



NATIONAL CENTER ON
Subsidy Innovation and Accountability



**National Center on Tribal
Early Childhood Development**

Promoting Access to Quality Child Care through your Child Care and Development Fund Subsidy Program

Office of Child Care's 2018 American Indian and
Alaska Native Regional Conference

Introductions



Agenda

Equal access

- ◆ Family contribution to payment
- ◆ Child care market rates
- ◆ Payment practices and provider stability



Definitions

- ◆ **Sliding fee scale** means the chart used by the Tribal Lead Agency to determine the fee schedule based on income and size of the family.
- ◆ **Payment rate** means the amount authorized by the Tribal Lead Agency to pay to the eligible provider.
- ◆ **Parent copayment** means the portion of the care paid for by the parent as determined by the Tribal Lead Agency's sliding fee scale.

$$\begin{array}{r} \text{Tribal subsidy payment} \\ + \text{Parent copayment} \\ \hline \text{Payment to provider} \end{array}$$



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Family Contribution to Payment

Sliding Fee Scales

Tribal Lead Agencies must establish a sliding fee scale that varies based on:

- ◆ Family income
- ◆ Size of family

While Tribal Lead Agencies must establish sliding fee scales based on family income and family size, they have flexibility to consider other factors. Any additional factors must be described in their CCDF plan. However, sliding fee scales may not be based on the cost of care or amount of subsidy payment.

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016); Tribal CCDF Plan Preprint FFY 2017-2019

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

Example Sliding Fee Scale: Percentage Based

100% of Grantee Median Income (GMI)						
			\$5,000		\$6,000	
Percentage	GMI or Federal Poverty Level (FPL)	Copay % of Income	Two-Person Family Gross Monthly Income	Two-Person Family Copay Amount	Three-Person Family Gross Monthly Income	Three-Person Family Copay Amount
100.00	FPL	0.0%	\$2,085	\$0	\$2,625	\$0
50.00	GMI	0.1%	\$2,500	\$2.50	\$3,000	\$3.00
55.00	GMI	1.0%	\$2,750	\$27.50	\$3,300	\$33.00
60.00	GMI	2.0%	\$3,000	\$60.00	\$3,600	\$72.00
65.00	GMI	3.0%	\$3,250	\$97.50	\$3,900	\$117.00
70.00	GMI	4.0%	\$3,500	\$140.00	\$4,200	\$168.00
75.00	GMI	5.0%	\$3,750	\$187.50	\$4,500	\$225.00
80.00	GMI	6.0%	\$4,000	\$240.00	\$4,800	\$288.00
85.00	GMI	7.0%	\$4,250	\$297.50	\$5,100	\$357.00

Note: Tribal Lead Agencies should contact their OCC Regional Office for assistance with sliding fee scales.

Example Sliding Fee Scale: Fee Based

Family Size	0%–100% of FPL	101%–125% of FPL	126%–150% of FPL
1	\$0–\$973	\$974–\$1,216	\$1,217–\$1,459
2	\$0–\$1,311	\$1,312–\$1,639	\$1,640–\$1,966
3	\$0–\$1,649	\$1,650–\$2,061	\$2,062–\$2,474
Monthly Family co- payment amount	<i>Family pays \$0</i>	<i>Family pays \$50</i>	<i>Family pays \$85</i>

Note: Tribal Lead Agencies should contact their OCC Regional Office for assistance with sliding fee scales.

Sliding Fee Scale Options

- ◆ What kind of sliding fee scale does your program use?
- ◆ What changes are you considering for your next plan's sliding fee scale?



Copayments

- ◆ Copayments are a family's contribution to the cost of care.
- ◆ Copayments should not be barriers to families receiving assistance.
- ◆ Copayments may not be based on the cost of care or subsidy payment.

In addition to income and size of the family, the Tribal Lead Agency may use other factors when determining family contributions or copayments.

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

Waiving Copayments

Copayments can be waived under the following circumstances:

- ◆ For families at or below the federal poverty level
- ◆ On a case-by-case basis for families receiving or at risk of receiving protective services
- ◆ For families that meet other criteria established by the Tribal Lead Agency

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

Copayments During Eligibility Period

- ◆ Copayments cannot be raised during an eligibility period unless the family is in graduated phase-out of care.
- ◆ Copayments can be lowered in response to a family's change in circumstances.



Source: Child Care and Development Fund, 45 C.F.R. § 98.21(a) (2016).

Cliff Effect

- ◆ Copayments should be set to minimize the abrupt termination of assistance due to an increase in family income.

Fees Above the Copayment

- ◆ If a Tribal Lead Agency allows providers to charge families in addition to the required copayment, it may leave families with a “hidden copayment,” rendering licensed or regulated care unaffordable, pushing families to use unlicensed or unregulated child care options.

Considerations for Copayments

- ◆ Does the copayment schedule vary by geographic location?
- ◆ Does the fee vary based on geographic location?
- ◆ Is the fee per child or per family?
 - Does the Tribal Lead Agency offer a discount for additional children?
 - Does the Tribal Lead Agency stop increasing the copayment amount after a certain number of children?



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Child Care Market Rates

Payment Rates

- ◆ American Indian and Alaska Native (AI/AN) grantees are exempt from the market rate survey, but are still required to have rates that support quality.
- ◆ Grantees may not establish payment rates based on a family's eligibility status or circumstances (for example, a family is receiving Temporary Assistance for Needy Families [TANF] or a parent is a student rather than working).
- ◆ AI/AN grantees may set differential payment rates.

Source: Child Care and Development Fund, 45 C.F.R. §§ 98.45(g), 98.83(d) (2016).

