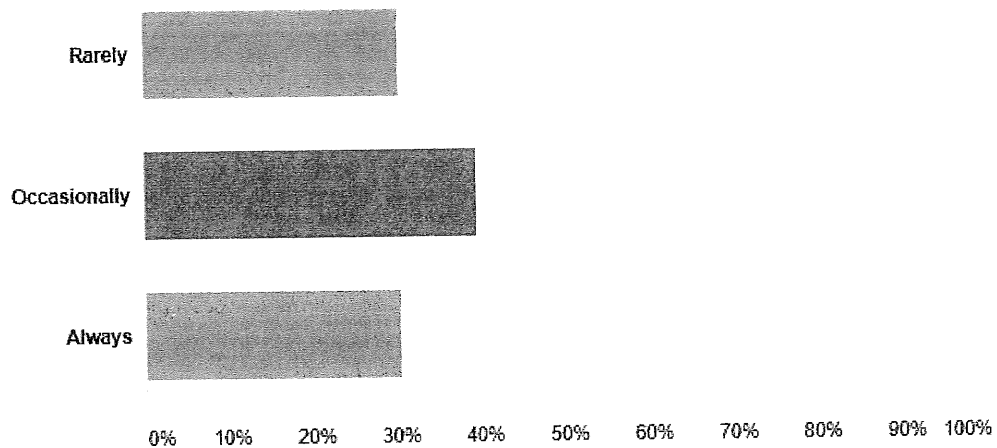
Q9

Customize

Export ▾

Are you able to reach the vender to receive help with an issue you are experiencing?

Answered: 43 Skipped: 22



Answer Choices	Responses	Count
Rarely	30.23%	13
Occasionally	39.53%	17
Always	30.23%	13
Total		43

SEVERAL TIMES CALLING.

9/27/2016 5:17 PM View respondent's answers

I was told that I would not be able to receive the back money that was owed to me because the voucher was to old even though my fax machine was not letting me know they was not receiving it I fix that problem and I learned that I can email it and that's what I do now.

9/27/2016 3:50 PM View respondent's answers

The vendors are always available; some are more helpful than others.

9/24/2016 8:25 PM View respondent's answers

Not back when I used them and it went through Social Services. That was enough for me to stop taking them.

9/23/2016 6:18 PM View respondent's answers

Most of the time someone was available

9/22/2016 9:49 PM View respondent's answers

The one time that I did call the office to verify the 1st parent the individual was professional.

9/22/2016 9:01 PM View respondent's answers

I don't know where to get bits of help!

9/22/2016 8:58 PM View respondent's answers
Can't comment on the past year but previously it was impossible to get a live person on the phone and I never got calls returned.

9/22/2016 3:14 PM View respondent's answers

Should have a direct line for providers questions

9/22/2016 1:22 PM View respondent's answers

Sometimes you have to keep calling or trying but you can get help.

9/21/2016 1:59 PM View respondent's answers

Some providers are indicating that they cannot reach their vendor or they cannot get responses for their inquiries because no one returns their calls.

9/18/2016 10:34 AM View respondent's answers

Always a long wait time

9/16/2016 1:55 PM View respondent's answers

Trouble getting a live voice. Must leave a message then wait several days for a return call.

9/15/2016 10:06 PM View respondent's answers

Most of them are rude!!!

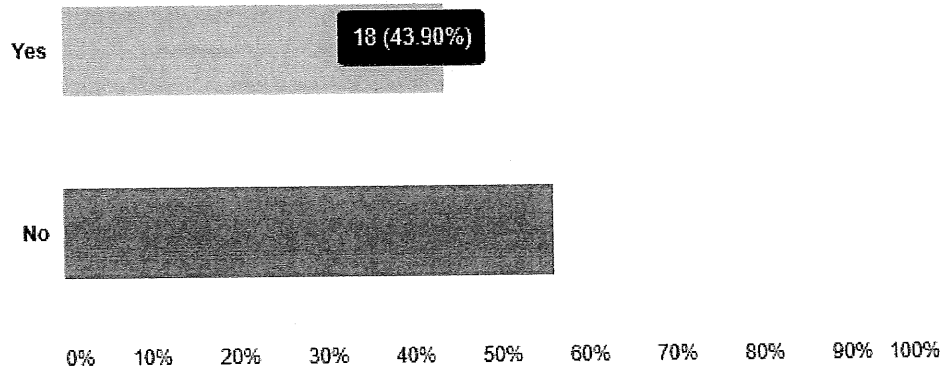
Q10

Customize

Export ▾

Do you feel you receive your check in a timely manner?

Answered: 41 Skipped: 24



Answer Choices	Responses	Count
Yes	43.90%	18
No	56.10%	23
Total		41

Comments (0)

NOT FIRST ONE 7 WEEKS.

9/27/2016 5:17 PM View respondent's answers

I usually don't receive my check until the end of the following month and sometimes early the month after.

9/26/2016 6:06 PM View respondent's answers

See above

9/25/2016 7:21 PM View respondent's answers

Again as I stated earlier a child/children are in the care of a provider for in some cases over a month before they are even compensated for the service they have provided. In speaking with other providers I have also been told that the system as far as payment is concerned is ALWAYS a month behind. So while you may submit a voucher for September your payment won't be received until November. That is simply UNACCEPTABLE and needs to be improved.

9/24/2016 8:25 PM View respondent's answers

Again, not when I took them.

9/23/2016 6:18 PM View respondent's answers

If we fax information in on Sundays then we should have our checks no longer then the following Monday. I get mine on the following Wednesday or Thursday and mine is direct deposit, that's a week and a half. Too long.

9/23/2016 7:07 AM View respondent's answers

But hopefully this has changed for providers that do take vouchers

9/22/2016 9:49 PM View respondent's answers

After it actually starts.

9/21/2016 5:36 PM View respondent's answers

In the past - no

9/21/2016 5:02 PM View respondent's answers

If providers turn in their invoices in a timely manner you will your check the same way.

9/21/2016 1:59 PM View respondent's answers

Since I am not part of it I can only to my fellow providers stating that it is taking months to get reimbursed by the state. Often they are going 2-6 months of providing care without getting paid. How would you like to be at your job, work 50+ hours a weeks, give your food that you bought, provider crafts and curriculum that you bought, and not get the voucher check for a child that you have given your attention, time, love to. You wouldn't do it. No employee of any job would continue to work and not get paid.

9/18/2016 10:34 AM View respondent's answers

sometimes

9/16/2016 4:07 PM View respondent's answers

Five days after they process it is to long

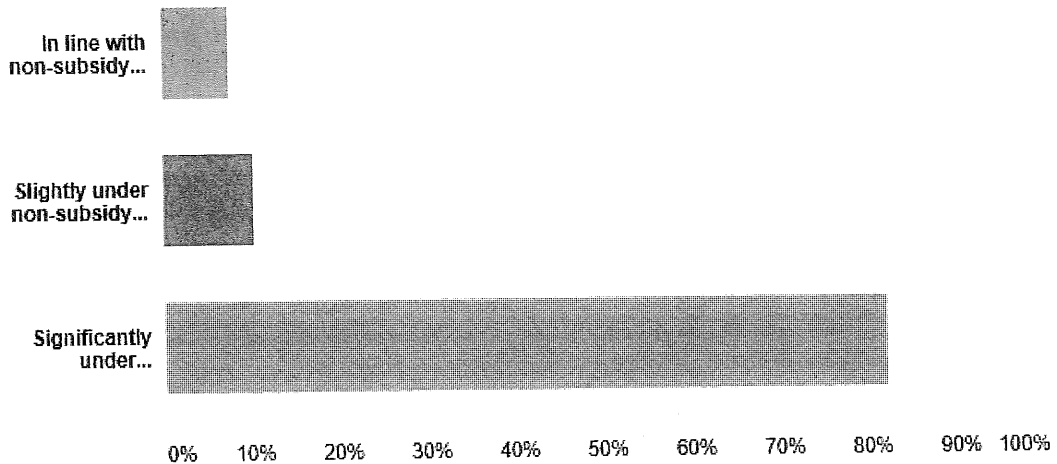
9/16/2016 1:55 PM View respondent's answers

Really??? That was a stupid question

9/15/2016 9:58 PM View respondent's answers

Please rate the pay for Subsidy children paid in your area.

Answered: 39 Skipped: 26



Answer Choices	Responses
In line with non-subsidy rates	7.69% 3
Slightly under non-subsidy rates	10.26% 4
Significantly under non-subsidy rates	82.05% 32
Total	39

IN WESTERN MD WASHINGTNG COUNTY THE CHANGE IN FEE IS SO DIFFERENT DEPENDING ON LOCATION. THE CLOSING YOU LIVE TO FREDERICK THE PRICES ARE DIFFERENT MUCH HIGHER.

9/27/2016 5:17 PM View respondent's answers

I charge 165.00 for an infant. Subsidied pays 89.00 that is almost half!

9/25/2016 7:21 PM View respondent's answers

The two are not comparable at all, and most parents can't afford the copay and/or other fees associated with care. Oftentimes providers are making adjustments to provide care to the children because ultimately they are the ones that suffer when their parents can't afford it. Which brings me back to the fact that if you look at the process providers essentially are working for free when they agree to accept a child on subsidy.

