

**Purchase of Care (POC) Voucher Program
Reform Model for Improving Child Care Subsidy in Maryland**

Response to the Statutory Reporting as
Required in House Bill 932

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Background

Maryland has been following a welfare-oriented model, typical in the nation, for implementing its child care subsidy program. Since 1989, the responsibilities for child care subsidy have been linked with those of child care licensing and program improvement for child care providers. The authority for these services was housed in the Department of Human Resources/ Child Care Administration (CCA). In July 1, 2005, the child care licensing and program improvement components of the CCA have been transferred to the Maryland State Department of Education (MSDE). The responsibilities of implementing the child care subsidy program remained at DHR but were transferred to another unit within the agency. As of July 1, 2005, child care subsidy was integrated into the Family Investment Administration (FIA) which is charged with implementing the various responsibilities of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in Maryland. However, in practical terms the actual day-to-day operation of the program has not changed from the previous set-up whereby families eligible for child care subsidy request their claims from the local Departments of Social Services.

The legislature charged MSDE with submitting a report and any recommendations after studying the issue whether the child care subsidy program should be transferred to MSDE, thereby rejoining it with the previous responsibilities of licensing and program improvement, or to maintain the status quo created by HB 932 in 2005, whereby the child care subsidy program is integrated into the state's welfare program.

Study Group Deliberations and Fact Finding Process

MSDE was charged by the legislature to study, in consultation with DHR, whether the POC program should be transferred to MSDE at a later date and report the results of this study and any recommendations concerning the transfer of the Purchase of Care Voucher Program to the General Assembly on or before November 30, 2005.

MSDE established the POC Study Group in August 2005 and scheduled three (3) meetings and a fourth follow-up meeting between early September and early November 2005. (A list of the POC Study Group participants is enclosed in Appendix D.)

Both agencies agreed that the public should have opportunities to provide statements on this issue. In addition, the study group was keen on inviting experts from the Federal and state governments, national policy groups, and practitioners to learn more about the national models of child care subsidy programs. The public meetings were scheduled in the mornings of September 8, October 4, and October 18, 2005 at three different locations across the state. The closed sessions were scheduled in the afternoon of those days and a final meeting was held on November 7, 2005. (A list of public speakers is enclosed in the Appendix B and C.) The public meetings were recorded and transcribed. All records concerning the POC Study Group's deliberation are filed with MSDE.

Proposed Reform Model of Child Care Subsidy in Maryland

Early in its deliberations, the study group agreed that the purpose of the child care subsidy program is the provision of cash support for low income families to "purchase" child care services. But it also intends to ensure that the "purchased" child care services

meet specific guidelines of health, safety, and early learning espousing the notion that the care is of agreed-upon quality and beneficial to children. Thus, the conceptual underpinnings of the child care subsidy program are two-fold: (1) it supports low-income parents who need cash support in the form of vouchers to afford child care while they are pursuing work or schooling; and (2) it supports children from low-income families to be cared for in out-of-home settings to access quality early care and education programs. The two-fold purpose of the child care subsidy program is clearly impacting the responsibilities of the state's welfare as well as the state's education programs. The state agencies responsible for welfare (DHR) and early education (MSDE), respectively, should play a role in implementing and significantly improving the state's child care subsidy program.

Recommendations

The study group recommends that the Governor issues an Executive Order by December 31, 2005 which requires the joint operation and oversight of the state's child care subsidy program by MSDE and DHR.

The Executive Order shall outline specific performance benchmarks designed to improve the sustainability, accessibility, quality, and accountability of the state's Purchase of Care (POC) program. It shall establish a policy group to guide the state's child care subsidy reform program. The policy group shall be made up of an equal number of MSDE and DHR, as well as the Budget Director of DBM, who are charged with implementing the recommendations by the POC Study Group. The policy group shall include staff representation from the following administrative areas: fiscal, public outreach, service delivery, legal, and information technology. *The Governor, as mandated by the Federal Child Care Development Fund (CCDF), shall designate either MSDE or DHR as the lead agency.*

The study group recommends that the POC program shall be administered by local Departments of Social Services or, under contract, by other legal entities qualified to administer the child care subsidy program.

Currently, the POC program is administered by the local Departments of Social Services which receives funding for the service delivery of the POC program from DHR. The model of service delivery varies from county to county, whereby several counties designate POC eligibility workers to administer the program, and other counties use case managers to include the responsibilities of POC eligibility determination into their other job responsibilities. The study group allowed for the option of contracting the eligibility determination to other qualified agencies, as it is done in several states.

The study group recommends that the future POC program be focused on the improvement of the following goals:

- Maintain access, without interruption, to timely child care subsidy for low-income families (including families who are on TANF and low-income families who are not on TANF);
- Increase significantly the enrollment of children whose families receive child care subsidy in state regulated child care;

POC Study Group - Recommendations

- Increase the payment rates for providers which are comparable to those provided to families that do not receive CCDF assistance to attain, at a minimum, the 65th percentile of the market by FY09 (in 2008 dollars).
- Meet the Federally required universal engagement and work participation rates of the TANF program.
- Increase access by low income families receiving POC to quality early care and education programs, thereby increasing the probability that their children are entering school ready to learn.

