



ADMINISTRATION FOR  
**CHILDREN & FAMILIES**



# Ensuring Equal Access to High Quality Child Care for Low-Income Children

## *Provider Payment Rates and Practices*



## Why Equal Access, Payment Rates, and Payment Practices are Important

- Provides families with access to high-quality choices in the child care market.
- Supports and grows a supply of high-quality providers caring for all children, but especially from low-income families.
- Provides payment that is sufficient to cover the cost of quality (e.g., highly-trained teachers, educational materials and curricula, etc).
- Provides stable, reliable funding that covers providers' fixed costs and encourages participation in the subsidy program.



## Setting Payment Rates: Market Rate Survey or Alternative Methodology

States must certify that payment rates ensure equal access.

States must conduct either:

- a market rate survey that reflects variations in the price of child care services by geographic area, type of provider, and age of child; OR
- an alternative methodology, such as a cost estimation model.

658E(c)(4)



# Setting Payment Rates: Market Rate Survey or Alternative Methodology

States must:

- Use methods that are statistically valid and reliable.
- Develop and conduct the survey or alternative methodology no earlier than two years before the date of submission of the CCDF Plan.
- Consult with the State Advisory Council, local child care program administrators, resource and referral agencies, and other appropriate entities.
- Prepare a detailed report of results, and make results widely available no later than 30 days after completion, including by posting on the Internet.
- Set payment rates in accordance with the results of the survey or alternative methodology.

658E(c)(4)(B)



## Frequently Asked Questions

- What kind of alternative methodology can be used instead of a market rate survey?
- When setting payment rates, does the State have to use the most current market rate survey or alternative methodology?



## Taking Quality into Consideration When Setting Payment Rates

When setting payment rates, the State must take into consideration the cost of providing higher quality child care services.

658E(c)(4)(B)(iii)(II)



U.S. Department of Health & Human Services

Administration for Children & Families

Office of Child Care



## Frequently Asked Question

- What does it mean to “take quality into consideration” when setting payment rates?



## Provider-Friendly Payment Practices

The State's payment practices of CCDF providers must reflect generally accepted payment practices of non-CCDF providers in the State—so as to provide stability of funding and encourage more providers to participate in the subsidy program. 658E (c)(2)(S)(i)

To the extent practicable, the State must implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider payments from a child's occasional absences.  
658E(c)(2)(S)(ii)

The State must provide for timely payment for child care services.  
658E(c)(4)(B)(iii)(IV)



## Frequently Asked Question

- What is meant by “generally accepted payment practices”?



## Improving Access for Underserved Populations

*Supply-building* – States must develop strategies for increasing supply and quality of services for children in underserved areas, infants and toddlers, children with disabilities, and children in non-traditional hour care—which may include use of grants/contracts and alternative reimbursement.

658E(c)(2)(M)



## FY2016-18 CCDF State Plan

- CCDF Plan is a tool for the State to show:
  - how it will administer the program
  - progress towards implementation of the new requirements of the CCDBG Act of 2014



## Section 4

- Ensure Equal Access to High Quality Care for Low-income Children
  - Parental Choice
  - Market Rates and Child Care Costs
  - Setting Payment Rates
  - Rates Sufficient to Ensure Equal Access
  - Payment Practices
  - Supply Building



## Implementation Plan for 4.4.2

- Does the State certify rates are sufficient to ensure equal access either based on the current MRS or alternative methodology?
- Implementation plan completed no later than September 30, 2016



## Example Implementation Plan – 4.4.2

a) Overall Goal/ Objective	b) Overall Status/ Justification	c) Overall Target Completion Date	d) Steps/ Activities	e) Activity Start Date	f) Activity End Date	g) Responsible Agency
Goal tied to requirement (e.g., implement policies, develop website, etc.)	For example, not yet started  In progress	Date for overall goal	List each step out	Identify start date for each step	Identify end date for each step	Identify agency responsible for each step
			Step 1			
			Step 2			
			Step 3			



## Completion of Implementation Plan

- Once completed, State will submit an amendment that will certify that the requirement is complete



## Federal Register Posting

- 30 day public comment period
- All comments are sent directly to the Office of Management and Budget (OMB)
- The Office of Child Care requests a copy of any comments
- Only one comment period due to emergency clearance process



## Resources

- *Attendance Policies and Systems*, National Center on Child Care Subsidy Innovation and Accountability

<https://childcareta.acf.hhs.gov/resource/attendance-policies-and-systems>

- *Provider Cost of Quality Calculator*, National Center on Child Care Quality Improvement

<https://www.ecequalitycalculator.com>

- *Study of Market Prices: Validating Child Care Market Rate Surveys*, Oregon Child Care Research Partnership

<http://www.researchconnections.org/childcare/resources/14724>



## Discussion

- What additional clarification or guidance is needed from Office of Child Care?
- What additional technical assistance supports would be useful for implementation?