9/24/2016 8:25 PM View respondent's answers

This brings up a good point. I might consider taking POC in the future if we got paid the same amount as centers do. Why are they better than us? I have to jump through the same hoops they do with rules and regulations and I do a great pre-school program. I am Accredited, Credentialed level 5, Excels level 5 and have been doing registered child care for 37 years. We deserve what the centers get in pay.

9/23/2016 6:18 PM View respondent's answers

unknown

9/23/2016 12:27 PM View respondent's answers

I don't know what other areas are paid.

9/23/2016 7:07 AM View respondent's answers

The same amount of money should be issued for a licensed family provider and centers.

9/22/2016 9:01 PM View respondent's answers

I don't understand how it works!

9/22/2016 8:58 PM View respondent's answers

I don't know

9/22/2016 8:54 PM View respondent's answers

St.marys pays really low and the care in the area is higher than the other counties.

9/22/2016 4:23 PM View respondent's answers

\$40 less for preschool tuition and \$50 -70 less for infants.

9/22/2016 3:14 PM View respondent's answers

Payment is ridiculously understated.

9/22/2016 2:42 PM View respondent's answers

Again, not paid full weekly fee by subsidy or parent.

9/22/2016 7:26 AM View respondent's answers

Very low.

9/21/2016 5:36 PM View respondent's answers

I have not had any since moving to this area

9/21/2016 5:02 PM View respondent's answers

I dont understand why there is such a big difference in payment to center base and family childcare

9/21/2016 11:59 AM View respondent's answers

I have no idea

9/20/2016 10:44 AM View respondent's answers

My area is a very high cost area for childcare. Most parents will still have to pay \$80-100 a week for care even after the subsidy payment.

9/19/2016 7:10 AM View respondent's answers

Underpaid.

9/18/2016 10:34 AM View respondent's answers

A lot of my daycare parents can not afford their co pays

9/16/2016 8:54 PM View respondent's answers

We are paid way under The market rate they want us to use Maryland XL level III in order to get paid more money

9/16/2016 5:57 PM View respondent's answers

I should be paid the same as a center I have the same credentials I'm just in a home

9/16/2016 1:55 PM View respondent's answers

Don't even know what the rate is.

9/16/2016 8:51 AM View respondent's answers

I am a MD EXCELS level 5 and gets tiered reimbursement but still the rate is under my private pay parents.

9/16/2016 8:26 AM View respondent's answers

When we have to wait for subsidy to pay then fight for the copay from parents, it's not worth the headache

9/15/2016 9:58 PM View respondent's answers

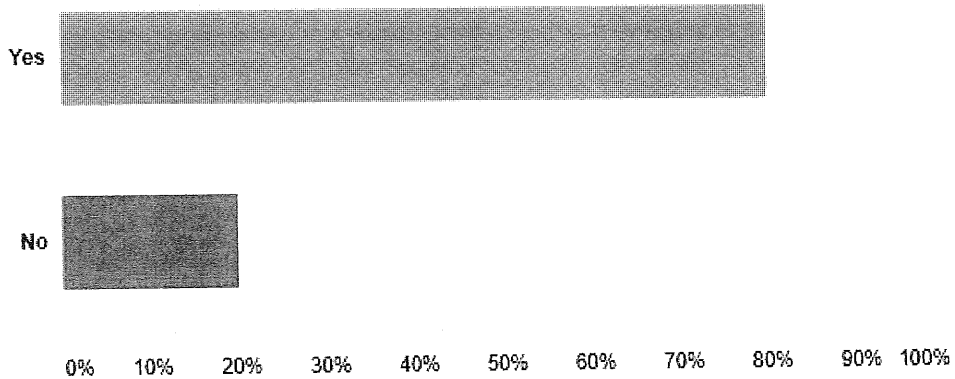
Q12

Customize

Export ▾

Do you charge your subsidy families the difference between state-reimbursement rate and the rate you charge private-pay parents?

Answered: 50 Skipped: 15



Answer Choices	Responses	
Yes	80.00%	40
No	20.00%	10
Total		50

THE COST FOR ME IS NOT LESS TO TAKE OF THEM.

9/27/2016 5:17 PM View respondent's answers
with a discount

9/27/2016 3:50 PM View respondent's answers

We as providers put in long hours and the amount of training and things that we are ask to do as if we actually are a teachers. We have to asset a child and do planning schedules as well as provide health meals we have a lot to do for little money and late payment.

9/27/2016 11:18 AM View respondent's answers

I have limited slots and earning potential. I need to make a living.

9/27/2016 8:18 AM View respondent's answers

I don't use subsidy.

9/26/2016 6:06 PM View respondent's answers

If we do all the things the state is revisiting and use our time and money we should be able to pass that on to the consumer!!

9/25/2016 7:21 PM View respondent's answers
But again they can't always pay it.

9/24/2016 8:25 PM View respondent's answers

When I took POC, of course. Why am I going to give up one of my spots and make less when I can fill it with a child not with POC and make so much more and without the hassle.

9/23/2016 6:18 PM View respondent's answers

It depends on the parents hours and the age of the child. Is the rate a large difference then what I receive.

9/23/2016 7:07 AM View respondent's answers

This was required

9/22/2016 9:49 PM View respondent's answers

The amount charged would be the same for all attending families and again that is the REASON the same amount provided by the Subsidy system should and must be the same for providers and centers.

9/22/2016 9:01 PM View respondent's answers

I am confused about it!

9/22/2016 8:58 PM View respondent's answers

N/A

9/22/2016 8:54 PM View respondent's answers

Seriously? Do you really think a provider would take a payout in order to take voucher clients. They require way more paperwork than private-pay parents and they are late to pay their share, late to pick-up and rarely provide the basic supplies their child needs like diapers and changes of clothes.

9/22/2016 3:14 PM View respondent's answers

If I had subsidy parents, I would charge them the difference between the state-reimbursement rate and the rate I charge private-pay parents. The only way that I can make a livable weekly wage and pay for the ever increasing requirements to be registered, not to mention the costs associated with being a business owner, is to receive my full weekly fee from all clients enrolled. Without this, it creates nothing more than a vicious cycle of poverty by causing me and my family to have to apply for various state assistance or do without.

9/22/2016 7:26 AM View respondent's answers

na

9/22/2016 6:26 AM View respondent's answers

All of my children pay the same rate

9/21/2016 7:25 PM View respondent's answers

They can't afford it. I have them pay their copay.

9/21/2016 5:36 PM View respondent's answers

I must in order to continue to provide care. State rates for family care are no where near where they need to be in order to stay afloat

9/21/2016 5:02 PM View respondent's answers

Most families still need to pay the total for their child's care, so they pay the part that subsidy does not cover.

9/21/2016 1:59 PM View respondent's answers

Parents who receive vouchers find it very difficult to pay copays because of limited resources

9/21/2016 11:59 AM View respondent's answers

Yes when I had a case. Years ago.

9/20/2016 10:41 PM View respondent's answers

Yes they pay what the difference is. If the state tried to make it so I couldn't charge the difference I would no longer accept vouchers.

9/19/2016 7:10 AM View respondent's answers

If I were to take the children, yes I would charge what would be the equivalent of POC and my rate. Why would I charge less. My rate is my rate, I decide what I should be paid. Just because a parent needs POC vouchers doesn't mean I take a pay cut. I feel for them, but I need to support myself also. The state should pay more and match what ever the providers rate is. As it is, we are vastly underpaid. Most providers do not charge an hourly rate, but instead a weekly rate. If you take that rate and divide it by 50 hours a week or more, we are working for basically 2 dollars an hour. Some providers are working two shifts both day care and night care and still not making it. Would you work for that, with NO benefits? Quite a difference compared to a preschool teacher employed by the state of Maryland. We are not getting rich by any means. We do child care for various reasons. 1. to be at home with our own small kids and provide an income for our household, 2. Because we love children and want to help parents find good HOME care, not care that is institutionalized, 3. Because children need a loving person in their lives not 5+ part timers that come and go in a center or in a school because the center doesn't want to provide benefits.

9/18/2016 10:34 AM View respondent's answers

I have to because they can not afford my full rate which ultimately means I'm taking a pay cut so my daycare parents can work.

9/16/2016 8:54 PM View respondent's answers

Everybody pays the same

9/16/2016 1:55 PM View respondent's answers

I would if I excepted

9/16/2016 1:24 PM View respondent's answers

I did when I had a client who had subsidy

9/16/2016 8:51 AM View respondent's answers

It is my way of helping out parent so they can get ahead, I also support their studies, asking about exams and how they are doing in school.

9/16/2016 8:26 AM View respondent's answers

No parents don't want to pay the difference always say no money

9/16/2016 6:58 AM View respondent's answers

I need to make a living too

9/16/2016 6:47 AM View respondent's answers

Some can't afford to. That is why I think state should increase the subsidy rates.

9/15/2016 10:07 PM View respondent's answers

However, there are those families who are unable to pay the fees. Which means I am underpaid for my services.

9/15/2016 10:06 PM [View respondent's answers](#)

No discounts here

9/15/2016 9:58 PM [View respondent's answers](#)

What could MSDE do to encourage more providers to accept Subsidy families?