The study group recommends that the policy group shall complete a comprehensive evaluation to determine the enrollment patterns of young children from POC clients.

In FY06, Maryland is providing a variety of resources for children from low income families, including child care, Head Start, Judy Centers, Family Support Centers, and prekindergarten. The policy group shall establish a baseline about the enrollment patterns of POC clients and determine how POC funding can leverage existing state and Federal resources for early care and education programs.

The study group recommends that the policy group use the following benchmarks and develop an implementation plan for the child care subsidy reform program. The plan shall establish timelines and required resources, to improve the sustainability, accessibility, quality, and accountability of the POC program.

Sustainability¹ Benchmarks:

By June 2006, eliminate the wait list and apply 100% of the funds appropriated to be spent on child care subsidy (i.e., CCDF, TANF, General Funds) on child care subsidy. Any unexpended funds shall carry over to the following fiscal year.

By June 2007, increase the provider payment rate, at a minimum, to the 45th percentile of the cost of case based on the most current Market Rate Survey, using state and Federal funding sources.

By June 2008, increase the market rate, at a minimum, to the 55th percentile of the cost of case based on the most current Market Rate Survey, using state and Federal funding sources.

By June 2008, leverage non-POC state and Federal funds by increasing the enrollment of POC recipients in accredited child care, prekindergarten, Judy Centers, Family Support Centers, and Head Start programs by 50 percent (over 2006 baseline as referenced above.)

By June 2009, increase the market rate, at a minimum, to the 65th percentile of the cost of case based on the most current Market Rate Survey, using state and Federal funding sources.

¹ Sustainability is defined as maintaining sufficient and stable funding for serving the POC caseload and early care and education providers who are serving POC clients.

Accessibility Benchmarks:

By December 2006, establish the infrastructure for on-line application for eligibility determination.

By June 2006, maintain eligibility determination for POC clients in need of other services.

By June 2006, improve the accessibility of low-income children with special needs and disabilities in state regulated child care. Maintain a differentiated reimbursement for providers serving children with special needs and disabilities.

By June 2006, improve the accessibility of children served during non-traditional hours.

By June 2006, evaluate levels of co-payment.

By June 2007, establish points of entry in community-based programs located in low-income neighborhoods and at all child care resource and referral agencies.

By June 2007, establish connectivity as well as a communication and referral system to address the particular needs of the families.

Quality Benchmarks:

By June 2006, improve basic health, safety, and early learning standards at informal care providers.

By June 2006, provide consumer education information about quality early care and education to all POC clients.

By June 2006, establish a baseline of the number of children with special needs and disabilities served by POC in state regulated child care.

By December 2006, complete and maintain a functional and comprehensive information data base serving POC clients, child care providers, and child care licensing specialists.

By June 2007, increase the number of accredited child care programs serving POC clients, thereby benefiting from the POC tiered reimbursement system.

By June 2007, increase the number of children with special needs and disabilities eligible for POC in state regulated child care (above 2006 baseline as referenced above.)

By December 2006, increase the number of enrolled children in state regulated early care and education programs to 85 percent² (from the 79 percent of the 2005 baseline.)

By June 2008, increase the number of enrolled children in state regulated early care and education programs to 90 percent (from the 79 percent of the 2005 baseline.)

Accountability Benchmarks:

By June 2006, provide cross-training regarding the child care subsidy reform program for Family Investment Administration (FIA) staff who administer the POC program, staff from resource and referral agencies, and state agency staff engaged in providing services to POC clients.

By December 31, 2006, submit a report to the Governor on the implementation status of the state's child care subsidy reform program.

By June 2007, provide extensive training and technical assistance for child care providers who serve POC clients on the state's child care subsidy reform program.

² In FY05, 21 percent of all children receiving POC were enrolled in informal care.

POC Study Group - Recommendations

By July 1, 2007, commence a comprehensive evaluation of the POC Program, conducted by an independent consultant. MSDE and DHR shall jointly select and equally share the cost of the consultant and determine the scope of the comprehensive evaluation. At a minimum, the comprehensive evaluation shall evaluate both the educational quality and management of the POC Program. In addition, it shall evaluate its impact on POC clients and early care and education providers participating in the state's child care subsidy reform program as implemented in accordance with the aforementioned benchmarks. By December 31, 2008, submit the external and independent evaluation to the Governor.

Summary

The Maryland State Department of Education (MSDE) was charged by the legislature to submit a report as to whether the state's child care subsidy program should be transferred from the Department of Human Resources (DHR) to MSDE. MSDE, in consultation with DHR, established a study group which met four times from September to November 2005, to receive presentations and comments on the topic from experts and the public, and to develop any recommendations for the State Superintendent of Schools.

Based on the review of the current status as well as presentations and comments by experts, the POC Study Group agreed that the current POC program is in need of significant improvements and that the deliberations within the group be focused on devising a child care subsidy reform program. There was also agreement that both MSDE and DHR have a vested interest in the success of the child care subsidy program and that only a joint and collaborative approach, authorized by the Governor, could address the structural deficiencies of the program. Thus, the Study Group developed four areas which comprise the proposed reform efforts to improve the state's child care subsidy program: sustainability, accessibility, quality, and accountability.

