

RECOMMENDATION

Make Child Care Assistance Payments Directly and Prospectively to Child Care Providers

Currently Kansas issues child care subsidy payments directly to parents (not child care providers) via the Electronic Benefit Payment System. Parents have access to a full month's child care benefit based on hours of care needed in full or part-time blocks at the beginning of the month and are responsible for payment to providers based upon their provider's individual payment practices as identified in the child care provider's contract.

How This Recommendation Will Help

- Improves the sustainability of program operations for participating child care programs by issuing up-front payments. As a steady source of prospective revenue, these payments will improve cash flow for participating programs and could incentivize enrollment for non-participating programs.
- Reduces the administrative burden on families by removing one of two payments families are responsible for making.
- Creates a mechanism to provide financial incentives for the provision of specialty child care options, such as infants and toddlers, children with disabilities, non-traditional hour care, and other specialized circumstances.

RECOMMENDATION

Eliminate and/or Reduce Child Care Assistance Co-Pays

Parents are responsible for their family share amount (co-pay) and any additional charges agreed upon between themselves and their child's providers. In Kansas, the average monthly copay is \$81, or just under 10% of the cost of care¹. If a provider charges private pay families prospectively, they may also charge subsidy families prospectively. This system results in two potential barriers for participating child care providers:

- For most families over 100% FPL, two payments must be made to their child care provider: 1) transferring the subsidy benefit from the EBT card to the provider and 2) paying the family share (co-pay) from the family's private financial resources to the child care provider.
- Funds are prospectively paid to parents, but unless *all* families are charged prospectively, a child care provider may not charge a subsidy family prospectively.

Child care providers responding to the 2021 Market Rate Survey indicated difficulty collecting family share amounts as one of the top barriers to participation in the child care assistance program.

How This Recommendation Will Help

- Increases efficiency for child care businesses by eliminating the need to collect a second payment from families and thereby avoiding a potential net loss of income due to a family's inability to afford the co-pay.
- Allow providers to establish different payment terms for subsidy families and private pay families.
- Save low-income families hundreds of dollars annually.

¹ <https://pn3policy.org/pn-3-state-policy-roadmap-2022/us/child-care-subsidies/>

RECOMMENDATION

Base Child Care Assistance Rates on the Actual Cost of Care

Most states determine their child care subsidy amounts based on market rate survey data, which is the price that child care providers are able to charge parents. This methodology can be unresponsive to market or economic changes and often doesn't reflect the actual costs of providing care. The federal government allows an alternative methodology—cost estimation modeling (also known as narrow cost analysis). This approach uses regulatory requirements and child care program characteristics to quantify the true cost of care.

Recently, a narrow cost analysis was performed which looked at the costs of providing child care in Kansas. As a result of this analysis, DCF is proposing a rate adjustment for child care providers which is scheduled to take effect in December 2023.

How This Recommendation Will Help

- Higher subsidy rates that consider livable wages, basic benefits, and quality standards will incentivize more child care providers to participate in the Child Care Assistance Program.
- Low-income families will have increased access to convenient child care when more providers are participating in the Child Care Assistance Program. Currently, less than half of all licensed providers in Kansas participate in the Child Care Assistance Program, which means that even if a family qualifies for the subsidy, they may not be able to find a provider who will accept it.

RECOMMENDATION

Increase the Income Eligibility for Child Care Assistance

According to the U.S. Department of Health and Human Services (HHS), child care is affordable if it costs no more than 7% of a family's income. By this standard, only 8.0% of Kansas families can afford infant care.²

Federal regulations allow child care assistance benefits to families at or below 85% of the State Median Income (SMI). Kansas currently uses 250% of the federal poverty level (FPL) as its limit but is exploring moving to the 85% SMI level in 2024. For reference, the SMI for a family of four is \$78,324. This is slightly over 250% of FPL. Available CCDF funds could be used for those families up to 85% SMI but state funds would be required for families with incomes above this level.

How This Recommendation Will Help

- The Child Care Assistance Program helps families pay for child care by providing them with a subsidy. It is among the most direct ways to address the affordability challenge faced by so many parents, including those with moderate incomes.
- By increasing eligibility to 450% of FPL, an additional 7,778 children would potentially be eligible for the Child Care Assistance Program.
- With more families receiving child care assistance benefits, more child care providers may consider participating in the program.

² https://www.epi.org/child-care-costs-in-the-united-states/?gclid=Cj0KCQjwqP2pBhDMARIsAJQ0CzoMXJ1QD2zPzAKpNS2ghba0htD-GVSNsLeaXXo11QpPNVDT9Y8dEcaAilgEALw_wcB#/KS

RECOMMENDATION

Support Child and Adult Care Food (CACFP) Program Reimbursement at the Tier 1 Rate

Family Child Care Providers receive CACFP reimbursement based on where their homes were located or their own income or the income of the families for whom they care. The federal Keep Kids Fed Act enabled child care centers, Head Start and family child care programs participating in CACFP to receive an additional 10 cents for every creditable CACFP meal or snack served (two meals and one snack or two snacks and one meal) and eliminated, for one more year, area eligibility for family child care providers. Kansas could use state funds to continue reimbursement for family child care providers at the Tier I rate, which provides higher reimbursement than Tier II.