COMMENTS:

Raise the rate to the average charged in the county. Simply paperwork. I never get info to try to join. Occasionally hear about it a training session. Communicate more with providers.

9/27/2016 8:18 AM [View respondent's answers](#)

Don't take so long to mail out checks. The bills have to be paid regardless of the issues the state is having.

9/26/2016 6:06 PM [View respondent's answers](#)

Pay higher rates, pay more timely

9/25/2016 7:21 PM [View respondent's answers](#)

At this moment I don't think MSDE can do anything to encourage more provider to accept subsidy families. However, if they improve the payment system and the voucher process providers may be more inclined to participate. It shouldn't take two weeks for the processing of the invoice after the voucher has been received. An electronic means of verifying the invoice should be established to expedite the payment process. At the very minimum there should be a two week delay and not a month and a half delay.

9/24/2016 8:25 PM [View respondent's answers](#)

Increase rate, pay in a timely manner and make the subsidy system user friendly for parents and provider.

9/24/2016 12:38 PM [View respondent's answers](#)

Raise the pay amount

9/23/2016 10:44 PM [View respondent's answers](#)

Make Excels much easier. I help many do their Excel level one so they can take POC and so many get sent back. What is fine with one per that checks your answers, is not good with the next one. It gets so frustrating to keep getting them back that many just say, 'FORGET IT'.

9/23/2016 6:18 PM [View respondent's answers](#)

Host training classes to help educate on program start up and functions.

9/23/2016 1:34 PM [View respondent's answers](#)

unknown

9/23/2016 12:27 PM [View respondent's answers](#)

If things are not broken why fix it..... Things should be left alone.....

9/23/2016 8:45 AM [View respondent's answers](#)

Forget Md excels

9/23/2016 7:07 AM [View respondent's answers](#)

Increase the amount paid. Drop some of the requirements ie. Union dues or donation, handlers fee.

9/22/2016 9:49 PM [View respondent's answers](#)

Ensuring that there is no difference in the amount that is issued by MSDE for centers or licensed family providers. I had the pleasure of an interview with a MSDE employee that told me that their family was going with an unlicensed neighbor, go figure.

9/22/2016 9:01 PM [View respondent's answers](#)

I don't know how it works!

9/22/2016 8:58 PM [View respondent's answers](#)

I don't know

9/22/2016 8:54 PM [View respondent's answers](#)

I think the mere fact that you have sent out this survey validates my opinion as well as my associates. Pay us what we are worth, pay us on time, treat us with respect and somehow get the message to the voucher parents that we are professionals and deserve to be treated as such. Don't be late paying your share of the tuition, don't be late picking up your child with wet professional manicures and provide the basic materials your child needs.

9/22/2016 3:14 PM [View respondent's answers](#)

more information

9/22/2016 3:11 PM [View respondent's answers](#)

PAY ON TIME!

9/22/2016 2:42 PM [View respondent's answers](#)

Encourage providers to participate at level 3 or higher on Excels and they can get a small bonus amount

9/22/2016 1:22 PM [View respondent's answers](#)

Start with paying the difference between the parents co pay and my weekly fee. Informing parents that they are responsible for their co pays and they must pay it on time and without complaints.

9/22/2016 7:26 AM [View respondent's answers](#)

Pay current not behind

9/21/2016 7:25 PM [View respondent's answers](#)

MSDE could accelerate payments and stop requiring providers to participate in Maryland Excel in order to do so.

9/21/2016 7:11 PM [View respondent's answers](#)

Be on time

9/21/2016 7:00 PM [View respondent's answers](#)

Match our fees.

9/21/2016 5:36 PM [View respondent's answers](#)

Approve more families to GET vouchers. I would take them if they were available to families that need them.

9/21/2016 5:02 PM [View respondent's answers](#)

Help provider know how things work and know they will be paid using the program.

9/21/2016 1:59 PM [View respondent's answers](#)

Pay family providers the same as centers

9/21/2016 11:59 AM [View respondent's answers](#)

Pay on time. Have the vender answer phone and return calls.

9/20/2016 10:41 PM [View respondent's answers](#)

Encourage the state to help more families that are in need of assistance

9/19/2016 11:25 AM [View respondent's answers](#)

Make it easier to submit and check on payments. Make the payment higher for each invoice. Make it easier for the provider to check on a renewal for the parent

9/19/2016 7:10 AM [View respondent's answers](#)

Not have voucher system tied to MdExcels. Providers are FORCED to be in this system in order to obtain voucher reimbursement. We are independent business owners and would like to offer care to these children and their families, but not at the expense of jumping through all these hoops to pretend that we are part of MDSE and that we are teachers. We are NOT, we are not afforded the same benefits health, medical, LTD, STD, the FREE curriculum, the title of early childcare teacher employed with the Maryland Department of Education. Being in EXcels does not necessarily equate with quality care, but it does mean that if I want to take vouchers then I have to part of EXCELS. FOR SHAME.

9/18/2016 10:34 AM [View respondent's answers](#)

Take away some of the limits on the providers

9/16/2016 5:57 PM [View respondent's answers](#)

yes

9/16/2016 4:07 PM [View respondent's answers](#)

Pay more

9/16/2016 1:55 PM [View respondent's answers](#)

Pay us what we deserve and stop taking forever to process our invoices

9/16/2016 1:38 PM [View respondent's answers](#)

Get the information to parents that Family Child Care does offer alot of the same programs as Centers and we are usually more affordable.

9/16/2016 8:51 AM [View respondent's answers](#)

increase the subsidy rate

9/16/2016 8:26 AM [View respondent's answers](#)

Payment is a problem

9/16/2016 6:58 AM [View respondent's answers](#)

More pay

9/16/2016 6:47 AM [View respondent's answers](#)

Increase the rate.

9/15/2016 10:07 PM [View respondent's answers](#)

Increase the subsidized payment to meet the fees providers charge for care.

9/15/2016 10:06 PM [View respondent's answers](#)

Not require providers to spend hours uploading documents in EXCELS and expecting the providers to change their philosophy and mission statements etc

9/15/2016 10:06 PM [View respondent's answers](#)

Hahaha, lay off of us with all these new regs and excels shit!! Then make sure we get paid what we ask ON TIME without all the Pe hassle and nasty people we try to call when there is an issue

9/15/2016 9:58 PM [View respondent's answers](#)

Increase. Bonus

9/15/2016 8:41 PM [View respondent's answers](#)

**Kimberley Hayas
14 Stanford Road
Hagerstown, MD 21742**

4 October 2016

Joint Committee on Children, Youth and Families
Nancy J. King, Senate Chair
Ariana B. Kelly, House Chair
House Office Building
6 Bladen Street, Room 120
Annapolis, MD 21401

Dear Senator King:

Thank you and the committee for taking time to examine issues that are related to my profession as a family childcare provider. I have been a family childcare provider for over 23 years. I offer a quality family-like setting for the children in my care. This is my business and livelihood. I have no staff or volunteers and as such, I am responsible for all of the aspects of running my business. This responsibility includes, but is not limited to, completing all of the required paperwork to be registered, completing the required 12 hours of continued training per year, and having been credentialed for the last 9 years at a level 4, taking additional trainings for professional development and to maintain this level. I provide children in my care preschool learning activities with the help of a professional preschool curriculum that prepares them for kindergarten. In addition, I participate in the Food Program and plan meals and snacks and so many more things I haven't listed here. I take pride in what I do and I love the children in my care as though they were my own. I celebrate with them when they've accomplished something they've been trying to master, I console them when they're sad because a friend doesn't want to share, I snuggle and love them when they need a little extra TLC and then just because. This is just a small sampling of what I do as family childcare provider.

I love being a family childcare provider for many reasons. However, I am seriously questioning whether I will be able to continue in this profession to retirement. This is due to MSDE and their unfunded mandates, over regulation, lack of respect, their lack of understanding of what it is to be a *family* childcare provider. To be perfectly honest, I feel like an unpaid employee of MSDE as opposed to a business owner. As a business owner, I expect to incur costs associated with running a business. As a family childcare provider, I also expect to invest some extra time beyond my open hours to accomplish certain tasks, i.e., activity planning, disinfecting, *reasonable* training requirements, etc. However, I am being required to incur additional time, costs and liabilities that are not a *choice* I am making as a business owner, but a requirement by MSDE to be a business owner. These requirements are being made without regard to the fact that I will receive no compensation, in the form of

overtime pay or credit for these additional hours. Burn out in my profession is very real. As stated above, I expect to incur additional time, etc. as a family childcare provider, but as a business owner, I should be able to decide what is right for my business and clients and not have a government agency telling me that I have to work longer hours for no compensation (overtime pay), and take additional trainings (with no credit given).

In addition, after 9 years of participating in the credentialing program, I will no longer be credentialed as of this year. Earlier this summer my personal information was mailed to me in an unsealed envelope, thereby compromising my identity. And though changes have been made to insure this doesn't happen again, I still do not have my 2015 Credential certificate and now there are issues with my 2016 renewal. I have attached a timeline of what I have experienced this past year with credentialing. I hope by including this you will be able to see that it isn't as simple as filling out an application and submitting a few certificates. I must admit that I am past the point of frustration and have reached the point of weariness.