The POC Study Group proposed that the Governor establishes, by executive order, a policy group which is charged with developing an implementation plan and guiding the reform program on a set of agreed-upon benchmarks for each of the areas. It also proposed that the Governor determines which agency should be designated as the lead agency as required by Federal statute. The policy group, comprised of staff from MSDE, DHR, and DBM, will be working toward meeting the benchmarks. The Governor will receive an external and independent evaluation on the impact of the child care subsidy reform program by January 2009.

APPENDIX A

Child Care Development Fund
Purchase of Care Child Care Subsidy

What is the purpose of the federally funded child care subsidy and how is it implemented in Maryland?

The Child Care Development Fund (CCDF) provides formula grant to Maryland to subsidize the cost of child care for low-income families, this year the estimated allocation is \$103 million, including Federal and state funds. As authorized in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, eligible families must meet certain income requirements and must need child care so they can work or participate in an approved activity.

The Maryland State Department of Human Resources (DHR), the lead agency in Maryland with responsibility for administering the CCDF fund, issues vouchers to families who may select any legally operating provider participating in the subsidy program to care for their children. Maryland has established a maximum rate of reimbursement to providers for the cost of authorized child care. CCDF funds are used to subsidize the cost of care up to this reimbursement rate ceiling; some families share the responsibility for child care costs by paying a co-pay directly to their provider according to a sliding fee scale established by the Department. Maryland may waive co-pays for some families. In Fiscal Year 2006, the median family co-pay in Maryland was \$104/month³. Reimbursement rates and family co-pays are among the criteria Maryland has at its disposal to determine how many families they can serve with available funds.

How is the federally funded child care subsidy program administered in Maryland?

The Purchase of Care (POC) Program, which provides financial assistance for the cost of care to low-income families, is operated through the twenty-four local Departments of Social Services. The local departments of social services are responsible for determining eligibility, voucher issuances, payments to providers of child care services and case management.

Parents may request a voucher application from the local Department of Social Services in their area. Local departments attach a list of required verifications to be returned with the application. Parents may drop off or mail the completed application and necessary verifications. A face-to-face interview is not required.

In Maryland, the certificate is called a child care voucher. The voucher is generated by an automated system and completed for each child in care. Eligible parents then receive the vouchers. Two types of vouchers are produced. The first is for regulated (licensed child care) programs, the second for unregulated care (informal child care). The voucher lists the following information:

³ Based on median co-pay for families with co-pays for October 2005

- **Child and family information, including name, address, birthdate of child.**
- **Hours and days of care authorized for payment.**
- **The subsidy payment and the assigned parental co-payment.**

The parent signs the voucher and takes it to a provider who completes his/her section of the voucher that asks for the provider/center name, address, license number, if applicable, and social security or tax ID number. The provider must record when the child will begin care and sign and return a copy of the voucher to the local department to begin the payment process. Vouchers are issued on the basis of family eligibility for the subsidy program. A separate voucher is issued for each child in need of care and may be used to obtain services from any regulated child care provider or legally operating informal provider.

Case managers who determine eligibility discuss child care options with parents and can make referrals to child care resource and referral agencies if parents need assistance with locating a provider. To that end, the Maryland State Department of Education (MSDE) contracts with the Maryland Committee for Children (MCC), a non-profit entity to provide assistance to parents in locating child care through subcontracts with the following 12 organizations which forms Maryland's child care resource and referral network:

- 1. Arundel Child Care Connections**
- 2. Baltimore City Child Care Resource Center**
- 3. Child Care Links**
- 4. Child Care Choices**
- 5. Open Doors Child Care Resource Center**
- 6. Howard County Child Care Resource Center**
- 7. Montgomery County Child Care Resource Center**
- 8. Prince George's County Child Resource Center**
- 9. Southern Maryland Child Care Resource Center**
- 10. Apples for Children**
- 11. Lower Shore Child Care Resource Center**
- 12. Chesapeake Child Care Resource Center**

What state agency is accountable for the federally funded child care subsidy program?

The Department of Human Resources (DHR) is the lead agency for the administration of Temporary Assistant to Needed Families (TANF) and Child Care Development Fund (CCDF). DHR coordinates planning for Temporary Cash Assistance, Work Opportunities and Child Care Subsidy Programs with local, state and federal public and private partners for the purpose of promoting common policies and practices for all child care related services. Program partners include the Governor's Office for Children, Maryland State Department of Education, Department of Health and Mental Hygiene, Department of Business and Economic Development, local governments and resource and referral agencies.

As a result of recent legislative changes, the former Child Care Administration has been moved to the Maryland State Department of Education, with the exception of the Office of Child Care Subsidy, which resides at DHR within the Family Investment Administration. The two agencies have a Memorandum of Understanding (MOU) that details the specific responsibilities of each agency regarding administration and management of CCDF funding. DHR is responsible for the child care subsidy portion of the CCDF and MSDE is responsible for the quality improvement funds of the CCDF.

APPENDIX B

Public Presentations and Statements

Introduction:

During the three public sessions which were scheduled on September 8, 2005 in Baltimore City, October 4, 2005 in Annapolis, and October 18, 2005 in Frederick, a total of 19 organizations testified in writing and by presenting their positions regarding the future agency designation of the state's child care subsidy program. The summaries below refer to the organization, speaker, and position regarding the possible transfer of the POC program to MSDE. The complete set of written testimony and the transcripts of the presentations are on file at MSDE.

