Advocates Learning Community Call 6/13/2019

Karen Schulman NWLC's Child Care and Early Learning Research Director

<u>State Implementation of Key Policies of 2014 Child Care and Development Block Grant (CCDBG) Reauthorization Law</u>

- States have made progress in areas where the law is specific, but less progress is made when requirements are less specific or optional
- States had been struggling to meet the provisions of the law before receiving the increased funding in March 2018. States are now using the funds to comply with various provisions of the law. Going to need more funding for states to fully implement the provisions of the law and ensure access to high-quality care.
- NWLC looked at key indicators of state implementation related to ensuring the health and safety of children in child care, making it easier for families to get and keep child care assistance, and improving the quality of care.
- Licensing staff
    - While states are not required to have a specific number of licensing staff under the reauthorization law, many states found it necessary to hire additional staff to implement the law's requirements for annual monitoring and other requirements.
    - Half of the states had hired additional staff to aid in implementing the health and safety requirements of the reauthorization law as of February 2018, and 4 states were planning to hire additional staff by February 2019.
- Eligibility requirements
    - 23 states expanded their eligibility period to 12 months for some or all families between the reauthorization law's passage and February 2018.
    - As of February 2018, a total of 41 states had a 12-month eligibility period for all families, in keeping with the reauthorization law's requirements.
    - But 10 states had a shorter recertification period for some or all families.
- Interim reporting
    - Under the final rule, states may only require families to report changes that affect their eligibility (such as income increasing to above 85 percent of state median income) or that affect the ability of the state to contact the family or pay providers (such as a change in the family's address or child care provider).
    - 22 states reduced interim reporting requirements between the reauthorization law's passage and February 2018.
        - For example, Iowa reduced interim reporting requirements, and now only require families to report when their incomes go above 85% SMI or no longer need child care.
- Payment to child care providers when children are absent
    - The reauthorization law requires states to adopt payment practices for child care providers serving children who receive child care assistance that reflect generally

accepted payment practices for providers serving children who do not receive child care assistance. In particular, the law requires that, to the extent practicable, states delink provider payment rates from an eligible child's occasional absences due to holidays or unforeseen circumstances, such as illness.

  - The regulations indicate that states can meet this requirement by: paying based on a child's enrollment (paying for all scheduled days) rather than based on attendance; providing full payment if a child attends at least 85 percent of the authorized time; providing full payment if a child is absent for five or fewer days in a month; or an alternative approach that the state justifies in its plan.
  - Nine states improved their policies for paying child care providers during absent days between the reauthorization law's passage and February 2018.
  - As of February 2018, all states but one paid for some absent days, but the amount of absences for which states paid varied widely.
  - Approximately three-fifths of states paid for sufficient amount of absent days to align with the reauthorization criteria.
    - Eight states paid on a prospective or enrollment basis, paying for all days that children were scheduled to attend, even if absent.
    - Idaho paid for all absent days when children planned to return and were not absent for longer than a calendar month.
  - Four of the states whose policies did not align with the regulation's options on payment for absent days as of February 2018 brought their policies into alignment, or planned to do so, after February 2018.
- Differential rates for specialized care
  - The reauthorization law does not require differential rates for specialized care but it does endorse it as a strategy for meeting the law's goal of increasing the supply of care that is hard to find.
  - Only 6 states added, increased, or expanded access to differential rates for specialized types of care between the reauthorization law's passage and February 2018.
  - 38 states provided differential rates for children with special needs
  - 13 states paid differential rates for care during nontraditional hours, and Colorado allowed localities to pay differential rates for care during nontraditional hours.
  - 10 states paid differential rates for care for one or more other groups of vulnerable children, such as children experiencing homelessness, foster children, or children at risk.
  - Structure of differential rates varied across states—the differential might be a certain percentage or dollar amount above the base rate, or might be determined on a case-by-case basis.
- Job Search
  - As of February 2018, 49 states allowed families receiving child care assistance to continue receiving it for at least some amount of time while a parent searched for a job; 45 of these states allowed parents to continue receiving child care assistance while searching for a job for up to three months or until the end of their eligibility period—policies that are consistent with the requirements of the CCDBG Act of 2014.

    - Six states had improved their policies between 2017 and 2018 to come into compliance with that requirement.
    - Four states that weren't in compliance with the requirement as of February 2018 revised or planned to revise their policies after February 2018 to come into compliance with the law.
    - While the reauthorization law requires states to allow families already receiving assistance to continue receiving it while searching for a job, states are not required to allow families to *qualify* for child care assistance while searching for a job. Only 11 states allowed families to qualify for and begin receiving child care assistance while a parent searched for a job in February 2018.

<u>Infant Care Payment Rates for Families Receiving Assistance</u>

- High-quality infant care is important for children's healthy development during their early years. So it's essential for states to have adequate payment rates for infant care, to ensure that families receiving child care assistance have high-quality child care options for their infants and providers serving these families have the resources they need to support high-quality care for infants.
- Yet most states are falling short in setting payment rates.
- 16 states increased their payment rates for center care and/or family child care for infants between February 2017 and February 2018. But as of February 2018, payment rates remained low in most states.
- Infant care payment rates compared to recommended levels
    - Only six states paid rates for center care for infants that were at or above the federally recommended level (the 75th percentile of current market rates) as of February 2018; the remaining states set rates below the recommended level, including 24 states with rates for center care for infants that were 20 percent or more below the recommended level.
    - Only 12 states paid rates for family child care for infants that were at or above the federally recommended level (the 75th percentile of current market rates) as of February 2018; the remaining states set rates below the recommended level, including 14 states with rates for family child care for infants that were 20 percent or more below the recommended level.
- Tiered payment rates for infant care
    - Many states have higher rates for higher-quality care, but even these rates are often insufficient
    - 40 states paid tiered (higher) rates for infant care provided by centers meeting higher-quality standards, but in 28 of these states, rates for centers at the highest quality level were still below the federally recommended level as of February 2018.
- Payment rates for infant care compared to payment rates for preschool-age care
    - All states paid higher rates for infant care than for preschool-age care, but the amount by which rates for infant care exceeded rates for preschool-age care varied widely, from 5 percent to 101 percent.