There has been so much talk about what quality care is and what it should look like. Quality care is so much more than degrees or participating in a particular program. Quality involves the individual and how she interacts with the children and families in her care. What is her philosophy and beliefs? Are the families that she serves in agreement with her views? My job is to provide a loving home-like environment for each of my childcare children. A place where they come each day knowing that I will be thrilled to see them, knowing they are loved. They will also learn skills that will help them to be ready for the challenges they will face when entering school. These skills are learned not just from academics but also through play. Playing provides children with key social and emotional skills they will need when entering school. These skills are just as important as knowing their ABCs. Through play children gain confidence, they develop good relationships with peers and adults, they learn concentration skills and to persevere on challenging tasks, they learn to effectively communicate emotions, to listen to instructions and be attentive, and they gain the ability to solve social problems. My goal is that when each child leaves my care they know that they were loved and cared for and they are ready to move on. This is what quality means to me.

I very much appreciate this opportunity to voice my concerns and share information with you and the committee members. I have listed areas that I have concerns about in the following attachments. I hope that I have been able to give you some insight as to what I am facing as *family* childcare provider. Please feel free to contact me, if you need anything further.

Sincerely,

Kimberley Hayas

Areas that I have concerns with are as follows:

- **Health and Safety Trainings** – Many of these trainings have already been required to be taken previously. I work 60+ hours per week. And as stated above, much of which is part of being a family childcare provider. However, requiring me to take the same 10 additional trainings every year *and* to offer no credit (after the first year) for the hours I spend in these additional trainings, is assuming that I won't or can't retain the information taught and it is unfairly expecting me to work these additional hours for no pay or credit of any kind. Which leads me to the question, is anyone who is working for MSDE doing so for free? Are your employees expected to attend trainings, meetings, etc. with no compensation? The cost and time of these trainings is also an issue. The Medication Administration class alone is 6 hours and can run up to \$100. Not to mention the cost of gas for traveling to and from the training. And this just one training in addition to the required 12 hours per year to be registered and if I'm credentialed at a level 4, that would be in addition to the required 24 hours per year of trainings. The least that MSDE can do is to allow these additional training hours to be applied to my continuing education and registration renewal.
- **Requiring Degrees** – My family childcare has always been a cyclical business. I can be at full capacity one year or have a smaller group the next. My income fluctuates because of this. Furthermore, the time, cost, and income potential to attain a degree is not feasible for everyone. To address the time issue – I work over 60+ hours per week. This includes children in care and additional hours for various activities (trainings, cleaning & disinfecting, planning activities, etc.). These current hours already limit my own free time with my family. The cost issue is another large hurdle. I personally cannot afford to go to school. And even if MSDE pays up to \$2582 for a community college or up to \$9771 per year for a university through a grant, it in no way pays for the entire amount. I would still have to pay for the majority of college through loans. In addition, I would be required to continue working in this field for the number of years it takes for me to achieve this degree. With the current continuing over regulation, I may not want or be able to continue to run my business. Finally, the income potential is just not there. Each provider's fee differs greatly from county to county in Maryland. I struggle to keep my fees reasonable and barely make a living doing this now. As an example, a parent in my area can expect to pay between \$6000 and \$7100 per year for an infant. And parents who struggle now to pay weekly fees, wouldn't be able to afford the higher cost associated with this requirement.
- **Unannounced Inspections for Registration Renewal** – I am very organized and do my best to have all documents that will be requested for review available. These inspections require more time spent going over paperwork in addition to health and safety requirements. I may be in the middle of an outdoor activity, a story, or other inside activity when these

inspections occur. When this happens I must stop what I'm doing with the children to meet with my specialist. Since the children are my first priority, if an appointment was made, I could plan my children's activities accordingly.

- **Subsidy Payments** – I do not accept subsidy payments for the following reasons: 1) the rate of reimbursement is extremely low and even with the parent co-pay this doesn't pay what my private pay parents do, 2) when the paperwork for credentialing is not processed in a timely manner, this delays receiving tier-reimbursement, 3) requiring a provider (a private business owner) to be a participant in a program, MD Excels, in order to subsidy payments only adds to the burden of paperwork required and limits families options. 4) In addition to this as stated before, due to improper processing of credentialing documents, I do not feel comfortable having something as important as a paycheck handled by a contracted vendor and overseen by MSDE. One suggestion I have would be for MSDE to raise reimbursement rates so that between subsidy payments and parent co-pays this would match what private parents pay.

Credentialing Issues

- *June 30, 2015* – submit renewal for Level 4 Credential to Child Care Central (CCC) and receive confirmation (through USPO) of receipt on July 2, 2015. I attached a letter explaining that I was concerned about identity theft and had recently experienced a hacking of one of my bank accounts. This is why I wasn't providing my maiden name and social security number and stated that both my registration and CCATS number were on the application.
- *March 30, 2016* - email CCC to check on status and receive email stating that as of Monday, January 25, 2016, they received authorization from MSDE to begin processing the backlog applications. They further stated that the delay was due to State Procurement Requirements.
- *May 24, 2016* - Received my 2015 Renewal packet back (through the mail). The only reason given for the return was that my personal information was not on the application and that in order to process this renewal, I needed to supply this information. I also noticed that they listed a bonus check for me in 2013, which was incorrect. I haven't received a bonus for this level since at least 2009.
- *May 25, 2016* - I contacted CCC (through email) to again explain my position as to why this information was left off, noting that I had sent a letter to them and copied Elizabeth Kelly and that I have never received any response for this original letter from either addressee. I also stated that the bonus information was wrong and to please correct this.
- They (through an email) explained they needed this information for tax purposes when issuing bonus checks. I explained that I have not received any bonuses since at least 2009 and will not receive any more bonuses. They also stated I needed to contact MSDE regarding the bonus error.

- After feeling that I had no choice, I filled in the requested information and sent to them again through the mail. And sent an email to MSDE regarding the error in my record showing a bonus in 2013 and to please correct my record.
- *June 6, 2016* - after numerous attempts to contact MSDE via email address received from CCC, I contacted Ms. A. Bishop-Oshoko regarding the error with the bonus explaining that CCC stated this was something MSDE needed to fix.
- Ms. Bishop-Oshoko emailed me stating she had forwarded my email to CCC.
- *June 8, 2016* - After several more emails, Ms. Bishop-Oshoko stated that the accounting department has been contacted and Ms. A. Wright will contact me to resolve this issue.
- *June 28, 2016* - my 2015 renewal packet is returned again. Almost one year to the date of the original mailing and one month since filling out the "required" information they requested. This was received in an unsealed envelope. Inside was a letter stating that my renewal application was incomplete because my family childcare registration was not included (no mention of this with the May 25 return). Also inside this envelope I found two (2) copies of my original application dated June 30, 2015, and my newest application dated May 27, 2016, with all of my personal information on it for all to see from where it was mailed from in Baltimore to my home. Which is exactly what I had so many concerns about. Also found in this packet were copies of my certificates.
- *June 30, 2016* - I send another letter to Elizabeth Kelly detailing what has occurred. And yes the tone of my letter was angry, which I have every right to be, but it was as tempered and as professionally written as I could make it considering the circumstances. I have never received a response to my letter.
- *July 15, 2016* - contacted Ms. A. Bishop-Oshoko regarding the bonus check. She stated Ms. Wright would contact me the next business day.
- *July 19, 2016* - spoke with Ms. Wright she stated that the paperwork showing the bonus for 2013 was a reflection of the new system and the scanned over documents. That my record does not reflect a bonus received in 2013. I also asked about my 2015 credential renewal and was told that CCC was told to process my renewal and I should have a certificate and letter shortly. I also asked what was being done about my personal information being sent through the mail in an unsealed envelope and she will be talking with Ms. Bishop-Oshoko and contact me again.
- I also said that I wasn't renewing my credential due to this situation.
- *August 1, 2016* - spoke with Ms. Bishop-Oshoko and Ms. Wright and both apologized for the situation with my identity and stated that CCC has been instructed effective immediately to not return incomplete packets through the mail and that only the last 4 digits of a renewing applicants social security number would be required. After talking with them, I decided to continue with the program and would send in my 2016 renewal once I'd completed another training (I needed 24 hours for Level 4).
- *August 2, 2016* - I received my *only* communication from Ms. Kelly in the form of an email stating, "I would like to acknowledge that this issue has been thoroughly investigated and addressed. I want to add my assurance that we are

taking every measure to protect participants' personal information. I am happy to know that you will continue in the program and we were able to adequately address your concerns.”