1. Organization: **United Way, Maryland State Association of United Ways**

Speaker: Larry E. Walton

Date: September 8, 2005

Mr. Walton endorses the transfer of the POC Program to MSDE.

Rationale:

- Not only do we need to access through purchase of childcare but also look to the quality of childcare. Recent surveys of child care centers and family day care homes nationwide found that the majority of childcare was not of a high enough standard to have a positive impact on child development and a disturbing fraction was at a level that could threaten the child's health and safety. We know Maryland's standards are high but we need reassurance on this issue as well. Quality problems are particularly serious for infants and toddlers and for children from low-income families.
- HB 932 transfers programs to the MSDE. It is the right place for these programs to be. MSDE is very accountable in best practices and has a proven track record with children and with the dollars spent on education of children.

2. Organization: **Baltimore City Child Care Association**

Speaker: Meg McFadden

Date: September 8, 2005

The Baltimore City Child Care Association and the Maryland School Age Child Care Alliance endorses the transfer of the POC Program to MSDE.

Rationale:

- Childcare is one of the lowest paid professions in the state, yet caring, dedicated providers continue to support the healthy growth and development of Maryland's children. Unfortunately, the severe funding shortages in POC under DHR resulted in some childcare providers having to subsidize care for low-income families, knowing what the alternatives might be for the family. Taking advantage of caring professionals in this way is an irresponsible way of providing for the underprivileged in our rich state.

- As a result, there are childcare programs that have had to close. There are providers who have had to leave the profession due to low wages. This further erodes the excellent system of childcare that had been developed for many years in Maryland to serve working parents. It negatively affects the caregiver consistency that we know is important for child development.
- We have seen numerous situations when parents have had to lose time and precious income from their work in order to travel repeatedly into the DSS offices for applications, additional paperwork, error corrections. We have seen parents who have given up in frustration with DHR and have resolved the leave their children home alone while they work.
- We expect that including all child care services, including POC, under MSDE, offers hope to citizens that our hard-working families will have the support they need to provide a safe, educational and nurturing environment for children.

3. Organization: Maryland State Child Care Association

Speaker: Mark L. Rosenberg

Date: September 8, 2005

The Maryland State Child Care Association and the 2,653 licensed centers currently operating in Maryland endorse the transfer of the POC Program to MSDE.

Rationale:

- Our members receive the funding from this program that allows them to care for and educate the children of low and moderate-income families. And this funding for child care and early education is essential, both to the families who must have this support in order to work and to the quality care of children.
- Unfortunately, this program has been poorly managed by the Department of Human Resources in the past, ignoring the basic premise of the POC program in meeting the basic goals of the program: to insure the quality, access and affordability in the application following the General Assembly's annual approval of these funds. In reality, information concerning the appropriation of these monies has revealed that more than \$85 million has been 'diverted' by DHR for other purposes⁴. And while many of the program recipients of these funds are deserving, it is not the purpose of the POC appropriation to underwrite the budget shortfall within DHR.
- When the POC program was closed to new families because of lack of funding over two and one-half years ago, it had a devastating effect upon Maryland families. As a result, the waiting list for those seeking POC assistance has grown to over 20,000 in 2005, and has severely hampered these families. Child care centers in low and moderate

⁴ The statement refers to the redirecting of TANF funds from child care to other priorities within DHR. The POC study group received testimony by representatives from Region III of the U.S. Department of Health and Human Services (which issues the CCDF) that no CCDF funds have been used for anything other than the intended purpose of the grant program.

income areas have had to close because of the lack of funds, resulting in a loss of child care infrastructure that cannot be easily replaced. POC assistance provides indispensable support for families moving from welfare to self-sufficiency. Child care allows parents to enter and remain in the workforce. Employees can only be as reliable as is their child care.

- The passage of HB-932 has allowed the integration of the State's early childhood program into the education system so that they are better aligned and more effective. MSDE also has the greatest stake in children's success because it is held accountable by the federal No Child Left Behind Act and Maryland's Thornton legislation.

4. Organization: **Montgomery Child Care Association, Inc.**

Speaker: Chris Giovinazzo

Date: September 8, 2005

Mr. Giovinazzo endorses the transfer of the POC Program to MSDE.

Rationale:

- While we strongly support the foster care program and other missions of DHR, we believe that POC is an equally important program, and that its funding should be replaced. We think MSDE shares our view, and will be a supportive home for POC.
- The drain of POC funds has hurt thousands of children and their families. Several families have withdrawn their children from our programs because they can't afford to pay our licensed, accredited child care.
- If we spent the money on POC for our children now, we may be able to spend less on foster care and other social services in the years to come. It is our recommendation that the POC Voucher Program should be transferred to the Maryland State Department of Education, where we trust that it will be fully supported.

5. Organization: **Maryland Association for the Education of Young Children**

Speaker: John Surr

Date: September 8, 2005

Maryland Association for the Education of Young Children endorses the transfer of the POC Program to MSDE.