    - The differential between payment rates for infant care and preschool-age care may reflect difference in market prices in each state, or a deliberate decision by a state to prioritize raising rates for infant care. But there doesn't seem to be a consistent rationale across all states.
- Payment rates for family child care compared to center care for infants
    - 48 states paid higher rates for infant care in centers than in family child care, with the amount by which rates for centers exceeded rates for family child care ranging from 4 percent to 129 percent.
    - Two states paid higher rates for infant care in family child care than in centers, and one state paid the same rates for infant care in centers as in family child care.
    - Several factors may contribute to this variation in the differential between types of care across states. It may reflect differences in child care markets or child care preferences from state to state.
- Payment rate increases since February 2018
    - Approximately three-fifths of the states have reported increases in their base payment rates and/or tiered payment rates for infant care over the past year. Many of these increases were made possible by the historic CCDBG funding increase enacted in March 2018.
    - 28 states reported that they increased their base payment rates for center care and/or family child care for infants after February 2018.
    - 13 states reported that they increased, or planned to increase, their tiered payment rates for higher-quality infant care, or implemented new tiered rates, after February 2018.

Gina Adams, Senior Fellow at Urban Institute

New Reports by Urban Institute

- Three bodies of work to talk about
- First, what do we know about the ability of the CCDF to provide for vulnerable children?
    - Reports highlight the implications of the move of the subsidy system towards center-based care for 4 vulnerable populations – children whose parents work non-traditional hours, infants and toddlers, children living in rural areas, and children with special needs. All of these populations face greater access barriers to child care centers and are more likely to rely on home-based care.
    - Urban released a paper detailing the needs and barriers faced by these populations and providing data on each state; an executive summary; a short paper on each of the four populations; and a data tool that allows you to see state by state breakdown of children that fall into these categories and the proportion served in centers.
- Second, recently released a study on what happens in the CCDF program if you served everyone under 150% of poverty who either wanted it or needed it under state rules?
    - Using microsimulation modeling

    - Provided estimates at the national and state level on the impact on the caseload, on maternal labor force participation, and on the number of children in poverty.
    - Released a report as well as a web interactive that provides individual state fact sheets that are downloadable.
- Third, have a large body of work focusing on the child care needs of low income parents who need education and training
    - 15 papers looking at different elements: CCDF, TANF, local strategies, state frameworks. All on website: https://www.urban.org/policy-centers/cross-center-initiatives/building-americas-workforce/projects/bridging-gap
    - Main issues: how many families need this? 23 million low-income parents, 60%. 1 in 6 adults have basic or lower level of literacy. 1 in 10 low-income families enrolled in education or training. Two-thirds have high school credential.
    - Often need nontraditional hours to achieve education or training, many of them are working at the same time.
    - Interaction of number of different systems: **workforce development system** (WIOA) - two- or four-year college programs, training programs, many of which struggle to meet the needs of nontraditional families and students, **child care/early education system –** CCDF, Head Start, prek, etc; and the **TANF system**, which interacts with child care and education training for TANF families
    - Common challenges across both CCDF and WIOA in trying to meet the needs of these families.
        - Have inadequate funding.
        - Implementation challenges for new requirements under reauthorization.
        - Competing priorities for funds, with these families facing extra challenges accessing support.
        - Policies and requirements create barriers for families seeking these programs.
        - Sometimes short term needs can create a disincentive
        - Complex systems that operate on different levels.
        - Inadequacies of child care market.
    - Bright spots: Area has been growing in attention
        - Increased attention on this population, with two gen focus as part of that attention
        - Growing understanding of the complex family needs of many students and clients in workforce programs, and the need to reach out to partner to address them
        - If states support collaboration across these systems, they can help address some of these issues, and some states are already doing this. Recently released a framework with d

Questions/Comments

- Question: What kinds of innovative work is being done in the realm of child care for nontraditional work hours?
    - Karen: number of states are offering higher payment rates for care during nontraditional hours (13 states). Amount of the differential in payment varies. Sometimes there are barriers for the provider, such as changing their lifestyle. Providers need additional supports. FFN care has to remain an option. Center program in Tennessee offers model for nontraditional care. Skip Along in Illinois has a network that provides support for providers offering nontraditional-hour care.
    - Gina: Urban colleagues just released a great report on Nontraditional hour child care on D.C. Lays out the actual hours that parents are working and how that changes over the day and week. Really interesting. But now we need to find out what families actually want for these different times. How can we meet this in different places? How do we define quality for these different hours – is it appropriate to base on day time program?
- Comment from participant: Focus groups on parents and providers that have used or operated nontraditional hours. 7 counties in California. Struck us how providers feel taken advantage of, even when parents want these nontraditional hours.
- Comment by Gina: We can’t design a fix for something we don't understand. Policies don't reflect the differences in the way this kind of care operates and there are some significant questions re business model challenges. Not a sufficient demand. Important to explore these.
- Request (from Leanne from Rhode Island): Do we know which states are meeting the guideline for 25th percentile of market rate survey?
    - Karen: We don't analyze quite in that way. States don’t always share this data, it depends on how they report the results of their market rate survey. We know this has been an issue. States pressured to increase payment rates. We can see what we can provide with the information we already have.
    - Connecticut feedback: Had to pull numbers from their market survey to see where their provider rates fell.