- *September 19, 2016* – I email Ms. Bishop-Oshoko to ask the status of my 2015 renewal.
- *September 20, 2016* – She responds that she’s contacted CCC and they’ll contact me shortly.
- *September 21, 2016* – CCC responds with the following email:

“Ms Hayas, your FCC registration was received with your current year application stamp dated 8/24/16. However, your backlog application is still incomplete for credentials due to the FCC registration not being received and an hour of continued training needed. Training received with your backlog application from FRAC (Food Research and Action Center) is a non-profit agency and not a federal agency. Per MSDE, we cannot recognize the 1-hour certificate submitted. Please send a completed/signed application form, your FCC registration and the missing training hour to complete your 2015 application. This notice sent to your address on Stanford Road Hagerstown, MD 21742...same day we received confirmation from MSDE the training hour is not acceptable. Your current year application received stamp dated 8/24/16 will be processed once the 2015 backlog application has been completed. You may however opt for the current year application to be processed as an update versus a renewal in place of completing the 2015 application. Please advise CCC your decision. If you’d like the backlog application to be processed, please send the information required to complete the renewal.”
- I email them back stated that I thought the 2015 renewal was addressed and no further documents were needed according to my conversation with Ms. Bishop-Oshoko and Ms. Wright. Furthermore, I have more than the required 24 hours of training to maintain at Level 4, I have 27. As for the registration, I sent it in with the original documents in June 2015, and I had just submitted my 2016 renewal and a copy was in this packet too.
- *September 23, 2016* - Their reply is: Your 2015 application has been processed today, you have been credentialed at a Staff Level 4. A letter and certificate will be mailed to you today. Mailings from our office can take up to 3-5 business days to receive. Your application for the current year is incomplete, 5 additional hours are needed. Some of the trainings submitted with this application are outdated. Please submit 5 additional hours that fall within your credentialing cycle dates 8/30/15-8/30/16 for continued processing.
- *September 28, 2016* - received letter stating that I need to fill out another application and that I have an insufficient number of training hours to retain a level 4. I have not responded. I have sent in all the training certificates I have for this period. I will not be renewing and from a comment made during a telephone conversation with Ms. Bishop-Oshoko, I stated I had enough hours for a Level 3, she said we don’t go backward.

- **October 3, 2016** – To date I still have not received the notice about the FCC registration and 1 hour of an unallowable training for the 2015 Credential renewal they stated they'd sent to me in their email from September 21. *Nor* have I received my 2015 Credential certificate they said they mailed on September 23, 2016.



**Testimony Concerning the Child Care Subsidy Program
Presented to the Joint Committee on Children, Youth, and Families**

October 5, 2016

The FY 2017 budget for MSDE's Division of Early Childhood Development increased funds for the Child Care Subsidy Program (CCSP). MFN applauds this sorely needed CCSP increase. However, we have concerns that this increase may be insufficient to meet onerous new requirements mandated by the federal government through its reauthorization of the Child Care and Development Block Grant (CCDBG). New requirements aside, the overall allocation for CCSP holds little promise for redressing the chronic underfunding of the program that extends back for many years. In its current state, CCSP undermines the goals of affordable, accessible, quality child care for the families and providers who participate.

MFN has worked since 1945 to improve the availability and quality of child care, family support services, and early education. We have been active in state and federal debates on education and welfare reform and are strongly committed to ensuring that low- and moderate-income working families—and indeed, all families—have the supports they need to care for their children and to be economically self-sufficient.

Cost-containment measures affecting CCSP since FY 2011 jeopardize not only our State's remarkable progress in early childhood education but also our ability to recover fully from the worst economic recession in decades. Child care poses an enormous expense for all families with young children—in almost every jurisdiction in the State, child care ranks second or third among leading household expenses. For low-income families seeking to re-enter or remain in the workforce, this situation is exacerbated.

In February 2011, MSDE implemented an enrollment freeze and established a wait list for CCSP applicants. Cost containment achieved through attrition and frozen enrollment allowed the State to partially open CCSP to new participants at the lowest eight (of ten) levels of income eligibility in March 2013. Yet, as of July 31, 2016, the wait list numbered 3,684 children—a figure that MFN believes may significantly understate the need. Completely eliminating the enrollment freeze must remain the State's goal. MFN finds it

extremely disappointing that even with a \$5.8 million increase (approximately 6% over FY 2016), the Administration has not committed to open CCSP to the remaining two levels of income-eligible families.

The enrollment freeze is CCSP’s most visible problem, but hardly the only one. Federal guidelines recommend that subsidy rates be pegged to the 75th percentile of the current market rate, a level designed to give low-income families access to 75% of the providers in their community to ensure that they have access to quality care. Maryland has not met that guideline in nearly 15 years. Current reimbursement rates stand below the 10th percentile, relegating CCSP families to the cheapest and, in many cases, the lowest quality care in their communities. In the meantime, family eligibility has remained unchanged since 2002 (less than \$30,000 annual income for a family of three), and parent co-payments continue to pose an enormous burden.

Chronic underfunding of CCSP has a negative impact on the infrastructure of regulated child care in all but the wealthiest Maryland communities. Child care programs cannot continue to serve families in neighborhoods where their revenue cannot keep pace with their expenses. Low- and middle-income parents cannot afford to pay the cost of quality child care, and providers cannot afford to underwrite parents when the State does not provide adequate subsidies.

In areas of the state with high concentrations of low-income families, the child care market is heavily driven by CCSP. When subsidy availability contracts, the number of programs falls. The following chart shows the contraction in child care programs statewide from the imposition of the enrollment freeze in 2011 to the reopening of the first eight eligibility levels in 2013 and the current year.

	Child Care Centers serving subsidy children	Total Child Care Centers	Family Child Care Homes serving subsidy children	Total Family Child Care Homes
February 2011	1,334	2,746	2,580	8,130
April 2013	1,161	2,713	1,806	7,358
March 2016	1,084	2,717	1,300	6,394

Following the enrollment freeze in 2011 and the imposition of the requirement on programs receiving subsidy payments to participate in Maryland EXCELS in 2015, the number of child care programs serving children whose families participate in CCSP has dramatically declined, exacerbating issues of access to care for low-income families. In addition, while the overall number of child care centers has held fairly stable, the number of family child care providers has fallen precipitously. Because of the lower enrollment in a family child care home, the inability to fill vacant slots with new subsidy children has a more devastating effect.

Compounding and complicating these chronic fiscal challenges are new federal rules associated with the reauthorization of CCDBG. Among the most potentially onerous from a budgetary standpoint is the new requirement that CCSP vouchers be issued on a 12-month basis. (Shorter durations were previously accepted practice.) While this provision serves admirable goals of family stability and continuity of child care, it comes at a significant cost: more than \$43 million annually, according to an analysis conducted for MSDE by the Regional Economic Studies Institute. MFN recognizes that there may be less costly estimates of this provision's impact, but the outlay will in any case be considerable.

For parents to earn and children to learn, overall CCSP funds must increase. MFN urges the Committee to keep close watch on CCSP's projected expenditures as FY 17 progresses to guard against detrimental program policy changes that may be attempted in response to fiscal stresses. MFN similarly urges the Committee to use whatever leverage it can apply toward increasing funds for this critical program.



Maryland Developmental Disabilities Council

empowerment • opportunity • inclusion

Joint Committee on Children, Youth and Families
October 5, 2016
Maryland DD Councilⁱ testimony about Quality Child Care
Child Care Subsidy Program

The Child Care Subsidy Program (CCSP) provides financial assistance with child care costs to eligible families in Maryland. The eligible family will receive a voucher to use to purchase child care directly from the provider of their choice. Services are provided to eligible families based on established categories and priorities. Within each category, eligible families experiencing homelessness and eligible families of children with disabilities are given first priority.

Programs must provide children with disabilities and their families an equal opportunity to participate in the child care program and services by providing reasonable modifications, accommodations, and appropriate auxiliary aids and services needed for effective communication.ⁱⁱ Some of these additional accommodations may be costly. In recognition of that, **Maryland law allows for increased CCSP reimbursement rates to a child care provider for the additional costs of providing one-time or ongoing accommodations to a child with a disability – up to 15% above the traditional reimbursement rates or more if approved by MSDE.**ⁱⁱⁱ

The possibility of an increased reimbursement rate presents a welcomed opportunity for child care providers to access additional funding if needed to provide appropriate support to children with disabilities as required by state and federal law. In fact, the majority of child care providers want to support children with disabilities but need assistance to do so. And this would help the families of children with disabilities who are still struggling to find and keep high quality child care where their children with disabilities can learn and play alongside their peers without disabilities. However, it is our understanding that this “special disability rate” has not been utilized since SFY1998.^{iv}

The State already supports child care providers with higher reimbursement rates - child care programs participating at Level 3 through 5 in Maryland EXCELS, the quality rating and improvement system, receive a higher tiered reimbursement rate. Maryland EXCELS includes standards that specifically address a child care program’s role in providing opportunities for children with disabilities and their families and all facilities serving children in the CCSP must participate. **Ensuring child care providers are aware of and have access to the “special disability rate” is another critical step to increase access to high quality, inclusive child care and increase the ability of the program to create an environment that welcomes and provides appropriate services and supports to all children.**

The SFY 2017 budget for MSDE’s Division of Early Childhood Development was increased for the CCSP which was one small step to address the chronic underfunding of the program. But more must be done to ensure families have the ability to work while their children have access to high quality, inclusive child care. This is especially important for families of children with disabilities who are losing jobs, losing income, facing financial challenges, and not getting the support they need to ensure their children with disabilities are cared for in appropriate programs. As a result:

- **Only 19% of young children with disabilities entered kindergarten fully ready to learn compared to 47% of their peers without disabilities.**^v
- **64% of all families report lost income due to a lack of child care for their child with a disability.**^{vi}

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Without adequate funding, it is difficult for Maryland to meet its obligations under state and federal law to ensure young children with disabilities receive the services and supports they need to succeed.