Rationale:

- The biggest need of Maryland's children, including POC children, is for the quality of their child care to be improved. Child care quality is the key to children's success in school and life. If high quality child care is not available for POC children, we do them no favor. We are very concerned that DHR's FIA might use its authority under the CCDF and POC to shortchange MSDE's vital efforts to improve quality in Maryland's child care. CCDF and POC administration need to be together in an agency that focuses on children, rather than an agency desperate to muster the finances for sufficient services to enable people of all ages to survive in today's economy.

- The central POC office that was in the Child Care Administration until July 1 should rejoin the Office of Child Care in MSDE's Early Childhood Division as soon as possible.
- MSDE is preferable as the home for POC administration because the program needs to be focused on the education, health, and safety of the children in care. MSDE has that focus, DHR does not. Although MSDE has little experience in administering individual subsidies, the POC office and the network of its support could bring that expertise to MSDE with a minimum of disruption. MSDE is much better equipped than DHR to involve parents in a child's growth and education while in children care, and to communicate effectively with families and child care providers. Administration of POC would give MSDE a chance to build up its network of communication with child care providers, which will undoubtedly facilitate transitions into the K-12 environment.
- We would prefer a continuation and enhancement of local options for POC administration under MSDE's supervision, to allow for local arrangements that will serve children and their families best. The new CCATS data system will permit a much wider array of local administration arrangements than CCAMIS required, so that one could envision a mixture of DSS, OCC child care subsidy office, and even R&R administrators. Some jurisdictions, such as those with small POC caseloads, might still find administration by their DSS officers to be preferable. Even so, a local OCC or County office administering POC could do the same work as the DSS is now doing for our target population, with access to the systems governing applications for food stamps and M-CHIP.

6. Organization: **Maryland Committee for Children**

Speakers: Sandra Skolnik and Clinton MacSherry

Date: September 8, 2005

Ms. Skolnik and Mr. MacSherry endorse the transfer of the POC program to MSDE.

Rationale:

- From the very beginning of MCC's work, we have felt that all of early care and education should be in one agency. MCC recommends that POC be put back into the same office since it was separated out in the last session of the General Assembly.
- MCC is very concerned to what happened to child care funding over the last three years. Eighty-five million was taken by DHR earmarked for child care and used for other programs within the department.
- It is imperative that MSDE be identified by the Governor and the Federal government as the lead agency. That is key to policy development.
- DHR is going to be underspent by about \$30 million while there is a huge freeze on child care. We have been begging DHR to open up the

eligibility for child care. It is hard to go to Annapolis with these kinds of surpluses when families are hurting terribly.⁵

- The Federal government urges states to set reimbursement rates at the 75th percentile. That is part of the effort to make sure that working families have access to quality providers. Not just the cheapest provider in any given market.
- Maryland acknowledges the relationship between child care subsidy and quality, whereas CCDF funds are used to award providers who have demonstrated through accreditation and other means that they are committed to quality.
- CCDF is the largest child care funding stream. So the lead agency drives child care policy not just for the subsidy program but for providers in general.
- MSDE has a vast experience in dealing with programs and overseeing programs that are targeted for low-income families (e.g., Title 1, free and reduced priced meals)

7. Organization: **Prince Georges County Group Child Care Association**

Speaker: Flora L. Gee

Date: October 4, 2005

Ms. Gee endorses the transfer of the POC Program to MSDE.

Rationale:

- We believe that working parents need access to quality affordable child care and that child care is early education. Therefore, just as child care is now regulated by MSDE, POC should also be under the auspices of the leadership within MSDE.
- It is in the best interest of all participants to have POC in the same division with all regulated child care programs now unified under MSDE. It is our belief that MSDE can provide strong leadership to improve POC program services for children, parents and child care providers.
- We further believe that you will find that the majority of the state had dedicated POC staff who could smoothly transition to MSDE with minimal change. We believe that there can be contractual agreement with the Department of Human Resources in the local Department of Social Services offices, as needed. We believe the transfer would have little or no cost to make the change.
- We believe that local educational authorities are not interested in, or capable of, managing a complex voucher and contract system for individual children and families, and that they lack the experience easily available elsewhere. This program should not be sent to the local school systems to be managed.

⁵ The child care subsidy freeze was lifted on November 1, 2005

8. Organization: **Maryland State Child Care Association**

Speaker: Mona Criswell

Date: October 4, 2005

Mona Criswell endorses the transfer of the POC Program to MSDE.

Rationale:

- It is our belief that the Purchase of Child Voucher Program should follow the children who are enrolled in licensed child care centers, which are monitored by the Maryland State Department of Education.
- We look upon the Purchase of Care program as a family's access to quality education and care. We look for documented success in allowing parents to make these choices for their children. The Maryland State Department of Education has such a history of documented success in the programs they monitor.
- The Maryland Child Care Credential, the Judy Centers, the Infant and Toddler Program, the Head Start Collaboration Office, the child care program accreditation initiative and regulated child care programs are all under the auspices of the Maryland State Department of Education and as such have a responsibility to document results of each of their programs.
- The Maryland State Department of Education has the greatest stake in children's success because it is held accountable by the Federal "No Child Left Behind Act" and the Maryland Thornton legislation.