How This Recommendation Will Help

- One of the essential provisions of the Keep Kids Fed Act was paying all family child care providers at a Tier I rate. Tier II providers have resumed receiving the lower rate on July 1, 2023. There has been a steep drop in family child care participation since tiering (i.e. a means test) was implemented in 1997 and the number of family child care homes has decreased over time.
- A family child care provider with 7 children enjoying 2 meals and 1 snack per day for a month will drop from \$873, under Tier I reimbursement, to \$398 per month. It is simply not sufficient for nutritious meals and snacks.
- Many of these families who would benefit through Tier I reimbursement are food insecure and their children rely on the food provided in child care through the CACFP.

RECOMMENDATION

Removing the Child Support Cooperation Requirement for Child Care Assistance Eligibility

A bill passed during the 2023 legislative session amended the state's child support determination and cooperation requirements for child care assistance eligibility. It is currently required only at initial application and at the annual review. This recommendation is to remove all cooperation requirements.

How This Recommendation Will Help

- Child Care Assistance supports economic stability. Eliminating this requirement would increase the number of families who qualify and remain eligible for this benefit.
- Removing this barrier increases the number of low-income families, including single parent families, and families with infants and toddlers, who are pursuing employment and gaining economic stability. Pursuing child support compliance can be a time-consuming process with appointments and logistics not conducive to full-time employment for the parent seeking compliance.
- Even in a family where this requirement only impacts one child, this barrier decreases the opportunity for the parent(s) to secure and keep regular employment.

RECOMMENDATION

Offer Financial Incentives to Child Care Providers for the Provision of Specialty Child Care Options

Many communities experience unique or high-demand child care needs, such as infants and toddlers, children with disabilities, non-traditional hour care, and other specialized circumstances. More providers may step up to address these needs if they are offered financial incentives or higher payments.

For example, Baby Steps is an innovative pilot that seeks not only to offset the revenue lost by caring for infants and toddlers, but also to bring family child care providers' incomes closer to what might be considered a "livable" wage. In addition to the financial incentive, participating child care programs will also receive support from Kansas' Infant Toddler Specialist Network and other programs and services aimed at improving the quality of care for young children.

How This Recommendation Will Help

- **Enhanced Quality of Care:** Incentives can enhance job satisfaction and retention among child care providers. Feeling recognized and financially rewarded for specialized care can boost morale and commitment to providing high-quality services.
- **Diverse Services:** The financial incentives encourage providers to offer a wider array of specialized child care options alleviating some of the struggle for parents who looking for specialty child care and improve the quality of care offered, ensuring children receive specialized attention tailored to their needs.
- **Economic Impact:** Improved child care services can have a positive economic impact by supporting more parents in the workforce. Accessible and specialized child care options can alleviate the stress on families, potentially leading to increased productivity and economic stability.

RECOMMENDATION

Fund Substitute Pools for Child Care Providers

Kansas child care providers have requested access to substitute pools through the shared services program. With continued funding, substitute pools will offer substitute services statewide with a workforce that has met the licensing requirements to enter a classroom and provide the critical assistance needed for on demand support.

How This Recommendation Will Help

- **Continuity of Care:** Family child care providers often work in smaller settings. Having a substitute pool allows these providers to take necessary time off without disrupting the care provided to children, maintaining a stable environment. A substitute pool offers them the flexibility to take time off, attend training, or deal with personal matters without causing inconvenience to the families they serve.
- **Staff Well-being:** Child Care providers that know they have access to reliable substitutes can take time off when needed, reducing stress and burnout. This supports their overall well-being and job satisfaction.
- **Community Support:** Substitutes can foster a supportive community network among family child care providers. This can lead to collaboration, shared resources, and support among professionals in the field.

RECOMMENDATION

Offer Stipends to Support Provider Recruitment and Startup Expenses

Child Care Health Consultations assist individuals interested in beginning their journey as a child care provider. The Child Care Health Consultants Network hosted 145 recruitment events from January 2022–October 2023, meeting prospective providers and helping them explore options for entering the field. Child Care Health Consultants have been able to assist 1,009 prospected child care providers.

How This Recommendation Will Help

- **Increased Provider Availability and reduce financial barriers:** Startup costs for child care providers, such as licensing fees, safety equipment, educational resources, and facility modifications, can be substantial. Stipends can alleviate these initial financial barriers, making it more feasible for individuals to start their own child care services. Stipends can encourage more individuals to consider becoming child care providers, thus expanding the pool of available care options.
- **Diverse Provider Base:** Financial support can attract a more diverse group of individuals to become child care providers. This diversity might include individuals from different socioeconomic backgrounds, ethnicities, and skill sets, which can lead to more inclusive and varied child care options.
- **Community Development:** More child care providers mean increased accessibility and options for families. It leads to stronger community ties as families have better access to child care services, contributing to community growth and support. Leading to a positive impact on the local economy.