Considerations for Rate Setting

- ◆ Strategic goals
- ◆ Narrow cost estimate
- ◆ Market rate survey
 - 75th percentile

Base Payment Rates

Base payment rates typically include the following:

- ◆ Staff salaries and benefits
- ◆ Training and professional development costs
- ◆ Cost of curricula and supplies
- ◆ Group sizes and ratios
- ◆ Facility costs



Rate Setting

- ◆ What data does your Tribal Lead Agency use when setting rates?
- ◆ With the increase in CCDF funding, will your Tribal Lead Agency raise the rates it pays to providers?



Facts Used to Determine Rates are Sufficient to Ensure Equal Access

- ◆ A description of the grantee's payment rates, how they are established, and how they support quality.
- ◆ How a choice of the full range of providers is available
- ◆ How the base payment rate allows providers to meet health, safety, staffing, and quality requirements

When appropriate, grantees should include a description of how their rates support cultural and linguistic appropriateness.

Source: Child Care and Development Fund, 45 C.F.R. §§ 98.45(b), 98.81(b) (2016).

Facts Used to Determine Rates are Sufficient to Ensure Equal Access (cont.)

- ◆ How the Tribal Lead Agency took the cost of higher quality into account
- ◆ How copayments are affordable and the extent to which providers charge above the copayment (if applicable)
- ◆ How payment practices support equal access to a range of providers by providing funding stability
- ◆ What factors are used to differentiate payment rates
- ◆ Any additional relevant facts used in setting payment rates

Source: Child Care and Development Fund, 45 C.F.R. §98.45(b), 98.81(b) (2016).



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Improving Payment Practices and Provider Stability

Payment Practices

- ◆ Practices should reflect the generally accepted practices of local providers
- ◆ Prompt notice must be given to the provider when there is a change to a family's eligibility status that will affect payment
- ◆ Payment policies must support providers' fixed costs

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

Payment Practices (cont.)

- ◆ Payments must be delinked from children's occasional absences:
 - Pay based on enrollment versus attendance;
 - Provide full payment if 85 percent attendance or if absent for 5 or fewer days in a month; or
 - Use an alternative approach, subject to approval by the Office of Child Care.

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

Payment Practices (cont.)

Tribal Lead Agencies must have payment practices that reflect the generally accepted payment practices of providers who do not receive CCDF subsidies, which must include the following:

- ◆ Paying on a full- or part-time basis (instead of hourly, or smaller blocks of time)
- ◆ Paying for reasonable registration fees
 - This requirement doesn't cover other fees such as materials, activity, transportation, or late fees, but those fees may be paid at the discretion of the Tribal Lead Agency.

Source: Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

Timeliness of Payments

- ◆ AI/AN CCDF grantees must ensure timeliness of payments by
 - paying providers **before** care is provided, or
 - paying within **no more** than 21 calendar days of receipt of a complete invoice.



Source: Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

Provider Stability and Payment Practices

- ◆ What are some things that your Tribal Lead Agency has done to encourage provider stability?

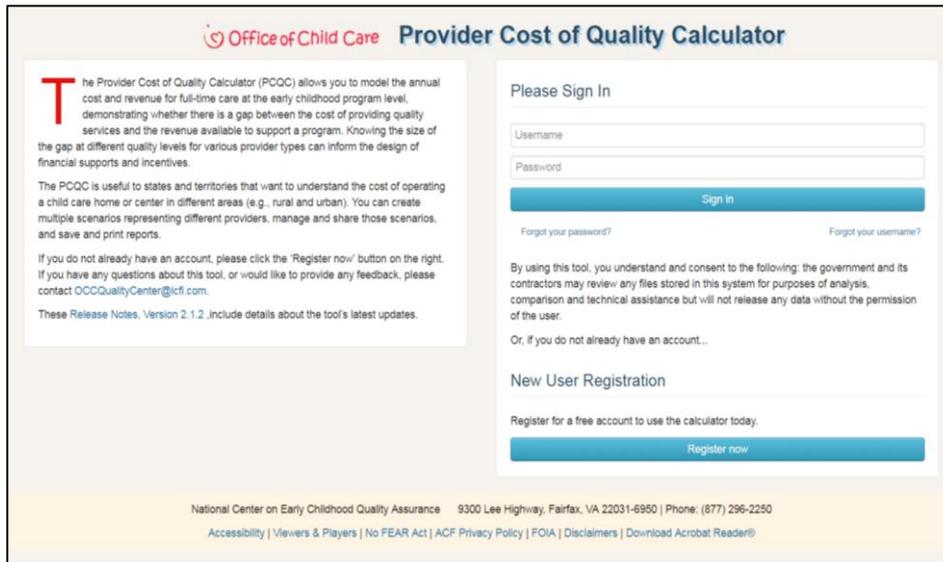
Tools and Resources

- ◆ Subsidy Administration Resource List (handout)
- ◆ Provider Cost of Quality Calculator



Provider Cost of Quality Calculator

- ◆ The [Provider Cost of Quality Calculator](#) can help you estimate the cost of providing child care.
- ◆ The [National Center on Early Childhood Quality Assurance](#) can help you use this online tool.



The screenshot shows the website for the Office of Child Care Provider Cost of Quality Calculator. The page has a header with the logo and title. The main content area is divided into two columns. The left column contains introductory text about the calculator's purpose and usage, including contact information and release notes. The right column features a 'Please Sign In' section with input fields for 'Username' and 'Password', a 'Sign In' button, and links for 'Forgot your password?' and 'Forgot your username?'. Below this is a 'New User Registration' section with a 'Register now' button. The footer contains contact information for the National Center on Early Childhood Quality Assurance and a list of links for accessibility, privacy, and disclaimers.



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<https://www.ecequalitycalculator.com>

Questions



Reflective Evaluation

What worked today?

What do we want more of?

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