9. Organization: **The Maryland Developmental Disabilities Council**

Speaker: Michelle Hart

Date: October 4, 2005

The Maryland Developmental Disabilities Council endorses the transfer of the POC program to MSDE.

Rationale:

- Purchase of Care Vouchers are used by families of children with disabilities to access regulated child care including, for example, PACT World of Care in Woodlawn that serves medically fragile children and provides community based training for other centers to care for children with special health care needs. POC spending decisions have a direct impact on regulated child care center's ability to maintain enrollment of POC subsidized children and to remain open. Yet fiscal concerns regarding the Department of Human Resources management of the POC Program include significant funding cuts since FY 03 to the POC program.
- Child care is not just a work force issue. While child care does improve a family's ability to generate income, the provision of early intervention services for low-income children with disabilities through quality-regulated child care programs improves that child's ability to learn. Child care paid for by POC subsidies should provide quality child care; child care that provides early learning experiences for all children to prepare them to enter school ready to learn.
- Most of the State's child care programs have already been transferred from Department of Human Resources to the Maryland State Department

of Education. Transferring POC to MSDE will unify child care policy decision-making. The Maryland State Department of Education's Division of Early Childhood Development is focused on child development and achieving school readiness. Their policies related to child care and early child development are such that the Council believes POC will be supported under MSDE, not undermined, and that MSDE is best suited to make quality child care policy decisions. Therefore, the Council believes that the Purchase of Care Voucher Program should transfer from the Department of Human Resources to the Maryland State Department of Education.

10. Organization: **Advocates for Children and Youth**

Speaker: Linda Heisner

Date: October 4, 2005

The Advocates for Children and Youth endorses the transfer of the POC Program to MSDE.

Rationale:

- Young children don't just need to be in a safe and protective environment while their parents work. They need the type of preschool experience where they can develop school readiness skills that Maryland's own data on Kindergarten Readiness confirms that they lack.
- Children from low-income families do measurably poorer on assessments of school readiness, and of those children, the ones whose pre-school years were spent in informal care with relatives or neighbors did least well, when compared to children from similar socio-economic backgrounds who had been in a child care center or family child care home. Access to quality child care and early education services is therefore most critical for children from impoverished homes.
- When the Department of Human Resources began operating child care program in low-income neighborhoods, in the 1970's as part of understanding of the importance of child development.
- Last year when the General Assembly considered legislation to move the Child Care Administration to MSDE, we urged them to move it intact. Splitting off the Purchase of Care Program from other parts of the Child Care and Development Program is shortsighted and unsupportable from the view of responsible administration.
- The long-standing promise of a new integrated web-enabled CCAMIS system, that would allow eligibility determinations, voucher issuance, direct deposit, credentialing, licensing and any other number of new and technological and time-saving functions to occur on line gave hope to everyone both inside and outside of the Child Care Administration that the work would be more productive. The newly designed CCATS system is that promise. It is portable and can easily be accessed from any number of sites locally and centrally, allowing MSDE, Resource and Referral agencies, and Regional Child Care Offices to be intake sites. This enables

the Office of Child Care to resume its role with the Purchase of Care Program from within MSDE.

11. Organization: **Welfare Advocates**

Speaker: Linda Meade

Date: October 4, 2005

Welfare Advocates takes no position on the transfer of the POC program to MSDE

Rationale:

- Since we could not reach agreement on where POC should be housed, we decided we would focus on the elements absolutely essential to families with children, regardless of which agency administers the program. Our goal is for the families – the children, mothers and fathers to be the winners in this decision.
- It is vital that the program be housed where easy access to POC will be assured. Working parents need a one-stop shop to assure receipt of a wider array of benefits that support and serve to enhance lower-wage jobs. In addition to POC, families may need help with Food Stamps, energy assistance, housing and M-CHIP. Even today, families likely need to visit various locations to obtain this assistance. Regardless of where POC is “housed”, more must be done to make access as easy as possible.
- Families needing Temporary Cash Assistance (TCA) are automatically eligible for POC in order for them to begin to make the transition from welfare to work. Ease of application, fast processing and a quick turn-around to obtain the actual vouchers are essential for families often needing POC assistance on quick notice.
- Affordability is another essential ingredient to the POC program. The vast majority of families leaving welfare for work choose informal care rather than formal child care programs. We suspect some of the reasons include where programs are located and the cost of co-pays, regardless of how minimal that co-pay may seem to many of us. With the average wage of \$8.08 per hour paid to the work placements made by DHR, families are struggling already to make ends meet in paying for rent, utilities and absolutely essential basic human needs.
- If you focus on the needs of the families with children and where easy access and affordability can be best achieved for families needing TCA or working, you will have made the correct recommendation.

12. Organization: **Maryland State Family Child Care Association**

Date: October 4, 2005

The Maryland State Family Association endorses the transfer of the POC program to MSDE.

Rationale:

- At MSDE, the POC program can be implemented as a program that gives children of working poor families access to early childhood education programs providing them with essential school readiness skills. POC is a

child care program, not a welfare program, and it should be housed with the child care programs in the MSDE Division of Early Childhood Development.