RECOMMENDATION

Invest in Shared Services Networks and Child Care Management Technology

The Child Care Quality Improvement Support System helps child care providers statewide through an innovative shared services model. The model includes a Child Care Management Software (CCMS) as an integral component of this approach that assists child care programs with business management. As of 9/30/23 there are 492 Kansas providers utilizing the two selected platforms (Brightwheel™ and Playground).

How This Recommendation Will Help

- **Efficient Administration:** Child care providers have access to automating administrative tasks such as enrollment, attendance tracking, invoicing, and record-keeping simplifies operations. This frees up time for child care providers to focus more on child development and engagement.
- **Increase Efficiencies:** Implementing child care management software can significantly enhance operational efficiency, communication, and the overall quality of care provided by child care facilities, benefiting both providers and the families they serve.

RECOMMENDATION

Fund Coaching and Technical Assistance Models for Child Care Providers

Training and technical assistance for child care providers are essential components of early childhood support systems and coaching models. They improve the quality of child care by equipping caregivers with the knowledge and skills needed to promote children's development. These programs also standardize care quality across different settings and offer personalized coaching for ongoing improvement, ensuring that Kansas children receive the best care possible. Child Care Health Consultants and Child Care Quality Improvement Support coaching/technical assistance cost for the current year is \$9.9 million.

How This Recommendation Will Help

- **Individualized Support:** Coaches can offer personalized guidance, tailored to the specific needs and challenges of each provider. This focused attention helps providers address their weaknesses and build on their strengths.
- **Enhanced Program Quality:** Technical assistance supports providers in improving their program quality, curriculum development, and learning environments. This results in more engaging, stimulating, and developmentally appropriate experiences for children.
- **Reduced Turnover and Burnout:** Professional coaching can boost confidence, job satisfaction, and overall well-being among child care providers. This, in turn, can reduce turnover rates and mitigate burnout, ensuring more consistent care for children.

RECOMMENDATION

Enact Presumptive Eligibility for the Child Care Assistance

Presumptive eligibility is a policy that allows families to receive temporary child care assistance while their eligibility for the program is being determined. This means that families can get immediate financial assistance to pay for child care services, even as their application is being processed and verified. During this provisional period, families are allowed time to submit outstanding documents while getting access to much-needed care.³

How This Recommendation Will Help

- **Preventing Gaps in Child Care Services:** Temporary assistance ensures that there are no interruptions in child care services for children, maintaining a consistent and reliable environment for their care and development.
- **Immediate Support:** Families in need of child care assistance can receive immediate support while their application is being processed. This prevents interruptions in access to child care, ensuring children continue to receive care during this interim period.
- **Increased Employment Stability:** Access to temporary child care assistance enables parents to sustain their employment, attend job interviews, or participate in job training programs, thus contributing to their economic stability.

³ <https://www.clasp.org/presumptive-eligibility-for-child-care-subsidies/>

RECOMMENDATION

Fund Child Care Accelerator Grant Program to Build New Child Care Facilities

Community Outreach and Engagement Coordinators and the Go Team Manager work alongside community-led coalitions to build child care capacity across the state. Through data sharing, Communities in Action Workshops, Community Needs Assessment surveys, they are able to help communities develop strategic plans, which positions them to receive grant funding through Child Care Aware of Kansas Community Child Care Partnership Grants, private foundations grants and Child Care Accelerator grants.

How This Recommendation Will Help

- **Innovation and Specialized Programs:** Community grants encourage community lead innovative approaches to child care, supporting the development of specialized programs such as early childhood education initiatives, programs for children with special needs, or culturally inclusive services.
- **Community Empowerment:** Grant-funded projects often engage the broader community in supporting child care initiatives, fostering a sense of community and shared responsibility for children's well-being and education.
- **Community Building and Collaboration:** Community grant projects foster partnerships between various community organizations, agencies, and child care providers. This collaboration strengthens the overall support network for children and families.

RECOMMENDATION

Expand the Types of Demographic Data Collected for Child Care Assistance and Licensing

To tackle the many inequities in Kansas early childhood data collection the data needs to be complete, accurate, and disaggregated. Disaggregation means collecting and reporting data on subgroups, such as by race, ethnicity, gender, and age, so the data accurately reflect reality for different subgroups of people. When data is not disaggregated, broad trends can hide inequities. Expanding the collection of disaggregated demographic data for child care assistance and licensing benefits the development and implementation of more effective, inclusive, and equitable services. It enhances the understanding of diverse needs within the child care community, leading to more targeted and impactful support for children, families, and providers.

How This Recommendation Will Help

- **Accountability and Transparency:** The collection of detailed demographic data encourages greater accountability and transparency in child care services and licensing processes, ensuring that services are provided equitably and effectively.
- **Equity and Inclusion:** Disaggregated data reveal disparities and inequalities in access to child care services, enabling policymakers to implement strategies to promote equity and inclusion for underrepresented groups.
- **Provider Support and Workforce Development:** Demographic data on providers can identify specific needs for training, resources, or support systems, thus improving the quality of care and fostering a diverse and well-supported workforce.