Contact: Rachel London, Deputy Director
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ⁱ The Maryland Developmental Disabilities Council (DD Council) is an independent, public policy organization that works for the inclusion of individuals with developmental disabilities in all facets of community life.

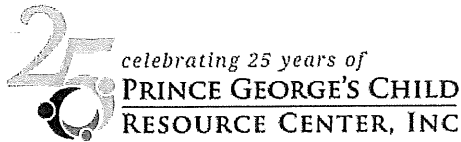
ⁱⁱ Americans with Disabilities Act (ADA), 42 U.S.C. § 12101 (2009).

ⁱⁱⁱ COMAR 13A.14.06.11(E)(5).

^{iv} *Maryland Family Network Public Policy Handbook 2016-2017*, Appendix B.

^v *Readiness Matters! The 2015-2016 Kindergarten Readiness Assessment Report*, MSDE, March 2016.

^{vi} *Barriers to Quality Child Care and Out of School Time Activities in Maryland*. Maryland DD Council, November 2012.



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Joint Committee on Children, Youth and Families

Testimony for October 5, 2016

Jennifer Hoffman, Executive Director

Prince George's Child Resource Center, Inc.

Thank you to Senator King and Delegate Kelly for your attention to the need for quality child care in the State of Maryland. You have been champions for children in our State, and on behalf of children, their families, and the child care community of Prince George's County, I deeply appreciate your continued commitment.

Thank you for the opportunity to share the crucial role subsidy plays for families, and how it ties directly to our state's conversations about access, quality, and supporting the early childhood workforce.

At Prince George's Child Resource Center, we know that policies aren't just words on paper but the real-life work in early childhood programs and the real-life experiences of families. We see first-hand experiences like these:

"I have seen the [subsidy] program help working parents. Without the program many children would not be able to go to programs like mine where they are able to develop skills that will help them later in life. The subsidy program is very important for low income families."

"I participate in EXCELS, and I have a parent receiving the child care subsidy with multiple children in my program. Like many child care providers, the subsidy I receive does not come close to covering my costs, and at the same time, this family cannot afford to pay the difference. I don't have the heart to charge them; I know I am going to eventually not be able to sustain my child care program if reimbursement rates are not increased."

Our state has come a long way since 1990 when the Resource Center first opened. We've seen the research about what's best for young children used to influence policy change and confirm what that quality early care matters. Quality takes effort, commitment, and investment.

Maryland has accomplished so much – we're ahead of many other states in many ways. We've seen investments in quality and endeavors to bring together a system to connect the pieces and parts that contribute to child well-being and family success. Now we must also strive for access to quality.

SERVING PRINCE GEORGE'S COUNTY FOR MORE THAN 20 YEARS

Creating Healthy and Nurturing Environments for Children
Website: www.childresource.org | E-Mail: pgcrc@childresource.org

We have a problem in Maryland: from 2006 to 2013, 5,600 Maryland children lost access to child care subsidy assistance; fewer providers are enrolling subsidized children; and low subsidy payment rates undermine quality operations.

In some communities, centers and family child care homes are enrolled with majority or entirely subsidy-paying families. Low subsidy payments based on state policy undermine the provider's commitment to continuous quality improvement. Every dollar – whether it is a subsidy payment or a private pay family or other grant/initiative – goes right into successful program operations. Operations take dollars, from the foundations of minimum health and safety requirements to the EXCELS quality progression. These dollars also go to provider wages. We won't solve compensation issues by driving up costs for families. **We cannot drive up costs for families.**

The price of care is making headlines nationwide. Maryland's 2016 CCDF State Plan states that parent co-payment rates will be no higher than 12% of a family's gross income, although the federal guidelines recommend that no family should pay more than 10% of their income for child care. Families are doing their best, choosing from among what they can afford with too often too little support. **For many families that idea of a choice is a false one because the price of care puts quality out of reach.**

The new federal child care law creates some important opportunities for improvement. The U.S. Department of Health and Human Services conditionally approved Maryland's State Plan for compliance with the federal law, noting concern for reimbursement rates that are too low.

As I testified previously, for the Prince George's County's 2015-16 school year, only 38% of children entered kindergarten with the skills and behaviors necessary to succeed (Maryland State Department of Education, School Readiness Report). The quality of child care, and the experience of their birth-to-five years, is crucial to school readiness. Subsidy access is crucial in the quality debate.

Recommendations

Investments needed to make access, quality and affordability a reality:

- ✓ Invest to enroll children off the subsidy waiting list and support 12-month eligibility in subsidy
- ✓ Invest to increase payment rates to providers to ensure access to programs with a foundation of health and safety and access to EXCELS quality providers
- ✓ Invest to carry out the details of the CCDBG law, and Maryland's efforts to prioritize high-needs communities and increase the number of low-income children in high-quality care, including homeless children, families who work non-traditional hours, and families seeking infant care.

There's a role at every level for ensuring access to affordable, safe, reliable, licensed child care. We can do more to ensure that high-quality providers are enrolling low-income children, and more to lift the quality of providers that do enroll subsidized families. Payment rates are critical to this effort. We're committed to advocating at the federal, state and local level for expanding support for families, and support for providers.



Jennifer Hoffman, Executive Director



Maryland Association for the Education of Young Children

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www.marylandaeyc.com

A system of high-quality early learning programs costs more than families alone can pay and has benefits that reach beyond individual families. Positive care and learning environments for young children positively impact society as a whole in the short and long term. Research proves that dollars invested in early childhood equals tax dollars saved in later years. The public and policymakers are concerned that too many children are not ready for school, lack good early literacy experiences, and are not developing the social skills needed to prevent problem behaviors.

Federal, state, and local governments, communities, parents, and the private sector must share in the responsibility of ensuring the well-being of children and families. We assume that parents should be the primary source of funding for child care. The truth is that children deserve quality and child care providers/early educators deserve adequate compensation, but parents can only pay for part of the cost. Today we recognize that there are serious and linked problems resulting from inadequate lack of resources appropriated to child care and early education which is crucial to economics and high functioning workforce.

There are not enough resources invested overall to pay for services and not enough resources are allocated per child to pay for quality care and education.

The CCDBG reauthorization final regulations made positive steps in provisions that include more stable child care assistance to help low income families go to work or school. The change will provide more continuity for children with the extension of 12 month vouchers regardless of changes in parent's employment, training or education as long as the income does not exceed the maximum eligibility level during their eligibility period. This change also lends to significant decrease in reporting requirements for the families and less disruption for children in care. BUT the real cost burden has not been addressed and the funding by both federal and state government is not realistic and therefore insufficient to pay for cost of quality care. Parents will still struggle with the differential. The reimbursement and eligibility rates have remained stagnant and some providers are unwilling to participate in the subsidy system therefore decreasing access for children to quality programs or they are accepting the inadequate voucher which puts stress on providers to pay quality staff, keep up with expenses and ultimately stay in business.

The bottom line is that Maryland and the federal government have been complacent. We have not allocated adequate resources year after year in the child care subsidy system and the consequences include wait lists, families forced into illegal, unlicensed dangerous child care (which Maryland has suffered 17 deaths in illegal care settings that we know about), early educators/child care providers are paid less than a living wage in a highly regulated licensing system and many quality programs refuse to participate in the subsidy program due to lack of sufficient funding to keep their small businesses afloat in Maryland. We are the paying child care providers/programs less and requiring low-income parents to pay

more toward child care. According to a National Women's Law Center **report**, only five states increased payments to child care providers in 2013, despite the rising costs of rent, utilities, food, and fuel—all of which drive up the cost of child care. At the same time, eight states increased the proportions of their incomes that families must pay in order to be eligible for child care assistance.

Maryland does not want to see the achievement gap for children entering Kindergarten (which in Maryland almost half are eligible for free and reduced lunch) rise due to lack of access to quality early childhood programs. We also do not want to see small business struggle by accepting subsidy and finally, we cannot allow those caring for and educating all of our children earn less than a living wage.

Child care subsidy is not a hand out or an entitlement program, it is an investment in our future.

Please consider:

- ~Allocating/appropriating resources to raise reimbursement and eligibility rates in Maryland.
- ~ Raise Maryland's state match contribution above the minimum requirements as other states have done.

- ~Earmarking or allocating at least 5% of casino revenues to be used for child care subsidy increases to raise reimbursement rates and open more levels making more families eligible for services.
- ~Appoint a Child Care Task Force or Commission with stakeholders to work to remedy issues and recommend solutions.

Thank you for your dedication to children, families and those who care for and educate them. We can make a difference together!

Hearing Testimony October 5, 2016
Joint Committee on Children, Youth, and Families
Service Employees International Union, Local 500, CTW, CLC

Child Care in the United States and in Maryland is in a crisis. Child Care is unaffordable for parents to purchase and is not a career that supports family child care providers, center teachers or their families. The current state of funding for our subsidy program is unsustainable for providers, not meeting the needs of the parents who so desperately need it and negatively impacting the economy of our state.

The statistics on the current state of child care are clear and devastating.

Unaffordable for most families and out of reach for some.