- POC spending decisions have a direct impact on the child care infrastructure. Without their POC subsidized children, many programs regulated by the Office of Child Care do not have sufficient enrollment to remain open. MSDE makes policy decisions about the regulated child care programs and needs to be able to make related policy decisions about POC spending. Family child care has been greatly impacted by the diversion of POC money. The number of regulated family child homes has dropped from 10,469 in August 2001 to 9,564 as of August 2005. This is a loss of 905 providers with a capacity of approximately 7,000 children. Many of these providers have closed their doors due to the lack of clients. Parents just could not afford their quality programs without the assistance of POC money. Maryland needs to ensure that quality regulated family child care programs remain available to those children at the lowest socio-economic level ensuring that they are given every opportunity to enter school ready to learn and succeed in life.
- MSDE's Division of Early Childhood Development is the most logical place for the POC Program. They have experience working with young children from low-income working families in programs like the Judy Centers, Early Start and Head Start and have demonstrated their commitment to providing quality early care and education for all children. The POC program and its funding must be transferred to MSDE so that all early care and education programs for young children from low income families can be administered together to achieve the important goal of having all Maryland's children enter school ready to succeed.

13. Organization: Arundel Child Care Connections, Inc.

Speaker: Carolyn Carter

Date: October 4, 2005

Carolyn Carter endorses the transfer of the POC program to MSDE.

Rationale:

- The parents who have worked to put together the pieces for employment skills, transportation, etc. find out that the final piece, affording child care, has been taken away.
- They have had to make difficult decisions, leave child/ren at home alone in the care of aging relatives, quit or don't take the job.
- The wait list partially opened in July and now this morning the even better news, completely open. However, there has been difficulty finding and getting responses from the families on the wait list. Many have moved for obvious reasons, children have gotten older, or maybe become part of another system.

14. Organization: **Calvert County Department of Social Services**

Speaker: Renee Delamarter

Date: October 4, 2005

Renee Delamarter is against the transfer of POC to MSDE.

Rationale:

- POC interacts with other programs within DHR.
- POC case managers and TCA case managers provide customers with service as quick as possible, also Child Support.

15. Organization: **Montgomery County Commission on Child Care**

Speaker: Harriet Berger

Date: October 18, 2005

The Montgomery County Commission does not have a specific recommendation concerning which state department should administer the POC subsidy program.

Rationale:

- Ensure stability of funding for POC so that families can work toward self-sufficiency. It is imperative that all monies allocated for POC be spent only for POC.
- Ensure that POC has the infrastructure and organizational support necessary to carry out community-responsive operation, including outreach.
- Ensure that POC adequately supports quality early childhood experiences: Parents should be encouraged to seek out and use licensed or registered child care programs so their children have the opportunity for optimal success.

16. Organization: **Association of Maryland Social Services**

Speaker: Timothy Griffith

Date: October 18, 2005

Timothy Griffith and his colleagues of local DSS directors are against the transfer of the POC program to MSDE.

Rationale:

- While the Purchase of Care program serves a number of critical and complimentary purposes, about which I will comment later, at its core, the program provides a government funded, means tested benefit to low-income families. It operates as an income transfer program. The Purchase of Care program is integrally related to the Temporary Assistance to Needy Families program (called Temporary Cash Assistance or TCA in Maryland) in terms of budget, policy, and operation. Childcare is the backbone of welfare reform. It is absolutely essential to ensure timely access to reliable and affordable childcare in Maryland is to assist TCA recipients to achieve self-sufficiency and to ensure that the state meets Federal “Universal Engagement” and “Work Participation” requirements,

which have been described to you by Mark Greenberg of the Center for Law and Social Policy⁶.

- As part of DHR, Purchase of Care is a state supervised, locally administered program that is responsive to local needs. We believe any suggestion to change that administrative arrangement would have to present clear and convincing evidence that a change, which could be quite costly, would add value well beyond what is currently obtained through DHR's and Local Departments of Social Services' management. I would like to highlight some of those advantages of leaving POC with the DSS offices:
 - Local Department staff have broad knowledge of all programs within the Department and the local communities that are available to meet a family's needs and make appropriate referrals.
 - Local Departments have rapport established with a variety of community partners to ensure appropriate access to other needed services that may not be available to through the Local Departments themselves.
 - Like Anne Arundel, most Local Departments have staff who specialize in POC eligibility functions. Only Allegany County has Family Investment staff who function as generalists and POC responsibility is dispersed among all of them. However, clerical support, supervision, voucher and payments processing, and other administrative functions may or may not be specialized. Size of the POC caseload and the general staffing patterns of each Local Department are usually the most critical factors influencing this local decision. Likewise size of the workload will determine whether a person who is carrying a specialized POC function is also assigned other program duties.
- Generally speaking, staff who perform POC functions are state employees; those who support eligibility functions are typically charged to the Family Investment budget. There are no positions cost allocated to POC. Those who perform fiscal and other administrative support function may be charged to what is called Local General Administration, which are a blended funding source with cost allocated across all Departmental programs. There are two notable exceptions to this general practice. The most significant exception is in Montgomery County where all employees work directly for the County Government, which provides County general funds to supplement the Federal and state funds it receives from DHR for POC. The other is Baltimore County where the County Government provides supplemental Family Investment staffing and general administrative support in the form of four eligibility staff and three fiscal staff.
- Child Care Licensing, Credentialing, Child Care Resource and Referral Services, Family Support Centers, and other functions are now transferred

⁶ Presentation by Mark Greenberg was made on October 4, 2005 before the POC Study Group

to MSDE. This puts MSDE in an exceptionally strong position to influence policy and budget decisions effecting POC – without having to struggle with the challenge of administering and income transfer program.

