

Introduction

Establishing time and attendance systems that support adequate, stable payments to providers is key for programs to keep doors open, provide quality care, and hire and retain good staff. Effective payment practices recognize the costs associated with operating child care businesses and employing qualified staff. They support continuity in the child care setting and provide stable payments. Time and attendance information technology (IT) systems should support these policies.

Key Issues and Benefits

Lead Agencies can use attendance and payment policies and systems to promote stable funding for providers and continuity of care for children.

- Time and attendance systems should support program payment policies and goals, not drive them. IT systems should be flexible and cost-effective to maintain, and not act as impediments to change.
- Payment policies that reimburse providers based on a child's enrollment supply stable funding to providers regardless of fluctuations in attendance. Child care businesses rely on stable enrollments to produce predictable revenues for meeting operating costs and to improve and maintain quality.
- Child Care and Development Fund (CCDF) rules do not require Lead Agencies to associate benefit levels directly to the actual hours parents participate in approved activities. Given the often unpredictable schedules of low-income families, policies for determining the need for care should consider the child's needs, parent's schedule, and the provider's program.
- Policies that determine payment amounts based on actual attendance only compensate providers for the hours a child attends care. This approach creates uncertainty and financial instability for providers and discourages their participation in the subsidy program.
- Policies should take into account the fact that all young children get sick and will require absence days. Child care providers rely on payment continuing when this happens, which is why private-paying families usually continue to pay for periodic absences.
- CCDF rules provide flexibility to establish different attendance and payment policies based on the type of child care setting. For example, in-home and family, friend and neighbor providers generally are not subject to the same standards as licensed and quality rated child care programs. They do not incur the same business costs, and transactions between parents and the providers are more informal.

Top 5 Policies and Practices

What key policies and practices should Lead Agencies consider to promote continuity of care for children, increased participation by providers, and streamlined processes for families?

- **Take child’s needs into account when authorizing care.** The policy starting point should focus on helping a family keep a child in a quality care arrangement. Children are best served by attending the full program offered by quality providers. Meeting the developmental and educational goals of children may require Lead Agencies to authorize care for periods outside of the parent’s activity schedule.
- **Authorize care to accommodate variable parent schedules.** Low-income families often have unpredictable work or training schedules. Many jobs (e.g., bus drivers) have variable schedules or split shifts. Tying authorized care to the parent schedule is unnecessarily complicated and can be detrimental to the child. Authorizing care beyond a parent’s work schedule recognizes a family’s true need for care and can better match a provider’s program schedule.
- **Pay based on enrollment rather than attendance.** Enrollment-based payment policies eliminate the impact of child absences on providers by delivering consistent reimbursements to families and providers. If a Lead Agency must use an attendance-based policy, it should still pay for absent days to ensure stable and predictable funding for the provider.
- **Use ranges of hours to determine the authorized care amounts.** Lead Agencies can define full-time, part-time, quarter-time, and extended time payment ranges to provide increased flexibility, predictable reimbursements, and reduce payment errors associated with more finite hourly payment units. Surveying providers can help Lead Agencies define reasonable breakpoints between these ranges.
- **Simplify and streamline payment process with providers.** Lead Agencies can support provider business practices by simplifying attendance reporting and invoicing processes and paying providers prospectively, or retrospectively more frequently than monthly. Paying promptly through direct deposit is efficient, cost effective and increases program accountability.

Progress

The following questions can help Lead Agencies evaluate their progress in implementing these policies:

- Is your policy for determining the need for care child-focused and family friendly?
- Do your IT systems support your policies in operations, monitoring, and payments without dictating matching payments to attendance?
- Are you using the IT systems’ data on attendance to understand the stability of child care arrangements?
- Have you considered using random audits to detect provider fraud and abuse and ensure that the child is attending care?