- Annual costs at a child care center in Maryland average \$23,032 for an infant and a 4-year-old, which is 26 percent of the median income for families with children. For low-income families and people of color, the average cost of child care would constitute the majority of income in most cases. On average, the Child Care and Development Block Grant, or CCDBG, serves only 8 percent of federally eligible children in Maryland.ⁱ Maryland had 3,196 children on a waiting list for child care assistance as of July 2015.
- In 2015, Maryland's reimbursement rates for child care providers serving families receiving child care assistance were below the federally recommended level—the 75th percentile of current market rates. Maryland's monthly reimbursement rate for center care for a four-year-old in Region W was \$546 which was \$269 (33 percent) below the 75th percentile of current market rates for this type of care. ⁱⁱ Maryland's rates are the lowest in the United States.

Child Care Providers are living in Poverty or Barely Scraping By.

- In the United States, roughly 2 million adults make a living by caring for and educating more than 12 million children, infants to 5-year-olds. Last year, 46 percent of child-care workers were part of families enrolled in at least one public safety net program, compared with 26 percent of those in the broader workforce.ⁱⁱⁱ
- A recent report found that early educators are among the lowest-paid U.S. workers even when their education and certifications are comparable to Kindergarten teachers. In Maryland, a child care provider makes \$10.64 an hour, a Preschool teacher makes \$13.45 and a Kindergarten teacher earns \$26.88.^{iv}
- The low pay not only impacts primarily women but there are also major disparities for women of color in the early learning industry. A recent report by the Center for America Progress reveals that poor compensation and benefits are felt most acutely by African American women in the early childhood workforce. On average, African American female teachers working full time make 84 cents for every \$1 earned by their white counterparts.^v
- Child Care providers' actual income is going down, not going up. In 2015, the median wage for child care workers was \$10.64, a 5% decrease since 2010.^{vi}
- Because of the low wages and a subsidy program that does not pay sufficiently, the Child Care workforce is shrinking. In 2010, there were 8,371 family child care providers in Maryland and in 2015 there were 6,863. Family Child Care programs are vital as they are the main providers of after hour care—vital to the thousands of low income Marylanders that work in the service and tourism industries. Additionally, these providers meet the needs of many in rural communities where working parents have less options and often have to travel further for care.

Child Care Providers are subsidizing child care for poor families in the State of Maryland.

Maryland's subsidy rates are so low, that 70% of Family Child Care providers surveyed by SEIU Local 500 agreed with the statement that "Many times, I lose money on taking care of children with vouchers because the amount does not cover the food, utilities and other costs of care in

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my program.” Leaders in our union have taken second evening jobs to keep their child care doors open. Many family providers rely on pensions from other jobs or a spouse’s income to allow them to support the neediest families in their care.

The Unseen Cost to Maryland’s Economy

When talking about the cost of child care, many focus on the impact on families, providers and the state child care budget. But there is a cost too often undiscussed. According to a study by the Center for American Progress, working families in the United States lost \$8.3 billion in wages due to a lack of child care. Those lost wages represent lost tax revenue for the state and businesses lose the productivity of those parents. In addition, underfunded subsidy programs and out of reach child care costs lead to many parents dropping out of the workforce or taking part-time jobs that lower family incomes which leads to increased usage of public benefits such as SNAP and TANF.^{vii} Employee absenteeism as the result of child care breakdowns costs U.S. businesses \$3 billion a year. Some economists go as far as saying the high costs of child care is slowing down our national recovery due to its impact on consumer spending and may be a large factor in slowing down the birth rate.^{viii}

SEIU Local 500 believes that there are multiple solutions deal with the crisis of Child Care but they will only work if the State makes this Early Learning a priority.

1. The State of Maryland needs to fully invest in our early education system. Our state’s subsidy program is falling behind other states in the area and lagging behind national norms. It is an outrage that a state like Maryland that prides itself on being a leader in education is critically underfunding pour children’s first educational system. The only way we can tackle the achievement gap and other education challenges is by fully funding early education program.
2. Child Care providers must be paid a living wage. Until Family Child Care providers can feed their own children they will be unable to stay in this industry for the long term. Providers should be paid using a “Quality Care Model.” This model, created by experts in early childhood education pays Child Care providers for the actual cost of providing quality care; not in relation to a child care market cost survey. Our neighbors to the south in Washington, DC are implementing just such a program. The Office of the State Superintendent of Education completed the new cost modeling process in 2015, released the study in March of 2016 and will make relevant policy decisions to fully fund quality care next month.
3. Make corporations pay their fair share of the costs of the child care subsidy program. All parents who participate in the Child Care subsidy must be working or enrolled in a job training or education program. Each parent provides documentation on who they are working for and what hours they work. For those parents who are currently working, why are we not asking their employers to pitch in for the program? While many small businesses may not be in a position to support the subsidy program, certainly the many national chain stores and other employers should not have the State of Maryland subsidizing their low pay business model.

We are reaching a breaking point in our child care system. Providers are being forced out of the industry due to low wages and an inability to support their families. This exodus adds to the increase of cost further pushing working families to the brink. There is a clear crisis in our state and without decisive and bold action our children will ultimately pay the price.

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ⁱ Center for American Progress. Overview of Early Learning in the State of Maryland
https://cdn.americanprogress.org/wp-content/uploads/2016/07/13123258/EC-factsheets_MD.pdf

ⁱⁱ Overview of the Child Care Subsidy Program – National Women’s Law Center
<https://nwlc.org/wp-content/uploads/2016/04/maryland-childcare-subsidy2015.pdf>

ⁱⁱⁱ The Washington Post. July 11, 2016. *“The People Taking Care of our Kids Live in Poverty”*
<https://www.washingtonpost.com/news/wonk/wp/2016/07/11/the-people-taking-care-of-our-kids-live-in-poverty/>

^{iv} The Wall Street Journal. July 11, 2016 *“Child Care Providers are generally the worst paid professionals in the country.”*
<http://blogs.wsj.com/economics/2016/07/11/where-child-care-workers-earn-the-most-and-least/>

^v The Center for American Progress. August 26, 2016 *“Underpaid and Unequal Racial Wage Disparities in the Early Childhood Workforce.”* <https://www.americanprogress.org/issues/early-childhood/report/2016/08/26/141738/underpaid-and-unequal/>

^{vi} Early Childhood Workforce Index 2016 MARYLAND <http://cscce.berkeley.edu/files/2016/Index-2016-Maryland.pdf>

^{vii} The Cost of Work-Family Policy Inaction, Quantifying the Costs Families Currently Face as a Result of Lacking US Work-Family Policies. September 2016. Center for American Progress.

^{viii} Wharton School of Business. September 17, 2014. *“Why Child Care Is the Economy’s ‘Invisible’ Driver.”*
<http://knowledge.wharton.upenn.edu/article/economic-impact-of-child-care/>



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*Testimony on Child Care Subsidy Issues
Present to the Joint Committee on Children, Youth, and Families
October 5, 2016*

Maryland AfterSchool Association (formerly MSACCA) is a professional organization for providers of school-age care in a wide variety of settings, including schools, churches, homes, community centers, and more. My fellow providers and I are reaching out to you because of our **commitment** to our shared goal of an improved Child Care Subsidy program in the State of Maryland.

While providers and families appreciate that there is a Child Care Subsidy program in Maryland and it has the potential to be a great program, there is much that is broken with the current system, including concerns about eligibility, assigned parent co-pays, reimbursement, and program management.

- Regarding eligibility, there are two significant concerns. First, federal guidelines allow eligibility to begin at a State Median Income of 50% of the State Median Income, but Maryland currently has set that at 35%. Second, the State Median Income that is being referenced was established in 2004, instead of the most recently available stats, which are from 2015, which is in the hands of the Legislature to update.
- Regarding assigned parent co-pays, in Maryland these are currently too high. Although States set the co-pay guidelines, the Federal Government recommends that a family not pay more than 10% of the family income toward child care expense. Currently in the State of Maryland, the assigned parent co-pays are actually between 12% and 14% of the family income. This dollar amount only addresses the actual co-pay and does not consider the cost of care differential.
 - Regarding reimbursement rates, it is recommended that reimbursements occur at the 75th percentile of the market level; however, in Maryland we are currently reimbursing at the 9th percentile. This means that 91% of the child care programs in Maryland must accept less than their established tuition or charge the parent the difference. While this may appear to be a family-friendly plan, the unintended consequence is that providers must either refuse to accept children who are on subsidies in the program OR subsidize this care (quite possibly at a level higher than that of public funds) by paying teachers below-poverty-level wages and dismal benefits (which creates serious teacher shortages) OR close their doors, ultimately contributing to a "child care desert", resulting in more and more of Maryland's children in self-care or illegal care, increased unemployment, and a decrease in the positive economic contributions of what should be successfully functioning businesses in the State of Maryland. In addition, the wide variety of quality initiatives that have been implemented of late continue to drive up the cost of care, further increasing the distance between income and costs.
 - Regarding program management, the challenges and costs associated with simply "managing" the business aspects of the program rise to a level that is typically

cost-prohibitive. The administrative costs of the program typically far exceed the financial benefits of enrolling children who are on subsidy in our programs. It is an emotional commitment to these children and families that keeps providers going, often to the detriment of the overall financial health of the child care center. Maryland child care providers are deeply committed to a program that is supportive of all families, so that every child has the opportunity to have a good start, but the barriers make it nearly impossible to continue to do so. Families need help, but so do providers if we are to continue along this path.