17. Organization: **Apples for Children**

Speaker: Fanny Crawford

Date: October 18, 2005

Apples for Children, a resource and referral agency for Western Maryland endorses the transfer of the POC program to MSDE.

Rationale:

- MSDE already does an admirable job of administering services to children. Adding this new program in support of families earning 50% or less of the state median income will help improve overall education services to children by increasing awareness and sensitivity to the needs of families – children and parents from low and very low income households.
- The benefit to DHR is the increased opportunity for partnership, the opportunity to influence and sensitize the statewide education system to the multiple pressures on families who are eligible for benefits.
- Think what we could ALL accomplish as helping agencies, how much more successful each of the programs in each sister agency – DHR, MSDE, and even the CCRCs could be – from Food Stamps to Special Education to professional development for child care workers – if each were informed by the same understandings and operating in collaboration.
- DHR and DSS will retain many programs serving some of the same families who receive POC vouchers. In effect, MSDE and DSS will share, more visibly than before, some of the same children. The transition process itself, moving POC to its new home will facilitate collaboration in new ways and expand communication between the two agencies.

18. Organization: **Friends of the Family**

Written statement

Date: October 18, 2005

Friends of the Family, Inc. endorses the transfer of the POC program to MSDE.

Rationale:

- At best, POC assists all parents who need support, not just those who receive welfare. We must strive to make child care subsidies available to families who cannot afford quality child care on their own, and this goal argues for a universal system, not one related strictly to the receipt of public assistance in the form of TANF/TCA.
- At best, child care enhances the social, emotional, physical, and cognitive development of young children. It is part of the front-end of the K-12 education system. To make sure it is treated with the same seriousness as what we now consider the formal education system, POC should be part of the formal education system.
- At best, the developing birth-to-5 system in Maryland will continue to be funded with a variety of public and private funds. The public funds,

especially all that flow through the State, should be coordinated through a single entity for streamlined, accountable management and successful program outcomes, both requiring the application of consistent policy and carefully coordinated quality assurance systems.

19. Organization: **Harford County Department of Social Services**

Written statement

Date: October 18, 2005

On behalf of the Harford County Department of Social Services Advisory Board they support the retention of the Purchase of Care program within the Department of Human Resources.

Rationale:

- More than 90% of our POC program customers participate in the other Family Investment benefit programs such as Temporary Cash Assistance (TCA), Food Stamps, and Medical Assistance. Presently, staff who operate the program are specialized. Keeping the program with the local DSS facilitates the sharing with various Family Investment benefit programs, customer information and the report of changes of circumstances. Such quick and easy sharing promotes timely and accurate benefit delivery, reduces overpayments, and facilitates a high level of quality customer services.
- The POC Program is an eligibility driven program. Family Investment staff in Department of Social Services (DSS) offices are highly experienced with determining eligibility for benefit programs. It is a function with which Family Investment staff is more proficient and efficient.
- The majority of POC customers select informal providers to care for their children. Program regulations require that such providers be screened for a “history of behavior harmful to children” (Child Protective Services background) before they can be approved for payment. Only DSS staff has access to CPS data and such data cannot be released to other organizations.
- The POC Program is an essential support program for those TCA customers who are required to participate in TCA work program activities. Timely and easy access to the POC program for such customers is critical to their ability to participate in activities that will help them keep to a minimum the number of months they have to rely on TCA benefits (against their 60-months lifetime limit). In addition, their timely and easy access to the POC program is critical to Maryland’s (not just DHR) achieving the TANF universal engagement and federal work participation rate performance standards.
- Finally, while not a direct benefit to the POC customer, it is worth noting that there are no POC program “staff” allocated to local departments. The staff that complete POC Program activities in Harford County are all charged to funds other than POC, with the exception of staff in our finance office. There are no staff charge to the POC Program. In fact, there are

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many DSS staff beyond the three dedicated case managers involved in the delivery of POC benefits to direct customers and their day care providers.

Additional written comments after October 18, 2005 were submitted by the Service Employees International Union – Maryland/DC Council and Maryland Committee for Children.

Appendix C

List of Experts providing Testimony before the POC Study Group

September 8, 2005

1. Eileen Friedman, Administration for Children and Families, U.S. Department of Health and Human Services
2. Michael Rolish, Administration for Children and Families, U.S. Department of Health and Human Services

October 4, 2005

3. Mark Greenberg, Director of Policy, Center for Law and Social Policy
4. Michael Jett, California State Child Care Administration
5. Timothy Griffith, Local Director, Baltimore County Department of Social Services
6. John Lamb, POC Supervisor, Anne Arundel County Department of Social Services

October 18, 2005

7. Karen Carlson, Director of Early Learning Services and Special Education Policy, Minnesota Department of Human Services
8. Cherie Kotilnik, Minnesota Department of Human Services

The testimonies were transcribed and are on file with MSDE