The system is treacherously broken and, though the program is born of good intentions, it is our strong conviction that the Child Care Subsidy Program is actually contributing to the downfall of licensed and high quality child care in the State of Maryland, a peculiar place to be in as Maryland strives to be a National Leader in Education of children of all ages.

One of the challenges will be to determine how many to serve. In the past we have evaluated whether it is better to serve a smaller group of children/families, at a higher financial level, or a larger group of children/families, at a lower financial level. We believe, however, that it is imperative that we focus, instead, on finding the pathway to *every* Maryland child and family having full access to high quality care, in a way that is not at the very literal “expense” of child care provider community, and that anything less is not acceptable in Maryland. The issue is not that we do not have a pathway to quality. Providers across the State are offering care to thousands and thousands of children in all different kinds of high quality programs, but there needs to be a strong foundation of resources, for families and for providers, in order for that high quality work to continue.

As discussed, the economic impact on Maryland is clear. Providers closing their doors is not good business for Maryland. Parents losing time at work or losing their jobs is not good business for Maryland. Creating a financial system that supports families in need and gets them to work, and also supports child care providers as they open their doors to all children, meet high quality initiatives for the care and education of all children, and employ a hard-working, high-quality, and dedicated child care workforce is good for Maryland’s business development and is an investment in the future, an investment that statistics show will give an immeasurable return, both in the short-term and the long-term.

The solutions will not be easily determined, but there are a wide variety of professionals in Maryland who would be helpful in exploring and evaluating next steps, including the wide variety of models currently being utilized by other states in response to the issues of child care subsidy. We recommend that a Task Force be identified that would continue this discussion and then make recommendations for approval. This Task Force might include representatives of the Maryland State Department of Education, the various Child Care State Associations, the School Systems, Legislators, and other interested groups.

In closing, we want you to know how very much we appreciate your commitment to this process and for offering us this opportunity to share our perspective with you. It is deeply appreciated!



Comments from our members and friends:

The main issue/problem I have with child care subsidy is the payment system. the automated number we call to see if invoices or vouchers been received yet is not accurate. Sometimes it say they have them, sometimes they dont...and the length of the processing of them is to long most of the time. Thanks

My biggest concern about the subsidy program is NON-PAYMENT for (high quality) child care services. ... see below...

1. I certainly agree that Child care providers must give families advance notice of days the center is closed-- however, on the days we have had snow and roads were impassable and the center had to remain closed no advanced notice could be given -- despite families having written notice that this might occur at times but we'd make every effort to open for working parents--- in these days I was NOT paid by subsidy program and I feel that this type of situation is NOT reasonable--- NO families were going to work on these days due to impassable road conditions. This " rule" should be changed for severe weather days so that child care centers ARE paid on bad weather days where the entire area is " shut down"-- such as local and federal government agencies. This will ensure the children are getting the care they deserve-- while also ensuring that the child care center is getting paid fairly for services.

2. Several times subsidy families did not submit paperwork to the county level department of social services to continue subsidy payments-- and by the time DSS sent me a letter stating a last date for payment it was often AFTER that date! Thus, I did not get paid for several days or sometimes two weeks of care. I feel that in order to fix this problem that DSS caseworkers should notify caregivers BY TELEPHONE when a notice has been sent to subsidy families so that we are aware and can discuss this important paperwork completion to ensure the children are getting the care they deserve-- while also ensuring that the child care center is getting paid for services.

3. There were a few times when I needed a response from DSS about a specific family and DSS caseworker would never leave a message when unable to speak directly with me --when she could have left a " yes" or " no" response without giving out sensitive information (such as child's name) --I feel that there must be a stronger and closer relationship personally/ professionally between DSS caseworkers and child care owners/ directors -- this will ensure the children are getting the care they deserve-- while also ensuring that the child care center is getting paid fairly for services.

4. For school age children-- there is a " school year rate" and a "summertime rate"-- I feel that the subsidy program should look at each specific county school system for the number of days throughout the school year when schools are closed and when child care rates are more on these days (each of the closed school days is equal to one "summertime" day rate) than on a school day--the subsidy program should have to pay a full day rate -- as do all of the families who pay tuition themselves. --- likewise since every county in Maryland does not end school or begin school on the same day-- "summertime rates" are not always correct dates for when summertime child care begins. I feel that the Tuition from the subsidy program should be reflective of each specific county's school calendar and the daily full day rate for school age children should be paid for ALL days when schools are closed and not just " summertime". Doing this will ensure the children are getting the care they deserve-- while also ensuring that the child care center is getting paid fairly for services.

Respectfully,
Kathleen Dillon Hogan

I would like to strongly recommend that the subsidy program have digitized invoicing.

The amount of paper and postage that is wasted on invoicing is ridiculous.

We have numerous programs in Baltimore. I get a bi-weekly pile of invoices which takes up my time opening each envelope and immediately discarding the envelope, 2 of the three pages on the invoice, plus the extra page with submission info, and the extra page or two of **color** copies about EXCELS.

All this info could be easily kept at one location online for reference and emailed to providers, occasionally, as reminders. The wasted money that is spent on outdated methods of communication could fund additional families in the voucher program.

Please ask someone to review how much money is spent on printing, color copies, paper, staff time for stuffing and mailing envelopes and purchasing postage. This is a very inefficient use of tax dollars that does not help families or providers.

Another big concern is the "cliff effect" for parents that use vouchers. When they get a small raise at work, it causes them to lose their vouchers, costing them thousands of dollars a year in childcare support. We've had parents come to us, in tears, because they cannot afford to pay the extra cost of childcare, but they need to keep their jobs to support their families. Parents of school age children are forced to have their children drop out of licensed childcare to walk home alone after school in dangerous neighborhoods.

We have a parent of 2 kids now that is working during the day and going to school at night. She needs childcare from 6:30 a.m. to 10:30 p.m. several days a week. She is only allowed one voucher to cover either the day or evening hours. She is struggling and begging people to help with childcare so she can increase her wages to support her family.

Thank you,

Meg McFadden

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Thank you for the opportunity to submit our testimony
We are Love Never Fails Learning Center

The subsidy program has been one of the greatest ways our families that make so little money - not enough to give their children quality childcare - are able to give their children a good opportunity to excel in life. Initially, we reduced prices for these parents so that their children could attend our program and get the care they so deserved but it got to the point that we were not getting enough funds in to sustain the salaries of employees to meet the child to staff ratio required by the Office of Child Care. So with the subsidy program we have been able to stay in business and offer quality care to help our children and their families especially those that have special needs. Which brings me to the issue of the large influx of children in foster care and children that suffer from mental issues. We offer what we can to these families that are overwhelmed with trying to get the help they need for their individual child even with the wonderful free resources available. But it is not enough. Funds are needed to get the right care. The subsidy program helps these children and their families do that. I only wish the program could open to more families so many are still struggling that are not eligible for subsidy yet they make so little to survive. Please do not take this program away it is needed more now than ever with so many children that have so many needs. In addition, we are also able to feed our children healthy nutritious meals for breakfast,

lunch, supper and two snacks daily. I used to have to use my personal money and though it was a huge strain on my budget, I wanted to make sure we could provide these meals to our children. Now with the food program we are able to do so without using my personal funds. The subsidy program and the food program are worthwhile programs and very much needed, to take them away would prove disastrous for our innocent children which are our future. The subsidy program is a very present help in these hard economic times and it is also an investment in the future of our society.

Rev Patricia Watkins Duncan

Are families well aware of how the re-certification process works? I have one family whose subsidy gets interrupted for up to 2 months because the mother is under the understanding that vouchers get renewed automatically...even though I start reminding her one month prior to the expiration date!
Other than that, the payment, responsiveness to providers questions/concerns has gotten a lot better.
Thank you!

Isabel H. Rochester
Director
Tiny Wonders Childcare Center

I have been accepting child care subsidy payments for parents/children for over 30 years. During the last year I have seen a tangled mess from the provider point-of-view. I have had family that received subsidy for years be terminated because their application did not include a birth certificate; parents got a pay raise [with the minimum pay raise being effective several times since their first application]; backlogs that go *undetected* until "hounded" by the parent. Some parents have had to remove their child from care because they no longer receive the subsidy. These parents were getting a subsidy of \$66+ !! At one time, I had about six families that were in the catch-zone and received subsidy vouchers **months** later. As a matter of fact, I sent letters in February 2016 to Child Care Subsidy and MSDE (Liz Kelly) concerning a parent that was to receive subsidy. She *finally* received the vouchers [almost six months late]. The invoices for care was almost \$7000 that CCS paid. Some providers do not have this amount to 'float' their business. This letter is attached.

Child Care Subsidy is an important program for parents. However, there needs to be an increase in the funding for clients so they may be productive and successful.

Thank you, Jody Payne, Little People @ Jarboe

Good afternoon and thank you for asking, regarding payment rates, they have been the same for a while now, I am not sure about the eligibility factors for families, but I do know that it is taking a long time on the phone and much follow up is needed with a lack of understanding, the whole process is not working for the parents and centers in a timely fashion. It is very discouraging for me as a center, so I know it is difficult for parents. Arlene Peters Jack and Jill

